

DUNKERTON CITY COUNCIL met in special session, **February 24, 2022**, in the City Hall Council Chambers with Mayor Schares presiding. The meeting was called to order at 6:00 p.m. Council members present: Ron Reichen, Brian Roquet, Derek Shaner, Monica Smith, and Allison Baugher. Quorum present.

The public could access the meeting electronically through Zoom.us by entering the following meeting ID and password - Meeting ID: 896 6679 6018 and Passcode: 125990. To access this meeting by telephone, residents could dial 1-312-626-6799.

Unless otherwise noted, all actions were passed by affirmative and unanimous vote of the council members present.

Moved by Reichen, seconded by Shaner to approve the agenda as written.

Ms. Maggie Burger from Speer Financial provided an analysis of the city's overall financial health. Ms. Burger stated no one ever wants to raise rates on property taxes or utility fees, but Speer Financial believes that being fiscally responsible is best defined by setting tax levies and utility rates in a way that covers a city's annual expenses (real expenses – not ones lowered in a way to disallow normal operations or maintenance).

When comparing neighboring cities (Janesville, Fairbank, Gilbertville, Hudson, Sumner, La Porte, and Tripoli), Ms. Burger commented that most have issued General Obligation and Revenue debt over the last 3-5 years and have been forced to raise utility rates or property taxes to take on these new projects. These projects were necessary to keep systems operational.

Per Ms. Burger, the Government Finance Officers Association advises that no public entity (city, county or school) should carry less than 25% of annual expenses in fund balances from year to year; however, recommends for communities under 5,000 residents that fund balances be maintained at 50-100% of annual expenses. Fund balances allow for small, unexpected projects to be paid for or to save for a future project or purchase. If the City of Dunkerton were rated by an investment firm, the rating agency would likely issue a downgrade in rating because there is no planned spending of fund balances. Although the \$11.52 maximum levy rate does not correct all the negative fund balances, it would be much better than approving a lower rate. The \$12.73 rate, although it might seem higher than the city would have liked, covers the proposed expenditures of the city, which should be accounted for. When large budget cuts are requested, deeper than any department has operated under before, the following will likely happen: 1) the city does not abide by the budget and hence, setting the city up for failure, or 2) the city will abide by it, not doing necessary projects that will keep systems operational and infrastructure properly up to date.

Fiscally responsible decisions are the responsibility of elected officials and those decisions lead to the fiscal health of the community in the years to come. If the city continues to draw down fund balances, eventually there will not be money to make payroll or keep the lights on, one negative fund balance is not just on paper. A negative fund balance means that another fund balance must exceed that negative to have a positive amount of cash. This is not the situation any city wants to find themselves in.

The council reviewed the adopted maximum levy rate and estimated expenses for the FY2023 budget.

Mayoral and Council comments:

- Mayor Schares has been in contact with the city attorney regarding the property located east of and adjacent to 211 E. Dunkerton Street.
- Outside lights at the library were discussed. The city is waiting for an electrician to determine if new light bulbs need to be purchased or if fixtures need to be repaired.

With no further discussion, Roquet / Reichen to adjourn at 7:28 pm.

Michael J. Schares, Mayor

ATTEST: Sheila K. Steffen, City Clerk