

# Memorandum

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**To:** Village Board of Trustees  
**From:** Karl Frantz, Village Administrator  
**Date:** October 28, 2021  
**Re:** 2022 Village Fund Budgets and Background Financial Information in Preparation for November 1 Budget Meeting

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Budget work sheets for each fund are enclosed in the packet as well as departmental narratives. Finance Committee minutes pertaining to budget preparation meetings are also included.

**General Fund (100)** – The major operating budget of the Village is the general fund. 2022 revenues and expenses are balanced at \$4,095,275. This is a decrease of \$48,296 from the 2021 budget of \$4,143,571. The 2021 budget projects a surplus of \$38,555. A \$8,285 surplus was budgeted. This includes a cash transfer of \$100,000 from the capital fund. The major factor leading to the decrease in the 2022 budget is a Village debt service reduction of \$81,962.

The Village property tax levy is \$2,955,256. A decrease of \$62,520. This results in the Village only tax on a house valued at \$590,500 to be \$3,329.53 compared to \$ 3,380.98 last year or \$51.45 less. A decrease of 1.52%.

A significant revenue source in 2022 includes up to \$129,289 in fund transfers. This revenue was entered into the budget to cure a budget deficit, with the knowledge that there would be various funding options. Exactly how much the deficit will end up being will depend upon how the 2022 budget plays out.

One of the Village's most significant revenue sources is local transportation aids (LTA) received from the Wisconsin Department of Transportation. The amount of aid is based on a six-year cost average of expenses that can be attributed to street maintenance and construction. The eligible expenses are calculated using State of Wisconsin Financial Reporting Form that we submit to the State Department of Revenue every year. Our auditors provide primary assistance in completing that form to ensure we include every possible aidable expense into the correct line items of the report.

In 2021, the Village received \$306,614 in LTA. In 2022, it will be \$283,828, a reduction of \$22,786 or 7%. Aid cannot be reduced by more than 10% in any one year. The reduction is the result of several years of high levels of street construction coming off the calculation and recent years of less coming on. This is the first year that the Village has seen a reduction, but it was

expected. The large project on University Avenue next year will start to bring this back up when it comes on to the calculation and when the Village resumes major road reconstruction in 2025 or after.

The \$129,289 revenue gap can be closed using three sources or combinations of sources:

- The capital fund has \$376,535 in funds that are unrestricted (not debt proceeds) and thus could be transferred into the general fund or for any other use as it becomes available. At the end of 2020 \$304,636 of this amount was advanced to the sewer and water utility. In 2021 approximately \$126,195 of that advance will be repaid. This means that at the end of 2021 there will be \$198,094 of unrestricted cash that could be transferred and replaced with new debt and/or ARPA funds as explained below.
- The Village will receive a total ~\$209,000 of American Rescue Plan Act (ARPA) funds. We received half of the money this year, and the other half will be received by next May. The Village undertook a lost revenue calculation using Department of Treasury methodology that opens the door to multiple ways these funds can be used, including using it for certain types of capital expenditures in the capital fund, allowing a transfer of cash available in the capital fund to the general fund. There may also be expenses in the general fund related to streets and police, EMS/fire services that these funds can be applied to.
- The Village could also apply some unassigned general fund balance. The 2020 fund balance was \$928,378 or 23.8% of the current years general fund budget. The Village fund balance policy recommends this ratio be between 15- 25%. In 2021 we are projecting a surplus of \$38,555 that would bring the fund balance up to \$966,933 which would be 23.3%.

A short-term borrowing is not shown as an option, as we have done the past two years. The Village will be going to market for a larger \$6,000,000 debt issuance in 2022 for University Avenue and \$1,500,000 - \$2,000,000 of debt for the capital fund could be added to that issuance in part to replenish the funds out.

The major reduction in expenses made from the initial budgets as submitted by staff and departments heads other than the debt service reduction was deferring additional staffing in the Police Department until the Village determines how to proceed and if it is to add staff, a method to fund the added position is developed. This should not be viewed as a determination that a new full-time officer is not needed. In fact, it makes sense to seriously consider this. In the past the Village was able to fill staffing gaps due to vacation and sick leave, light duty, or vacancies through use of part time officers. The Village had up to fourteen part time officers with always two or three who would frequently pick up shifts and were used extensively. It is now almost impossible to find part time officers and filling these staffing gaps can mean working our current management staff or regular patrol officers more than is reasonable to expect. However, the cost of an officer is in the vicinity of \$125,000 per year. Adding that expense to a budget that already showed a \$129,289 budget gap is risky until the Village can decide how to sustainability fund it.

The Department is also now up to full staffing, and that will lend us time to work on the matter and develop an analysis to ensure the staffing is needed and a funding mechanism is in place.

The Police Department has also requested that a 50% increase in hours for the Community Service Officer (CSO) be considered. Currently the Police Administrative Assistant position is split with CSO duties to maintain staffing levels the same as when the Court Clerk and Police Assistant was a combined position.

The Forester also requested \$5,000 for additional seasonal help. This request needs to be further justified and analyzed. The Village created a 20 hour per week position two years ago and the individual has been consistently working only 12 hours per week.

### **Sewer Utility (200)**

The sewer utility fund is stable and is returning a surplus in the range of \$30,000 - \$60,000 per year. Revenues in 2022 are projected at \$370,000 from user fees, and expenses are projected at \$307,000. \$215,815 of the total expense is to treat wastewater through payments to the Madison Metropolitan Sewer District (MMSD) and \$57,000 is in debt service. The surpluses that are being generated can help with future capital expenses for projects (sewer main replacement in McKenna Park) and equipment such as a sewer jetter in six years. The utility is also presently able to absorb annual rate increases from MMSD. The utility has completed repaying advances it received from the capital fund when its rate structure was insufficient.

**Pool (210)** - The 2022 pool budget has not yet been submitted but is expected within the next week or so. It appears that financially the pool recovered nicely in 2021 from its closure in 2020. 2021 revenues of \$650,000 with expenses of approximately \$500,000.

**Waterfront (Marina) (220)** – The 2022 waterfront budget shows revenues of \$81,428 and expenses of \$81,015. The budget includes a fee increase of up to 10%. There have been very nominal increases to fees in past years. \$22,000 is budgeted for capital improvements to the pier and docks.

### **Debt Service Fund (300)**

Debt service payments in 2021 are projected at \$1,032,424 excluding utility and TID debt payments that are accounted for in their respective funds. General Fund tax levied debt, Pool Fund and Waterfront Fund debt payments if any are transferred into this fund for payments to be made.

The surplus shown in 2021 was due to a pending bond refunding debt issue that had not been finalized at the time the budget was being finalized that resulted in a debt payment decrease.

### **Capital Fund (400)**

At the end of 2020, the capital fund had fund balance of \$623,708. \$304,636 of this was restricted as it is comprised of an advance of \$247,810 to the water utility and \$56,826 to the stormwater utility. This new advance was due to timing associated with capital improvements and grant reimbursements. The water utility is returning its advance at the rate of about \$70,000

per year and the stormwater utility will return the advance entirely in 2021. Expenses in 2021 are projected at \$624,975 with revenues of \$326,000.00.

In 2022, \$1,213,926 of expenses are identified. This includes \$500,000 for the Village non TIF portion of the anticipated \$6,000,000 local share University Avenue reconstruction project and an additional \$212,000 for the Heiden Haus project over and above the \$188,000 spent in 2021. \$100,000 of ARPA funds is shown as miscellaneous revenue with a transfer of \$127,000 of non-restricted cash to the general fund.

If the Village undertakes the projects and equipment identified there will be a need to borrow money in 2022.

Several projects were undertaken by the Village that were not anticipated over the last few years. Absent those the Village had a methodology to meet capital needs with limited added debt service until our debt levels drop off in 2025.

Those added projects include:

- Four Corners Pavilion 2020: \$200,000
- Heiden Haus 2021: \$400,000 (total project cost will approach \$700,000)
- Lake Mendota Bridge 2023: \$250,000-\$400,000
- University Avenue 2022-23: \$500,000
- Police Chief's squad 2020: \$38,000

Attached to this memo is an updated Village five-year capital plan. The Village will need to decide how much money to borrow in addition to the borrowing for the University Avenue project in 2022. Until that is decided the Village should not undertake significant additional capital fund projects and equipment purchases other than completion of the Heiden Haus. The Village can manage in the range of \$1,500,000 - \$2,000,000 of additional general obligation debt safely. Debt service drops very significantly in 2025 from around \$1,000,000 annually to \$698,000 and \$376,000 the year after.

### **TID III Fund (450)**

**You may also refer to the Tax Increment District Annual Report attached to this memo. It provides detailed information on each district past, present and future.**

The Village amended Tax Increment District III to allow for a three-year extension. This extension will allow the Village to generate an additional \$4,251,000 in tax increment. That coupled with surplus increment generated of over \$3,000,000 at the end of 2029 is planned to pay for the estimated \$6,000,000 Village share of the University Avenue reconstruction project. There may also be enough surplus for the Village to buy additional affordable housing as part of a new \$6,000,000 45-unit apartment project that if approved, will be constructed in 2022.

The 2022 budget line-item worksheet shows a borrowing of \$5,500,000 with expense for University Avenue shown at \$3,500,00 as the project will span two years.

Tax increment in 2021 is projected at \$1,031,376 with computer aid in the amount of \$125,461. The Village previously issued two municipal revenue obligations (MRO, pay go) to 700

University Bay Drive (in the principal amount of \$2,100,000) and one for the Boulevard (in the amount of \$495,000). Combined payments on those in 2022 will be \$255,389.

**TID IV Fund (470)**

This district is producing an annual increment of \$304,985.

The district was formed to facilitate the demolition of the Walnut Grove Shopping Center and construction of the Lodge project and retail area. There is a municipal revenue obligation payable to Flad Development in the amount of \$2,490,000 with payments of \$91,284 per year in place. Village debt service payments are \$145,098 in 2022.

District expenses are stable at approximately \$270,000 per year with revenues of \$305,000 generating a surplus each year that could accumulate to \$1.6M at closure in 2031.

**TID V FUND (480)**

This district was established to facilitate the demolition of the Pyare Square building and construction of the Lodge II project. It is generating \$171,000 in annual tax increment. The increment is almost being entirely utilized to pay a municipal revenue obligation issued to Flad Development that with interest will result in a total payment of \$5,030,848 for construction of affordable apartment units as well as demolition expense.

\$10,000 per year is paid to the general fund for administrative overhead.

\*\* All three tax increment districts incorporate an expense of \$5,000 each to fund a University Avenue Neighborhood Planning process. There is flexibility to increase this amount should the project cost more. The general fund also shows up to a \$5,000 contribution.

**Stormwater Fund (500)**

In 2022, revenues of \$209,258 are projected and expenses of \$211,501 resulting in a small deficit of \$2,243. One-time costs to update Village stormwater modeling and updating performance of detention facilities are in the budget. This work will allow the Village to apply for a matching grant to purchase a vacuum street sweeper at a cost of over \$200,000. Vacuum sweepers reduce suspended solids going into the lake because they pick up fine particulates that mechanical brush sweepers cannot. The sweeper is scheduled for replacement in 2024. The utility has been accumulating annual surpluses, so the small deficit is one time and very manageable.


**Water Fund (600)**

The Water Utility shows \$616,800 in revenues and expenses of \$616,800 in 2022. This includes a \$79,704 payment to the Capital Fund as an advance of \$247,810 is repaid. Any projected surplus is being used to reduce the advance, balancing the budget with a transfer out. The rate increase implemented in 2019 as well as real time usage monitoring has allowed us to get the water utility into good financial shape.

The Village experienced a large underground leak on Tallyho Lane that took three days to find as it was not surfacing but our real time water reads was showing very high consumption leading us to believe there was a leak somewhere. The water loss was over 100,000 gallons per day.

**American Recovery Act Fund (230)** – The Village has been allocated ~\$209,000 in funds from the federal government to aid in recovery from the pandemic. A special fund is established to track receipt and use of these funds so there is a good audit trail. Because we are a non-entitlement community these funds are sent to the State of Wisconsin and then provided by the State to us. We have received 50% of the funds with the next 50% scheduled for May of next year. The Village has until December 31, 2024, to allocate the funds and December 31, 2026, to spend this money.

Uses of these funds is limited to certain uses shown on the table below.

 <b>Non-Exclusive List of Eligible Uses</b> <b>ARPA – Local Fiscal Recovery Funds</b>			
Responding to the Public Health Emergency	Addressing Negative Economic Impacts	Serving the Hardest Hit	Improving Access to Infrastructure
<b>COVID-19 mitigation</b> <ul style="list-style-type: none"> <li>Vaccinations</li> <li>Personal protective equipment (PPE)</li> <li>Testing</li> <li>Alternative care facilities</li> </ul>	<b>Workers and families</b> <ul style="list-style-type: none"> <li>Unemployment and training</li> <li>Food, housing, financial security assistance</li> <li>Survivor’s benefit</li> </ul>	<b>Health disparities</b> <ul style="list-style-type: none"> <li>Community health works</li> <li>Public benefits navigators</li> <li>Community violence intervention</li> </ul>	<b>Water and sewer</b> <ul style="list-style-type: none"> <li>Drinking/wastewater infrastructure</li> <li>Cybersecurity</li> <li>Remediation of lead pipes</li> <li>Stormwater/green Infrastructure</li> </ul>
<b>Behavioral health care</b> <ul style="list-style-type: none"> <li>Mental health treatment</li> <li>Substance abuse treatment</li> <li>Crisis intervention</li> </ul>	<b>Small businesses</b> <ul style="list-style-type: none"> <li>Loans</li> <li>Grants</li> <li>Counseling programs</li> </ul>	<b>Housing and neighborhoods</b> <ul style="list-style-type: none"> <li>Homelessness</li> <li>Affordable housing</li> <li>Housing vouchers</li> <li>Residential counseling</li> </ul>	<b>Broadband</b> <ul style="list-style-type: none"> <li>Currently unserved or underserved</li> <li>Modern technologies</li> </ul>
<b>Public health resources</b> <ul style="list-style-type: none"> <li>Payroll for public health and similar employees</li> </ul>	<b>Impacted industries</b> <ul style="list-style-type: none"> <li>Tourism</li> <li>Travel</li> <li>Hospitality</li> <li>Non-profits</li> </ul>	<b>Educational disparities</b> <ul style="list-style-type: none"> <li>Early learning services</li> <li>School district resources</li> <li>Educational services</li> </ul>	<p><i>Note: These are examples pending final guidance from the U.S. Dept of Treasury (Treasury).</i></p> <p><b>Review Treasury documents for details:</b></p> <ul style="list-style-type: none"> <li><a href="#">FAQs</a></li> <li><a href="#">Interim final rule</a></li> </ul>
<b>Essential workers</b> <ul style="list-style-type: none"> <li>Premium pay</li> <li>Retroactive premium pay</li> </ul>	<b>Public sector</b> <ul style="list-style-type: none"> <li>Rehire public sector employees to pre-pandemic levels</li> <li>Replace lost revenue</li> </ul>	<b>Healthy environments</b> <ul style="list-style-type: none"> <li>Childcare</li> <li>Enhanced child welfare services</li> </ul>	

Uses are expanded if a municipality can prove it has lost revenue using a specific formula provided by Treasury across all funds. The Village had Baker Tilly perform this calculation for us to be sure it was done correctly, and we identified over \$600,000 in lost revenue. The expanded uses are identified in Question 3.8 in the July 19, 2021, Department of Treasury FAQ:

*“The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software,*

*and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.*”

This response appears to okay the use of ARPA funds for police services/expenditures. However, if there are already revenue sources available for funding the police department such as the levy, aids, fines, etc., could this transfer be interpreted by the US Treasury as building fund balance? This is important because Question 3.8 goes on to say: *However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens.*

The Interim Final Rule states the same thing: *“In addition, replenishing financial reserves (e.g., rainy day or other reserve funds) would not be considered provision of a government service, since such expenses do not directly relate to the provision of government services.”*

Therefore, it is advisable to not transfer ARPA funds from the newly created special revenue fund without being able to specifically identify eligible costs incurred in the general fund. With that said, it would be okay to take an allocated percentage of the Village police budget that can be attributed to dealing with the pandemic. Perhaps calls to businesses, equipment, sick leave, etc. Even if 10% of their budget can be tied into these efforts, which is \$100,000 a year.

We can also use it towards streets as allowed by the lost revenue calculated amount. Applying ARPA funds in this manner can reduce the need to levy or use existing fund balance in the capital fund for streets and those dollars could then be shifted to the general fund. In 2022, \$90,000 is in the capital fund for repaving part of Harvard, Highbury, and Hunter Hill. There are also 2021 engineering/design expenses associated with the Lake Mendota bridge project in the amount of \$20,000.

\$35,000 is also in the 2021 Capital Fund for a new file server. Purchase of this would qualify under the cyber security improvements as would expenses associated with going to hybrid meetings. It is possible that other street related expenses would qualify and capital expenditures for equipment. Using ARPA money would free up non-bond proceeds in the capital fund that can be transferred over to the general fund without restrictions. The capital fund can then rely upon the ARPA funds as a substitute.

Suffice it to say that the Village can find eligible expenses to use ARPA funds to help with general fund shortfalls. The Village could decide to use \$100,000 this year and \$100,000 next year.

### **Donations Fund (700)**

The Village established a donations fund, so we are better able to track donations made for specific projects. This also helps boost confidence with individuals and organizations making donations to the Village that the funds are segregated and being used for the purposes they were given.

**Village of Shorewood Hills  
Finance Committee  
Approved Meeting Minutes  
Tuesday, September 21, 2021**

**1. Call to Order**

Finance Committee Chairperson Mark Lederer called the virtual meeting to order at 5:30 pm.

**2. Roll Call Committee**

Members present via Zoom were Mr. Lederer, Cokie Albrecht, Dave Ahmann, Gard Strother, Sean Cote, Carl Gulbrandsen and Karl Wellensiek. Also in attendance were Village Administrator Karl Frantz, Public Works Chief Mike Meier, Administrative Services Manager/Deputy Clerk David Sykes and Dean Peters from Associated Appraisal Consultants, Inc.

**3. Note Compliance with open meeting laws**

Mr. Frantz confirmed the meeting had been properly posted and noticed.

**5. Meet with Dean Peters Village Assessor from Associated Appraisal Consultants, Inc. concerning Village property valuation/assessment ratio to discuss a proposal and options to undertake a revaluation as well as maintenance contract**

Mr. Frantz introduce the Village's Assessor, Dean Peters from Associated Appraisal Consultants, Inc. and explained that our contract for assessment services is due to end in 2022. The Village's assessment ratio has been below 90% for two years and it is time to consider an extension with Associated and a possible revaluation. The State will require a revaluation if the assessment ratio continues to be below 90%. The last full revaluation was done in 2017 by Associated.

Mr. Peters explained that a revaluation does not increase the amount in taxes collected. It simply reapportions the tax burden more equitably amongst property owners. He indicated that market conditions are causing values to go up quickly and recommended doing a revaluation sooner rather than later. If we wait too long, the revaluation impact can be surprising to some property owners.

Mr. Peters explained the three options for a revaluation. Each option would include annual maintenance assessment services to update property records related to new construction, demolition, sales, etc.

Option 1: A full revaluation with interior visits to homes (which may not be preferred due to the COVID pandemic).

Option 2: An exterior revaluation where they would conduct an exterior inspection of each property.

Option 3: An interim market update revaluation that would include adjustments to property values based on recent sales (no additional onsite inspections other than those conducted during routine annual maintenance).

Site inspections occur as part of the annual maintenance process for any property that took out a building permit in the prior year.

Ms. Albrecht asked if there was a reason to do the revaluation now vs. waiting until after the pandemic wains. Mr. Peters pointed out that lakefront property values are currently

showing a large disparity to other properties. In 2017, during the last revaluation, lakefront values were down but have rebounded since. 2022 would be five years since the last revaluation. He feels it would be the most equitable situation to do the revaluation soon rather than wait a few years.

Mr. Cote moved and Mr. Wellensiek recommended the Board select the Interim Market Update methodology per the proposal by Associated Appraisal Consultants, Inc.

Vote: 7-0 (approved).

**6. Update including possible recommendations on upcoming capital projects and financing matters including University Avenue and the Lake Mendota Drive Bridge**

Mr. Frantz provided an update on the University Avenue Reconstruction project and other capital projects. The Village will likely need to borrow money in mid-2022. The University Avenue bids are expected in March 2022 with construction to begin in May 2022 and finishing in 2023 (they will take a break over the winter months). The Village will likely start receiving bills in late summer 2022.

At that time, we should know the costs of the Lake Mendota Drive Bridge Replacement project too (Village portion ~\$200-500K). The Village may want to borrow additional money for capital projects over the next few years. That would be \$500K-1M while staying within the Village borrowing policy limit.

**7. Initiate Committee work on Village 2022 general fund budget that includes discussion of COVID relief funding and review of 2021 projected budget results and any recommendations**

Mr. Frantz reviewed the status of the Village's unassigned fund balance, which is \$928,378 as of December 31, 2020 (or 23% of last year's expenses). For 2021, the initial projection is an ~\$62K surplus. That may be optimistic because police wages may end significantly over the budgeted amount.

The 2022 budget requests submitted by department heads had expenses at \$4,231,632 (2.3% or \$91K increase over 2021). The submissions included adding a new patrol officer and half-time Community Service Officer (CSO).

2022 Revenues are estimated to be \$3,949,285 (\$194,286 less than 2021). That reduction is due to a levy decrease of \$62,520 including debt service down ~\$92K and \$25K less in interest on investments due to very low interest rates. The initial budget does not use any of the tools we have used to support the General Fund in the past. This resulted in a budget deficit of \$282,347.

Mr. Frantz explained he made administrative adjustments to the department heads' submissions that increased revenues by \$138,592. He included permit fees for a building project that is expected to occur on Marshall Court and adding \$100K from fund balance and/or ARPA funds and/or unrestricted cash in the Capital Fund.

The administrative changes reduced \$149,330 in expenses by eliminating the added staff in the Police Department and Forestry.

With the administrative adjustments, the General Fund projects a surplus of \$3,575.

Mr. Frantz discussed some challenges going forward. The Police Department will probably need to change their model for staffing to keep the department sustainable. They are no longer able to find qualified part-time officers to fill vacation, sick or other leave gaps in the schedule. They may need to bring on another full-time officer to be able to fill the patrol

schedule. Competition for qualified officers at this time may require the Village to pay more to attract applicants too.

Mr. Frantz explained the Village seems to be perennially trying to fill a \$100-175K hole in the budget. The Finance Committee, Board and Village residents may want to consider going to referendum to exceed the levy limit if the Village wants to continue to have a local police department and provide all of the other quality services to the community.

After a discussion, the Committee felt the Personnel Committee, Public Health & Safety Committee and Village Board should consider the policy issues and discuss a solution to the police department staffing problems. The Finance Committee could investigate a potential levy increase referendum to market to the Village. It is a complicated circumstance and there is not a quick solution.

**4. Review/approve previous Finance meeting minutes**

Mr. Cote suggested including language that the Village has the intention to contribute \$500K in levy supported funds towards the University Avenue Reconstruction project, in addition to what TID #3 contributes.

Mr. Gulbrandsen moved and Ms. Albrecht seconded a motion to approve the May 12, 2021 meeting minutes with the following language addition (*in italics*): ...The surplus with the extension, *combined with a \$500K contribution from the Village's Capital Fund*, should be enough to cover the ~\$6M Village portion of the University Avenue Reconstruction project...

Vote: Approved 7-0.

**8. Set next meeting date**

The Committee would like to meet again during the first full week of October, if the other fund budgets are ready for review.

**9. The meeting was adjourned at 7:30 pm.**

Respectfully submitted,

David Sykes  
Administrative Services Manager/Deputy Clerk

**Village of Shorewood Hills  
Finance Committee  
Draft Meeting Minutes  
Wednesday, October 13, 2021**

**1. Call to Order**

Finance Committee Chairperson Mark Lederer called the virtual meeting to order at 5:35 pm.

**2. Roll Call Committee**

Members present via Zoom were Mr. Lederer, Dave Ahmann, Gard Strother, Sean Cote and Carl Gulbrandsen. Cokie Albrecht and Karl Wellensiek were excused. Also in attendance were Village Administrator Karl Frantz and Administrative Services Manager/Deputy Clerk David Sykes.

**3. Note Compliance with open meeting laws**

Mr. Frantz confirmed the meeting had been properly posted and noticed.

**4. Review/approve previous Finance meeting minutes**

Mr. Cote moved and Mr. Strother seconded a motion to approve the September 21, 2021 meeting minutes as presented.

Vote: 5-0 (Approved).

**5. Continue Committee work on Village 2022 general fund, capital, debt service, utilities and tax increment budgets including discussion of COVID relief funding and any recommendations concerning all Village budgets**

Mr. Frantz led a review of all the Village budgets. The General Fund is projecting a %61,621 surplus at the end of 2021, but that may not all come to pass. It includes moving \$100K from the Capital Fund to support the operating budget. We expect a similar operating gap in 2022. The Village could use the surplus from 2021 to help fill the gap in 2022 and use less money from other sources (fund balance, capital fund and/or ARPA funds).

Mr. Frantz reported on the status of the Capital Fund. At the end of 2020, there was \$319,072 cash available. An additional \$304,636 is owed to the Capital Fund from the water and stormwater utilities. We expect \$126,826 of that advance to be paid back to the Capital Fund at the end of 2021.

If all projects on the five-year capital plan are done in 2021, the Capital Fund will have \$52,542 available at the end of 2021. For 2022, we are showing a deficit of \$916,134 at year end.

Mr. Frantz talked with the Village Financial Advisor, Brad Viegut of Baird, about the need for ~\$1.5-2.0M for capital projects over the next few years. Mr. Viegut indicated the Village could add an additional \$2M to the \$6M borrowing for the University Avenue Reconstruction project without detrimental impact on the Village's AAA bond rating and remain within the Village's internal debt policy limit. This is mainly because the Village is paying off about as much debt as it is borrowing each year.

Mr. Frantz reviewed the tax increment district budgets, TIF #3 in particular. TIF #3 generates a little over \$1M in tax increment annually. We plan to borrow ~\$5.5M for the

University Avenue Reconstruction project to pay bills over 2022-2023. The other TIF districts generate enough tax increment to pay the annual debt payments and Municipal Revenue Obligations (MROs) to the developers for construction costs and affordable units in the developments.

Mr. Cote moved and Mr. Ahmann seconded a motion that the Finance Committee recommend the Board approve all of the budgets as presented (except the Pool and Waterfront budgets that are still a work in progress).

Vote: 5-0 (Approved).

**6. Set next meeting date**

The Committee will likely meet next in December to consider financing the University Avenue project and capital projects for the next few years.

**7. The meeting was adjourned at 6:46 pm.**

Respectfully submitted,

David Sykes  
Administrative Services Manager/Deputy Clerk