

MICHAEL G. GRACZ  
VILLAGE OF OREGON  
VILLAGE ADMINISTRATOR  
117 SPRING STREET  
OREGON, WI 53575  
TELEPHONE: (608) 835-3118  
FACSIMILE: (608) 835-6503  
E-MAIL [mgracz@vil.oregon.wi.us](mailto:mgracz@vil.oregon.wi.us)

## MEMO

TO: Department Heads & Municipal Judge  
FROM: Mike Gracz-Village Administrator *Mike*  
DATE: July 15, 2008  
RE: **2009 Budget Schedule and Instructions**  
CC: Village Board

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### Overview

This is my annual budget memo to Department Heads which provides the proposed budget schedule for the 2009 Budget as well as some overall direction for completing the 2009 Budget worksheets. As Renee and I have noted during the last few budgets, we anticipated that the 2009 budget would be a very challenging and difficult budget to complete due to the Village's declining revenues particularly in areas of new growth, building permit fees and investment income. (Renee decreased investment income by \$65,000.) This decline in revenues along with the State mandated tax cap has created an initial budget gap.

The village's net new construction for 2008 is estimated at 2.8% which will generate approximately \$116,333 of additional levy for 2009. The increase in the levy amounts for 2008 and 2007 were \$232,929 and \$236,025 respectively.

Renee has completed a draft of the 2009 Budget, which shows General Fund Expenditures increasing approximately 3.0% (\$150,000) which is less than previous years. This increase would allow the Village to qualify for the State's Expenditure Restraint Program for 2010; however, the General Fund Revenues are projected to increase only \$80,000 which is a 1.6% increase in 2009. This gap between General Fund revenues and expenditures in the 2009 budget is now \$70,000. The deficit prior to Renee and me making some initial budget adjustments was \$200,000.

Some significant budget adjustments are listed below:

- Decreased the Police Department's allocated levy for capital equipment purchases from \$40,000 to \$30,000. This will allow the department to keep on its annual squad rotation along some miscellaneous equipment purchases.

- Decreased the Public Work Department's allocated levy for capital equipment purchases from \$50,000 to \$40,000. (Renee and I will be discussing the funding mechanism for purchasing the larger Public Works truck with Mark.)
- Decreased Office Equipment from \$40,000 to \$8,000
- Removed \$10,000 for conducting the Impact Fees Update in 2009
- Removed the \$4,500 for Planning Consultant. This is assuming a Village Planner is hired in 2009, as a result of lifting the annexation moratorium.

Even with making the above budget adjustments, we still have a budget gap of close to \$70,000, which we will have to work on over the next couple of months. This \$70,000 gap does not include any additional adjustments for fuel. Due to this budget gap, I am asking that Department Heads hold all operating expenditures to a zero (0%) increase -- without exceptions. Any increase in general operations will add to the \$70,000 deficit. Renee and I will discuss the budgets for gas, electric and fuel with each department head.

I realize it will be particularly challenging for the Police and Public Works Departments, but I will be asking both departments to provide some ideas and suggestions of how they can reduce their fuel use. As a side note, President Staton and I will be asking the Village staff to identify ways to make Village operations more "green" which will include the reduction of fuel by Village vehicles.

I would ask you to recall that we have gone through similar difficult budgets in the past where we had a tough time balancing the budget, but then in subsequent years we have been able to fund at a more normal level for projects and equipment. Renee has not had the opportunity to do projections for the 2010 and 2011 budgets, but we do anticipate that for the foreseeable future the Village will be dealing with difficult budgets. For the 2010 budget, the Village will see an increase in its assessed value due to the Legends of Bergamont's Pool Facility and Clubhouse hitting the assessed role at a 100% as well as other new developments, but it may be quite some time before we experience the double digit increases in our assessed value we saw from 2004-2006.

Finally the Village Board will be holding two 5-year plan discussions with Ehlers & Associates in September and from those meetings the 5-year plan will be developed which will provide the framework for dealing with future budgets.

As always I have appreciated your cooperation during the budget process and working together we will certainly get through this difficult budget.

### **Instructions to Department Heads for Completion of 2009 Budget Sheets**

Attached are the 2009 Budget worksheets (revenues and expenditures) and wage schedules.

1.) Please proof the wage schedules and mark any changes on the wage schedules. Wages have been adjusted by Renee. (We will be in labor negotiations in 2008 so Renee has adjusted the wages for 2009.) If the schedules are okay, please mark "OK" on the schedules.

2.) Please review the 2009 Budgeted amounts and the 2008 projected amounts on both the revenues and expenditure sheets. Make any changes on the budget worksheets. Your initials are next to the revenue line items that you need to review and adjust, if needed. If you do not make an adjustment to a revenue line item, please mark ok in 2009 column. General Operating is being held at zero 0% for 2009. If the 2008 projected amounts are okay, please mark "OK" at the top of the columns. **Budgets will be returned to department heads if the Projected amounts have not been changed or marked ok.**

3.) If you determine that you want to increase fee(s) in 2009, please provide a copy of the 2008 Fee Schedule page(s) with your proposed changes in fees as part of your submitted budget for 2009.

### **Instructions to Department Heads for Completion of 2009 Budget Sheets**

1. **July 11th** - Distribute draft budget to department heads and Judge Cox including revenue sheets
2. **July 15th** – Review of draft 2009 Budget at Department Heads' Meeting
3. **August 11th** - Department Heads' budgets due to Village Administrator. If done sooner please turn them in – sooner the better.
4. **Week of August 25th** – Mike and Renee meet with department heads and Judge Cox to review their budgets
5. **September 8th** – First Five-Year Plan Meeting with Ehlers at 5:30pm
6. **September 29th** – Second Five-Year Plan Meeting with Ehlers at 5:30pm
7. **October 3rd** - Proposed Administrator budget distributed to the Village Board
8. **October 15th** – First of two budget meetings
9. **October 22nd** – Last budget meeting
10. **October 27th** – Budget to newspaper
11. **October 30th** – Budget Public Hearing Notice is published
12. **November 17th** – Budget Public Hearing at the Village Board Meeting

**Everything is due to me by August 11th**

VILLAGE OF OREGON

2009 BUDGET

GENERAL FUND

BOARD  
FY1  
DWB

	2007 ACTUAL	2008 BUDGET	YTD ACTUAL	2008 PROJECTED	2009 DEPT HEAD	2009 ADMIN	2009 ADOPTED	PERCENT CHANGE
<u>REVENUE</u>								
TAXES	2,671,486	2,978,749	1,713,857	2,978,858	3,057,902	3,057,902	3,057,902	2.7
INTERGOVERNMENTAL REVENUES	892,514	848,609	490,373	867,254	849,778	849,778	849,778	.1
LICENSES & PERMITS	129,563	110,605	68,433	111,435	109,680	109,680	109,680	(.8)
FINES, FORFEITURES & PENALTIES	82,357	95,700	70,761	133,200	129,700	129,700	129,700	35.5
PUBLIC CHARGES FOR SERVICE	276,472	452,292	202,674	456,525	495,904	495,904	495,904	9.6
INTERGVRNMNTL CHRGS FOR SERVIC	158,120	172,649	114,550	173,555	172,897	172,897	172,897	.1
MISCELLANEOUS REVENUE	250,092	243,950	90,015	189,771	177,850	177,850	177,850	(27.1)
OTHER FINANCING SOURCES	207,976	218,000	108,500	195,000	207,650	207,650	207,650	(4.8)
<u>TOTAL FUND REVENUE</u>	<u>4,668,581</u>	<u>5,120,554</u>	<u>2,859,162</u>	<u>5,105,598</u>	<u>5,201,361</u>	<u>5,201,361</u>	<u>5,201,361</u>	<u>1.6</u>
<u>EXPENDITURES</u>								
GENERAL GOVERNMENT	746,384	910,592	422,588	838,702	895,388	895,388	895,388	(1.7)
PUBLIC SAFETY	1,729,031	1,943,706	979,716	1,944,436	2,069,396	2,069,396	2,069,396	6.5
PUBLIC WORKS	1,004,161	1,036,581	565,133	1,090,966	1,112,661	1,112,661	1,112,661	7.3
HEALTH & HUMAN SERVICES	186,169	200,054	93,770	201,009	201,938	201,938	201,938	.9
CULTURE & RECREATION	825,093	942,168	479,192	942,594	971,199	971,199	971,199	3.1
CONSERVATION & DEVELOPMENT	35,508	15,701	4,036	15,701	20,793	20,793	20,793	32.4
OTHER FINANCING USES	110,000	71,752	56,925	71,752	0	0	0	(100.0)
<u>TOTAL FUND EXPENDITURES</u>	<u>4,636,346</u>	<u>5,120,554</u>	<u>2,601,360</u>	<u>5,105,160</u>	<u>5,271,375</u>	<u>5,271,375</u>	<u>5,271,375</u>	<u>3.0</u>

# VILLAGE OF OREGON

## 2009 BUDGET

### GENERAL FUND

	2007 ACTUAL	2008 BUDGET	YTD ACTUAL	2008 PROJECTED	2009 DEPT HEAD	2009 ADMIN	2009 ADOPTED	Percent % Change
NET REVENUE OVER EXPENDITURES	32,236	0	257,802	438	( 70,014 )	( 70,014 )	( 70,014 )	(518037.5)
BEGINNING OF THE YEAR FUND BALANCE	2,011,690	2,043,925	2,043,925	2,043,925	0	0	0	
END OF THE YEAR FUND BALANCE	2,043,925	2,043,926	2,301,727	2,044,364	( 70,014 )	( 70,014 )	( 70,014 )	