

Minutes of the Finance Committee

Village of Shorewood Hills

Wednesday, February 13, 2008

(scheduled for review on Wednesday, March 12, 2008)

- 1) **Called to Order:** Chair Benforado called the meeting to order at 5:35 pm. Committee members present: Chair/Village Trustee Dave Benforado, Village President Mark Sundquist, Gard Strother, Fred Wade, Karl Wellensiek, Dave Ahmann. Committee Member Jerry Weygandt was excused. Village Administrator Karl Frantz, Village Clerk Cokie Albrecht, and Shorewood Soccer Club representative Fritz Grutzner were also present.
- 2) **Noted Compliance with Open Meeting Law:** Benforado noted the meeting had been properly noticed.
- 3) **Shorewood Soccer Club Request for Loan to Pay for Six New Soccer Goals:**
 - a) Shorewood Soccer Club representative Grutzner appeared and requested a \$2,500 loan from the Village over three years (perhaps less) to pay for the purchase of two 7'x21' wheeled U12 soccer goals and four 4'x6' U6/U8 soccer goals.
 - b) The Club currently has 26 teams involving 238 kids. Team fees average \$370 and player fees average \$31. The Club's annual revenues match annual expenses (e.g., '07 revenues of \$10,428; '07 expenses of \$10,423) and the Club does not have a fund balance to apply to the purchase of the goals.
 - c) The purchase of these goals will comply with MAYSA (Madison Area Youth Soccer Association) rules, which will allow the U12 soccer fields to the north of Shorewood School and the U6/U8 soccer fields to the south of Shorewood School to be used for Shorewood home soccer games. The U12 goals would stay on the field year 'round; the U6/U8 goals would be stored off season by the Village. The existing U11 goals may be donated for use on Eagle Heights soccer fields. Shorewood School Principal Lynn Burton and Shorewood School Physical Education Instructor Wingert are supportive of the new goals. The total cost of the six goals would be \$4,510. Grutzner reported that the Club has applied for a \$1,000 MAYSA grant (which he believes they will receive) and raised \$1,000 in donations, which lowers the loan amount needed to \$2,500.
 - d) **Motion by Ahmann, second by Wellensiek, to recommend that the Village Board approve the \$2,500 loan to the Shorewood Soccer Club, to be paid back over a maximum of three years, with no interest charged. Motion passed.**
- 4) **Approved Prior Meeting Minutes:** the Committee noted that the January 16, 2008, Committee meeting had been cancelled, and reviewed the draft minutes from the December 12, 2007, Finance Committee meeting.
 - a) **Motion to approve by Weygandt, second by Wade. Motion passed.**
- 5) **Summary of 2007 Year-End Village Financials:** Frantz provided an update on Village 2007 year-end financials, subject to the subsequent audit.

- a) **'07 Revenues:** budgeted at \$2,552,152; actual was \$2,627,042, a difference of +\$74,892. Frantz explained the main unanticipated drivers here were:
 - i) an additional \$43,000 in ambulance fee recovery;
 - ii) an additional \$12,500 in interest earnings; and
 - iii) a \$4,000 dividend from the League of Wisconsin Municipalities insurance fund.
 - b) **'07 Expenses:** budgeted at \$2,589,231; actual was \$2,626,978, a difference of +\$37,447. Frantz explained the main unanticipated drivers here were:
 - i) \$12,000 in donations (the \$10,000 for the Shorewood School playground improvements, and \$2,000 for the Village 80th Anniversary Celebration);
 - ii) \$7,500 compensation study;
 - iii) an additional \$14,000 in audit expense;
 - iv) an additional \$6,000 in rent (the new DPW storage building south of University Ave.); and
 - v) an \$18,000 savings in the fire department vehicle repair account.
 - c) **Village Inspection Fees:** Frantz did say that this review did show that Village inspection fees do not seem to be recovering their costs. Village staff will analyze the fees, and make a recommendation to the Finance Committee to adjust them so that they cover their costs.
 - d) **Fund Balance:** while the '07 budget assumed a \$37,079 draw down in the Village's undesignated fund balance, the year-end financials show a net +\$64 contribution to the fund balance.
- 6) **Continued Review and Recommendations on FY08 Village Enterprise Fund Budgets:**
- a) Having previously reviewed the FY08 budget worksheets for three of the five Village "enterprise" funds (i.e., Sewer, Stormwater, and Water), Frantz led the Committee through a review of the two remaining funds – Pool and Waterfront.
- 7) **Discussion Notes on the Pool and Waterfront Enterprise Funds:**
- a) **Village Pool Fund:**
 - i) **FY08 Revenues:** \$391,460; the great majority of which (i.e., \$348,760) are membership fee revenues;
 - ii) **FY08 Expenses:** \$391,445; just under half of which are staff wages and benefits. The Pool Fund makes an annual contribution to the Village General Fund (in FY06, FY07 and FY08, that amount is \$26,500), which is analogous to "rent" or a PILOT ("payment in lieu of tax") that the water utility makes to the Village.
 - iii) **Pool Debt:** the Pool does have a significant back loaded debt associated with the substantial renovation and remodel of the pool that occurred in 1996-1997. The debt, if not restructured at a later date, needs to be paid off in 2016. Frantz distributed two financial spread sheets that he created and reviewed with the Pool Committee in January, showing how the Pool can comfortably cover its debt load through 2016 with regular nominal fee increases.

- iv) **Membership Fees:** the Pool Committee establishes those fees, subject to subsequent review and approval by the Village Board. The Committee agreed to recommend a 2% increase in membership fees for the 2008 pool season.
- b) **Village Waterfront Fund:**
 - i) **FY08 Revenues:** \$58,082; all rental fee based, roughly half being non-residential;
 - ii) **FY08 Expenses:** \$52,095. The Waterfront Fund makes an annual contribution to the Village General Fund (in FY06, FY07 and FY08, that amount is \$16,500), which is analogous to “rent” or a PILOT (“payment in lieu of tax”) that the water utility makes to the Village.
- c) **Motion by Wellensiek, second by Strother, to recommend approval to the Village Board of the FY08 budgets for the five Village enterprise funds (i.e., Pool, Sewer, Stormwater, Water, and Waterfront). Motion passed.**
 - i) Frantz and the Committee also agreed that these five enterprise fund budgets should be considered and reviewed every fall when the Village Board considers and adopts a budget for the next fiscal year.
- 8) **Discussion and Recommendations on Conversion on NAN (Note Anticipation Note) and Finalization of Proposed 2008 Long Term Debt Issuance:**
 - a) Frantz explained that \$563,000 has been spent to date from the NAN on, e.g., the new Street Sweeper, the new Chipper, etc.). Frantz explained that while the plan initially was to begin steps to finalize the issuance of long term Village debt at this meeting (referencing a “Tentative Financing Timetable” dated 2/7/08 created for the Village by Baird), it would make more sense to push that schedule forward three months since we really need to know the successful bid totals on the streets and Village Hall renovation projects and that won’t occur until March 2008. Furthermore, the FY07 Village audit should be completed by then, which will be needed for the bond issuance. That would mean that the Committee will focus on this at its April or May meeting, and that the Village Board would then award the bonds at its June or July meeting. The Committee agreed that revised timetable made sense.
- 9) **Confirmed Future Meeting Dates and Tentative Agenda Topics:**
 - a) **Wednesday, March 12, 2008 (5:30 pm)** – will be dedicated to a review of and adoption of various Village financial policies and procedures.
 - b) **Potential meetings in April and May (to be determined).**
- 10) **Adjourned:** at 6:45 pm.

Respectfully submitted on February 16, 2008, by Dave Benforado, Chair