



TO: Mayor Shaun Sipma
Members of the City Council

FROM: David Lakefield, Finance Director

DATE: February 16, 2021

SUBJECT: BUDGET AMENDMENT TO COVER TAX LEVY SHORTFALL

I. RECOMMENDED ACTION

Approve the budget amendment to transfer General Fund Reserves to cover the shortfall due to the change in calculation of the tax levy.

II. DEPARTMENT CONTACT PERSONS

David Lakefield 857-4774
Shaun Sipma

III. DESCRIPTION

A. Background

In January we learned that there was a change in the process on how the Homestead Tax Credit and Veterans Credits property valuations are used in the calculation of the City tax levy. The result of this change is the collection of \$477,160.41 less than anticipated.

B. Proposed Project

Transferring the funds from General Fund would insure that those funds that were anticipating property tax dollars would have the funds available.

C. Consultant Selection

N/A

IV. IMPACT:

A. Strategic Impact:

Some of the funds impacted have no ability to change operations to absorb this shortfall (Debt Service) or have limited ability to absorb the impact. Transferring the funds now will ensure the continuation of service in all of these funds. Every effort will be made to reduce costs to offset the anticipated shortfall.

B. Service/Delivery Impact:

The transfer of funds would restore the funding request approved in the budget and would accommodate the requests that were originally appropriated.

C. Fiscal Impact:

The transfer would come from General Fund Cash Reserves. Efforts will be made to reduce expenses to offset the shortfall.

V. TIME CONSTRAINTS

VI. LIST OF ATTACHMENTS

- A. Tax Receivable Worksheet
- B. BA 2020 Tax Levy Cash Reserves