

**Minutes of the Finance Committee  
Village of Shorewood Hills**

Wednesday, April 16, 2014

(scheduled for review at the next Finance Committee meeting)

1. **Called to Order at 5:30 p.m.:**
  - A. **Roll Call:** Committee Members Present: Chair/Village Trustee Dave Benforado, Village President Mark Sundquist, Dave Ahmann, Gard Strother, Fred Wade, Karl Wellensiek. Committee Members Absent: Village Treasurer David Kuenzi.
  - B. **Others Present:** Village Administrator Karl Frantz, Village Clerk Cokie Albrecht, Renee Meinholz CPA Baker Tilly.
2. **Meeting Notice:** D.Benforado inquired and K.Frantz confirmed that the meeting had been properly posted in compliance with open meeting laws.
3. **Approval of Prior Meeting Minutes:** the Committee reviewed the draft minutes from the January 15, 2014, Finance Committee meeting. **Motion to approve the minutes by F.Wade, second by G. Strother. Motion passed (6-0).**
4. **2013 Draft Financial Statements:**
  - A. Baker Tilly's Renee Meinholz distributed a 9-page "Report to the Finance Committee", indicating that the Baker Tilly audit has resulted in a "clean opinion", which is the highest form of approval possible from such an audit. Meinholz referred to and summarized four draft financial documents:
    1. *Communication to those Charged with Governance and Management* as of and for the year ended December 31, 2013 (13 pp);
    2. *Financial Statements (including independent auditors report)* as of and for the year ended December 31, 2013 (64 pp);
    3. *TID No. 3 Compiled Financial Statements* as of and for the year ended December 31, 2013, from the date of creation through December 31, 2013 (10 pp); and
    4. *TID No. 4 Compiled Financial Statements* as of and for the year ended December 31, 2013, from the date of creation through December 31, 2013 (10 pp).
  - B. **General Fund Balance (GFB):** Meinholz reported that at 2013 year end, GFB was \$965,500. Of that amount, \$723,404 was "Unassigned Fund Balance". Of the remainder, \$197,892 was "Nonspendable" (consisting for the most part of an advance to TID #4) and \$44,204 was "Assigned" (\$24,000 of which was used to balance the FY14 budget).

- C. **Unassigned Fund Balance (UFB)**: as a percentage of “Total FY13 Expenditures”, UFB was 26.92% (the acceptable range per Village Financial Policy is between 15-25%).
- D. **General Obligation (GO) Debt Outstanding**: as a percent of the statutory debt limit (5% of the total equalized value of taxable property within Village jurisdiction), total GO debt including TIF debt for the Village at year end was:
1. Year end FY09: 36%;
  2. Year end FY10: 47%;
  3. Year end FY11: 44%;
  4. Year end FY12: 50%; and
  5. Year end FY13: 70%.
    - a. As of 12/31/13, the Village had \$17,278,917 of GO long-term notes and bonds outstanding, and the statutory debt limit amount was \$24,639,205; and
    - b. Village policy targets maximum non-TIF debt at 50% or less of the statutory debt limit, and if TIF debt is excluded from this calculation, the percentage drops from 70% to 45%.
- E. **Internal Controls**: Meinholz discussed the Report’s findings as to internal controls. While finding material weaknesses this year (as in all past years) due to the relatively small size of the Village staff, Meinholz did indicate that she had a good discussion about this with K.Frantz and C.Albrecht, that they are very aware of the issue and the limited solutions available due to staff size.
- F. **Custodial Credit**: Meinholz summarized the custodial credit risk issue, and she and K.Frantz indicated that it should not be an issue this year going forward due to sweep financial arrangements the Village will use with Park Bank (recently selected for banking services required by the Village).
- G. **Need for Credit Risk Policy**: Meinholz acknowledged the Finance Committee’s ongoing work on revisions to the Village Financial Policies that would address “credit risk” (see Item 6 below). She has seen the current draft of revisions and indicated that those changes would properly address the matter.
- H. **Motion by F.Wade, second by K.Wellensiek, to accept and refer the 2013 draft Village Financial Statements to the Village Board. Motion passed (6-0).**
5. **Blackhawk Country Club Lease Renewal Negotiations Update**: the Committee was apprised about and discussed the current state of negotiations between the Village and the Blackhawk Country Club regarding an extension of the lease.
6. **Proposed Revisions to Village Financial Policies (re credit risk)**:
- A. In its regularly scheduled financial audit of the Village last year, Baker Tilly found that we had no policy regarding “credit risk”. At previous meetings, the Committee decided to draft and suggest revisions to the

Village Financial Policies to incorporate a policy on credit risk, and F.Wade volunteered to draft language. F.Wade explained and presented his suggested changes to the Committee (a three page memo with the suggested changes to the existing policy), followed by Committee discussion.

- B. Motion by F.Wade, second by M.Sundquist, to direct staff to replace the existing text in Section E (Investment Policy), paragraphs II and III, with the suggested language that was presented and discussed. K.Wellensiek added that while we are revising that section, we should delete the mention of the “Wisconsin Investment Trust” in paragraph VI since that entity has dissolved. K.Frantz mentioned that staff will make these changes, and that they may have additional changes to suggest after the Village switches its banking services from BMO Harris to Park Bank next month. Motion passed (6-0).**

7. **Future Meeting Dates:** the Committee agreed to meet, if needed, on:
- A. Wed., May 14 (5:30 p.m.);
  - B. Wed., June 11 (5:30 p.m.); and
  - C. Wed., July 16 (5:30 p.m.).
8. **Adjourned:** at 6:51 p.m.

Respectfully submitted by Dave Benforado on April 19, 2014.