

Revenue and Expenditure Policy

Policy Number: 01-04

Date: January 9, 2017

Purpose: Revenues

The City desires to maintain a diversified and stable revenue base to reduce the impacts of fluctuations in any one revenue source. The revenue mix combines elastic and inelastic revenue sources to minimize the effects of an economic downturn. The City also incorporates the following principles related to revenues as it furthers its financial planning and fulfills its fiscal responsibilities:

1. The City prefers to keep its property tax rate as low as possible. The following components shall be followed in priority order each year when establishing the property tax levy:
 - a. Levy for Police, Fire and IMRF pensions per actuarial calculations. If the actuarial reports indicated a higher employer contribution is needed, said increase will need to be added to the City's overall previous year levy request to avoid underfunding problems.
 - b. Levy for FICA.
 - c. Levy for general obligation bond principal and interest less abatements.
 - d. Levy to support General Fund operations including Police, Fire, Public Works, Community Development, Finance, Human Resources, I.T. and Administration. The annual increase for this component should not exceed the rate of inflation.
 - e. Levy to fund additional personnel as determined by the City Council.
2. User charges and tap-on fees will be sufficient to finance all operating and debt service costs for the Water Fund.
3. The City Manager should impose spending limits if, in his/her judgment, revenues will be below original estimates. Staff should review and monitor on

a monthly basis expenditures to assure control of spending within available revenues.

4. Ongoing transfers will be made from the General Fund to the Fleet Replacement fund on an annual basis to help plan for the purchasing of large capital equipment needs.

Expenditures

The City will strive to adhere to the following policies:

1. The City will consistently budget the minimum level of expenditures which will provide for the public well-being and safety of the residents and businesses of the community.
2. Expenditures will be within the confines of generated revenue. Fund balances will not be used to pay for operating expenditures except in the case of emergencies and after careful consideration.