

****SPECIAL FINANCE MINUTES****

August 29, 2023

SAUKVILLE MUNICIPAL CENTER AND VIA ZOOM 649 E. GREEN BAY AVE., SAUKVILLE, WI 53080

Village President Andy Hebein called the meeting to order at 6:00 p.m.

Village Clerk Julie Friede gave the Statement of Public Notice.

Members: Andy Hebein-present, Scott Fischer-present, Jim Nowlen-present, Trevor Seitz-present, William Rudolph-present, Jesse Duckart-present and Pamela Duckart-present

Others Present: Dawn Wagner, Julie Friede, Betsy Leach, Ray Hartmann, Dale Kropidowski, Lisa Trebatoski - Ehlers and Greg Johnson - Ehlers

Financial Management Planning Session Presentation (Ehlers & Associates)

Johnson provided an overview of the Village of Saukville's 2023 Financial Management Plan (Copy of Presentation Attached)

Johnson stated the Village had establish its first Financial Management Plan in 2016. The Plan includes multi-year forecast of all Village's Operational Funds, Community Investment Program (CIP), trends with the property tax levy and review of the enterprise funds (water & sewer utilities).

The FMP objective:

- Village's financial trends for operational & capital budgets
- Long-range levy forecast that incorporates General Fund, capital projects, and debt service
- General assessment of fiscal strengths & weaknesses
- Framework for 2024 Budget process. "all in model"

Johnson stated the Village has an Aa3 rating from Moody's. Historically Saukville has had very sound financial operations/management, very healthy reserves and strong liquidity.

Johnson included the Village of Saukville goes through the financial review as an annual process, this is characterized as a strong management approach with progressive fiscal planning.

Johnson provided a breakdown of the Fund Balance including:

- Non-spendable
- Restricted
- Committed
- Assigned
- Unassigned

Johnson addressed the Unassigned General Fund Balance, he stated the Unassigned Fund Balance, per the Village's policy, should be between 16.6% and 30% of operating expenditures. (see page 4).

Johnson stated the Unassigned Fund Balance is not recommended to be use for day-to-day expenses. The Unassigned Fund Balance should be used to cover emergency expenses, fund future capital projects, equipment purchases, debt reduction, or unanticipated revenue shortfalls.

Johnson discussed levy limits stating they have been in place since 2005. The Village can increase the levy by the percentage of the net new construction (NNC) every year. There are also adjustments for debt service. The Village has not historically claimed a levy limit adjustment equal to the amount of

levying for debt. The Village has levy flexibility because Saukville has not increased the levy to the allowable amount under State law. (see pages 8-10)

Johnson provided Village Levy Components:

- General Fund
- Capital
- G.O. Debt Service (Future Debt)

Johnson then discussed the TID in Equalized Value History with a five-years of historical data per Wis. Dept. of Revenue. (see page 11)

Johnson also included the TID Out projections, again using a five-year history and discounting by 50% to be conservative. (see page 12)

Johnson talked about the General Fund Expenditure Methodology

- Commodities
- Employee Insurance
- Insurance
- Services
- Wages

Wagner added Employee Health Insurance through the State is anticipated to increase by 14%.

Johnson talked about the Village Community Investment Plan (CIP).

The Village CIP shows the Village detail project list and the year they are planned to take place. (see pages 16-17)

Johnson stated the Village uses good practices to set aside funds for future projects.

Johnson continued by discussing the Debt Service Levy - existing tax levy for debt service. The Village will typically borrow funds to purchase equipment every other year. (see page 21)

Johnson stated there is a limit to the amount of General Obligation Debt the Village can have outstanding. Under State law the debt can not be more than 5% of the total equalized value. This does include property within the TID Districts.

The Multi-Year Budget Forecast incorporates all aspect of levy: General Fund, Capital Outlay and Debt Service, as well as the Community Investment Plan incorporates all projects identified for borrowing in CIP and illustrates the impact of financing all the projects. (see page 23)

Ongoing Budget Tools:

- Tax levy & rate objectives
- New service or initiatives
- Permissible decreases in service levels
- Capital project prioritization
- Acceptable debt financing levels

Trebatoski reviewed the Water Utility CIP & Sources of Funding. (see page 27)

Trebatoski stated that Ehlers has identified a strength and weakness within the Water Utility.

The Village of Saukville Water Utility has a healthy cash reserve. This allows the Water Utility to cash fund some of the projects.

Trebatoski spoke about the all-in debt coverage. (see page 27)

Trebatoski stated there is a recommended simplified rate increase of 8.0% for January 1, 2024. (see page 28)

Trebatoski then reviewed the Sewer Utility CIP & Sources of Funding . (see page 30-32)

Trebatoski states the Sewer Utility cash and revenue are exceeding the expenses and increasing the cash balance. At this time Ehlers does not recommend a rate increase.

OTHER MATTERS

Next Finance Committee Meeting is scheduled for Tuesday, September 5, 2023 at 6:00 p.m.

ADJOURNMENT

Seitz/Fischer made a motion to adjourn. Motion carried at 7:22 p.m.

Julie Friede
Village Clerk