

Budget Meeting 2/17/2026

The meeting was called to review the 2025 budget, assess how actual spending tracked against it, and identify areas for potential changes or improvements for the 2026 budget. The intention is to hold quarterly budget review meetings.

Interest Income Discrepancy (Street Fund): A significant difference was noted between the projected and actual interest income for the street fund in 2025. The projected amount was \$1,792.01, while \$3,194.33 was collected. This was attributed to the first year of experience and a decision to project low, but the actual amount was considerably higher due to more money in the account.

Budgeting for Future Expenses: Several line items showed significant variances, such as health coverage (less spent than budgeted due to fewer employees) and holiday pay (much less spent than budgeted). This highlights the challenge of accurate forecasting.

2026 Budget Discussions:

Interest Income: No interest income was allocated in the 2026 budget for the street fund, despite already receiving some in early 2026.

Workman's Comp: Increases in workman's comp were noted for water and sewer, attributed to using 2025 payroll data for 2026 calculations, even if employee numbers have changed.

Health Insurance: The 2026 budget allocated \$28,000 for health insurance, but projected spending was less than \$24,000 based on current employee numbers. However, there's a possibility of hiring another street employee.

Internet/Phone Expenses: Concerns were raised about the cost and allocation of internet and phone services across different departments (streets, police, fire). There's a suggestion to have a provider explain the billing to ensure optimization.

Computer Support Services: High year-to-date spending for computer support services was noted, due to having pay for a 1 year support up front.

Solid Waste Contract: The 2025 solid waste contract was overspent by \$10,000 due to a reduction in active customers, which led to a recalculation of charges. The 2026 budget was adjusted downwards based on this.

Fire Department Staffing and Funding: A significant discussion revolved around the fire department's staffing. A 2015 memo proposed splitting a full-time position into two part-time positions to save money and increase coverage. However, the department currently has two full-time and one part-time. There's a question about why the fire auxiliary, which was intended to fund a full-time position, is not doing so. This issue is causing significant concern and requires further investigation and discussion with the fire chief.

Court Fund Audit: There are ongoing concerns about discrepancies in the court fund, with a significant difference between projected and actual figures. Multiple audits are underway to reconcile these figures.

Parks Department Donations: The projected donations for parks were questioned, as the actual amount received was lower than budgeted, and the department hasn't actively solicited donations. However, recent successful solicitations for specific projects (archery range) suggest potential for increased donations. There's a need to separate donations for different departments (parks, police, fire) and track carryover funds accurately.

Water Department Sales Tax: Sales tax revenue for the water department is significantly exceeding projections, leading to a discussion about whether to adjust the budget. These are taxes that are collected for state, county and city to pay sales and use tax.

Water Shut-offs and Late Fees: The water department is seeing increased revenue from late fees due to a more stringent policy of shutting off water for non-payment, which is getting people's attention.

Water Meter Deposits: It was clarified that water meter deposits are not city funds and must be held to be returned to customers.

Water and Sewer Clerk Wages: A software limitation prevents splitting a clerk's wages between water and sewer funds in the same pay period, requiring a workaround of alternating pay periods.

Computer Support Services (Water/Sewer): High year-to-date spending for computer support services for water and sewer was noted, due to having pay for a 1 year support up front. **Blast Call Costs:** Concerns were raised about the cost of a "blast call" service, especially since some attendees did not receive calls during a snow event.

Software Issues: A "net change in fund balance" in a report was questioned as not computing correctly, suggesting a potential software issue. Asked Redwing Software (CSA Accounting Software), they suggested sending it to Excel and making the form like we want. We can also send them what we are looking for on the Excel budget form.

Conclusions:

Need for Regular Budget Reviews: The meeting reinforced the importance of quarterly budget reviews to identify and address discrepancies early.

Improved Budget Forecasting: The variances in interest income, health coverage, and holiday pay highlight the need for more accurate forecasting methods and potentially more flexible budgeting.

Fire Department Staffing and Funding is a Major Concern: The discrepancy in fire department staffing and the lack of auxiliary funding for a full-time position is a critical issue that requires immediate attention and resolution. This is impacting the budget and

potentially the department's operational efficiency.

Auditing is Crucial: The ongoing issues with the court fund underscore the necessity of thorough and timely audits to ensure financial accuracy and accountability.

Donation Tracking Needs Improvement: The parks department needs a clearer system for tracking and allocating donations, ensuring they are used for their intended purpose and that carryover funds are properly accounted for.

Internet and Computer Support Costs Need Scrutiny: The recurring questions about internet and computer support costs across departments suggest a need for a comprehensive review to ensure cost-effectiveness and proper allocation.

Communication and Process Clarity are Key: Several issues, like the fire department staffing and the court fund discrepancies, stem from a lack of clear communication, documented processes, or adherence to established procedures.

Software Limitations Exist: The meeting revealed that software limitations can impact how financial transactions are recorded, requiring workarounds.

Employee Conduct and Participation: A strong statement was made about the expectation of participation and a positive attitude from city employees, including the fire department, in meetings and city processes.

W-4 Form Confusion: The discussion on W-4 forms highlighted the complexity of the new tax withholding system and the potential for employees to be blindsided by tax liabilities.

In essence, the meeting served as a diagnostic tool, identifying areas of financial concern, operational inefficiencies, and procedural gaps that require further investigation, clarification, and action to ensure sound financial management and effective service delivery.

Next meeting May 19, 2026 at 2:00 p.m.



Randal Bolen

Budget Chair