December 12, 2017

Members of the Board of Aldermen;

Attached you will find the City of Leeton 2018 proposed budget. We are pleased with the progress made in reviewing the budget annually and hope that this process helps you understand where city money is spent, and ultimately prioritize the needs of the city. An overview of updates and concerns is below.

* **Water fund:** Revenues are maintaining current expenses, but are not providing for future capital improvement needs, including potential water tower repainting. Staff recommends reviewing rates in late 2018.
* **Sewer fund:** The new rate structure will provide net income of approximately $35,000 which will be able to go toward upcoming upgrade costs.
* **Health insurance:** The 2018 budget reflects increased health insurance costs and coverage as discussed, with the City moving to United Healthcare at approximately $17,500 for two full-time employees.
* **Staffing:** This budget includes consistent reserve police officer coverage at approximately 20 hours per week, made possible by revenue generated by the school resource officer agreement. Increased patrols will improve the safety of our community.
* **Park Fund:** Park revenues in the 2018 budget reflect anticipated revenue from the DNR Recycling Grant that will go toward new playground equipment, which is also reflected in the expenses of the Park Fund.
* **Investment Income:** Staff has researched options for investment of city reserve funds. We anticipated being able to generate approximately 1-2% on city reserves, versus the current return of less than 0.1%. This revenue is reflected in the income portion and proportional to each fund in which the reserves are held.

Overall, the city continues to be in a very solid financial position. Reserve funds are in excess of 45% of annual operating expenses, which is a very strong position.

Please take time to review this budget and contact any of us with any questions.

Sincerely,

Terry Bond, City Clerk Taylor Elwell, Mayor Jerry McAllister, Treasurer