

MINUTES OF THE FINANCE COMMITTEE
VILLAGE OF SHOREWOOD HILLS

Wednesday, September 28, 2016

(reviewed and approved at the October 19, 2016 meeting of the Finance Committee)

1. Call to Order:

The meeting was called to order at 5:31 pm.

2. Roll call:

Committee members present were Chair/Village Trustee Fred Wade, Village President Mark Sundquist, Village Treasurer Sean Cote, Dave Ahmann, Gard Strother, Karl Wellensiek and Carl Gulbrandsen. Village Administrator Karl Frantz and Village Clerk Cokie Albrecht were also present.

3. Meeting Notice:

Karl Frantz confirmed compliance with the open meetings law.

4. Approval of Minutes of July 11, 2016:

A motion to approve the draft minutes of the Committee's meeting on July 11, 2016 was made by Mark Sundquist and seconded by Sean Cote. The motion passed (7-0).

5. Consideration of 2017 General Fund Budget

Village Administrator Karl Frantz began the session by discussing a memorandum that was distributed to the Committee before the meeting. The Memorandum contained a proposal that would balance the 2017 General Fund budget at \$3,642,327, if the Committee and the Board of Trustees decide to accept the monetary and policy decisions set forth in the Memorandum that brought estimated revenues and expenses into balance (A copy of the Memorandum is attached to these minutes).

Among other things, Mr. Frantz estimated that the unassigned fund balance for 2016 would increase by \$318,000, in large part because of a \$280,000 sale of Village land to developer John Flad in connection with his construction of the Boulevard project for apartments and retail businesses. He also noted that the state's statutory levy limit will permit the Village to increase the Village levy by no more than \$14,889, which would equate to an increase of \$72.44 for an average home valued at \$588,000.

The Committee proceeded to consideration of some of the monetary and policy decisions set forth in the Memorandum. These decisions had been used to eliminate what was initially calculated to be a potential deficit for 2017 of \$335,637.

The following decisions were made by the Committee:

A. \$70,000 of Land Sale Proceeds Should Be Used in 2017 General Fund Budget

Karl Wellensiek moved, with a second by Sean Cote, that the proceeds of the \$280,000 land sale be classified as assigned fund balance, with the understanding that they would be used, beginning in 2017, and continuing in 2018, 2019, and 2020, to pay for General Fund expenses in the amount of \$70,000 per year. The motion passed 7-0.

B. \$14,889 Should Be Added to the Levy, the Maximum Permitted for 2017

Mark Sundquist moved that the levy should be increased by \$14,889, the maximum permitted for 2017. The motion passed 7-0.

C. \$88,416 of Fund Balance Should Be Applied to the 2017 General Fund Budget

The 2016 General Fund budget assumed that it would be necessary to use \$88,416 of unassigned fund balance to pay for general fund expenses during 2016, but higher than expected revenues made the use of that sum unnecessary. Sean Cote moved that the sum of \$88,416 be carried over from the 2016 budget and applied to the 2017 General Fund Budget. The motion was seconded by Gard Strother and passed 7-0.

D. \$94,460 in Expenses Should Be Paid by the Capital Fund Rather than the General Fund

The initial draft of the 2017 General Fund Budget included \$45,000 for a brush chipper, \$28,960 for a new squad vehicle, \$16,000 for equipment for the Police Department, and a computer expense of \$4,500, but Karl Frantz reported that the sewer and water utility will repay \$100,000 during 2017, which is part of a \$457,000 advance that the Capital Fund made to the utility. Under these circumstances, Karl Wellensiek moved that these expenses be removed from the General Fund Budget and paid by the Capital Fund with the proceeds of the \$100,000 repayment to that Fund.

The motion received a second by Sean Cote, and passed 7-0.

E. \$10,000 in Line Item Expenditures Should Be Cut to Reduce Expenditures

Karl Frantz advised the Committee that he had identified approximately \$25,000 of potential cuts in line item expenditures, including a total of \$5,000 in legal expenses. However, Sean Cote expressed the view that \$4,000 more was needed for legal expenses, and that an additional \$11,000 should be included in the budget for the contractual street lighting item. Assuming that Mr. Cote's changes would cost about \$15,000, Mark Sundquist moved, with a second by Dave Ahmann, that the remaining cuts identified by Mr. Frantz totaling \$22,110 in line item expenditures should be cut to reduce expenses. The motion passed 7-0.

F. Additional Repayments Might Be Sufficient to Balance the 2017 General Fund Budget

As noted above, the sewer and water utility will repay \$100,000 during 2017, which is part of a

\$457,000 advance that the Capital Fund made to the utility. The Committee considered the option of using the remainder of that repayment (in excess of the \$94,460 in expenses that would be moved to the Capital Fund under item D above), but no formal decision was made.

In addition, Karl Frantz noted that the General Fund will receive up to \$143,000 over time in repayment of an advance that was made to TIF District No. 4. Karl Frantz was asked to seek more information as to the amount and timing of any repayments that the TIF district might make over time.

6. Report on Special Board Meeting on Facilities

Karl Frantz and Mark Sundquist reported information about a special meeting of the Village Board, on September 22, 2016, which considered the facilities needs of the Village. Mark Sundquist emphasized the decision of the Board to give a new facility for the Department of Public Works, on the existing Shorewood Boulevard site, a priority. The Board also wants to move ahead with a new Community Center.

Fred Wade noted the Board asked the Finance Committee to consider whether the Village should revise its internal policy that annual debt service payments should amount to no more than 25% of General Fund expenditures, if that may be necessary to fund the new facilities (if the Village were to adopt a 2017 expenditure budget \$3,642,327, the debt service could be increased by \$138,229, from \$772,327 to \$910,556, without changing the policy). It was understood that this question would be considered after the Committee completed work on the 2017 budgets.

Karl Frantz noted that the Village currently has about \$1 million of remaining debt capacity under this internal policy, and that it is scheduled to retire principal of \$580,000 to \$770,000 annually from 2018 through 2024, that is being serviced with proceeds from the General Fund levy. His memorandum to the Board, dated September 22, 2016, was provided to the Committee and notes:

The Village could replace the amount of annual principal paid with new borrowings of the same amount each year and remain within policy. There is close to \$5MM in total [additional] capacity 2018-2024. Annual increases in budgeted revenue will further increase the borrowing capacity.

7. Next Meeting Dates

The Committee agreed that the next meeting will be on Wednesday, October 19, 2016, at 5:30 pm. If necessary, a second October meeting could be held on October 26, 2016.

8. Adjournment

The meeting was adjourned at 7:03 pm.

Memorandum

To: Finance Committee

From: Karl Frantz, Village Administrator

Date: September 28 , 2016

Re: 2017 General Fund Budget Update

The initial 2017 general fund line item budget reflected expenses of \$3,792,357 and 2017 revenues of \$3,456,720 resulting in a \$335,637 deficit. The revenue and expense budget as revised since that time is now balanced at \$3,642,327.

The September 14 memo that accompanied the initial item budget provided options to close the \$335,637 gap. All of the options identified in that memo were utilized to balance the budget except for a referendum to exceed levy limits. Revenues were adjusted upward, expenses reduced; fund balance applied and selected expenses moved to fees. A line item budget spreadsheet is attached to this memo that highlights where changes have been made and those changes are also summarized below.

Revenue Changes

Revenues have been increased by \$185,540. Highlights are:

- Modest increases in water and utility reimbursements for services back to the general fund in the amount of \$7,940 made possible by the rate increase.
- Increase in State Highway aid of \$21,621 (More optimistic guess)
- Licenses/permit increased by \$4,050 (Less conservative forecasting. Must see an increase in home remodels, pet licensing etc. There are also possible large new projects on Marshall Court over the next two years that could bring in a combined \$70,000 - \$100,000.)
- Miscellaneous revenues increase by \$4,000. (Less conservative budgeting)
- Fund Balance applied of \$146,698. The Village anticipated applying \$88,416 of fund balance in 2016 that will not occur. In addition other unbudgeted revenues will act to increased unassigned fund balance to possibly \$1,200,000 although there will also be a short term advance to water and sewer. This level of fund balance application can be sustained for a period of approximately four years before fund balance will drop below 15% of subsequent year's expenditures. That is the minimum recommended in the Village fund balance financial policy.

Expense reductions and transfers

Expenses in the general fund have been reduced by \$150,097. Highlights are:

- \$45,000 brush chipper moved to capital fund

- \$28,960 squad vehicle moved to capital fund.

The sewer and water utility in 2017 will repay \$100,000 of a \$457,840 advance from the capital fund. This money is not from debt proceeds.

- \$30,000 in tree maintenance and removal is transferred to the utility bill on a fee basis. This will add about \$50.00 annually to each utility bill or \$4.16 monthly.
- \$12,460 landfill remediation is transferred to the utility bill to be paid as a fee. This will add about \$20.00 annually to a utility bill or \$1.73 per month.

Expense reductions of \$1,000 or more:

- \$2,000 legal advice
- \$3,000 ordinance prosecutions
- \$3,500 personnel evaluations
- \$6,910 building and plant rental (vacate Degan storage by September 2017)
- \$1,500 police fuel and oil
- \$1,000 aidable expense
- \$3,000 garage fuel and oil
- \$2,000 street lighting power
- \$1,000 non aidable operating
- \$2,500 seasonal wages (split between Forestry, Public Works)
- \$3,200 plan review (outside consulting)

If additional reductions are necessary and/or there is a policy decision to not move some expenses to a fee basis but maintain the expense, the Village will need to look hard at major expense areas such as seasonal staffing in Forestry, Public Works and Police, not rehire or delay hiring a FTE vacancy in Public Works, reduce or eliminate 2017 pay adjustments etc. The Village could also defer street maintenance costs such as crack filling, tree removals and pruning, and a planned revaluation.

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1. Call to Order:

The meeting was called to order at 5:31 pm.

2. Roll call:

Committee members present were Chair/Village Trustee Fred Wade, Village Treasurer Sean Cote, Dave Ahmann, Gard Strother, Karl Wellensiek and Carl Gulbrandsen. Village Administrator Karl Frantz and Village Clerk Cokie Albrecht were also present. Village President Mark Sundquist was excused.

3. Meeting Notice:

Karl Frantz confirmed compliance with the open meetings law.

4. Approval of Minutes:

A motion to approve the draft minutes of the Committee's meeting on September 28, 2016 was made by Karl Wellensiek and seconded by Carl Gulbrandsen. The motion passed (6-0).

5. Consideration of 2017 General Fund Budget

Village Administrator Karl Frantz began the session by discussing: (1) a memorandum entitled "Update on 2017 General Fund," dated October 18, 2016; and (2) a spreadsheet showing the changes that have been made to the proposed budget from the beginning of the process through the decisions made at the Committee's previous meeting, and the changes that have occurred since that meeting. These documents were distributed to the Committee by email before the meeting.

Mr. Franz noted that he has made the changes approved by the Committee at its prior meeting. He added that he had estimated the impact of three major additions to expenditures since the prior meeting of the Committee, and included them in the spreadsheet, which shows the proposed budget for 2017 with a projected deficit of \$25,932.

The estimate of additional expenditures is the result of actions by the Board of Trustees and the Personnel Committee:

1. The Board agreed to accept the bid of Associated Appraisal Consultants, Inc to do a complete revaluation of the Village properties, which will add \$32,000 to expenditures during 2017;

2. The Personnel Committee has recommended that six employees who are "off the grid" receive an additional 1% increase; and

3. The Board agreed to hire a new police officer at a higher step on the grid than the officer he will be replacing.

Mr. Frantz suggested a number of options for balancing the proposed budget, and noted that the General Fund will receive at least \$25,000 from the repayment of money that the General Fund previously advanced to TIF District No. 4. He noted that this money will add to the unassigned fund balance of the General Fund.

Under these circumstances, Gard Strother moved that the Committee increase the use of fund balance from the \$162,754 approved at the last meeting, to a total of \$188,686, to balance the proposed 2017 General Fund budget. The Motion received a second from Sean Cote and was approved 6-0.

During discussion, Mr. Frantz and a number of Committee members noted that the use of such a large amount of fund balance would not be sustainable for more than a few years, but there was a consensus that the application of fund balance was appropriate for 2017, because residents will be paying much higher fees to the sewer and water utility during 2017, and the proposed application of fund balance will still leave the fund balance account near the top of the range targeted by the financial policies of the Village.. Those policies provide that the Village should carry a fund balance of no more than 25% of General Fund expenditures.

Sean Cote then moved that the Committee recommend the proposed General Fund budget to the Board of Trustees. The motion received a second from Karl Wellensiek and was approved 6-0.

6. Consideration of 2017 Budgets for other Village Funds

After consideration of the 2017 General Fund budget, Karl Frantz distributed a memorandum and individual spreadsheets for the Village Capital Fund and other funds. He proceeded to review the status of each fund, noting its projected revenue, forecast of expenditures, and estimated surplus or deficit at year end.

Action on the proposed budgets for other Village funds was deferred in order to give members of the Committee time to review the proposed budget spreadsheets and formulate any questions they might have.

During discussion, Karl Wellensiek suggested that it would be helpful to add a line to each fund sheet that would state the amount of debt service the fund must pay. In addition, Karl Frantz was asked to inquire whether certain individuals and/or their insurance might be liable for the cost of damage costs incurred by the Waterfront fund at the marina.

7. Adjournment

Carl Gulbrandsen moved the meeting be adjourned, and the motion was seconded by Sean Cote. Without objection, the meeting was adjourned at 6:55 pm.

Memorandum

To: Finance Committee

From: Karl Frantz

Date: October 18, 2016

Re: Update on 2017 General Fund

General Fund Revisions

All of the changes recommended by the Finance Committee at the last meeting have been made. Those changes are also reflected in the September 28 meeting minutes and are shown on the attached updated budget spreadsheet. In addition to the changes made by Finance, we were able to adjust revenues upward in two significant ways. The initial budget projected Highway Aid at \$280,000. The actual aid will be \$298,862. The sale of property to John Flad netted \$297,350 and the initial budget number used at the last meeting was again coincidentally \$280,000. So we increased the four year application of fund balance from the sale to reflect that change and it is reflected in fund balance applied. After making all of the above changes, the budget was within \$2,312 of being balanced (see third column of spreadsheet).

Since that time the Personnel Committee has recommended that the six employees who are over the top step (11) on the grid receive a 2% increase as opposed to 1%, and the Village Board has accepted a revaluation contract in the amount of \$32,000. That is \$13,000 more than was initially budgeted. However after the revaluation next year, annual expenses will be frozen at \$10,190 through 2022. In addition, a police officer was just recently hired at a higher step due to his experience and that has been incorporated into the budget. The changes described above are reflected in a fourth column on the spreadsheet. Those revisions result in a deficit of \$25,932.

Deficit Cures

- The deficit could be closed by moving street repair maintenance (seal coating and crack filling) that prolongs the life of streets in the amount to \$10,000 to the capital fund and increasing fund balance applied by \$15,932.
- Apply another \$25,932 of fund balance to the current amount of \$162,754.
- Other options that have been discussed include moving some expenses to fees, major cuts to part time and seasonal workers, tree maintenance and removals or other significant staffing and service level changes that have not been deeply explored to date.

- A combination of minor \$ 500 - \$1,000 cuts to some line items with more significant cuts to some major line items like tree removals, seasonal help, aid able and non aidable expense, (operating money for public works) and street repair maintenance could also be pursued.

TIF IV Repayment

The Committee also asked staff to check on what the annual repayment of a \$143,000 advance from the general fund to TIF IV will be. In 2016 the TIF begins to pay Flad Development a \$900,000 municipal revenue obligation in the amount of \$93,000 per year. After this payment and other administrative and debt service payments are made, we estimate that minimally \$25,000 will be available in 2017 to repay the advance. \$25,000 annually is likely a conservative number going forward after 2017 so we can probably figure a four to five year repayment period.

Fund Balance

The Village ended 2016 with an unassigned fund balance of \$779,283. Using ¼ of the land sale proceeds (\$74,335), fund balance that we expected to apply this year but will not (\$88,414) TIF IV repayment (\$25,000) and increased revenues from building permits and other areas will increase fund balance by \$200,000 and possibly up to \$300,000. Conservatively if unassigned fund balance at the end of 2016 is say \$1,000,000 that is 27% of next year's expenditures or 2% over our 25% internal maximum. Increasing the use of fund balance to \$188,686 to balance the budget would result in an unassigned fund balance percentage of 22% at the beginning of 2017. That is the same percentage we had in 2016.

Implications

It goes without saying that this level of fund balance application, shifting of items to the capital fund and using its residual fund balance is not sustainable over the very long term unless we continue to experience large revenue influxes from building permits and the like. The capital fund will continue to take in around \$75,000 - \$100,000 per year for the next three years that can help in various ways but it also will run out.

Proposed 2017 Expenditures								
					to Finance	Karl's changes	Finance Changes	Changes
					on 9/14/2016	9/22/2016	9/28/2016	10/17/2016
100	51	5111	310	Vill Bd: Sup & Expense	2,000	1,500	1,500	1,500
100	51	5111	720	Village Board: Donations	0	0	0	0
100	51	5112	310	Comm: Sup & Expenses	1,000	900	900	900
100	51	5120	110	Judicial: Salary & Allow	2,965	2,965	2,965	2,965
100	51	5120	120	Judicial: Court Clerk Wages	21,614	21,614	21,614	21,822
100	51	5120	150	Judicial: Benefits	6,207	6,207	6,207	6,237
100	51	5120	310	Judicial: Sup & Expenses	1,700	1,700	1,700	1,700
100	51	5120	321	Judicial: Dues	140	140	140	140
100	51	5120	322	Judicial: Seminars & Training Exp	1,665	1,665	1,665	1,665
100	51	5130	210	Legal: Gen Advice & Counsel	16,000	14,000	18,000	18,000
100	51	5130	211	Legal: Ordinance Prosecutions	30,000	27,000	27,000	27,000
100	51	5141	120	Admin: Wages	86,549	86,549	86,549	86,769
100	51	5141	150	Admin: Benefits	19,415	19,415	19,415	19,447
100	51	5141	320	Admin: Dues & Seminars	1,800	1,700	1,700	1,700
100	51	5141	340	Admin: Monthly Bulletin	0	0	0	0
100	51	5141	380	Admin: Staff Sunshine Fund	300	300	300	300
100	51	5142	120	Clerk: Wages	83,567	83,567	83,567	84,014
100	51	5142	130	Extra Office Help	17,919	17,919	17,919	17,919
100	51	5142	150	Clerk: Benefits	18,797	18,797	18,797	18,862
100	51	5142	310	Clerk: Sup & Expenses	3,900	3,900	3,900	3,900
100	51	5142	322	Clerk: Training & Seminars	800	800	800	800
100	51	5142	340	Clerk: Postal Expenses	3,500	3,500	3,500	3,500
100	51	5142	500	Clerk: Dane Cty Calendars	600	600	600	600
100	51	5142	700	Clerk: License Costs	0	0	0	0
100	51	5143	158	Personnel: Unemploment Comp	0	0	0	0
100	51	5143	160	Personnel: Workman's Comp Ins	40,000	42,547	42,547	42,547
100	51	5143	190	Personnel: Provided for Evals	3,500	0	0	0
100	51	5143	200	Personnel: Recruitment	0	0	0	0
100	51	5143	210	Personnel: Medical Evaluations	500	0	0	0
100	51	5143	300	Personnel: Retirees Ins Prem	9,600	9,600	9,600	9,600
100	51	5144	140	Elections: per diem Wages	1,100	1,100	1,100	1,100
100	51	5144	340	Elections: Operating Supplies	400	400	400	400
100	51	5145	210	Data Processing: Contractual Ser	19,000	19,000	19,000	19,000
100	51	5145	340	Data Processing: Operations Expense	2,700	2,700	2,700	2,700
100	51	5145	350	Website Costs	570	570	570	570
100	51	5151	210	Finance: Audit Services	26,000	26,000	26,000	26,000
100	51	5151	290	Life Quest Commission Fees	0	0	0	0
100	51	5151	300	Bond Issue Expenses	0	0	0	0
100	51	5152	340	Treasury: Operations	0	0	0	0

100	51	5152	390	Treasury: Write-off Expense	0	0	0	0
100	51	5153	210	Assessor: Contractual Services	19,000	19,000	19,000	32,000
100	51	5154	511	Liability Ins (League)	59,000	59,000	59,000	59,000
100	51	5154	512	Property Ins (LGPIF)	16,000	13,350	13,350	13,350
100	51	5160	220	Bldgs & Plant: Gas & Electric	41,000	41,000	41,000	41,000
100	51	5160	221	Bldgs & Plant: Water	8,000	8,000	8,000	8,000
100	51	5160	222	Bldgs & Plant: Telephone	5,000	5,000	5,000	5,000
100	51	5160	223	Bldgs & Plant: Stormwater Chrg	5,500	5,500	5,500	5,500
100	51	5160	240	Bldgs & Plant: Contractual	3,410	3,410	3,410	3,410
100	51	5160	530	Bldgs & Plant: Rental Expense	26,200	17,290	17,290	17,290
100	52	5210	110	Police: Salaries & Allowances	89,409	89,409	89,409	90,282
100	52	5210	120	Police: Clerical Wages	70,926	70,926	70,926	71,238
100	52	5210	121	Police: Officers Wages + Holidays	306,711	306,711	306,711	312,868
100	52	5210	122	Police: Overtime Wages	8,500	8,500	8,500	8,500
100	52	5210	124	Police: Part-time Duty Wages	48,000	48,000	48,000	48,000
100	52	5210	125	Police: Differential	2,000	2,000	2,000	2,000
100	52	5210	128	Police: Community Service Officers	4,400	4,400	4,400	4,400
100	52	5210	129	Police: Crossing Guard Wages	5,500	5,500	5,500	5,500
100	52	5210	130	Police: Bonus	0	0	0	0
100	52	5210	150	Police: Benefits	188,140	188,140	188,140	189,482
100	52	5210	170	Police: Education Reimbursement	500	0	0	0
100	52	5210	210	Police: Contractual Services	11,000	11,000	11,000	11,000
100	52	5210	310	Police: Off sup & Expenses	2,900	2,900	2,900	2,900
100	52	5210	321	Police: Dues & Seminars	1,500	1,500	1,500	1,500
100	52	5210	322	Police: Training Expense	8,000	8,000	8,000	8,000
100	52	5210	340	Police: Operating Exp	14,200	14,200	14,200	14,200
100	52	5210	341	Police: Uniform Exp	4,500	4,500	4,500	4,500
100	52	5210	345	Police: Promotion	0	0	0	0
100	52	5210	350	Police: Vehicle Repair & Maint	4,000	4,000	4,000	4,000
100	52	5210	370	Police: Fuel & Oil	8,500	7,000	7,000	7,000
100	52	5210	380	Police: Drug Prevention	200	200	200	200
100	52	5210	390	Police: Insurance Costs	0	0	0	0
100	52	5220	210	Fire: Contractual Exp	506,252	506,252	506,252	506,252
100	52	5220	321	Fire: Dues & Seminars	19,576	19,576	19,576	19,576
100	52	5220	590	Fire: Hydrant Rental	168,281	168,281	168,281	168,281
100	52	5240	150	Inspections: Benefits	2,333	2,333	2,333	2,333
100	52	5240	211	Inspections: Buildings	18,000	18,000	18,000	18,000
100	52	5240	212	Inspections: HVAC	5,000	5,000	5,000	5,000
100	52	5240	213	Inspections: Electrical	5,000	5,000	5,000	5,000
100	52	5240	214	Inspections: Plumbing	2,500	2,500	2,500	2,500
100	52	5240	340	Inspections: Operations	323	323	323	323

100	52	5260	290	Dane County Radio Contract	2,600	2,600	2,600	2,600
100	53	5300	121	Aidable Work: Labor	72,571	72,571	72,571	72,828
100	53	5300	150	Aidable Work: Benefits	16,228	16,228	16,228	16,265
100	53	5300	340	Aidable Work: Operating Exp	20,000	19,000	19,000	19,000
100	53	5300	450	School Safe Zone	0	0	0	0
100	53	5300	600	Aidable: Insurance Repair	0	0	0	0
100	53	5300	350	Garage: Vehicle Repair & Maint	18,000	18,000	18,000	18,000
100	53	5300	370	Garage: Fuel & Oil	12,000	9,000	9,000	9,000
100	53	5330	210	Str Maint/Repair: Engineering	0	0	0	0
100	53	5330	230	Str Maint/Repair: Annual Contract	10,000	10,000	10,000	10,000
100	53	5342	220	Street Lighting: Power	18,000	16,000	16,000	16,000
100	53	5342	340	Street Lighting: Contractual	9,000	9,000	20,000	20,000
100	53	5344	350	Storm Sewers: Discharge Permit	33	33	33	33
100	53	5352	300	Bus Service - Disabled	30,000	30,000	30,000	30,000
100	53	5362	290	Refuse Coll: Contractual	94,000	94,000	94,000	94,000
100	53	5363	290	Metro Landfill Exp	12,460	0	12,460	12,460
100	53	5365	121	Recycling/Yardwaste: Labor	43,813	43,813	43,813	43,968
100	53	5365	150	Recycling/Yardwaste: Benefits	9,797	9,797	9,797	9,820
100	53	5365	340	Recycling/Yardwaste: Sup & Exp	4,120	4,120	4,120	4,120
100	53	5365	370	Recycling/Yardwaste: Fuel & Oil	3,000	2,800	2,800	2,800
100	54	5400	130	Village Hall: Cleaning	7,395	7,395	7,395	7,421
100	54	5400	150	Village Hall: Benefits	1,654	1,654	1,654	1,657
100	55	5500	121	Non-aidable Work: Labor	106,081	106,081	106,081	106,458
100	55	5500	150	Non-aidable Work: Benefits	23,721	23,721	23,721	23,776
100	55	5500	340	Non-aidable Work: Operations Exp	25,000	24,000	24,000	24,000
100	55	5500	600	Non-aidable Insurance Costs	0	0	0	0
100	55	5500	700	Community Gardens	500	500	500	500
100	55	5514	121	Community Ctr. Wages	480	480	480	481
100	55	5514	150	Community Ctr. Wage Benefits	107	107	107	107
100	55	5514	220	Commuity Ctr: Gas & Electric	7,000	7,000	7,000	7,000
100	55	5520	121	Forester: Wages	60,964	60,964	60,964	60,964
100	55	5520	122	Grant Funded Hort Wages	0	0	0	0
100	55	5520	125	Hort Assistant Wages	16,000	14,500	14,500	14,500
100	55	5520	150	Forester: Wage Benefits	17,022	17,022	17,022	17,022
100	55	5520	320	Parks: Projects	6,500	6,500	6,500	6,500
100	55	5520	340	Parks: Operating Exp	4,350	4,350	4,350	4,350
100	55	5520	342	Village Tree Costs	4,000	4,000	4,000	4,000
100	55	5520	350	McKenna Park	0	0	0	0
100	55	5520	370	Forester: Fuel & Oil	800	0	0	0
100	55	5523	343	Horticulture: Reforestation	8,000	8,000	8,000	8,000
100	55	5523	350	Horticulture: Plantings	2,000	1,700	1,700	1,700
100	55	5523	550	Forestry Grants	0	0	0	0

100	55	5523	600	Tree Maintenance	32,000	22,000	32,000	32,000
100	55	5523	650	Tree Removals	20,000	0	20,000	20,000
100	55	5531	121	Four Corners: Wages	14,000	14,000	14,000	14,000
100	55	5531	150	Four Corners: Benefits	1,071	1,071	1,071	1,071
100	55	5531	340	Four Corners: Operating Exp	2,600	2,600	2,600	2,600
100	55	5532	121	Land Recreations: Wages	13,300	13,300	13,300	13,300
100	55	5532	150	Land Recreations: Benefits	1,017	1,017	1,017	1,017
100	55	5532	340	Land Recreations: Operating Exp	2,000	2,000	2,000	2,000
100	55	5533	121	Tennis: Wages	18,500	18,500	18,500	18,500
100	55	5533	150	Tennis: Benefits	1,415	1,415	1,415	1,415
100	55	5533	340	Tennis: Operating Exp	3,500	3,500	3,500	3,500
100	55	5534	140	Baseball: Umpire per Deim Exp	0	0	0	0
100	55	5534	340	Baseball: Operations Exp	0	0	0	0
100	55	5535	121	Basketball: Wages	1,000	1,000	1,000	1,000
100	55	5535	150	Basketball: Benefits	77	77	77	77
100	55	5535	340	Basketball: Operations Exp	775	775	775	775
100	55	5536	121	Indoor Soccer: Wages	0	0	0	0
100	55	5536	150	Indoor Soccer: Benefits	0	0	0	0
100	55	5536	340	Indoor Soccer: Operating Expense	0	0	0	0
100	55	5537	340	Spec Events: July 4th Expense	1,300	1,300	1,300	1,300
100	55	5537	341	Spec Events: Fireworks Expense	9,000	9,000	9,000	9,000
100	55	5537	342	Spec Events: Recognition Night	4,300	4,300	4,300	4,300
100	55	5538	340	Outdoor Soccer: Operating Exp	8,200	8,200	8,200	8,200
100	55	5540	340	Golf: Operating Exp	6,000	6,000	6,000	6,000
100	55	5550	390	Kayak/Canoe Rental Expense	550	550	550	550
100	56	5630	150	Planner	0	0	0	0
100	56	5640	210	Prof Consultant: Plan Review	3,200	0	0	0
100	57	5735	775	Cap Outlay:Crew mower unit	0	0	0	0
100	57	5751	800	Cap Outlay:Computers	4,500	4,500	0	0
100	57	5751	810	Cap Outlay: Gen Admn Equip	0	0	0	0
100	57	5751	825	Cap Outlay: Admn DP Software	1,500	1,500	1,500	1,500
100	57	5751	830	Cap Outlay: FD/EMS Capitl Equip	0	0	0	0
100	57	5751	845	Cap Outlay: Paint Burbank Rail	0	0	0	0
100	57	5751	850	Cap Outlay: DPW Capital Equipmt	45,000	0	0	0
100	57	5752	811	Cap Outlay: PD Communctns Equip	5,000	5,000	0	0
100	57	5752	813	Cap Outlay: PD Vehicle Replacem	28,960	0	0	0
100	57	5752	815	Cap Outlay: PD Safety Equip	4,000	4,000	0	0
100	57	5752	817	Cap Outlay: PD Equipment	7,000	7,000	0	0
100	57	5752	821	Cap Outlay: FD Commnctns Eqpt	0	0	0	0
100	57	5752	822	Cap Outlay: FD Operating Equip	0	0	0	0
100	57	5752	825	Cap Outlay: FD Safety Equip	0	0	0	0
100	57	5752	826	Cap Outlay: FD Hose & Applncs	0	0	0	0

100	57	5752	828	Cap Outlay: FD Vehicle Replace	0	0	0	0
100	57	5752	831	Cap Outlay: EMS Commnctn Equipt	0	0	0	0
100	57	5752	832	Cap Outlay: EMS Operating Equip	0	0	0	0
100	59	5910	900	Contingent Account	0	0	0	0
100	59	5920	900	Due to Debt Service	772,327	772,327	772,327	772,327
				TOTAL	3,792,357	3,642,224	3,679,184	3,702,804
				TOTAL REVENUE	3,456,720	3,642,224	3,676,872	3,676,872
				TOTAL EXPENDITURES	3,792,357	3,642,224	3,679,184	3,702,804
				DIFFERENCE	-335,637	0	-2,312	-25,932

Proposed 2017 Revenues								
					to Finance	Karl's changes	Finance Changes	Changes
					on 9/14/2016	9/22/2016	9/28/2016	10/17/16
100	41	4111	0	General Property Taxes	2,563,496	2,563,496	2,563,496	2,563,496
100	41	4131	0	Payments in Lieu of Taxes	58,000	60,000	60,000	60,000
100	41	4181	0	Interest & Penalties on Taxes	500	500	500	500
100	43	4330	0	Fed/state disaster relief	0	0	0	0
100	43	4341	0	State Shared Revenue	20,889	20,889	20,889	20,889
100	43	4342	0	Fire Insurance Premium	19,576	19,576	19,576	19,576
100	43	4351	0	State Aid: Exempt Computers	44,075	44,075	44,075	44,075
100	43	4352	100	Law Enforcement Training Aids	1,800	1,800	1,800	1,800
100	43	4352	105	Public Safety Equipment Aids	0	0	0	0
100	43	4352	110	Police: OJA Grants	0	0	0	0
100	43	4353	0	State Aid: Highway	258,379	280,000	298,862	298,862
100	43	4353	100	Local Roads Grant	0	0	0	0
100	43	4353	300	State FEMA Grant	0	0	0	0
100	43	4358	0	Forestry Grants	0	0	0	0
100	43	4360	0	Dane Cty Grant: Land Conservation	0	0	0	0
100	44	4411	0	Licences: Liquor/Malt Bev	5,000	5,050	5,050	5,050
100	44	4412	0	Licences: Other Bus/Occupation	3,000	3,000	3,000	3,000
100	44	4421	0	Licences: Bicycle	60	60	60	60
100	44	4422	0	Licences: Dog & Cat	3,400	4,000	4,000	4,000
100	44	4423	0	Licences: Misc	600	700	700	700
100	44	4431	0	Permit/Inspctn Fees: Buildings	16,000	17,000	17,000	17,000
100	44	4432	0	Permit/Inspctn Fees: HVAC	5,000	6,000	6,000	6,000
100	44	4433	0	Permit/Inspctn Fees: Electrical	6,000	7,000	7,000	7,000
100	44	4434	0	Permit/Inspctn Fees: Plumbing	4,000	5,000	5,000	5,000
100	44	4435	0	Permit/Inspctn Fees: Signs	100	100	100	100
100	44	4436	0	Permit/Inspctn Fees: Sprnk/Fire	0	0	0	0
100	44	4439	0	Permit/Inspctn Fees: Misc	400	450	450	450
100	44	4441	0	Zoning Fees	2,300	2,300	2,300	2,300
100	44	4491	0	Cable TV Franchise Fees	29,000	29,000	29,000	29,000
100	44	4492	0	10% Surcharge for Recreation	7,500	7,500	7,500	7,500
100	45	4511	0	Court Fines	30,000	30,000	30,000	30,000
100	45	4513	0	Parking Violations	45,000	45,000	45,000	45,000
100	45	4514	0	Police Donations	0	0	0	0
100	46	4611	0	Clerk: Mat & Supply Sales	0	0	0	0
100	46	4612	0	Clerk: Employee Sunshine Fd	200	200	200	200
100	46	4613	0	Clerk: Parking Permits	700	800	800	800
100	46	4621	0	Law Enforcement Fees	400	400	400	400
100	46	4642	0	WI Municipal Recycling Grant	14,138	14,138	14,138	14,138
100	46	4642	100	Recycling Proceeds	0	0	0	0
100	46	4645	0	Disposal Repair Fees	0	0	0	0

100	46	4670	0	Book Publishing Revenue	200	250	250	250
100	46	4670	0	Resale Book Publishing Revenue	0	0	0	0
100	46	4671	0	Book Shipping Income	0	0	0	0
100	46	4672	0	Contributions: Parks & Forestry	0	0	0	0
100	46	4672	100	Garden Plot Revenues	1,725	2,000	2,000	2,000
100	46	4672	110	Contributions: Garden Club	2,500	2,500	2,500	2,500
100	46	4673	100	Recreation: Four Corners	14,000	14,000	14,000	14,000
100	46	4673	200	Recreation: Land Rec	14,250	14,250	14,250	14,250
100	46	4673	210	Recreation: Land Rec Grant	0	0	0	0
100	46	4673	300	Recreation: Tennis	27,750	28,000	28,000	28,000
100	46	4673	400	Recreation: Baseball	0	0	0	0
100	46	4673	500	Recreation: Basketball	2,200	2,200	2,200	2,200
100	46	4673	600	Recreation: Golf	7,000	7,000	7,000	7,000
100	46	4673	700	Recreation: Kayak/Canoe	700	700	700	700
100	46	4673	800	Recreation: Indoor Soccer	0	0	0	0
100	46	4673	900	Recreation: Outdoor Soccer	8,780	8,780	8,780	8,780
100	46	4674	100	Community Center Rental	3,500	3,500	3,500	3,500
100	46	4674	210	July 4th Family Picnic	1,200	1,200	1,200	1,200
100	46	4674	220	July 4th Fireworks	8,100	8,100	8,100	8,100
100	47	4741	0	Water Dept: Reimb for Services	9,000	13,230	13,230	13,230
100	47	4742	0	Sewer Div: Reimb for Services	9,000	10,710	10,710	10,710
100	47	4743	0	Waterfront: Reimb for Services	16,700	16,700	16,700	16,700
100	47	4744	0	Stormwater: Reimb for Services	9,000	9,000	9,000	9,000
100	48	4810	0	Interest on Investments	10,000	10,000	10,000	10,000
100	48	4810	100	Build America Bond Subsidy	8,502	8,502	8,502	8,502
100	48	4812	0	Capital Project Bond Interest	0	0	0	0
100	48	4815	0	Interest on Water Loan	0	0	0	0
100	48	4821	0	Rent: Due From Pool	40,000	40,000	40,000	40,000
100	48	4822	0	Rent: Blackhawk CC	101,500	101,500	101,500	101,500
100	48	4823	0	BCC Insurance Reimbursement	0	0	0	0
100	48	4825	0	Rent: Parking Spaces	0	0	0	0
100	48	4830	0	Miscellaneous Sales	0	0	0	0
100	48	4831	0	Police/Fire Sales	3,500	3,500	3,500	3,500
100	48	4833	0	Village Tree Sales	4,000	4,000	4,000	4,000
100	48	4836	0	DPW Vehicle Sales	0	0	0	0
100	48	4838	0	Dane Cty Calendars	600	600	600	600
100	48	4840	0	Insurance Dividends	0	0	0	0
100	48	4850	0	Insurance Claims	0	0	0	0
100	48	4855	0	Shwd League/Foundat. Receipts	0	0	0	0
100	48	4895	0	TIF Refund	0	0	0	0
100	49	4941	0	Miscellaneous Revenues	13,500	17,000	17,000	17,000
100	49	4944	0	Fund Balance Applied	0	146,968	162,754	162,754
				TOTAL	3,456,720	3,642,224	3,676,872	3,676,872

Memorandum

To: Finance Committee

From: Karl Frantz

Date: October 18, 2016

Re: 2017 Debt, Water, Sewer, Stormwater, Waterfront, Pool, TID, Capital Fund Budgets

Debt Service Fund (300)

Debt service is \$893,330 excluding utility and TID debt that is accounted for in their respective funds. For details see the worksheet.

Water Fund (600)

The Village anticipated a rate increase in the 2015 and 2016 budgets. New rates reflecting a 49% increase were finally implemented beginning October 1, 2016. 2017 revenues are projected at \$619,444 and expenses at \$610,454. The 2017 water utility budget includes a \$65,000 advance repayment to the capital fund. The advance owed at the end of 2016 was \$381,046 and the utility will continue making these payments over the next 5-6 years. The Village has converted to monthly billing and also now offers ACH beginning with the October bill. T

Debt service is in the \$200,000 annual range through 2018 and then drops to \$120,000 - \$135,000 through 2024. The Village will be filing a new rate case to try and get relief on increased public fire protection expenses.

Sewer Fund (200)

A rate increase of 19% was approved coinciding with the water rate increase.

The 2017 budget projects revenues of \$354,414 and expenses of 354,414 this includes a \$32,651 payment for an advance from the capital fund that totaled \$76,794 at the end of 2015.

Debt service is in the \$100,000 range though 2018 and drops to approximately \$60,000 through 2024. The Village lined a major sewer main along Lake Mendota in 2016.

Stormwater Fund (500)

The stormwater fund has a fund balance of approximately \$180,000. This cash accumulated in the early years of the utility when there were not many expenses. Over the last few years the utility has been drawing on its cash reserves. Debt service has increased as the Village has installed rain gardens and also replaced and extended pipe and inlets. Maintenance and up keep of rain gardens has also been paid for through this fund. We also pay for the crew's time sweeping streets. We recently have made major improvements to a conveyance way to Lake Mendota in an area known as Big Foot Park but which should probably be more appropriately named Big Foot stormwater and sanitary sewer access and conveyance area.

Revenues in 2017 are projected at \$155,095 and expenses are \$195,115. Debt service is in the \$100,000 range through 2018 and then drops to about \$80,000 through 2024.

Waterfront Fund (220)

The fund balance in the waterfront fund at the end of 2015 was \$43,511. Revenues in 2016 are projected at \$63,084 and expenses of \$69,358. A storm event necessitated emergency repairs that totaled \$9,185. This will act to decrease the fund balance.

In 2017 revenues are projected at \$68,119 and expenses are projected at \$61,566. It is possible that the Waterfront Committee will also increase fees.

Pool (210)

Fund balance at the beginning of 2016 was \$233,432. 2016 revenues were \$569,396 and expenses \$568,368. Debt service was \$119,000 in 2016 and is \$114,000 in 2017. Debt service then drops off to an average of about \$8,500 annually through 2030.

We have not yet received a budget from the Pool Committee so 2017 numbers will change. These are Administration estimates. 2017 expenses are projected at \$563,500 and revenues \$569,349.

TID III Fund (450)

Tax increment in 2016 is projected at \$535,558. Increased tax base of roughly \$10,000,000 from the 700 UBD project will significantly increase increment in 2017. Debt service is approximately \$500,000 per year. \$753,000 in debt for projects was issued in 2015 and the resulting fund balance at the beginning of 2016 was \$849,691. Approximately \$300,000 will be spent on the University Bay Drive widening project that is underway now and somewhere between \$150,000 - \$200,000 will be reallocated to general debt service for 2016 road projects. The district will also begin paying a municipal revenue obligation to 700 University Bay Drive for a developer financed TIF incentive.

Near term future projects will include bike path extensions and completion of Marshall Court when and if additional redevelopment occurs. We have budgeted \$56,643 for a short extension of the bike

path from University Bay Drive to the street running up to Marshall Court between 700 UBD and Arbor Crossing. We received a \$22,400 grants for that project also.

TIF IV Fund (470)

TIF IV has been advanced \$143,513 from the general fund. The Village also borrowed \$100,000 in 2015 for projects in TIF IV. The projects are associated with improvements to Locust Drive, bike path and sidewalks. Total debt in TIF 4 is \$1,063,884, the vast majority of which is a development incentive for the Lodge I and Walnut Grove Shoppes.

It appears that TIF IV should be in a position to repay the advance in an amount of \$25,000 or more per year based on current annual revenue and expenses and will close with a large surplus in excess of \$1,000,000.

Capital Fund (400)

At the end of 2015 the Capital Fund had \$40,220 in debt proceeds. Those have since been exhausted and additional expenditures have been incurred specifically road resurfacing projects. Debt proceeds from TIF III will be used to pay for this project.

The Village has started work to prepare for the construction of a cold storage building in 2017 at a cost in the range of \$500,000 -\$600,000. The Village will need to borrow for this. If the need for additional borrowings arise this could be part of a larger issue and taken to market. If it is a stand alone borrowing we may want to utilize the State Trust Fund or and then pay that off when we do a larger issue in the future depending upon interest rates.

The Capital Fund had advanced \$457,840 to the utilities the end of 2015. Use of these funds when available is at Village discretion. Payback in 2017 is expected to be \$97,000. In 2017 purchase of a chipper (\$45,000) squad vehicle (\$28,960), police equipment (\$16,000) computers. (\$4,500) have been moved from the general fund to the Capital Fund. \$30,000 has also been added as a placeholder to resurface the Shorewood School walking path.

MINUTES OF THE FINANCE COMMITTEE
VILLAGE OF SHOREWOOD HILLS

Wednesday, October 26, 2016

(to be scheduled for review at the next meeting of the Finance Committee)

1. Call to Order:

The meeting was called to order at 5:32 pm.

2. Roll call:

Committee members present were Chair/Village Trustee Fred Wade, Gard Strother, Karl Wellensiek and Carl Gulbrandsen. Village Treasurer Sean Cote arrived a few minutes late. Village Administrator Karl Frantz was also present. Village President Mark Sundquist and Dave Ahmann were excused.

3. Meeting Notice:

Karl Frantz confirmed compliance with the open meetings law.

4. Approval of Minutes:

A motion to approve the draft minutes of the Committee's meeting on October 19, 2016 was made by Gard Strother and received a second from Karl Wellensiek. The motion passed (4-0).

5. Consideration of 2017 General Fund Budget

Fred Wade noted that the Committee had approved a motion at its last meeting to recommend the proposed General Fund Budget to the Board of Trustees. He asked if there was any new information since the Committee's last meeting, with respect to the General Fund Budget that the Committee ought to consider, or any questions that members of the Committee might wish to discuss.

Karl Franz stated that the proposed General Fund Budget for 2017 calls for additional spending of about \$124,000 as compared to the 2016 General Fund Budget. He added that the bulk of the increase is accounted for by three items: (1) a Public Service Commission requirement that the Village pay an additional \$50,000 for public fire protection; (2) a \$40,000 increase in payments for debt service; and (3) the Board's decision at its regular October meeting to hire Associated Appraisal Consultants, Inc. to conduct a full revaluation of Village real estate parcels at a cost of \$32,000 in 2017. The Committee had no questions and there was no further discussion.

6. Consideration of 2017 Budgets for other Village Funds

The Committee proceeded to consideration of proposed 2017 budgets for other Village Funds, by reviewing a series of budget worksheets that were prepared by Karl Franz, distributed to the

Committee prior to its meeting of October 19, 2016, and reviewed by the Committee during that meeting.

As on October 19, Karl Franz again reviewed the status of each fund, noting its projected revenue, forecast of expenditures, and estimated surplus or deficit at year end. Members of the Committee asked questions and Mr. Franz answered most of them. To the extent that answers were not immediately available, Mr. Franz stated that he would research the questions and provide the requested information to the Committee.

The funds consisted of the following:

1. The Debt Service Fund
2. The Water Utility Fund
3. The Sewer Utility Fund
4. The Storm Water Utility Fund
5. The Waterfront Fund
6. The Pool Fund
7. Fund 450 (for TIF District No. 3 along Marshall Court)
8. Fund 470 (for TIF District No. 4 for The Lodge Apartments)
9. The Capital Projects Fund

After the Committee's review of the proposed budgets for these funds, Carl Gulbrandsen moved that the Committee recommend that the Board approve the adoption of the nine fund budgets for the foregoing funds. The motion received a second from Karl Wellensiek and was approved by a 5-0 vote.

7. Adjournment

Carl Gulbrandsen moved the meeting be adjourned. Without objection, the meeting was adjourned at 6:40 pm.

Respectfully submitted,
Fred Wade