

**Village of Shorewood Hills  
Finance Committee  
Approved Meeting Minutes  
Wednesday, September 24, 2019**

- 1. Call to Order**  
Finance Committee Chairperson Mark Lederer called the meeting to order at 5:35 pm.
  
- 2. Roll Call Committee**  
Members present were Mr. Lederer, Dave Ahmann, John Imes, and Karl Wellensiek. Gard Strother arrived shortly after the meeting began and Sean Cote arrived at 6:05 pm. Carl Gulbrandsen was excused. Also in attendance were Village Administrator Karl Frantz and Administrative Services Manager/Deputy Clerk David Sykes. Police Chief Aaron Chapin joined the meeting at about 6:30 pm.
  
- 3. Note Compliance with open meeting laws**  
Mr. Frantz confirmed the meeting had been properly posted and noticed.
  
- 4. Review/approve September 11, 2019 Finance meeting minutes**  
This item was deferred to a future meeting.
  
- 5. Continue work on 2020 Village budgets, finances and possible recommendations**  
Mr. Lederer provided an analysis of the Village's projected unassigned fund balance (FB) for the next few years. At the end of 2018, the unassigned FB was \$764,270. The 2019 projected budget surplus discussed at the previous meeting was \$22,876 that would increase the unassigned FB to \$787,146. The 2020 budget deficit was projected to be (\$89,095) without utilizing the short-term borrowing option that would make some asset purchases exempt from the property tax levy limit. The unassigned FB would decrease to \$698,051. Utilizing the short-term borrowing option, the 2020 deficit is reduced to (\$39,502) and the unassigned FB would be \$747,644.  
The Village's internal policy suggests the ratio of the current year's unassigned FB to the subsequent year's budgeted expenses should be between 15-25%. Utilizing that calculation, the 2018 FB ratio is 19.6%. 2019 is projected to be 19.4%. 2020 is projected to be 16.7% (assuming 3% growth in expenses and using (\$89,095) of FB to balance the 2020 budget). 2020 is projected to be 17.9% if the short-term borrowing option is utilized and only (\$39,502) of FB is used to balance the budget.  
Mr. Lederer's conclusion of the analysis is that, if not for the State levy limits, the use of FB to cover a \$89,095 budget deficit in 2020 would not reduce the unassigned FB too drastically.  
Mr. Frantz explained the short-term borrowing option more thoroughly. The Village would borrow a sum to pay for capital outlay items in budget including the interest on a short-term loan and then pay it off on February 1, 2020. The short-term loan is considered Village debt and not subject to the State levy limit. He has checked with the Wisconsin League of Municipalities, bond counsel and the Village's auditors. This practice is common in several Wisconsin municipalities. Park Bank could provide a loan of about \$50K at ~4% for a few months with interest costing about \$750.

Mr. Frantz reviewed changes to the General Fund (GF) budget projections since the last meeting:

- Investment income projection was increased from \$20K to \$60K
- Madison Fire Fee was projected to decrease by \$9,714 from the original estimate
- The Village qualified for the Expenditure Restraint program that will increase State aid by \$9,332.
- Items included in the short-term general obligation debt option total \$49,593.
- The resulting 2020 budget deficit projection is (\$34,399)
- If the Committee is not comfortable with the short-term debt option, the 2020 budget deficit is projected to be (\$83,992).

Mr. Imes indicated he was comfortable with the short-term borrowing concept. It is a relatively small amount and may be a good test case to see if the Village wants to keep this tool in its toolbox.

Mr. Frantz reviewed the other Village budgets.

**Sewer Fund:** Any yearend surplus in this fund goes to paying off an advance from the Capital Fund. Madison Metropolitan Sewerage District (MMSD) is proposing a 9% increase to its retail sewer treatment fees. The Village would not see the full 9% increase. There would be no increase to the Village's customers; the expected cost was built into the Village's 2017 rate adjustment case.

**Pool Fund:** The Pool Committee is still working on its budget, but they are projecting a \$50K+ surplus.

**Waterfront Fund:** They are projecting a small deficit in 2019 due to replacement of the pier boards that were lost in the 2018 flash flood. They opted to replace the pier boards with a composite material that cost more than insurance covered.

**Debt Service Fund:** This fund tracks inflows and outflows for all of the Village's debt. It is a work in progress, pending the new borrowing that could occur in mid-October.

**Capital Improvement Fund:** In 2019, \$184,228 in expenses has been or will be spent. The Village Board must still approve 2020 projects. Some money has been "pre-funded" in the proposed new borrowing.

**TID III Fund:** In 2019, it will generate \$859,909. It carries a lot of debt and pays a Municipal Revenue Obligation (MRO) of \$246,480/year. The Lodgic project is expected to be completed this year and add \$5-6M to the tax roll in 2020.

**TID IV Fund:** In 2019, it will generate \$260K. It has MROs of \$176-183K/year. There is an outstanding bill for ~\$200K to the City of Madison for the installation of the partial signal at Maple Terrace/University Ave/Hilldale Way.

**TID V Fund:** In 2019, it will generate \$156K. This district overlays TID IV and was created to help with the demolition of the Pyare Square building, build Lodge II and pay a MRO.

**Stormwater Fund:** The fee increase approved earlier this year will reduce the projected 2019 deficit to \$7,398. The debt service for this fund drops from \$100K to \$32K over the next five years. In 2020, the Fund is projected to have \$231,300 in revenues, \$182,311 in expenses (including a bio-infiltration project on Edgehill Parkway). Infrastructure repair estimates resulting from the 2018 flash flood include:

- Marina outfall repair \$57,290 (\$21K grant received)
- Marina road repair 50,700
- McKenna Park outfall repair 35,800

- Pool Ditch (Bio-swale) repair 40,000
- Beloit court stormwater repair 6,000

Water Fund: In 2019, revenues are projected to be \$590,788 with expenses at \$571,169. A similar surplus is expected in 2020. The Water Fund is paying back an advance from the Capital Fund with the surplus money.

Mr. Ahmann was excused at 6:36 pm.

**6. Set next meeting date**

The Committee set its next meeting on the Wednesday before the next Board meeting, October 16, 2019.

**7. The meeting was adjourned at 6:50 pm.**

Respectfully submitted,

David Sykes  
Administrative Services Manager/Deputy Clerk