

**VILLAGE OF FONTANA ON GENEVA LAKE
WALWORTH COUNTY, WISCONSIN**

(Official Minutes)

Finance Committee Meeting

July 1, 2013

The Finance Committee meeting was called to order at 5:45 pm on Monday, July 1, 2013 by Chairman Patrick Kenny.

Members Present: Trustee Kenny, Arlene Patek, Jim Feeney, Scott Vilona, Michael Sheyker

Members Absent: Rick McCue, Drew Gilchrist

Also Present: Administrator/Treasurer Kelly Hayden, Village Clerk Dennis Martin, Trustee Tom McGreevy, Police Chief Steve Olson, Trustee Rick Pappas, Trustee Cindy Wilson

General Business

Approve Minutes for Meeting Held May 30, 2013

Feeney/Sheyker 2nd made a MOTION to approve the minutes as submitted for the May 30, 2013 meeting, and the MOTION carried without negative vote.

Monthly Review Items

Scott Vilona reviewed the May 2013 payables and other reports which were distributed and emailed. Hayden stated that the May treasurer's report has not been completed, and she has not yet completed the bank closing statements for the month because Deputy Clerk/Treasurer Julie Olson has been out of the office for a few weeks. Vilona stated he reviewed the other items and he only had one question that was answered regarding the payroll report and hours worked. Hayden stated that the Village attorney's monthly invoice was emailed and there has been nothing new submitted by the Village engineering firm since the last meeting.

Sheyker/Patek 2nd made a MOTION to acknowledge the receipt of the reports and to place them on file for the annual audit. The MOTION carried without negative vote.

DPW New Utility/Street Employee Hiring Proposal from Public Works Committee

Trustee McGreevy stated that the Public Works Committee has recommended that Dennis Barr and Ron Adams assume the new positions of Director of Utilities and Director of Streets, and that their salaries be increased to compensate them for their additional duties. McGreevy stated that since the proposal is to not replace former DPW Director Craig Workman, the Public Works Committee also is recommending hiring another crew member to work with both the utility and streets departments. McGreevy stated that last year, the Public Works final budget was set at \$930,000, and the final expenditures totaled \$916,000, so the department has been fiscally prudent. McGreevy stated the committee is recommending hiring a new guy who has been through the interviewing process for the recently filled Public Works Crew position. McGreevy stated that at the time James Hoover was hired, one of the other final candidates was recommended by Barr to fill an opening in the Utility Department. McGreevy stated that the Public Works Committee proposal to increase the salaries of Barr and Adams, and to hire another fulltime employee was referred to Finance Committee to determine if there are funds available in this year's budget. Hayden stated that the distributed spreadsheet she prepared shows that there is \$112,000 in the budget for the former Director of Public Works position, and a new employee would cost about \$70,000 in salary and benefits. Hayden stated that the estimated projections on the spreadsheet for Barr and Adams wage increases are escalated because of the overtime calculations. The new director positions will still be in the union, so overtime will be required for wages. Sheyker asked if another fulltime employee is hired, will that reduce the amount of overtime that Barr and Adams have been putting in since taking over the director duties.

McGreevy stated that overtime could be cut down quite a bit if a new employee is licensed for the water work, and if the new person is also qualified to assist with street department duties. Hayden stated that there will always be weekend water testing work required that will be subject to overtime because the union contract states that the normal working hours are Monday through Friday, and water tests are conducted seven days a week. Following a lengthy discussion on overtime and the administrative duties assumed by Barr and Adams, Feeney stated that as far as the Finance Committee is concerned, the proposal to hire another crew member and any wage increases for Barr and Adams are fine as long as the budget is met this year and held in line next year. Trustee Kenny stated that if the Public Works Committee recommendation for 20 percent wage increases for Barr and Adams are approved, there would not be enough funds in this year's budget to hire another employee. Trustee Pappas stated that if the overtime is reduced, the annual wages for Barr and Adams may be overestimated on the spreadsheet. McGreevy stated that maybe some type of cap could be instituted on the administrative duty overtime expenses such as \$10,000. Following further discussion on the overtime parameters of any wage increase for Barr and Adams, and the need to amend the current union contract, the Finance Committee members indicated that there are no concerns with approving wage increases for Barr and Adams and hiring a new fulltime crew member as long as the additional expenses do not total more than \$112,000 on the 2013 and 2014 budgets.

Chlorination Equipment Purchase Proposal from Public Works Committee

McGreevy stated that Barr presented a verbal quote of \$26,000 to the Public Works Committee for the proposed replacement equipment; however, a proposal has not yet been submitted for consideration.

Street Director and Utility Director Compensation

The item was discussed earlier in the meeting with the DPW New Utility/Street Employee Hiring Proposal from Public Works Committee item.

Audit Proposal for Budget Repayment Schedule for Water Utility to Settle Debt with Sewer Utility – 2012 Audit Management Letter

Hayden stated that Patrick Romenesko recommended in his 2012 Audit Management Letter that the Village adopt a repayment plan for the \$622,610 owed to the Sewer Utility by the Water Utility. The balance represents amounts provided to the water utility to meet its financial obligations prior to its 2008 user rate increase, according to the management letter. Hayden stated that when a similar situation occurred in the past with the Sewer Utility owing the Water Utility, the Village allocated \$50,000 until the debt was settled.

Feeney/Sheyker 2nd made a MOTION to recommend Village Board approval of a repayment plan to be established, with an annual payment to be made every year until the \$622,610 advance is settled, with the details to be worked out by staff. The MOTION carried without negative vote.

Audit Proposal to Transfer \$400,000 from Debt Service Fund Balance to General Fund – 2012 Audit Management Letter

Hayden stated that Romenesko also recommended that the \$449,073 balance in the Debt Service Fund be transferred and reported as part of the General Fund. The management letter states that the debt service fund is used to report non-utility loan principal and interest payments. The property tax revenue reported in the fund is determined by the amounts appropriated for debt service in the annual budget. A debt service fund usually maintains a relatively low, or even a zero fund balance as its purpose is primarily to segregate loan repayment activity from the general fund; however, the village's financial statements indicate a significant balance of \$449,073. This balance developed primarily as a result of variances in the amounts budgeted for loan repayments and the amounts actually paid due to several debt refinancing approvals in recent

years where principal interest payments were made from loan proceeds that were not contemplated when the annual budget was prepared. Romenesko states in the letter that a clearer indication of the village's financial status would result if the balance was reported in the general fund. Sheyker stated that the balance should be transferred to the general fund as recommended by the village auditor. Hayden stated that if approved, the transferred funds could be used to pay for this year's construction projects and the village would not have to bond for the funds as initially planned.

Feeney/Sheyker 2nd made a MOTION to recommend Village Board approval of the transfer of \$449,073 from the Debt Service Fund to the General Fund, as recommended by Village Auditor Patrick Romenesko. The MOTION carried without negative vote.

PNC Banking

Hayden stated that the quote from PNC Bank, Lake Geneva, is still pending.

TID Annual Report

Hayden stated that the annual report is almost completed and will be filed by the deadline.

Debt Management 2013

Hayden stated that information will be presented at the next committee meeting.

Next Meeting Date

The next meeting was scheduled for Thursday, July 25, 2013 beginning at 6:00 pm.

Adjournment

Feeney/Sheyker 2nd made a MOTION to adjourn the meeting at 6:19 pm, and the motion carried without negative vote.

Minutes prepared by: Dennis L. Martin, village clerk

Note: These minutes are subject to further editing. Once approved by the Finance Committee, the official minutes will be kept on file at the Village Hall.

APPROVED: 7/25/13