



Expenditure Restraint

Clerks, Treasurers & Finance Officers Institute

June 6, 2019



ERP Basics

- Form is due May 1 each year (SL-203)
 - Compares budget year to budget year – Not actuals
 - ✓ Form due May 1, 2019 compares 2019 budget to 2018 budget to determine if a revenue payment to municipality will be made in 2020.
 - Like the levy limit, a desire to qualify for an ERP payment may impact budget objectives and strategy
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ERP Basics

- Tax rate must be at least five mills (\$5/thousand of equalized value)
- General fund expenditures** must have increased over the prior year by no more than a specified percentage equal to:
 - ✓ An inflation factor determined by DOR based on the change in the CPI-U
 - ✓ A valuation factor equal to 60% of a municipality's net new construction

** Includes non-debt expenditures made from other funds to the extent they are tax levy supported



Sections on ERP Worksheet

- Section A: Budget Comparison
- Section B: Budget Adjustments for Transfer of Services
- Section C: Budget Change Calculation
- Section D: Attachments



Section A, Line 1: Total General Fund Expenditures

- Includes total General Fund Expenditures
 - ✓ Total should include transfers out to other funds
- Includes levy support for other governmental funds or proprietary fund expenditures



Section A, Line 1 Example

City of XXX, Wisconsin

ERP Forecast

Levy Year	2017	2018
Calendar/Budget Year	2018	2019
	Actual	Actual
Amount Levied for General Fund	6,263,335	6,376,594
Amount Levied for Library	685,980	685,980
Amount Levied for Roads and Equipment	450,000	450,000
Amount Levied for Debt Service	1,549,279	1,790,450
Total Levy	8,948,594	9,303,024



Section A Line 1 Example

City of XXX, Wisconsin

ERP Forecast

2019 ERP Worksheet filed
for 2020 Payment

Section A: Budget Comparison		
		<u>Line 1 Summary</u>
		Total General Fund Expenditures (Include transfers out)
		Amount Levied for Library
		Amount Levied for Roads and Equipment
		Amount Levied for Debt Service
		Line 1 TOTAL

2019 Budget	2018 Budget
13,720,000	13,606,741
685,980	685,980
450,000	450,000
1,790,450	1,549,279
16,646,430	16,292,000



Section A, Line 2: Debt Service

- Subtract long-term principal and interest in General Fund Budget
 - ✓ Include transfers out to Debt Service Fund
 - ✓ Include levy support for debt service

City of XXX, Wisconsin

ERP Forecast

2019 ERP Worksheet filed
for 2020 Payment

Section A: Budget Comparison		
		<u>Line 2 Summary</u>
		Levied support to debt service fund

2019 Budget	2018 Budget
1,790,450	1,549,279



Section A, Line 3: Recycling Fee Payments

- Subtract recycling fee payments in General Fund Budget.
- Statute citation is (s. 289.645)
- (3)** AMOUNT OF RECYCLING FEE. The fee imposed under this section is \$7 per ton for all solid waste other than high-volume industrial waste.
- Do not deduct recycling program or state recycling aid payment.



Section A, Line 4: Revenue Sharing Payments

- Deduct revenue sharing payments made to municipality in General Fund budget.
 - Statute citation is Section 66.0305
- (2) POLITICAL SUBDIVISION REVENUE SHARING AGREEMENT.** Subject to the requirements of this section, any 2 or more political subdivisions may, by a majority vote of a quorum of their governing bodies, enter into an agreement to share all or a specified part of revenues derived from taxes and special charges, as defined in s. [74.01 \(4\)](#). One or more political subdivisions may enter into agreements under this section with federally recognized American Indian tribes or bands.



Section A, Line 5: Unreimbursed Emergency expenses

- Deduct unreimbursed emergency expenditures under Statutes 323.10 (excerpt below)
- **323.10 Declaration by governor.** The governor may issue an executive order declaring a state of emergency for the state or any portion of the state if he or she determines that an emergency resulting from a disaster or the imminent threat of a disaster exists.....



Section A, Line 6 - 8

- Line 6: Subtract expense for contracted services to a local government
 - ✓ Can subtract General Fund cost of providing service up to the payment received from the other local government for providing the service.
- Line 7: Subtract expense of grant payments (s. 16.297(1m)). Grants awarded to local governments for development in an electronics and information technology manufacturing zone
- Line 8: Net General Fund operating budget expenditures



Section B: Adjustments for transfer of services

- **Line 1** – if your municipality transferred a service to another local government starting in 2019, enter a deduction for your budgeted 2018 general fund costs of providing that service
- **Line 2** – if your municipality assumed a service from another local government which impacted your general fund budget for the first time in 2019, enter the other government's 2018 budgeted costs of providing that service
- **Line 3** – adjusted general fund budget expenditures. For 2018, this auto-fills based on what is entered on Lines 1 and 2. For 2019, this auto-fills with the amount in Sec. A, Line 8



Section C: Budget Change Calculation

- Line 1: Adjusted General Fund Expenditures (most recently adopted budget)
- Line 2: Adjusted General Fund Expenditures (prior year's budget)
- Line 3: General Fund Dollar Change
- Line 4: General Fund Percentage Change

City of XXX, Wisconsin

ERP Forecast

2019 ERP Worksheet filed
for 2020 Payment

Section A: Budget Comparison		2019 Budget	2018 Budget
Line 1	Total General Fund Expenditures (See below)	16,646,430	16,292,000
Line 2	Subtract Long-term debt principal and interest payments in General Fund	(1,790,450)	(1,549,279)
Line 3	Subtract Recycling payments (s.289.645)		
Line 4	Subtract Municipal revenue sharing payments to other municipalities (s.66.0305)		
Line 5	Subtract Unreimbursed expenses related to an emergency declaration (s.323.10)		
Line 6	Subtract expenditures for contracted services provided to another local government		
Line 7	Subtract General Fund Expenditures of grant payments issued under s.16.297(1m)		
Line 8	Net General Fund Operating Expenditures	14,855,980	14,742,721
Section B: Budget Adjustments for Transfer of Services			
Line 1	Subtract General Fund Expenditures for services transferred to another local government for first time		
Line 2	Add General Fund Expenditures for services assumed from another local government for first time		
Line 3	Adjusted General Fund Budget Expenditures	14,855,980	14,742,721
Section C: Budget Change Calculation			
Line 1	2019 Adjusted General Fund Budget Expenditures	14,855,980	
Line 2	2018 Adjusted General Fund Budget Expenditures	14,742,721	
Line 3	General Fund Budget Dollar Change from 2018 to 2019	113,259	
Line 4	General Fund Percentage Change	0.77%	
	Allowable increase	2.6%	
	Net New Construction	0.28%	
	60% of Net new Construction up to 2% Allowed for ERP	0.168%	
	Inflation Adjustment	2.40%	
	<u>Line 1 Summary</u>		
	Total General Fund Expenditures (Include transfers out)	13,720,000	13,606,741
	Amount Levied for Library	685,980	685,980
	Amount Levied for Roads and Equipment	450,000	450,000
	Amount Levied for Debt Service	1,790,450	1,549,279
	Line 1 TOTAL	16,646,430	16,292,000
	<u>Line 2 Summary</u>		
	Levied support to debt service fund	1,790,450	1,549,279



Section D: Attachments

1. Required: copies of budget summaries for both years.
 - ✓ Must include breakdown of property tax contributions to each fund.
2. Transfer of services documentation if applicable. (ex: Signed agreement, Breakdown of costs)
3. Unreimbursed emergency expense documentation, if applicable. (ex: FEMA and WEMA determinations, breakdown of unreimbursed expenses)



ERP Policy Decisions

- Need to determine if reduction in expenditures to achieve compliance meets community goals and objectives.
- If reductions are made, or other permanent revenue sources identified, consider using ERP revenue in the future for capital instead of operations.



ERP Strategies

- Pull out services with non-levy revenue source to create special revenue fund.
- Examples
 - ✓ Tourism related expenditures
 - ✓ Garbage or recycling
 - ✓ Parking enforcement
 - ✓ EMS



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