

City of Wayzata City Council Agenda Report

MEETING DATE: December 16, 2021	AGENDA ITEM: 8.a
TITLE: Consider Adoption of Resolution 55-2021 Certifying to the County Auditor the Final Property Tax Levy for Taxes Payable 2022 and Adoption of Resolution 60-2021 Approving the Final General Fund and Enterprise Fund Budgets	
PROPOSED MOTION: To Adopt Resolution 55-2021 Certifying to the County Auditor the Final Property Tax Levy for Taxes Payable 2022 and Adoption of Resolution 60-2021 Approving the 2022 General Fund and Enterprise Fund Budgets	
PREPARED BY: Aurora Yager, Administrative Services Director, Kathy Ovshak, Senior Accountant	
REVIEWED BY: Jeffrey Dahl, City Manager	

ACTION REQUESTED:

Staff recommends adoption of Resolution 55-2021 and Resolution 60-2021.

FINANCIAL OR BUDGET CONSIDERATION:

At the September 7th meeting, the City Council approved a Preliminary Budget and General Fund Tax Levy increase of 5.25%. The proposed 2022 General Fund Budget is \$7,536,091.

BACKGROUND:

Enclosed is the proposed 2022 Final General Fund and Enterprise Fund Budgets. More details on changes from the prior year's budget are included in the memo below. The final budget and tax levy must be approved and certified to the County by December 27, 2021.

2022 Budget Goals

- Increase operational effectiveness by increasing staffing levels to meet community needs
- Expand investment in public safety and parks
- Enhance community engagement

General Fund Budget

The General Fund Budget, as presented, assumes a 6.29% increase in operational expenses. Once factoring in other revenue sources and debt and capital needs, this resulted in an overall levy increase of 5.25%. Some contributing factors affecting the 2022 revenue budget include:

- Receipt of \$244,000, which is the second half of the City's ARPA funds
- Reduction of interfund transfers of approximately \$100,000

Some contributing factors affecting the 2022 expenditure budget include:

- Addition of several positions - PT Administrative Assistant (added mid-year), Election Workers, Parks Planner (full year), Police Officer, Engineering Technician (added mid-year)
- Succession planning and enhanced services in the Police Department (RMS system, Embedded Social Worker, Lead CSO)

Additionally, the General Fund makes significant capital fund transfers each year. However, to minimize the impact of the levy in 2022, staff found that the Equipment Fund transfer could be reduced by about \$144,893 due to the existing fund balance, and the General Facilities and Infrastructure Fund transfer could be reduced

by \$30,000. A more detailed narrative regarding key changes is included in the attached documents.

Enterprise Fund Budgets

In addition to the General Fund, the City of Wayzata maintains several other enterprise funds for many city services including Water, Sewer, Stormwater, Solid Waste, Motor Vehicle, Cable TV, and Liquor operations. While the General Fund derives its revenue largely from property taxes, enterprise funds are supported by user fees. The General Fund along with the Enterprise Funds comprise the City's total annual budget to fund our city services, pay for city staff, and make transfers to capital project funds.

Total 2022 Budget

General Fund	\$7,536,091
Water	\$1,001,896
Sewer	\$1,070,753
Stormwater	\$146,204
Solid Waste	\$375,878
Motor Vehicle	\$619,792
Cable TV	\$82,981
Liquor (Bar & Grill and Wine & Spirits)	\$7,256,787
Total	\$18,090,382

Public Hearing and Prior Meeting Summary

At the December 7th Meeting, the City held the Truth in Taxation public hearing. No public comments were submitted to the Council. According to the City's Charter Chapter 5, Section 36 "Passage of the Budget", parts of the budget must be approved by a four-fifths vote of the Council. As there were only three members at the meeting, action to adopt the two resolutions had to be tabled to this meeting where at least four members would be present to vote.

ATTACHMENTS:

1. 2022 Final Budget Memo
2. 2022 Budget
3. Resolution 55-2021 Certifying the Final Levy for 2022
4. Resolution 60-2021 Approving the Final Budgets for 2022

General Fund Budget Summary

Summary of Changes Since the Preliminary Budget Approved

Based on feedback from the City Council at the October 19, 2021 City Council Meeting, a few changes were made to the budget to reallocate a portion of the contingency budget to accommodate increased winter lighting for 2022. More narrative on key changes from the prior year's budget are identified under the General fund summary later in the memo.

Expenditure	Prelim. Budget	Current	Change
Boulevard Maint. And Lighting	\$ 79,000	\$ 89,000	\$ 10,000
Contingencies	\$ 25,000	\$ 15,000	(\$ 10,000)
Total Changes			\$ -

Tax Levy Summary

Overall, the tax levy includes levies for general operations, City infrastructure, and debt service. The 2021 budgeted and 2022 proposed tax levies are listed below:

	2021	2022 Prelim	Increase (Decrease)	% Change
General	\$ 4,676,372	\$ 4,941,501	\$ 265,129	5.67%
City Infrastructure	\$ 222,789	\$ 222,789	\$ -	0.00%
Bonds				
G.O. Street Reconstruction Bonds, (2009B Ferndale)	\$ 33,340	\$ 33,886	\$ 546	1.64%
2021 Refunding (2004A Big Woods)	\$ 212,700	\$ 217,193	\$ 4,493	2.11%
Total City Tax Levy	\$ 5,145,201	\$ 5,415,369	\$ 270,168	5.25%

Summary of the City's Tax Capacity

The past two years with comparison to the average percentage change for Hennepin County is listed below:

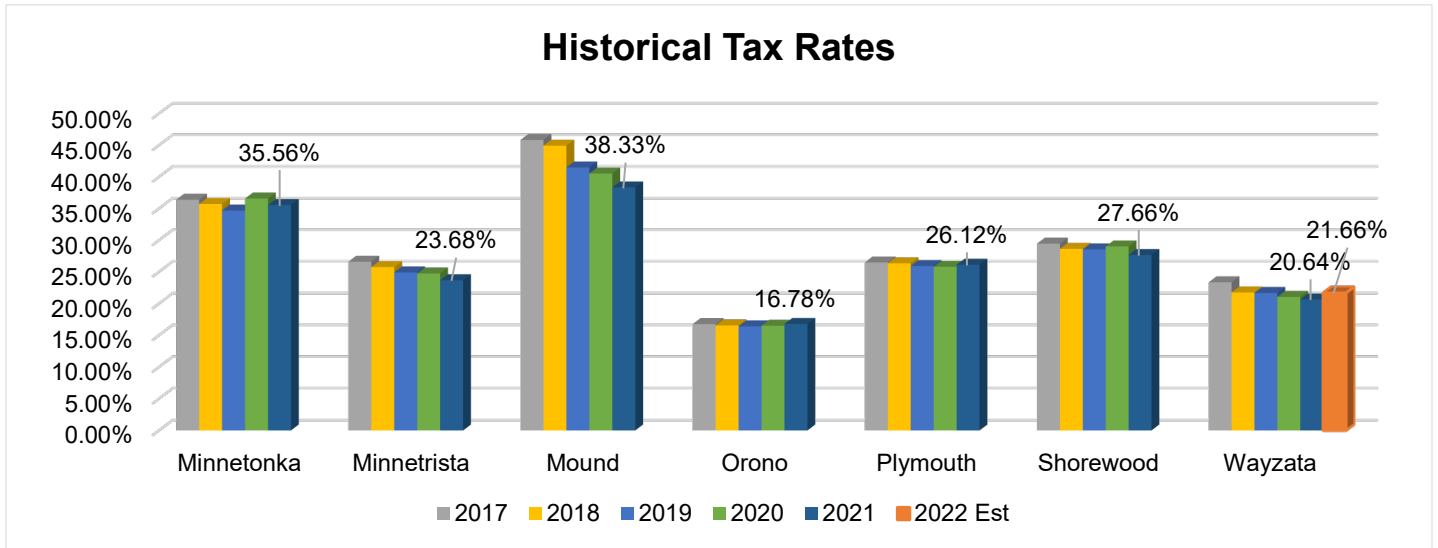
	2020 Pay 2021	2021 Pay 2022	% Change (Wayzata)	% Change (Suburban Hennepin County)
Commercial/Industrial	\$ 8,044,227	\$ 7,734,737	-3.85%	0.07%
Apartment	\$ 2,365,417	\$ 2,521,105	6.58%	7.59%
Residential	\$ 17,562,086	\$ 18,507,030	3.88%	6.29%
Other	\$ 2,608,907	\$ 2,447,045	3.61%	9.32%
Total	\$ 30,580,637	\$ 31,209,917	2.06%	4.55%

The City's tax rate is derived by dividing the City's levy by the City's total tax capacity. Multiplying the taxable market value of each property in the City's taxing jurisdiction by the applicable statutory percentage (class rate) and summing them together determines the City's total tax capacity. Minnesota has many class rates and those rates can be changed only by the State Legislature.

The current estimated tax capacity by type (class) and historical tax rates are summarized below for Wayzata and six Lake Minnetonka Cities and Plymouth. Compared to other smaller cities in the area, Wayzata has a large commercial tax base.

	Minnetonka	Minnetrista	Mound	Orono	Plymouth	Shorewood	Wayzata
Commercial/Industrial	\$ 40,853,692	\$ 204,823	\$ 1,007,792	\$ 1,354,231	\$ 51,178,566	\$ 1,144,545	\$ 7,734,737
Apartment	\$ 14,918,592	\$ -	\$ 475,182	\$ 303,663	\$ 14,673,540	\$ 306,451	\$ 2,521,105
Residential	\$ 78,970,764	\$ 20,828,109	\$ 15,304,645	\$ 37,471,221	\$ 105,876,222	\$ 20,745,854	\$ 18,507,030
Other	\$ 1,230,978	\$ 712,692	\$ 357,273	\$ 2,394,035	\$ 71,865	\$ 422,488	\$ 2,447,045
Total	\$ 135,974,026	\$ 21,745,624	\$ 17,144,892	\$ 41,523,150	\$ 171,800,193	\$ 22,619,338	\$ 31,209,917

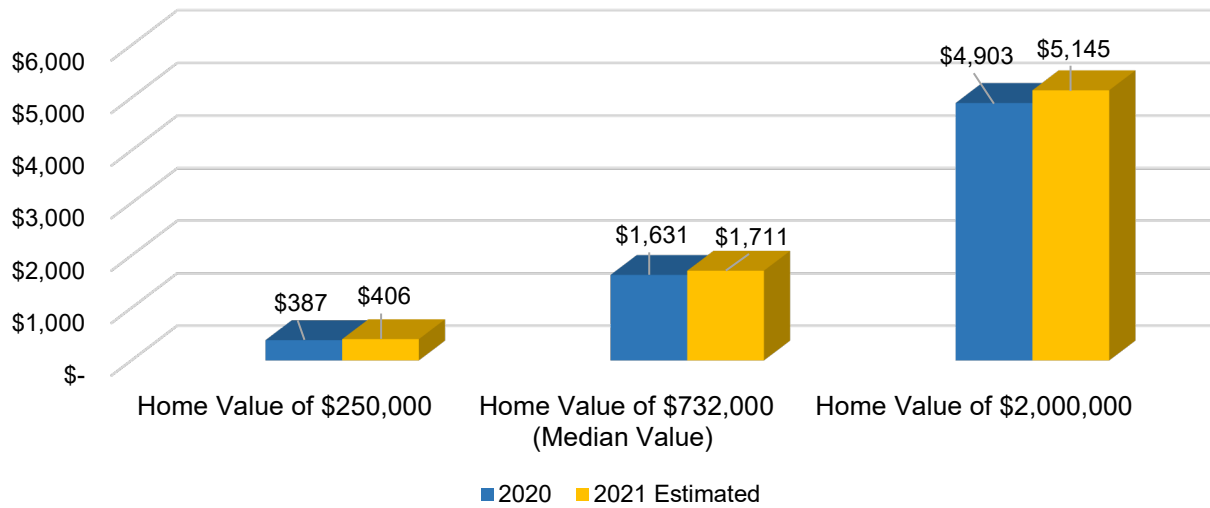
Below is a summary of Wayzata’s tax rate history compared to these communities.



Wayzata is unique in that bonding for capital projects has rarely happened. Instead, the City sets aside resources annually to cash flow nearly all capital projects while still maintaining a lower than average tax rate.

The 2021 tax rate was 20.64% and is estimated to increase to 21.66% in 2022. Below is a summary of Wayzata’s tax rate share of residential properties at price points of \$250,000, \$600,000, and \$2,000,000.

City of Wayzata Share of Residential Taxes



Impact to Residents

Calculating the impact of changes in property taxes to homeowners in Minnesota requires a complicated mix of data and information that changes each year. When values are held constant, preliminary estimates indicate that the median valued home of \$732,000 will see an increase of \$80 in the City's portion of their annual tax bill based upon the overall proposed levy increase of 5.25%.

General Fund Budget Details

Below is a summary of the General fund's revenues and expenditures. Actual amounts are presented for two prior years and the current year to date as well as projected budget amounts for next year.

	Actual		Budget		Increase/ (Decrease) from PY	Percent Change
	2019	2020	2021	2022		
Revenues						
Taxes	\$ 4,300,610	\$4,483,073	\$4,676,372	\$ 4,941,501	\$ 265,129	5.67%
Franchise Fees	\$ 85,108	\$ 86,086	\$ 85,000	\$ 85,000	\$ -	0.00%
Licenses and Permits	\$ 676,426	\$ 724,557	\$ 610,310	\$ 630,195	\$ 19,885	3.26%
Intergovernmental	\$ 230,845	\$ 584,065	\$ 225,500	\$ 467,000	\$ 241,500	107.10%
Charges for Services	\$ 818,170	\$ 939,654	\$ 828,216	\$ 857,395	\$ 29,179	3.52%
Fines and Forfeitures	\$ 77,810	\$ 56,402	\$ 91,000	\$ 92,000	\$ 1,000	1.10%
Interest	\$ 101,925	\$ 52,233	\$ 20,000	\$ 10,000	\$ (10,000)	-50.00%
Miscellaneous	\$ 60,585	\$ 16,553	\$ 5,000	\$ 5,000	\$ -	0.00%
Transfers In	\$ 420,000	\$ 353,983	\$ 548,668	\$ 448,000	\$(100,668)	-18.35%
Total Revenues	\$ 6,771,479	\$7,296,605	\$7,090,066	\$7,536,091	\$ 446,025	6.29%
	Actual		Budget		Increase/ (Decrease) from PY	Percent Change
	2019	2020	2021	2022		
Expenditures						
Mayor and Council	\$ 50,288	\$ 42,140	\$ 46,336	\$ 47,536	\$ 1,200	2.59%
Administration and Finance	\$ 843,506	\$ 929,342	\$ 917,022	\$1,015,392	\$ 98,370	10.73%
Assessing	\$ 79,272	\$ 73,852	\$ 77,000	\$ 76,500	\$ (500)	-0.65%
Community Development	\$ 292,061	\$ 281,436	\$ 330,518	\$ 366,860	\$ 36,342	11.00%
Building Operations & Maint.	\$ 262,553	\$ 250,726	\$ 269,110	\$ 264,829	\$ (4,281)	-1.59%
Police	\$ 1,813,014	\$ 2,041,113	\$ 2,062,911	\$2,319,549	\$ 256,638	12.44%
Fire	\$ 330,485	\$ 330,659	\$ 359,533	\$ 367,975	\$ 8,442	2.35%
Building Inspections	\$ 184,017	\$ 191,376	\$ 268,985	\$ 232,736	\$ (36,249)	-13.48%
Emergency Management	\$ 1,807	\$ 1,979	\$ 5,300	\$ 3,000	\$ (2,300)	-43.40%
Streets	\$ 544,487	\$ 515,249	\$ 619,468	\$ 641,262	\$ 21,794	3.52%
Health Inspections	\$ 35,085	\$ 30,927	\$ 41,000	\$ 39,000	\$ (2,000)	-4.88%
Engineering	\$ 123,437	\$ 135,156	\$ 136,490	\$ 177,694	\$ 41,204	30.19%
Parks	\$ 577,614	\$ 579,740	\$ 727,500	\$ 905,758	\$ 178,258	24.50%
Boulevard Maint. & Lighting	\$ 70,090	\$ 72,143	\$ 79,000	\$ 89,000	\$ 10,000	12.66%
Miscellaneous Allocations	\$ 1,605,372	\$ 1,454,466	\$ 1,149,893	\$ 989,000	\$(160,893)	-13.99%
Total Expenditures	\$ 6,813,088	\$ 6,930,305	\$ 7,090,066	\$7,536,091	\$446,025	6.29%
Revenues Less Expenditures	\$ (41,609)	\$ 366,300	\$ -	\$ -		

Note: 2019 deficit is due to approved transfers out of the general fund reserves per fund balance policy.

General Fund Summary of Increases and Decreases

Revenues:

Line Item	Increase (Decrease)	Reason
Property Taxes	\$265,129	To balance the budget
Alcohol Licenses	\$7,125	Fee increase
Food/Health Licenses	\$13,125	Special Events returning and fee increase
Plumbing Permits	(\$5,000)	To get to actual
Project Inspections	\$20,000	More engineering time spent on capital projects
Interest Earnings	(\$10,000)	Low interest rates
Federal Grants	\$244,000	Second half of the City's ARPA funds distribution
Interfund Transfers	(\$100,668)	Reduction of Parks CIP transfer in (\$51,000) given projected fund balance needs in that capital fund. Reduction of one-time allocation from Lakefront Fund in 2021 (\$49,668) for Parks Planner position.
Fire Department Service Contract (Woodland)	\$5,000	Increase in calls to Woodland reflected in new contract

Expenditures:

Admin/Finance

Line Item	Increase (Decrease)	Reason
Part-time Wages	\$28,900	Addition of part-time Administrative Assistant added mid-year (included in staffing needs workshop) and addition of Election Workers
Auditing/Accounting Services	\$5,000	To get to actual
Legal	\$20,000	To get to actual
Mileage	\$2,000	More in-person training/conferences/seminars
Printing and Publishing	\$7,000	Expand Portal outreach to apartments and condos
Dues, Licensing, and Subscriptions	(\$4,295)	Reallocated training expenses to new line item. Reflects increase in technology use including benefits enrollment, election software, and Zoom.
Training (new line item)	\$16,125	Career development (some of this was reallocated from Dues and Subscriptions)
Credit Card Fees	\$8,000	To get to actual

Community Development

Line Item	Increase (Decrease)	Reason
Wages and Benefits	\$25,000	Full year for Parks Planner position and Permit Tech position
Dues	\$1,500	For Parks Planner position
Energy & Environment Committee (new line item)	\$5,000	New budget for Committee activities

Police Department

Line Item	Increase (Decrease)	Reason
Full-time Wages	\$144,900	Budgeting for full year of all leadership positions, additional Police Officer position (included in staffing needs workshop), and new budget for leave payouts for upcoming retirements
Overtime Wages	\$15,000	To get to actual
Part-time Wages	\$7,500	Adding a Lead CSO position to better assist with training and retention
Health Insurance	\$46,900	Full year for 3 positions and additional Police Officer
Contractual Services	\$3,800	New records management system
Contractual Services	\$8,900	New Embedded Social Worker Program
Radio Units	\$3,600	For additional police officer position

Fire Department

Line Item	Increase (Decrease)	Reason
Part-time Wages	\$3,000	Increase in on-call hourly pay
Accounting Services (new line item)	\$6,000	Reallocating Fire Relief Audit from Administration and Finance
Maintenance Services	(\$3,500)	To get to actual

Building Inspections

Line Item	Increase (Decrease)	Reason
Wages and Benefits	(\$3,051)	Reduction in sick and vacation payouts
Contractual Services	(\$35,000)	Reduction in Metro West services to match actual use
Misc. (new line item)	\$2,000	Code enforcement abatement needs

Engineering

Line Item	Increase (Decrease)	Reason
Full-time Wages & Benefits	\$41,200	Engineering Technician position added mid-year (included in staffing needs workshop)

Streets

Line Item	Increase (Decrease)	Reason
Full-time Wages	\$13,269	Additional Lead position

Parks

Line Item	Increase (Decrease)	Reason
Full-time Wages & Benefits	\$95,000	To get to actual with new Parks employee added in 2021 and full year of Parks Planner position
Contractual Services	\$15,000	Reallocation of Music in the Park and compost removal from Parks and Trails CIP since these are operational expenses
Payments to Organizations (new line item)	\$37,350	Reallocation of LMCD annual payment from Parks and Trails CIP since this is an operational expense

Boulevard Maint. And Lighting

Line Item	Increase (Decrease)	Reason
Repair/Maint Supply	\$10,000	Increase annual holiday lighting

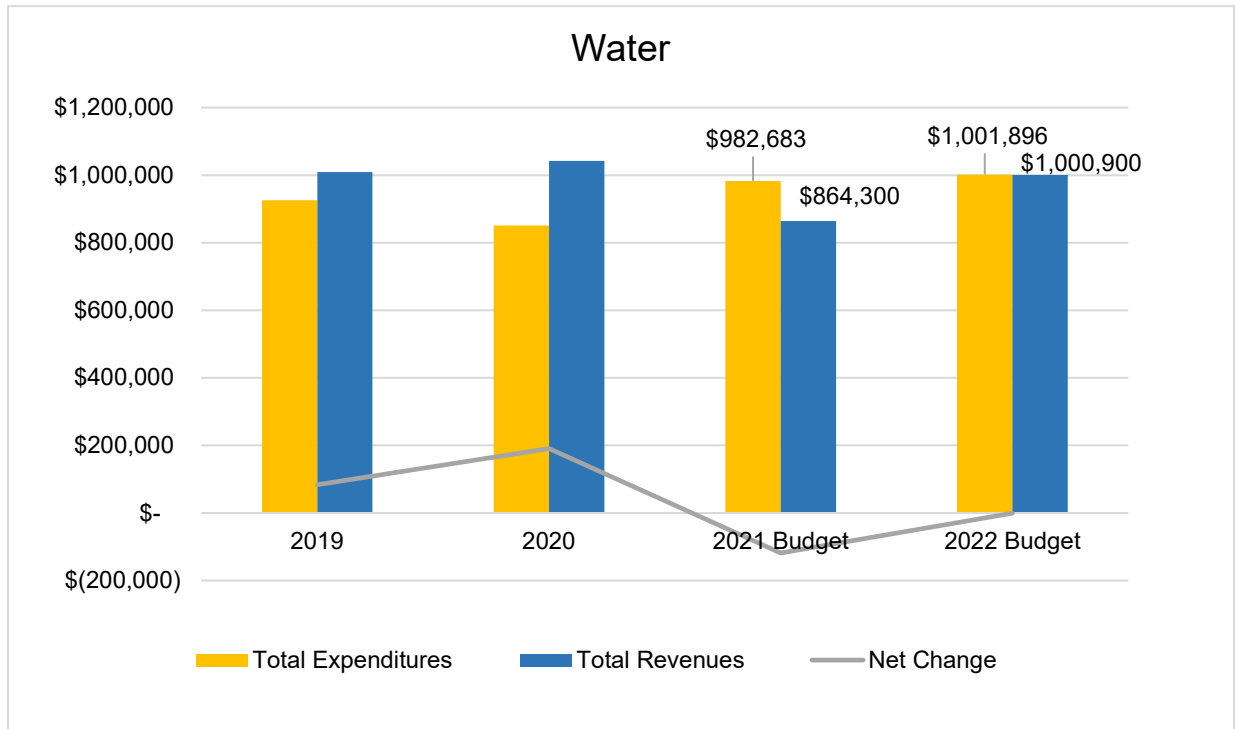
Misc. Allocations (renamed from Other Unallocated)

Line Item	Increase (Decrease)	Reason
General Liability Insurance	\$30,000	To get to actual with the additional space of Panoway
Contingencies	(\$30,000)	Contingencies were increased \$20,000 in 2021 budget to capture unanticipated expenditures related to COVID-19. Reduction returns to 2020 contingency levels, and reallocated \$10,000 to Boulevard Maintenance and Lighting to accommodate increased holiday lighting.
Transfers Out	(\$160,893)	Partially restores Streets CIP allocation. Reduces Equipment Fund allocation because of its existing fund balance and to offset reallocation of other CIP items into General Fund operating.

Water Fund Budget Summary

The 2022 budget reflects a 7% rate increase as recommended in the 2018 Utility Rate Study. Service levels are proposed to remain the same so the overall budget remains fairly flat compared to the prior year with significant changes noted below.

Water Fund	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Total Revenues	\$ 1,009,342	\$ 1,041,902	\$ 677,379	\$ 864,300	\$ 1,000,900	15.80%
Total Expenditures	\$ 925,545	\$ 851,253	\$ 340,350	\$ 982,683	\$ 1,001,896	1.96%
Net Change	\$ 83,797	\$ 190,648	\$ 337,029	\$ (118,383)	\$ (996)	



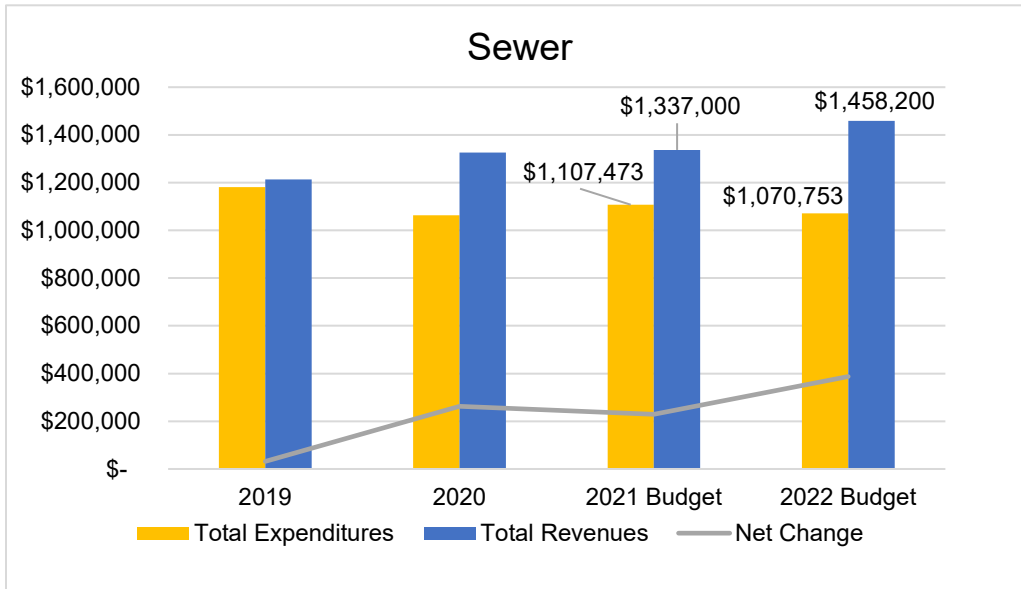
Revenue Line Item	Increase (Decrease)	Reason
Water to Customers	\$124,900	7% rate increase
Sprinkling:	\$6,300	To actual
Service to Others	\$4,200	To actual

Expense Line Item	Increase (Decrease)	Reason
PERA	\$10,394	Correcting data entry error in 2021 budget
Water Meters (new line item)	\$8,000	Moved from general ledger inventory account to an expense category per audit.

Sewer Fund Summary

The 2022 budget reflects a 10% rate increase as recommended in the 2018 Utility Rate Study. Service levels are proposed to remain the same so the overall budget remains fairly flat compared to the prior year with significant changes noted below.

Sewer Fund	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Total Revenues	\$ 1,213,515	\$ 1,325,966	\$ 876,603	\$1,337,000	\$ 1,458,200	9.07%
Total Expenditures	\$ 1,181,740	\$ 1,063,413	\$ 533,934	\$1,107,473	\$ 1,070,753	-3.32%
Net Change	\$ 31,775	\$ 262,553	\$ 342,669	\$ 229,527	\$ 387,447	



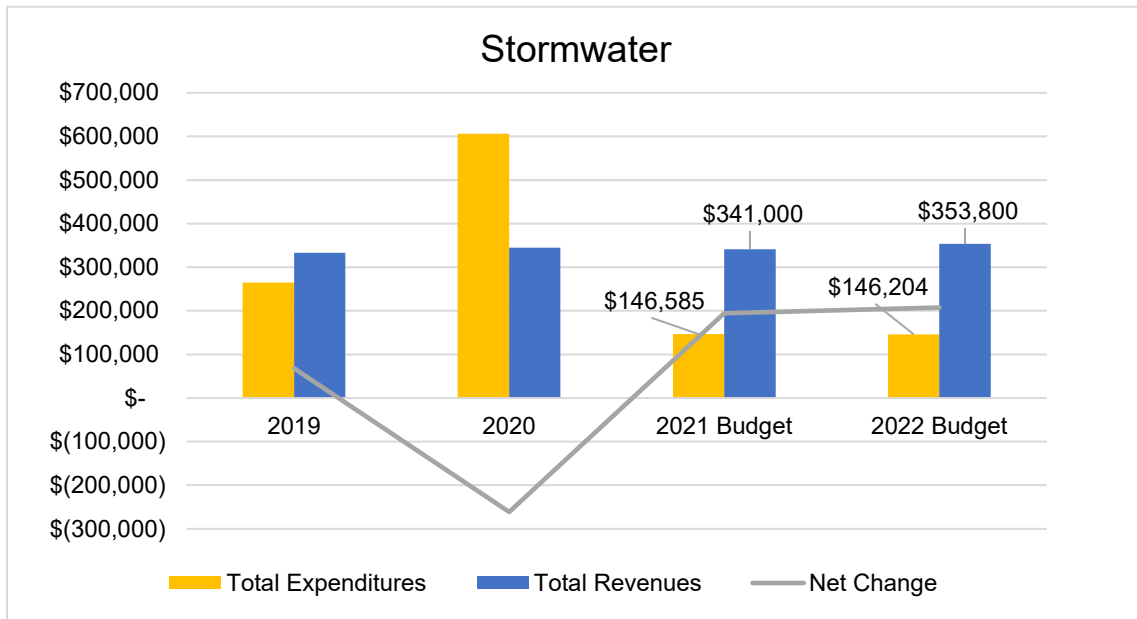
Revenue Line Item	Increase (Decrease)	Reason
Sewer to Customers	\$112,000	10% rate increase
Service to Others	\$4,400	To actual

Expense Line Item	Increase (Decrease)	Reason
Other Utilities	(\$41,200)	Decrease in charges from Met Council

Stormwater Fund Summary

The 2022 budget reflects a 5% rate increase as recommended in the 2018 Utility Rate Study. Service levels are proposed to remain the same so the overall budget remains fairly flat compared to the prior year with significant changes noted below.

Stormwater Fund	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Total Revenues	\$ 333,193	\$ 344,725	\$ 205,537	\$ 341,000	\$ 353,800	3.75%
Total Expenditures	\$ 264,850	\$ 605,924	\$ 49,997	\$ 146,585	\$ 146,204	-0.26%
Net Change	\$ 68,343	\$ (261,200)	\$ 155,541	\$ 194,415	\$ 207,596	



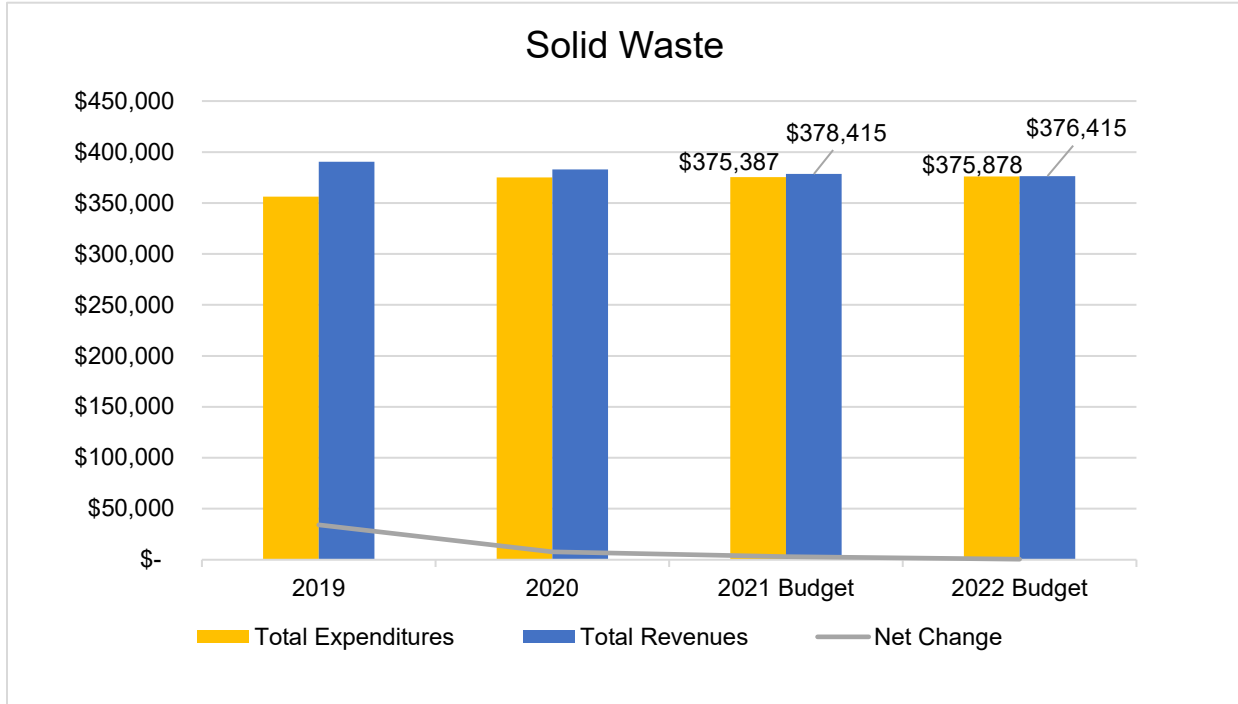
Revenue Line Item	Increase (Decrease)	Reason
Service to Customers	\$16,800	5% rate increase

Expense Line Item	Increase (Decrease)	Reason
Project Coordinator	(\$10,000)	This work is billed through capital funds and not through the operating budget.

Solid Waste Fund Summary

The 2022 budget remains stable when compared to the 2021 budget.

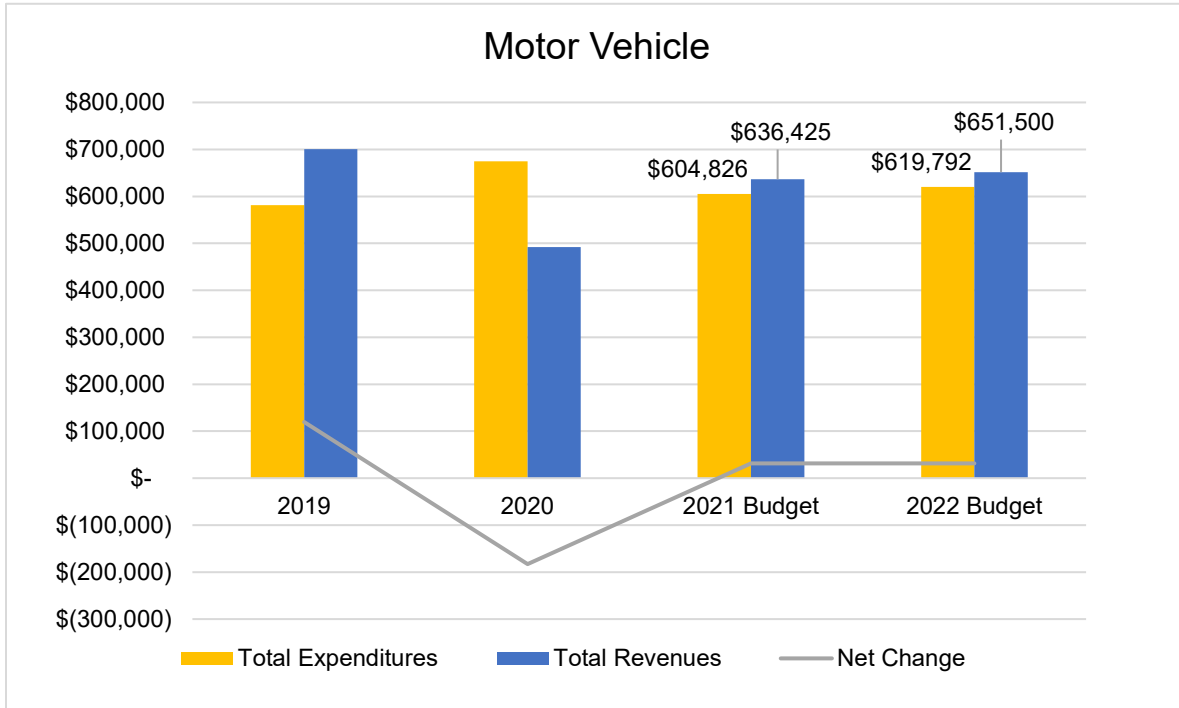
Solid Waste Fund	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Total Revenues	\$ 390,317	\$ 382,859	\$ 219,493	\$ 378,415	\$ 376,415	-0.53%
Total Expenditures	\$ 356,087	\$ 374,986	\$ 216,642	\$ 375,387	\$ 375,878	0.13%
Net Change	\$ 34,230	\$ 7,873	\$ 2,852	\$ 3,028	\$ 537	



Motor Vehicle Fund Summary

The 2022 budget reflects a slight increase in revenues to reflect increased activity along with an almost equal increase in expenditures related to personnel expenses.

Motor Vehicle Fund	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Total Revenues	\$ 700,706	\$ 491,796	\$ 390,473	\$ 636,425	\$ 651,500	2.37%
Total Expenditures	\$ 581,026	\$ 674,740	\$ 289,144	\$ 604,826	\$ 619,792	2.47%
Net Change	\$ 119,680	\$ (182,944)	\$ 101,329	\$ 31,599	\$ 31,708	



Revenue Line Item	Increase (Decrease)	Reason
Motor Vehicle Commissions	\$10,475	To actual
Other Charges/Revenue	\$10,100	To actual

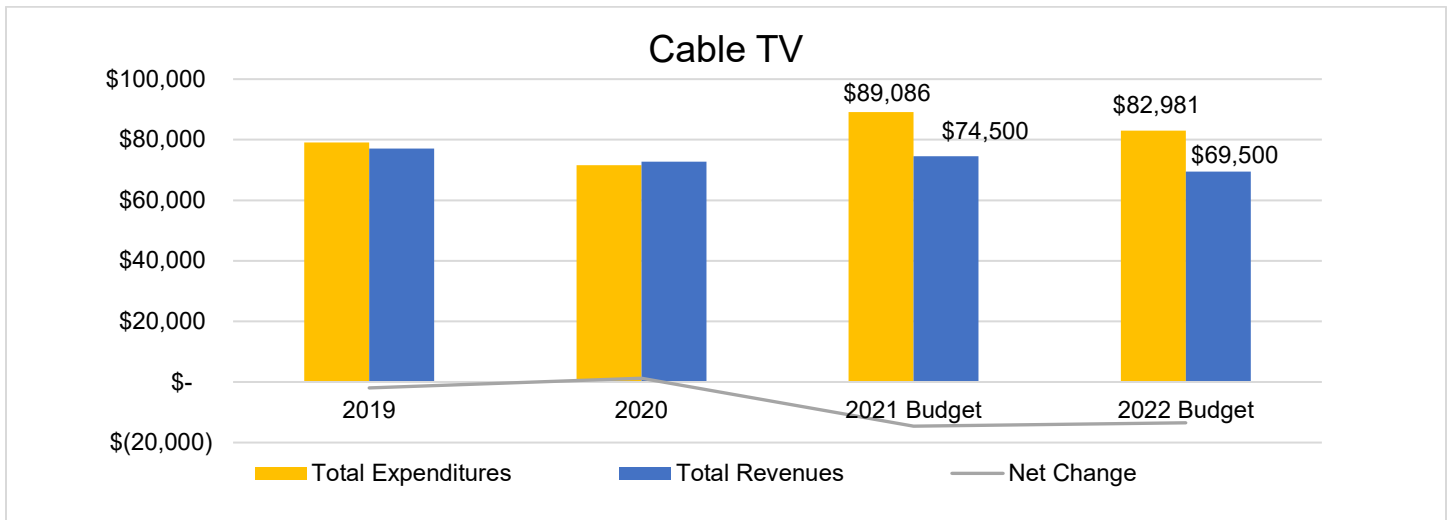
Expense Line Item	Increase (Decrease)	Reason
Wages and Benefits	\$13,000	To actual

Cable TV Fund Summary

The 2022 budget reflects a decrease in revenues of 6.75% based on current trends. Given projected declining revenues and a shrinking fund balance a larger portion of the Communications Coordinator's salary (additional 5%, total 15%) was allocated to the General Fund for 2022.

The projected budget deficit can be absorbed with the available fund balance which was \$31,000 on December 31, 2020. Continued reallocations of the Communications Coordinator's salary to the General Fund or other funds will be necessary in future budgets.

Cable TV Fund	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Total Revenues	\$ 77,111	\$ 72,781	\$ 35,372	\$ 74,500	\$ 69,500	-6.71%
Total Expenditures	\$ 79,107	\$ 71,542	\$ 40,107	\$ 89,086	\$ 82,981	-6.85%
Net Change	\$ (1,996)	\$ 1,239	\$ (4,735)	\$ (14,586)	\$ (13,481)	



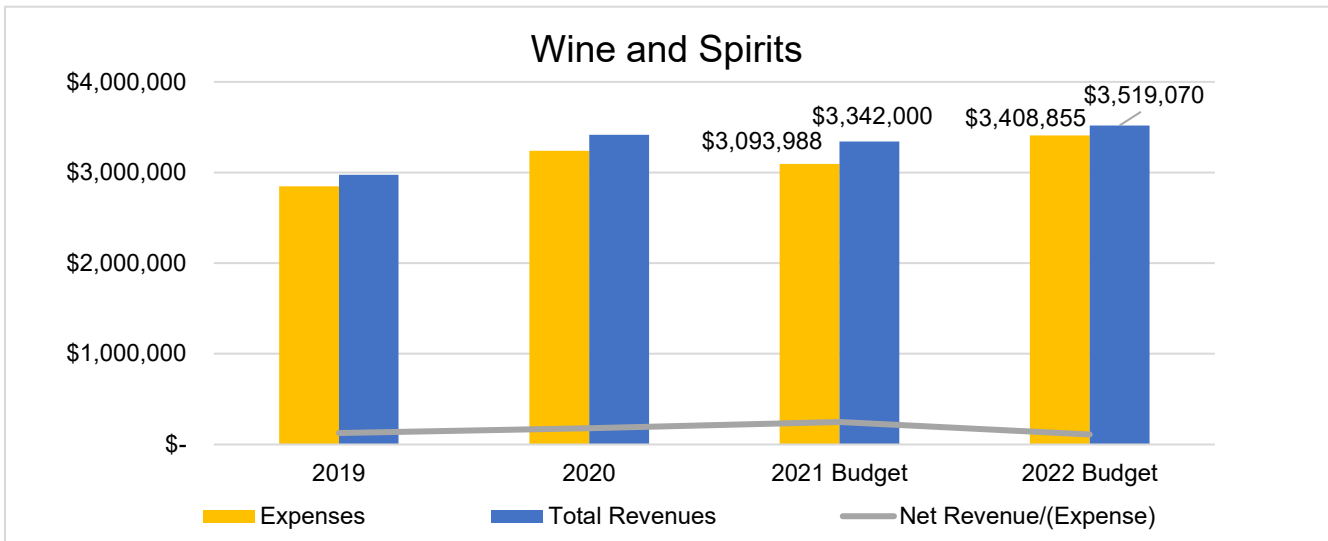
Revenue Line Item	Increase (Decrease)	Reason
Franchise Fees	(\$5,000)	Trend in declining revenues

Expense Line Item	Increase (Decrease)	Reason
Wages and Benefits	(\$10,725)	Reallocation of a portion of Communications Coordinator's salary to General Fund budget.

Municipal Liquor Fund – Wine and Spirits Budget Summary

The 2022 budget projects the continued increased demand at about a 5% increase from 2021. The 2022 budget projects about a 30% gross profit (industry standards for gross profit is around 21-24%). This budget includes the addition of a full-time benefitted keyholder position so the increase in wages and benefits reflects this change from the prior year. Other significant changes to the budget are noted below.

Liquor - Wine and Spirits	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Revenue	\$ 2,974,854	\$ 3,416,194	\$ 1,879,195	\$ 3,342,000	\$ 3,519,070	5.30%
Cost of Goods Sold	\$(2,197,167)	\$(2,511,854)	\$(1,365,522)	\$(2,253,000)	\$(2,467,687)	9.53%
Operating Expenses	\$ (556,063)	\$ (646,505)	\$ (379,305)	\$ (765,988)	\$(866,168)	13.15%
Operating Transfer to General Fund	\$ (20,000)	\$ (20,500)				
Profit Transfer to General Fund	\$ (75,000)			\$ (75,000)	\$ (75,000)	
Net Revenue/(Expense)	\$ 126,624	\$ 237,335	\$ 134,368	\$ 248,012	\$ 185,216	
Cost of Goods Sold	74%	74%	73%	67%	70%	
Gross Profit	26%	26%	27%	33%	30%	
Operating Expenses	19%	19%	20%	23%	22%	
Net Income Before Transfers	7%	8%	7%	10%	7%	



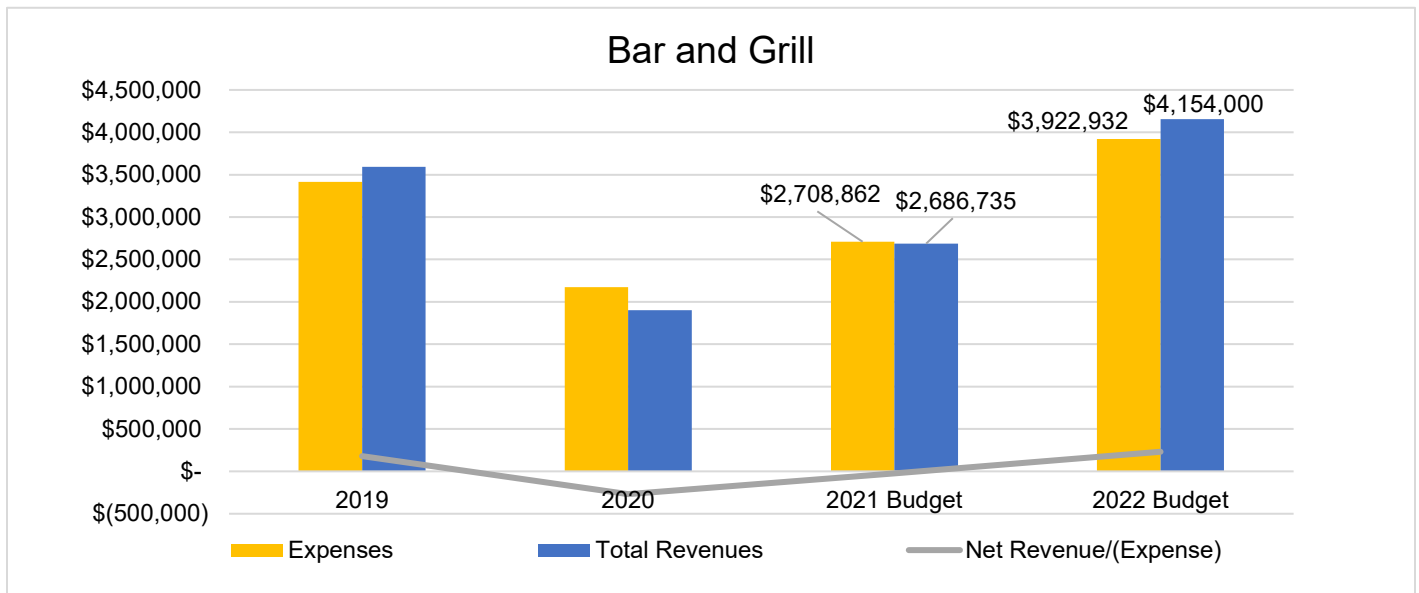
Revenue Line Item	Increase (Decrease)	Reason
Sales	\$177,070	5.3% increase from prior year based on projected demands

Expense Line Item	Increase (Decrease)	Reason
Full-time Wages & Benefits	\$62,000	Addition of a full-time Key Holder that currently is part-time. This is offset by the reduction in part-time wages.
Part-time Wages	(\$30,500)	Reallocating part-time hours to full-time Key Holder position.
Costs of Goods Sold (Liquor, Wine, Beer, etc.)	\$214,000	To match increased sales and obtain a 29% gross profit
Advertising	(\$10,000)	To actual, based on producing 4 mailers per year
Credit Card Fees	\$8,600	To actual

Municipal Liquor Fund – Bar and Grill Budget Summary

The 2022 budget projects that activity levels will return to 2018 levels for both revenues and expenses. The 2022 budget projects a 75% gross profit (industry standards are around 70%). Other significant changes to the budget are noted below.

Liquor - Bar and Grill	Actual		YTD 7/31/2021	Budget		Percent Change
	2019	2020		2021	2022	
Revenue	\$ 3,592,683	\$ 1,902,997	\$ 2,085,026	\$ 2,686,735	\$ 4,154,000	54.61%
Cost of Goods Sold	\$(1,061,566)	\$ (572,288)	\$ (467,043)	\$ (700,800)	\$(1,037,800)	48.09%
Operating Expenses	\$(2,232,718)	\$(1,578,879)	\$(1,288,180)	\$(1,808,263)	\$(2,785,132)	45.97%
Operating Transfer to General Fund	\$ (20,000)	\$ (20,500)				
Profit Transfer to General Fund	\$ (100,000)			\$ (100,000)	\$ (100,000)	
Net Revenue/(Expense)	\$ 178,399	\$ (268,669)	\$ 329,803	\$ 77,672	\$ 231,069	
Cost of Goods Sold	30%	30%	22%	26%	25%	
Gross Profit	70%	70%	78%	74%	75%	
Operating Expenses	62%	83%	62%	67%	67%	
Net Income Before Transfers	8%	-13%	16%	7%	8%	



Revenue Line Item	Increase (Decrease)	Reason
Sales	\$857,000	55% increase from prior year to restore sales to 2018 levels
Misc. Revenues (new line item)	\$610,000	Tips are now reported as wages for taxing and PERA calculations. This line item reflects the receipt of tips paid via credit cards to offset the new expense below.

Expense Line Item	Increase (Decrease)	Reason
Full-time Wages & Benefits (Kitchen)	\$100,000	Kitchen manager position rehired
Overtime Wages (Kitchen)	\$20,000	Staffing returns to 2018 levels
Overtime Wages (front of house)	\$5,000	Staffing returns to 2018 levels
Part-time Wages (Kitchen)	\$118,500	Staffing returns to 2018 levels
Part-time Wages (Front of house)	\$713,000	Staffing returns to 2018 levels. \$610,000 of increase is for paying out credit card tips to employees. The revenue from credit cards will offset this expense.
Costs of Goods Sold (Liquor, Wine, Beer, Food etc.)	\$336,000	To match projected sales and obtain a food profit of 67% and beverage profit of 77%.
Promotions	\$6,000	Relaunching promotions
Workers Compensation	(\$14,000)	To actual