


Levy Limits & COVID Considerations

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Constraints on Local Government Levies


- Current Limit:
 - ✓ The prior year's actual levy may be increased by a percentage equal to net new construction in the preceding year (or zero, if none)
 - Statewide average in 2020 was 1.60%
 - Seems unlikely that COVID will result in any significant drag on future net new construction numbers
 - ✓ Subject to numerous adjustments that may reduce or increase allowable levy

 **POLL QUESTION**

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Section A – Line #1

- Prior Year Actual Levy
 - ✓ DOR will pre-fill in this amount
 - ✓ Prior year's actual levy plus personal property aid from prior year
 - ✓ Verify that this number was your actual levy (per statement of taxes)
 - ✓ For counties, this total excludes levies for:
 - A county children with disabilities education board
 - bridge and culvert construction and repair
 - payments to public libraries
 - countywide emergency medical system



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Section A – Line #1 (cont.)

- The number DOR put on Line 1 does not match my Statement of Taxes, help! Possible reasons:
 - ✓ Your prior year levy included a one-time referendum approved increase – DOR will subtract this
 - ✓ You levied for a revenue bond payment shortfall last year – this will also be subtracted by DOR



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Section A – Line #2

- Prior year levy for unreimbursed emergency expenditures under Wisconsin Statutes Section 323.10
 - ✓ Subtracted from prior year actual levy
 - ✓ DOR will pre-fill in this amount
 - ✓ Check to ensure amount is the same as submitted on the Adjustment G line on p.2 of the prior year worksheet



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Section A – Line #3

- Prior year levy claimed for General Obligation (G.O.) debt authorized after July 1, 2005
 - ✓ Subtracted from prior year actual levy
 - ✓ DOR will pre-fill in this amount
 - ✓ Check to ensure amount is the same as amount claimed on the Adjustment E line on p.2 of the prior year worksheet



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Section A – Line #3 (cont.)

- Is your prior year allowable levy greater than your prior year actual levy as a result of your "Adjustment E" (post-05 debt) entry on the prior year worksheet?
 - ✓ Creates a penalty for the current year because a larger amount is subtracted than is necessary
 - ✓ The same holds true if you claimed, but did not actually levy for, unreimbursed emergency expenses or a shortfall adjustment for revenue bonds
 - ✓ You will need to file an amended worksheet



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Section A – Line #3 (cont.)

- Penalty results from claiming a larger than needed adjustment (i.e. allowable levy exceeds actual levy)

	Incorrect		Correct	
	2019/20	2020/21	2019/20	2020/21
Base Levy	1,000,000	1,050,000	1,000,000	1,050,000
Post-2005 Debt Adj.	100,000	-100,000	50,000	-50,000
Allowable Levy	1,100,000	950,000	1,050,000	1,000,000
Actual Levy	1,050,000		1,050,000	



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Section A – Lines #4 – #6

- Determination of levy limit prior to adjustments. DOR will pre-fill in these lines.
 - ✓ Line #4 – Adjusted Actual Levy (Line 1 less Line 2 & 3)
 - ✓ Line #5 – One-time TID termination or TID subtraction
 - Cannot be carried forward
 - Base building - can be used to reduce or eliminate Adjustment E amount on page 2
 - ✓ Line #6: Adds the following
 - Net new construction
 - Any increase allowed as a result of TID closure or subtraction calculated on Line 5



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Section A – Lines #5

- Example of TID closure adjustment

Levy Year	2020
Original Year/Budget Year	2020
Line	Actual
1 Prior Year's Actual Levy plus 2020 personal property aid payment (\$55,000)	1,917,491
2 Exclude prior year levy for unrebated expenses related to an emergency	0
3 Exclude prior year levy for new general obligation debt authorized after July 1, 2005	(296,573)
4 Adjusted Actual Levy	1,616,916
TID Closure Calculations	
TID Closed Before April 15 in This Levy Year	Yes
TID Increment Value	34,091,300
Total TID Out EV in Closure Year	219,511,400
Increment value as a percentage of TID Out EV	15.49%
Termination: 10 % (50% if increment value as a percentage of TID Out EV)	1.75%
Amount Applied to Prior Year Adjusted Actual Levy	170,230
5 TID Closure Applied to Adjusted Actual Levy	1,742,146



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Section A – Lines #6

- Example of Net New Construction adjustment

Levy Year	2020
Original Year/Budget Year	2020
Line	Actual
1 Prior Year's Actual Levy plus 2020 personal property aid payment (\$55,000)	1,917,491
2 Exclude prior year levy for unrebated expenses related to an emergency	0
3 Exclude prior year levy for new general obligation debt authorized after July 1, 2005	(296,573)
4 Adjusted Actual Levy	1,616,916
5 TID Closure Calculations (Previous Slide)	1,742,146
Net New Construction Calculation	
Net New Construction Percentage (Pre-filled by DOR)	0.763%
Applied to Prior Year Adjusted Actual Levy	12,434
6 Net New Construction plus TID Closure applied to Adjusted Actual Levy	1,754,580
7 Greater of Line 5 or Line 6	1,754,580



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Section A – Line #8 - #9

- Line #8 is your levy limit prior to adjustment
 - ✓ Includes deduction for personal property aid payment to be received
- Line #9 is the total of adjustments from Section D of the worksheet



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Section A – Line #10

- Sum of line #8 (limit before adjustments) and line #9 (total adjustments)
- This is your maximum allowable levy
- Remember:
 - ✓ If you plan to levy less than the maximum allowable amount, reduce your Adjustment E and/or G lines so that the allowable levy does not exceed your actual levy



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Section A – Line #11

- For Towns of less than 3,000 population only
- Allows for a higher levy than allowed on Line 9 provided that:
 - ✓ The Town Board adopts a resolution supporting an increase and specifying the percentage
 - ✓ Town electors adopt a resolution endorsing the Town Board resolution (can be done at an Annual or Special Town Meeting)



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Section B and Section C

	One-Year Carryforward	Five-Year Carryforward
Allowable Amount	Capped at 1.5% of prior year's actual levy	Capped at 5.0% of prior year's actual levy less adjustments
Occurs When	Prior year's actual levy was less than allowable levy	Percentage increase in actual levy less adjustments in prior years was less than net new construction
Approval	Up to 0.5% Majority 0.51% - 1.5% $\frac{2}{3}$ Majority	$\frac{2}{3}$ Majority
G.O. Debt Test	Does not apply	G.O. debt outstanding in current year must be less than in prior year to claim

- For towns, a majority vote of the electors at an annual or special town meeting is also required to claim the one-year carry forward



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Section B and Section C

- Cannot claim both the one-year carryforward and five-year carryforward in the same year
- Most local governments will not have a carryforward as a result of claiming an adjustment for G.O. debt service authorized after July 1, 2005
- One-year carryforward entered into Section D, Adjustment A
- Five-year carry forward entered into Section D, Adjustment R



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Section D – Debt Service Adjustments Background

- For purposes of levy limits, general obligation (G.O.) debt is segregated into two categories based on the date of authorization:
 - ✓ Prior to July 1, 2005
 - ✓ On or after July 1, 2005
- “Authorized” refers to the act of adopting an initial or authorizing resolution (not actual issuance)

POLL QUESTION



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Section D – Debt Service Adjustments Background

- Some of the debt service adjustments are based on the debt payment, while others are based on the debt levy. Important to note this distinction:
 - ✓ “Debt” or “Debt Service” refers to the gross principal and interest payment due
 - ✓ “Debt Service Levy” refers to that part of the debt payment actually paid from the tax levy (net of abatement sources such as TIF increments, utility revenues, special assessments, etc.)



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Section D – Adjustment B

- Decrease in levy amount from prior year's pre-July 1, 2005, G.O. Debt levy

Amount of negative adjustments

Year	G.O. Corporate Payment Bonds	G.O. Corporate Payment Bonds	Total	Change in	Levy Tax	Levy Fees	Total Levy	Change in
Code	6/1/2005	6/1/2005	Payment	Payment	Exemptions	Assess	Levy	Levy
2011	250,000	100,000	440,000	(150,000)	(150,000)	(150,000)	270,000	(200,000)
2012	250,000	100,000	440,000	(150,000)	(150,000)	(150,000)	270,000	(200,000)
2013	250,000	100,000	440,000	(150,000)	(150,000)	(150,000)	270,000	(200,000)
2014	275,000	100,000	475,000	(175,000)	(175,000)	(175,000)	300,000	(225,000)
2015	275,000	100,000	475,000	(175,000)	(175,000)	(175,000)	300,000	(225,000)
2016	275,000	100,000	475,000	(175,000)	(175,000)	(175,000)	300,000	(225,000)
2017	275,000	100,000	475,000	(175,000)	(175,000)	(175,000)	300,000	(225,000)
TOTAL	975,000	700,000	1,675,000	(625,000)	(625,000)	(625,000)	1,050,000	(825,000)



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Section D – Adjustment C

- Increase in payment amount from prior year's pre-July 1, 2005, G.O. Debt payment
- Levy worksheet refers to levy amount only, but statute refers to General Obligation Debt Payments

Amount of payment increases

Year	G.O. Corporate Payment Bonds	G.O. Corporate Payment Bonds	Total	Change in	Levy Tax	Levy Fees	Total Levy	Change in
Code	6/1/2005	6/1/2005	Payment	Payment	Exemptions	Assess	Levy	Levy
2011	100,000	200,000	300,000	100,000	(100,000)	(100,000)	100,000	(100,000)
2012	100,000	200,000	300,000	100,000	(100,000)	(100,000)	100,000	(100,000)
2013	100,000	200,000	300,000	100,000	(100,000)	(100,000)	100,000	(100,000)
2014	175,000	200,000	375,000	175,000	(175,000)	(175,000)	200,000	(175,000)
2015	175,000	200,000	375,000	175,000	(175,000)	(175,000)	200,000	(175,000)
2016	175,000	200,000	375,000	175,000	(175,000)	(175,000)	200,000	(175,000)
2017	175,000	200,000	375,000	175,000	(175,000)	(175,000)	200,000	(175,000)
TOTAL	975,000	700,000	1,675,000	(625,000)	(625,000)	(625,000)	1,050,000	(825,000)



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Section D – Adjustment C (cont.)

- Can add the increase even if tax levy is not used to support the payment
- Always to your advantage to claim this addition
- It is possible to have both a negative adjustment, and an increase in payment in the same year



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Section D – Adjustment D

- Allowable increase for political subdivision’s share of refunded or rescinded taxes
- Source for the entries on this line is the notice of refunded or rescinded taxes provided by the Department of Revenue to the municipal or county clerk pursuant to Wisconsin Statutes Section 74.41(5)
- This adjustment is base building



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Section D – Adjustment E

- **Debt service** for G.O. Debt authorized on/after July 1, 2005
- Maximum allowable amount for this line Amount needed for debt payment

Year Ended	General Obligation Corporate Purpose Bonds			General Obligation Premiums Notes			Total Payments	Less: Debt Service	Less: Impact Fees	Total Levy	YTD
	Prin (1/1)	Interest	Total	Prin (7/1)	Interest	Total					
2021	290,000	615,310	405,310	100,000	17,250	207,250	613,250	(402,300)	(25,000)	385,950	2021
2022	300,000	596,310	406,310	200,000	12,840	212,840	619,150	(393,170)	(25,000)	391,010	2022
2023	310,000	567,310	407,310	300,000	8,000	308,000	627,310	(384,150)	(25,000)	398,160	2023
2024	320,000	538,310	408,310	400,000	2,750	402,750	635,060	(375,100)	(25,000)	404,960	2024
2025	330,000	509,310	409,310	500,000	0	500,000	642,810	(366,050)	(25,000)	411,760	2025
2026	340,000	480,310	410,310	600,000	0	600,000	650,560	(357,000)	(25,000)	418,560	2026
2027	350,000	451,310	411,310	700,000	0	700,000	658,310	(347,950)	(25,000)	425,360	2027
2028	360,000	422,310	412,310	800,000	0	800,000	666,060	(338,900)	(25,000)	432,160	2028
2029	370,000	393,310	413,310	900,000	0	900,000	673,810	(329,850)	(25,000)	438,960	2029
TOTAL	3,610,000	6,427,720	4,207,720	3,000,000	17,250	3,017,250	10,118,560	(6,427,850)	(175,000)	3,515,710	



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Section D – Adjustment E (cont.)

- Amount claimed will be subtracted out the following year
 - ✓ Claim only what you need and will levy for
 - ✓ If you overstate (maximum allowable levy exceeds actual levy), you create a penalty as was discussed in relation to Line 3
- If I am paying some of my post July 1, 2005, G.O. debt with other than levy dollars, can I claim the total payment amount and use that levy capacity for other purposes?
 - ✓ Yes, but be cautious (more on this later)



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Section D – Adjustment F

- Levy increase based on an approved referendum question
 - ✓ Resolution must specify proposed amount of the levy increase beyond the allowable amount and if increase is one-time or ongoing
 - ✓ Must state purpose of the proposed increase
 - ✓ Referendum may be held in conjunction with the spring primary or election, or partisan primary or general election
 - ✓ To calculate amount of levy increase for referendum question, may use estimated net new construction if actual percentage is not yet available



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Section D – Adjustment G

- Ability to add to limit unreimbursed expenses related to an emergency declared by the Governor under Wisconsin Statutes Section 323.10
- Any amount claimed is removed from the limit in the following year
- Same concern as with post July 1, 2005, G.O. debt – do not claim an adjustment unless you will levy the dollars



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COVID Levy Limit Consideration

- Adjustment G on the Levy Limit worksheet can be used to increase levy for unreimbursed expenses related to COVID.
- Disaster Declaration made on April 4th, 2020, is still in effect
- Cannot claim expenditures that you've already been reimbursed for (e.g. Routes to Recovery)

POLL QUESTION



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Section D – Adjustment H

- Used to increase or decrease your levy limit for cost shifts related to provision of consolidated services with another governmental entity
 - ✓ There must be an intergovernmental cooperation agreement in place (Wisconsin Statutes 66.0301)
 - ✓ The cost shift must be a result of an agreement to change apportionment of costs to reflect a more equitable distribution



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Section D – Adjustment H (cont.)

- Example: Community A and B fund a joint library. The basis for the cost share changes from valuation to population, resulting in an increase in Community A's share of the joint library cost:

Community A	Community B
<ul style="list-style-type: none"> • Increases its share of cost to pay for service • Amount of levy increase claimed as Adjustment H 	<ul style="list-style-type: none"> • Decreases its share of cost to pay for service • Amount of levy decrease claimed as Adjustment H • Amount of decrease must be the same as the amount of the Community A increase



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Section D – Adjustment I (Municipal Only)

- Adjustment for increases in charges assessed by a joint fire department (JFD)* or joint emergency medical services district (JEMSD)** can only be claimed if the following two conditions are met:
 1. To be eligible for this adjustment, total charges to the member communities may not increase over the prior year by an amount greater than the change in the CPI***, plus 2%
 2. Each governing body served by the JFD or JEMSD must adopt a resolution in favor of allowing the member communities to exceed their limit prior to other adjustments (even if a member community does not need to claim this adjustment or decides not to on their worksheet).

* Organized under Wisconsin Statutes Sections 61.65(2)(a), 62.13(2)(a), or 66.0301(2)

** Organized under Wisconsin Statute Section 66.0301(2)

*** Change in the U.S. CPI for urban customers, U.S. city average, as determined by the U.S. Department of Labor for the preceding 12 months ending on September 30 in the year of the levy




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Section D – Adjustment J (Municipal) or I (County)


- Transfer of services to other governmental units
 - ✓ If a service was transferred to another political subdivision in the preceding year, subtract the levy amount that would have been incurred to provide this service
 - ✓ *Example* – a county assumes responsibility for providing health department services in a city that previously provided this service – the city must decrease its levy limit by the amount it levied last year to provide that service



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Section D – Adjustment K (Municipal) or J (County)


- Transfer of services from other governmental units
 - ✓ If a political subdivision provides a service transferred from another government that provided the service in the preceding year, add the levy increase needed to provide this service
 - ✓ *Example* – a city decides to start its own library and was previously served by a county wide library system. The city may increase its levy by the amount needed to provide the new service



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Section D – Adjustment K (County Only)

- Adjustment for consolidation of services
 - ✓ Add the increase to the levy by the county to provide a service that was provided by a city, village, or town in the preceding year and was consolidated at the county level
 - ✓ Adjustment J can accomplish the same thing – no apparent benefit to using Adjustment K vs. J



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Section D – Adjustment L (Municipal Only)

- Adjustment for loss of land to annexation
 - ✓ Decreases the allowable levy for a town if any lands were annexed by a city or village in the prior year
 - ✓ The amount of the decrease is an amount equal to the town only property taxes collected in the prior year from the annexed parcel(s)



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Section D – Adjustment M (Municipal Only)

- Adjustment for gains of land due to annexation
 - ✓ Increases the allowable levy for a city or village if any lands were annexed in the prior year
 - ✓ The amount of the increase is an amount equal to the town only property taxes collected in the prior year from the annexed parcel(s)



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Section D – Adjustment N (Municipal) or L (County)

- Lease Revenue Bonds
 - ✓ Applies only to Lease Revenue Bonds issued before July 1, 2005
 - ✓ Any increase in lease payment from the preceding year can be added to the levy limit
 - ✓ Can add the increase even if tax levy is not used to support the payment
 - ✓ Always to your advantage to claim this addition



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Section D – Adjustment O (Municipal) or M (County)

- Shortfall adjustment for revenue bonds
 - ✓ If pledged revenues are inadequate to meet debt service payments, the shortfall in revenues can be levied for and claimed on this line as an exemption from the limit
 - ✓ Potential COVID related adjustment if significant diminishment in utility revenue from delinquencies/reduced usage
 - ✓ Whatever amount is claimed on this line will be deducted from your actual levy on the following year's worksheet (an off-sheet adjustment done by DOR)
 - ✓ Same concern as post July 1, 2005 debt – do not claim an adjustment unless you plan to levy the dollars



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Section D – Adjustment O (Municipal) or M (County)
Continued

- To claim this adjustment, the revenue bond must be issued under Wisconsin Statutes:
 1. Section 66.0621 – Utility Revenue Bonds
 - Includes payments due to joint fire department if proceeds of the bond were used to pay for a fire station and the municipality is obligated to pay for its share of the debt under an agreement entered into under Section 66.0301.
 2. Section 66.0713(4) – Special Assessment B Bonds



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Section D - Adjustment P (Municipal Only)

- General fund shortfall resulting from a loss of revenue from the sale of water or other commodity to a manufacturer that has discontinued operations
 - ✓ Limited applicability
 - ✓ For example, would allow a municipality to levy for the amount it would have otherwise received as a PILOT payment from its water utility



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Section D – Adjustment Q (Municipal) or N (County)

- A negative adjustment applies if a “covered service” was funded in whole or part by the 2012 tax levy for the 2013 budget
- Covered services:
 - Garbage collection (does not include recycling)
 - Snow plowing
 - Storm water management
 - Street sweeping
 - Fire protection (does not include the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes)



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Section D – Adjustment Q (Municipal) or N (County) (cont.)

- Negative Adjustment
 - ✓ The levy limit is reduced by the amount of fee revenue resulting from implementation of a user fee
 - ✓ The amount of the reduction is equal to:
 - Estimated user fee revenue
 - Not to exceed levy support provided for that service in the 2013 budget
 - ✓ If the anticipated amount of user fee revenue that will be generated exceeds the 2013 budget levy support total, results in a net increase in total revenue
 - ✓ Applies to fees or increases implemented on or after July 2, 2013



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Section D – Adjustment Q (Municipal) or N (County) (cont.)

- Negative Adjustment
 - ✓ Also applies to PILOT payments
 - If a PILOT is paying for covered services, a deduction must be taken for that portion of the PILOT that pays for covered services
 - ✓ Negative adjustment for covered service does not apply if a resolution stating the levy limit should not be reduced is approved in a referendum



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Section D – Adjustment Q (Municipal) or N (County)
(cont.)

- Example 1 (Full Conversion to User Fee):

	2013 Budget	CY Budget	Fee Increase
Revenues			Neg. Adjustment
Tax Levy	\$ 100,000	\$ 0	
User Charges	\$ 0	\$ 125,000	- \$ 100,000
Total	\$ 100,000	\$ 125,000	
Expenditures			
Garbage Collection	\$ 100,000	\$ 125,000	
Total	\$ 100,000	\$ 125,000	



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Section D – Adjustment Q (Municipal) or N (County)
(cont.)

- Example 2 (Fee Increase to Reduce Levy Requirement):

	2013 Budget	CY Budget	Fee Increase
Revenues			Neg. Adjustment
Tax Levy	\$ 100,000	\$ 50,000	
User Charges	\$ 0	\$ 75,000	- \$ 75,000
Total	\$ 100,000	\$ 125,000	
Expenditures			
Garbage Collection	\$ 100,000	\$ 125,000	
Total	\$ 100,000	\$ 125,000	



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Section D - Adjustment S (Municipal)

- Workforce Housing
 - ✓ Permits municipalities to increase their levy limit by \$1,000 for each new single-family residential dwelling unit issued an occupancy permit in the preceding year if the following are also the case:
 - ✓ The dwelling unit is located on a parcel of no more than ¼ acre. (Or on a parcel of no more than one acre in a town)
 - ✓ The dwelling is sold for not more than 80 percent of the median price of a new residential dwelling unit within the municipality



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Section D - Adjustment S (Municipal) (cont.)

New Single Family Residential Dwelling Units					
Address	Occupancy Permit Date	Sale Date	Acreage	Sale Price	
8021 White Pine Dr	5-Mar	31-May	0.24	\$	443,000
8402 Arroyo del Sol	17-Jan	4-Mar	0.21	\$	310,000
4205 Glacier View Dr	20-Feb	23-Mar	0.11	\$	295,000
1126 Henry Circle	11-Feb	15-Jun	0.24	\$	279,900
1121 Fairmont	12-Jan	22-Mar	0.23	\$	261,000
4705 Glacier View Dr	12-Jan	9-Mar	0.23	\$	244,000
4373 Glacier View	4-Jun	17-Aug	0.21	\$	238,500
2423 Winding Dr	19-Jul	10-Oct	0.26	\$	232,800
4200 Glacier View	23-Jun	9-Aug	0.23	\$	231,000
2516 S Terrace	27-Feb	8-Apr	0.20	\$	226,000
4890 Glacier View Dr	12-Jan	16-Feb	0.26	\$	190,000
123 Rockstone Dr	14-Mar	9-Jun	0.27	\$	189,000
421 N. Pearl	29-Jan	5-Mar	0.22	\$	162,000
				Median Sale Price	\$ 238,500
				80% of Median Sale Price	\$ 190,800



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Section D - Adjustment S (Municipal) (cont.)

- The additional amount the municipality can levy under this provision must be used to pay for the cost of police protective services, fire protective service, or emergency medical services
- To claim this adjustment, the municipality must not decrease the amount it spends for these services as compared to the preceding year

POLL QUESTION



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Section D - Adjustment T (Municipal) or Adjustment P (County)

- Loss of Utility Aid Payments
 - ✓ Permits an increase in the levy limit in an amount equal to any reduction in utility aid payments received under Wisconsin Statute Section 79.04
 - ✓ A decrease would occur if a tax-exempt power generation facility located within the municipality is decommissioned.
 - ✓ Aid payments are stepped down over a five-year period.
 - ✓ In each year of the step down, the municipality can claim the amount of the reduction as an allowable increase to the levy limit.



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Section D – Adjustment U (Municipal) or Q (County)

- Sum of Adjustments
- Also entered on Line 9 in Section A on Page 1



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ARPA Funds

- Using ARPA funds to reduce your levy could be problematic from a levy limit standpoint

	No Levy on ARPA	ARPA Levy = on = 0% ALE	ARPA Levy = 0.5% ALE
Fund/Requirement			
General Fund	1,000,000	1,000,000	1,000,000
State Grants	200,000	200,000	200,000
ARPA		(200,000)	(200,000)
Total	1,200,000	1,000,000	700,000
LEVY			
Base Levy	1,000,000	1,000,000	700,000
ARPA Levy (0.5% ALE)	(200,000)		
Total Levy	1,200,000	1,000,000	700,000
Next Year (Base Levy ALE, E)	1,200,000	1,000,000	700,000
OK	OK	OK	PROBLEM

- Even if OK from a levy limit standpoint, consider impact of fluctuations in the levy on tax bills



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Abated Post-2005 Debt

- Worksheet allows you to claim up to the total amount of your post-2005 G.O. debt payment on the Adjustment E. line

Year	Total Payments	2002-2005 3rd-5th Year ¹ Total Levy	Abated Debt Levy
2002	612,812	25,000	40,451
2003	638,410	25,000	40,471
2004	664,008	25,000	40,491
2005	689,606	25,000	40,511
2006	715,204	25,000	40,531
2007	740,802	25,000	40,551
2008	766,400	25,000	40,571
2009	792,000	25,000	40,591
2010	817,600	25,000	40,611
2011	843,200	25,000	40,631
2012	868,800	25,000	40,651
2013	894,400	25,000	40,671
2014	920,000	25,000	40,691
2015	945,600	25,000	40,711
2016	971,200	25,000	40,731
2017	996,800	25,000	40,751
2018	1,022,400	25,000	40,771
2019	1,048,000	25,000	40,791
2020	1,073,600	25,000	40,811
2021	1,100,000	25,000	40,831
TOTAL	13,444,812	1,012,000	3,342,710

Amount needed for debt payment

Additional levy capacity not needed for debt payments



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Abated Post-2005 Debt

- Advisability of claiming a Line E adjustment greater than needed for debt payments
 - ✓ If additional levy will be used for capital projects or non-recurring expenditures, probably a good strategy
 - ✓ A concern if additional levy will be used for recurring operating expenses
 - Works only if outstanding debt payments remain stable or grow
 - Potential for a budget hole if debt payments decrease



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Achieve a capital levy through issuance of G.O. debt

- G.O. debt is exempt from levy limits regardless of term
- Concept & process
 - ✓ Debt issued before approving levy for next budget year
 - ✓ Debt repaid in that next budget year
 - ✓ Additional cost vs. true cash levy funding is interest expense

Capital Equipment Budget		Short Term Financing			
		Principal	Rate	Interest	Total
				(\$/Year)	Payment
FD Special #1	50,000	50,000	2.500%	\$121	\$2,817
FD Special #2	50,000	50,000	2.500%	\$121	\$2,817
FD Special #3	50,000	50,000	2.500%	\$121	\$2,817
Plus Truck	200,000	200,000	2.500%	1,250	251,250
Small Vehicle	50,000	50,000	2.500%	118	95,118
TOTAL	350,000	350,000		2,406	\$87,809



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Achieve a capital levy through issuance of G.O. debt

- Accounting Considerations
 - ✓ Long-term debt (term of at least a year and a day) is treated differently than short-term debt
 - ✓ Short-term debt used in this manner may complicate financial statement reporting with a surplus in the debt service fund at year end and corresponding deficit in capital projects fund
 - ✓ A note issued for a year and a day (long-term debt) but repaid sooner may still be considered short-term debt
- Consult with your Municipal Advisor and auditor before using this technique




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Thank you!



POLL QUESTION



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