

MINUTES OF THE FINANCE COMMITTEE
VILLAGE OF SHOREWOOD HILLS

Wednesday, October 19, 2016

(reviewed and approved at the October 26, 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 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.