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2021 Budget Message

While 2020 was a challenging year for controlling costs, we did an excellent job with our budget and were buoyed by strong sales tax collections through the end of the year. We begin 2021 with a balance sheet reserve of \$2.45 million. That puts us in an enviable position as a stable economic outlook going into 2021. It is always important is for City government to remember that it is not our money, but rather a resource that the people of Leadville work hard to provide for the services and protections that make their lives better. The City of Leadville's budget should represent who we are and what is important to us as a community.

This year's budget process focused on becoming competitive with employee wages, something we have struggled with for many years. We made significant progress and feel that we are finally in a proper range of pay for our City and County, though the reality is that we cannot presently compete with the pay scales of surrounding counties. As we began in September of last year, City Council met many times and was deeply involved in the visioning, prioritization and finalization of our 2021 budget culminating in final approval on December 15th 2020

We were a little bolder as we projected income in 2021. The sales tax revenues have been surprisingly high for the last couple years and we keep thinking it may be unsustainable, but we have been consistently wrong and we now believe that sales tax revenues should at least be stable in the future. Sales tax is projected in 2021 to account for 55% and property tax about 21% of total City income. Through December, sales taxes have performed at about 50% over our 2020 budget projections, yet we have only budgeted a 25% increase in sales tax revenue for 2021.

Interestingly, 77.1% of our total budget is spent on employee pay and costs.

This year City Council thoughtfully prioritized community needs. We continue to try paying our people appropriately. We feel that our past budgets have not paid enough attention to our streets and so we have put \$200,000 into the Street Department's budget for street repairs and paving, and in addition we have deferred \$200,00 that was not spent in 2020 to increase our paving budget in 2021.. Other focal points are City Hall repairs, animal shelter, parks,, the Tabor Opera House, planning & zoning, housing, and street lights. We also felt that more emphasis was needed in cooperation with the County to fund proper economic development in Leadville and Lake County. We committed \$24,000 against the County's \$85,000 towards our future. Also in partnership with the County we have obligated \$42,600 from our budget and an additional \$42,600 from our Fire Fund Balance to the completion of the Southern Fire station. These funds are intended to be obligated over a ten year period to account for a \$1,280,000 shortfall in completing the Southern Fire Station.

There are some possible expenses that are currently unknown and therefore not included in the 2020 budget. In such instances we will consider those on a case-by-case basis. The Justice Center may need the City's financial participation and we are prepared to do so.

We continue to take pride in the progress we have seen for the past five years in taking care of our City of Leadville employees and appreciating their efforts to make us better every day. We continue to take pride in the future of our city in an exciting time of realizing our potential and at the same time protecting our identity as a small, historic mountain community.

The City of Leadville's annual budget for fiscal year 2020 was prepared on a modified accrual basis of accounting and is consistent with generally accepted accounting principles (GAAP).

A handwritten signature in blue ink that reads "Greg Labbe". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Greg Labbe, Mayor