

**Village of Shorewood Hills  
Finance Committee  
Approved Meeting Minutes  
Monday, October 9, 2017 5:30 p.m.**

1. **Call to Order** Finance Committee Chairperson Fred Wade called the meeting to order at 5:30 p.m.
2. **Roll Call** Present, in addition to Mr. Wade, were Committee members Gard Strother, Karl Wellensiek, Sean Cote, Dave Ahmann and David DeVito. Carl Gulbrandsen was excused. Also in attendance were Village Administrator Karl Frantz and Village Clerk Cokie Albrecht.
3. **Note Compliance with open meeting laws** Mr. Frantz confirmed the meeting had been properly posted and noticed.
4. **Review/approve previous Finance Committee meeting minutes** Mr. Cote moved and Mr. Wellensiek seconded a motion to approve the September 20, 2017 minutes. Motion passed 5 – 0 – 1 with Mr. DeVito abstaining since he did not attend the meeting.
5. **Consider 2017/2018 Village finances, budgets and recommendations including General, Sewer, Water, Stormwater, Pool, TIF 3, 4, 5 and Capital Funds**

**1) General Fund** Mr. Frantz reviewed his memo to the Finance Committee members dated October 8, 2017 regarding changes to the draft General Fund budget since their last meeting on September 20, 2017.

**2017** The 2017 budget year-end totals reflect a \$36,616 shortfall based on projections that are now more accurate. These include an anticipated ~\$14,000 increase in wage and benefit expenses for staff time associated with data recovery efforts.

**2018** A deficit of \$150,581 at the end of 2018 is forecast. Revenues of \$3,822,457 are expected in 2018. Transportation aids are up \$19,366 from 2017 to \$309,366. Fees to be paid by developers for their apartments' shares of Madison Fire/EMS service increased to \$39,612. The current draft budget reflects a local levy of \$2,747,915. However, Mr. Frantz said the Department of Revenue (DOR) has confirmed that the Village would be eligible to include an additional \$22,525 in the 2018 levy due to unused levy capacity in prior years. The DOR will permit the Village to apply that extra amount to its 2018 levy limit. Expenses of \$3,973,038 are anticipated in 2018. The \$35,000 in capital purchases previously reflected in the draft General Fund budget, including \$18,000 for street crack filling and seal coating, have been moved to the draft Capital Fund budget. The payment to Madison for Fire/EMS service will increase to \$570,119, ~\$20,000 more than previously projected. The use of sick leave balances to pay retiree benefits increased \$8,000.

**Tax Impact** The levies of the other taxing entities are not available yet. The Committee looked at the impact of various Village levy amounts on the local-only portion of the tax bill of properties with different assessed values (AVs) compared to the “typical” assessed value of \$588,000 last year. (Given that the AVs of most parcels in the Village changed with the revaluation completed this summer, a comparison of different AVs seemed a helpful estimate of the impact of the local levy):

Village levy of \$2,747,915, as currently reflected in the draft 2018 budget: If the formerly considered “typical” AV of \$588,000 were used again this year, the 2017 payable 2018 local-only tax bill would be \$113.82 less than last year's. If the current median AV of \$599,000 were used, the tax would be \$52.83 less. If the average residential assessment increase of 12.78% were applied to a property assessed at \$588,000 in 2016, its 2017 AV would be \$662,970. The owner of that property would see an increase of \$283.76 in his/her local-only tax in 2017 compared to 2016.

Village levy of \$2,770,440, which includes \$22,525 available from unused past levy capacity: The property still assessed at \$588,000 would see a \$88.26 decrease compared to last year; a property with the median AV would see a \$26.77 decrease; and a property whose assessment increased the average percentage to \$662,970 would see a \$312.58 increase in its local-only tax.

Village levy of \$2,717,591, which includes an increase only for the Village's additional \$926,422 debt service in 2018: This levy does not include either of the increases for net new construction (\$30,324) or unused levy from prior years (\$22,525) allowed by the levy limit regulations. The property still assessed at \$588,000 would see a \$148.23 decrease compared to last year; a property with the median AV would see a \$87.92 decrease; and a property whose assessment increased the average percentage to \$662,970 would see a \$244.96 increase.

**General Fund budget revisions and recommendations** The Committee members explored possible changes to the draft 2018 General Fund budget including: the impact of an insurance settlement from Computer Magic for Village expenses associated with the server crash; the possibility of revenue from permits for anticipated developments in 2018; the option of a less expensive IT contract; clarification of the pay out of sick leave to retirees; clarification of the expense for "street lighting;" and the option of a larger contribution from the recreation programs to the Village General Fund.

**Motion** Mr. Cote moved and Mr. Wellensiek seconded a motion to recommend approval of the draft 2018 General Fund budget to the Board of Trustees with the maximum allowable levy of \$2,770,440 and the use of fund balance to cover the projected deficit that would remain. Motion passed unanimously.

**2) Sewer Fund** Mr. Frantz reviewed his memo to the Finance Committee dated October 9, 2017. He noted that with the recent Village rate increase, the sewer utility's finances have improved. The utility will be able to repay advances from the General Fund: the draft sewer budgets include a repayment of \$32,000 to the General Fund in 2017 and \$33,000 in 2018. The advances then will be paid off. The Madison Metro Sewage District's rates will increase 6.95% but it is unknown currently how they will be allocated among its customers. The Sewer Fund's debt service will drop after 2018.

**3) Pool Fund** The Pool Committee is working on the Pool's 2018 budget. The Pool's debt service, which had been ~ \$114,000/year, drops significantly after 2017. From 2018 to 2030, its debt service will range from \$6,500 to \$13,000/year. Its debt service, and all operating costs, are covered by Pool-generated revenues. The Pool pays 6.5% of its gross revenues to the General Fund annually.

**4) Marina Fund** The Waterfront Committee is working on the 2018 budget. The Marina Fund has recently run a small deficit, which has been covered by its fund balance. The Marina Fund pays \$16,500/year in rent to the General Fund.

**The remainder of the Funds will be discussed at the next Finance Committee meeting.**

- 6. Update on Village computer system hard drive crash and restoration of system progress and any recommendations** Discussion of this agenda item was deferred until the next Finance Committee meeting.
- 7. Set next meeting dates** The next meeting will be on October 25, 2017 at 5:30 p.m.
- 8. Adjourn** Meeting adjourned at 7:03 p.m.

Respectfully submitted,

Colleen Boyle Albrecht, Village Clerk