January 2, 2020

Members of the Board of Aldermen;

Attached you will find the City of Leeton 2020 proposed budget for all funds. We appreciate your input and review of draft budgets and hope that this incorporates the priorities set forth by the Board. An overview of updates and concerns is below.

* **Water fund:** Water revenues should be evaluated in 2020, and this budget does not account for any potential increase in revenues which may be needed to perform maintenance.
* **Sewer fund:** We anticipate a revenue bond election in April 2020 to assist in financing the estimated $1.5-2 million in improvements. The City must continue to adjust rates as needed to ensure adequate finances to make the necessary payment. This budget uses the 2019 sewer revenue amount, anticipating the Board of Aldermen to hold the current rates.
* **Staffing:** With the potential retirement of our City Clerk anticipated in 2020, additional funding was placed in the budget to onboard a potential replacement prior to Mrs. Bond’s retirement, which should allow for a smooth transition. Funding is also in place for a part-time or reserve police officer and as-needed maintenance worker. Also included is a 3% cost of living increase in this year's budget.
* **Investment Income:** With the passage of the financial policies, the City Treasurer will continue to pursue appropriate investment options and maximize returns on investments.
* **Additional Revenue:** Additional revenue from the anticipated opening of Dollar General cannot be estimated, but revenues were budgeted very conservatively for 2020. We anticipate significant increases in all sales tax revenue, but the amount of increase is inestimable at this time.
* **Compensatory Time:** Compensatory time should continue to be monitored throughout the year. In both 2018 and 2019, the city paid out lump sums at the end of the calendar year, which were not in the original budgets for those years.

Overall, the city continues to be in a very solid financial position. Despite the anticipate one-time capital expenses, city reserves remain healthy. Currently, the city has no debt with the payoff of the lease-purchase of the water tower in 2018, although this will likely change with the upcoming water and wastewater projects. We are extremely excited about the local financial impact that Dollar General will bring to the community and anticipate revenues to be very strong in 2020.

Please take time to review this budget and contact any of us with any questions. We look forward to discussing this budget with you.

Sincerely,

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