



**CITY OF STOUGHTON**  
From the Office of the City Finance Director

**MEMORANDUM**

May 6, 2009

**To:** City Council

**CC:** Mayor

**From:** Laurie Sullivan, Finance Director

**RE:** 2010 City of Stoughton Preliminary Budget

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The upcoming Committee of the Whole meeting plays an important role in the budget process. In order to keep the budget process moving forward, there are three major decisions that will need to be made at next Thursdays meeting.

The first is to look at the proposed Capital Outlay budget. This budget is for equipment, furniture, computers and other major purchases that do not fit into the CIP. The total requested amount is \$292,572. The full amount of the approved capital outlay budget will come from tax levy. Because this budget directly affects the amount the City must levy, and more directly, the amount of levy that is available for operations, it is important to review and approve the Capital Outlay budget as the first order of business.

Second, the many projects that were taken out of the 2010 CIP need to be reprioritized and placed into the 2011 thru 2014 plan. Since we are trying to maintain a 5-year financial plan, it is important to finish this task so that the current plan can be updated.

I would like to propose that the City consolidate the 2010 and 2011 projects into a single borrowing for 2010. The municipal borrowing rates are very favorable right now, and combining the projects would save borrowing costs.

Third, but maybe most importantly, the Council will need to decide the percent increase in levy that they are most comfortable with. I have included as an attachment to this memo several levy scenarios. The State imposed levy limit of 3% does not include the amount of levy that we need to cover debt service (after July 2005). The 2010-dollar amount of debt levy that exceeds the 2005 level (and is therefore outside of the levy limit) is \$1,399,699. This means that in the levy calculation that we are allowed a 3% increase over 2009, plus an amount to help cover debt service in 2010. I will go over these with you at the Committee of the Whole meeting next Thursday.

In order for me to calculate a target number for the 2010 operating budget, the Council will need to decide the following:

- 1.) The amount of Capital Outlay to include in the Budget
- 2.) The CIP projects for 2011.
- 3.) The % levy increase or mill-rate increase to target.

Making these three decisions at next Thursday nights C.O.W. meeting will move the budget process forward and lay the foundation for the operating budget discussions and decisions that will need to be made during the next month.

Please call me with any questions or additional information that you may need.