FINANCE COMMITTEE

Wednesday, May 22, 2019 **6:30 PM** **McFarland Municipal Center**
Conference Room A

AGENDA

1. CALL TO ORDER, ROLL CALL.
2. PUBLIC APPEARANCES.
3. APPROVAL OF MINUTES.
   a. Discussion and action regarding the minutes of the February 26, 2019 meeting.
4. BUSINESS.
   a. Discussion and action to make a recommendation to the Village Board regarding the possible acceptance of the 2018 Municipal Financial Statements and Audit Results as presented by Baker Tilly Virchow Krause.

   b. Discussion and presentation regarding a new monthly financial summary.

   c. Discussion regarding updates and revisions to Chapter 5 Debt Management Policy of the Fiscal Policy Manual.
5. SCHEDULE NEXT MEETING DATE.
   a. Wednesday, June 26, 2019 at 6:30 pm.
6. ADJOURNMENT.

This meeting notice constitutes an official meeting of the above referenced group and was posted in accordance with all applicable laws related to Open Meetings Law. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals. For additional information or to request this service, contact the McFarland Municipal Center at (608) 838-3153 or cassandra.suettinger@mcfarland.wi.us.

VILLAGE OF MCFARLAND

Finance Committee Minutes

Tuesday, February 26, 2019 - 6:30 PM

1. **CALL TO ORDER, ROLL CALL.**

   Mary Pat Lytle called the regular meeting of the Finance Committee to order at 6:30 PM in Conference Room A at the McFarland Municipal Center.

   Members present: Rod Clark, Carolyn Clow, Mary Pat Lytle, Chuck Mulcahy, Clifford Strelow, and Curtis Calnin.

   Members not present: None.

   Staff Present: Village Administrator Matt Schuenke and Accountant/Deputy Treasurer Jennifer Haried.

2. **PUBLIC APPEARANCES.**

   None.

3. **APPROVAL OF MINUTES.**

   a. *Discussion and action regarding minutes of the regular meeting held January 23, 2019.*

      Motion by Clifford Strelow, second by Curtis Calnin, to approve Discussion and action regarding minutes of the regular meeting held January 23, 2019. Motion carries 5 - 0 - 1 by acclamation.

4. **BUSINESS.**

   a. *Discussion and action to make a recommendation to the Village Board regarding ordinance revisions to address and update various fees and charges for services contained within the Village Code of Ordinances.*

      Motion by Lytle, second by Clow, to recommend approval to the Village Board regarding ordinance revisions to address and update various fees and charges for services contained within the Village Code of Ordinances with the revisions noted. Motion carries 6 - 0 - 0 by acclamation.

   b. *Discussion and action to make a recommendation to the Village Board regarding the Capital Improvement Plan for 2019-2023.*

      Motion by Village Trustee Carolyn Clow, second by Rod Clark, to recommend approval to the Village Board regarding the Capital Improvement Plan for 2019-2023. Motion carries 6 - 0 - 0 by acclamation.

   c. *Update on expanding utilization of GovPayNet to all Village Departments.*

      Administrator Schuenke presented the Committee with updates regarding the expansion of GovPayNet to all departments. The Committee asked Staff to look into a possible lower fee percentage and also to look into the contract that the County currently utilizes for cards payments.

5. SCHEDULE NEXT MEETING DATE.

a. *Wednesday, March 27, 2019 at 6:30 pm.*

6. ADJOURNMENT.

Motion by Strelow, second by Clow, to adjourn at 7:27 pm.

Pursuant to law, written notice of this meeting was given to the public and posted on the public bulletin boards in accordance with Open Meetings Law.

Respectfully submitted,
Jennifer Haried
Accountant/Deputy Treasurer

VILLAGE BOARD SUMMARY SHEET

MEETING DATE: **Wednesday, May 22, 2019**

SECTION: **Business**

DEPARTMENT: **Administration**

CONTACT: **Matt Schuenke, Village Administrator**

AGENDA ITEM: **Discussion and action to make a recommendation to the Village Board regarding the possible acceptance of the 2018 Municipal Financial Statements and Audit Results as presented by Baker Tilly Virchow Krause.**

PREVIOUS ACTION:

ISSUE SUMMARY:

Attached is the summary of the 2018 Financials as prepared by the Village's contracted auditing firm Baker Tilly. Account Manager Stephanie Nelson will present an overview for the Finance Committee.

FINANCIAL/BUDGET IMPACT:

N/A

VILLAGE PLAN REFERENCE:

N/A

ORDINANCE REFERENCE:

N/A

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Staff recommends acceptance of the 2018 Municipal Financial Audit.

ATTACHMENTS:

1. McFarland Highlight Graphs 5-22-19

VILLAGE OF MCFARLAND
REPORT TO THE FINANCE COMMITTEE
(based on preliminary draft)

May 22, 2019

Presented By:

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398, Madison, WI 53707-7398 USA

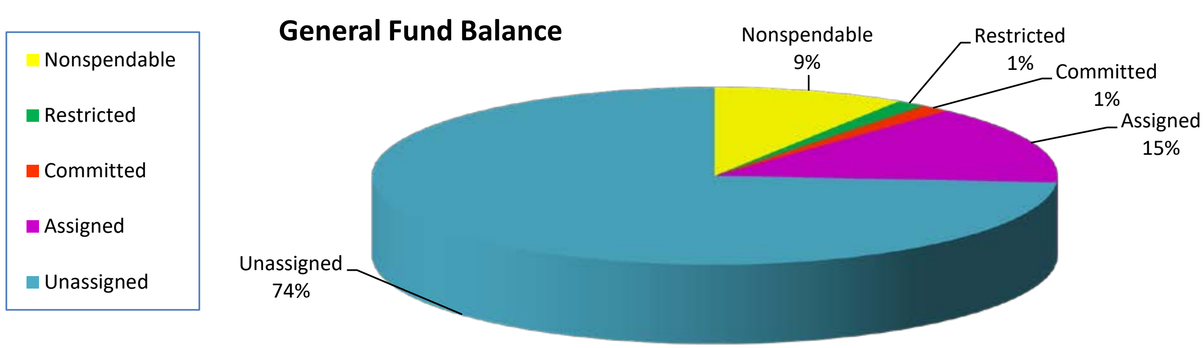
Carla A. Gogin, CPA, Partner
Stephanie Nelson, CPA, Manager

Actual data was derived from current and prior years audited financial statements

VILLAGE OF MCFARLAND
2018 FINANCIAL STATEMENT HIGHLIGHTS
(based on preliminary draft)

DETAILS OF GENERAL FUND BALANCE

	2018
Nonspendable *includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.*	$265,437
Restricted *includes fund balance amounts that can be spent only for the specific purposes stipulated by an external source.*	41,421
Committed *includes fund balance amounts constrained for specific purposes that are internally imposed by government through formal action of the governing body.*	40,815
Assigned *includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed.*	419,528
Unassigned *includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.*	2,162,147
Total General Fund Balance	$ 2,929,348

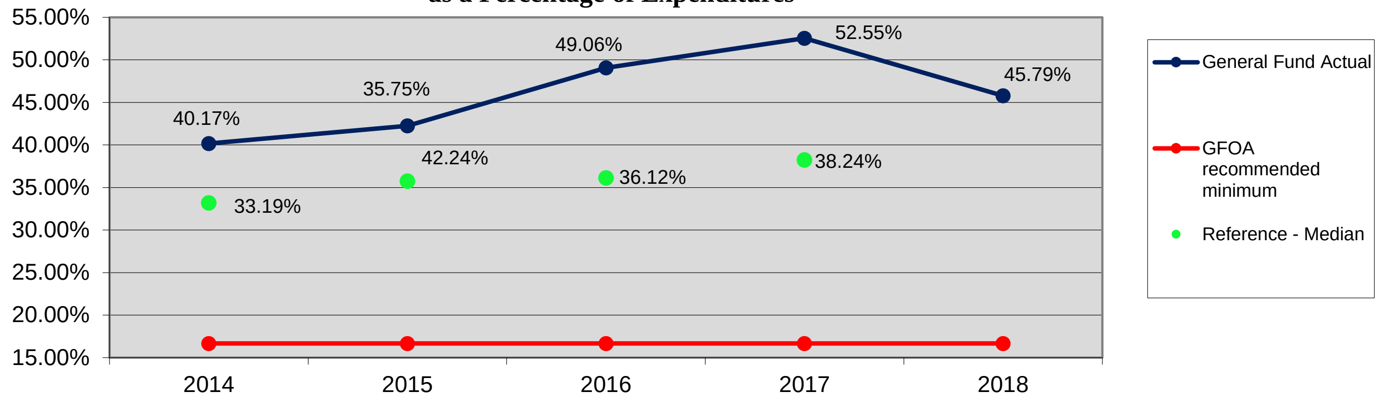


VILLAGE OF MCFARLAND
2018 FINANCIAL STATEMENT HIGHLIGHTS
(based on preliminary draft)

ANALYSIS OF GENERAL FUND BALANCE

	2014	2015	2016	2017	2018
Unrestricted Fund Balance	$ 2,028,561	$ 2,195,318	$ 2,483,559	$ 2,784,782	$ 2,622,490
Expenditures	5,050,095	5,197,250	5,061,968	5,299,772	5,727,064
% of expenditures	40.17%	42.24%	49.06%	52.55%	45.79%

Unreserved or Unrestricted General Fund Balance as a Percentage of Expenditures



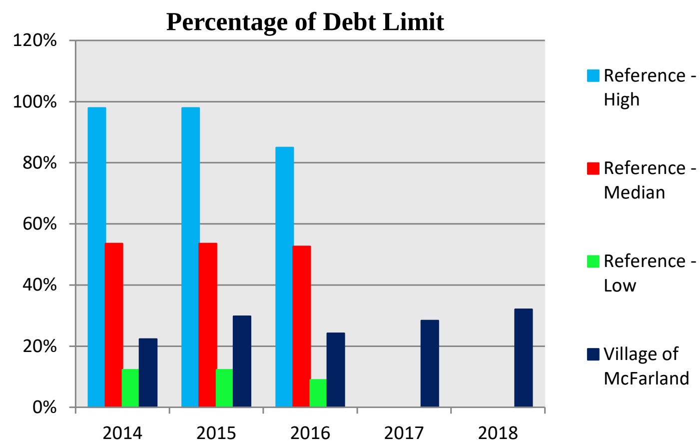
GFOA recommended range for % of expenditures:	no less than 2 months of regular GF operating expenditures
2017 Median Range	38.24%

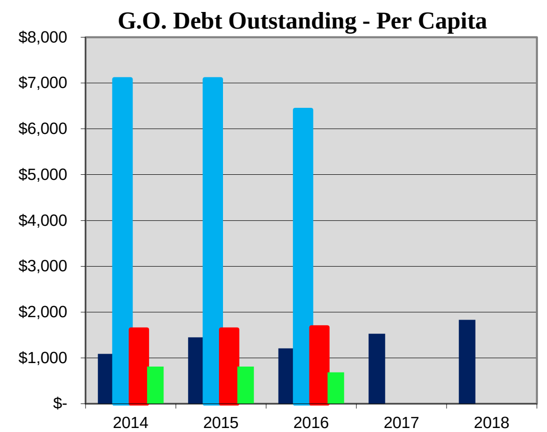
Reference values for the population range: Less than 10,000 generated from 2014-2017 Baker Tilly municipal client data for Wisconsin.

VILLAGE OF MCFARLAND
2018 FINANCIAL STATEMENT HIGHLIGHTS
(based on preliminary draft)

GENERAL OBLIGATION DEBT OUSTANDING

	2014	2015	2016	2017	2018
Total General Obligation (G.O) Debt (net)					
Village	$ 8,238,255	$ 8,625,000	$ 6,790,000	$ 9,230,000	$ 12,500,000
Utility	630,000	3,540,000	3,455,000	3,870,000	3,355,000
Less: Funds available for debt	(282,238)	(322,730)	(359,734)	(582,853)	(837,769)
TOTAL	$ 8,586,017	$ 11,842,270	$ 9,885,266	$ 12,517,147	$ 15,017,231
Population	7,902	8,182	8,182	8,200	8,200
G.O. Debt Capacity	$ 38,508,770	$ 39,722,605	$ 40,774,655	$ 44,185,885	$ 46,800,555
G.O. debt per capita	$ 1,087	$ 1,447	$ 1,208	$ 1,526	$ 1,831
% of debt limit	22%	30%	24%	28%	32%





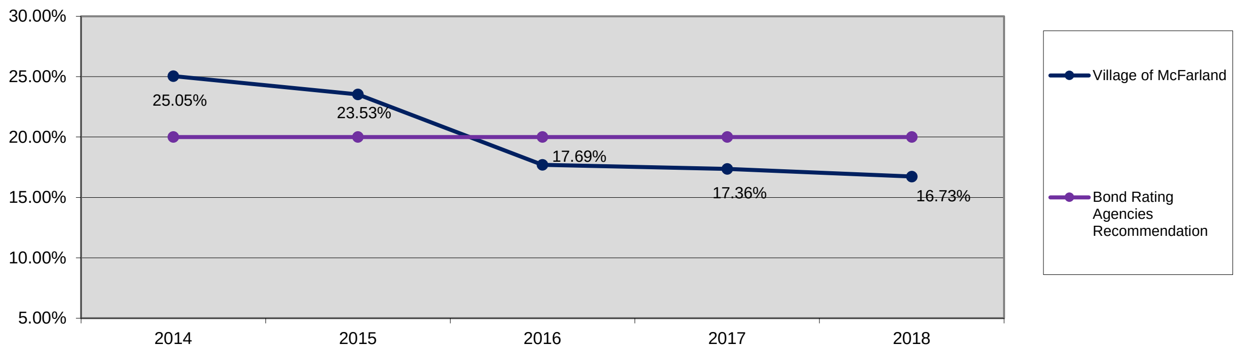
2014-2017 Reference values for the population range: 7,500 to 10,000 taken from *MunicpalFacts18* publication by the Wisconsin Policy Forum, 2018.

VILLAGE OF MCFARLAND
2018 FINANCIAL STATEMENT HIGHLIGHTS
(based on preliminary draft)

ANALYSIS OF DEBT SERVICE - GOVERNMENTAL FUNDS

	2014	2015	2016	2017	2018
Total Debt Service					
Principal (excluding refundings)	$ 1,690,203	$ 1,618,255	$ 1,550,000	$ 1,180,000	$ 1,210,000
Interest (excluding refundings)	360,248	330,060	349,287	228,878	322,677
TOTAL	$ 2,050,451	$ 1,948,315	$ 1,899,287	$ 1,408,878	$ 1,532,677
Total Non-Capital Expenditures					
Total governmental funds expenditures	$ 8,949,925	$ 9,550,174	$ 13,309,917	$ 11,283,482	$ 17,638,801
Less: capital outlay	(763,453)	(1,268,750)	(2,575,886)	(3,168,622)	(8,479,807)
TOTAL NON-CAPITAL EXPENDITURES	$ 8,186,472	$ 8,281,424	$ 10,734,031	$ 8,114,860	$ 9,158,994
% of debt service to non-capital expenditures	25.05%	23.53%	17.69%	17.36%	16.73%

Debt Service to Non-Capital Expenditures



	2014	2015	2016	2017
Bond rating agencies recommended %	20.00%	20.00%	20.00%	20.00%
High - Reference:	50.60%	56.60%	63.98%	70.00%
Median - Reference:	18.33%	19.40%	16.41%	17.36%
Low - Reference:	0.00%	0.00%	0.00%	0.00%

Reference values for the population range: 7,500 to 10,000 generated from 2014-2017 Baker Tilly municipal client data for Wisconsin.

VILLAGE OF MCFARLAND

2018 FINANCIAL STATEMENT HIGHLIGHTS

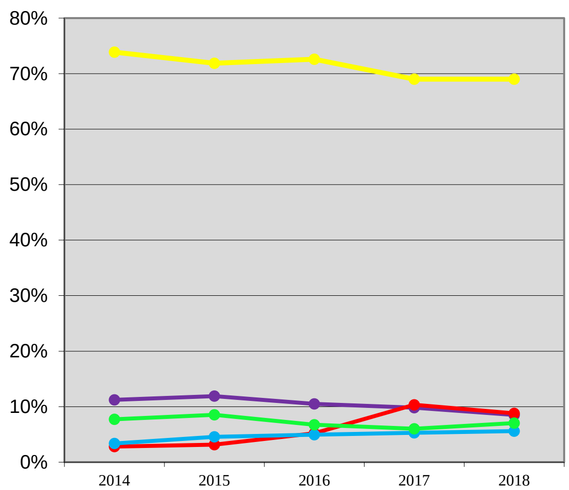
(based on preliminary draft)

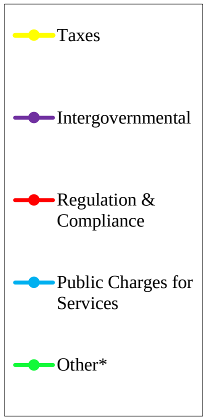
GENERAL & DEBT SERVICE FUND REVENUES

		2014	%		2015	%		2016	%		2017	%		2018	%
Total Revenues															
Taxes	$	4,583,003	74%	$	4,677,594	72%	$	4,734,098	73%	$	4,779,625	69%	$	4,942,083	69%
Intergovernmental		696,520	11%		774,197	12%		685,011	11%		685,294	10%		600,519	9%
Regulation and Compliance		174,182	3%		204,258	3%		339,465	5%		721,288	10%		621,636	9%
Public Charges for Services		208,827	3%		296,368	5%		323,038	5%		367,900	5%		395,073	6%
Other*		541,933	8%		555,111	9%		441,093	7%		419,879	6%		497,191	7%
TOTAL	$	6,204,465	100%	$	6,507,528	100%	$	6,522,705	100%	$	6,973,986	100%	$	7,056,502	100%

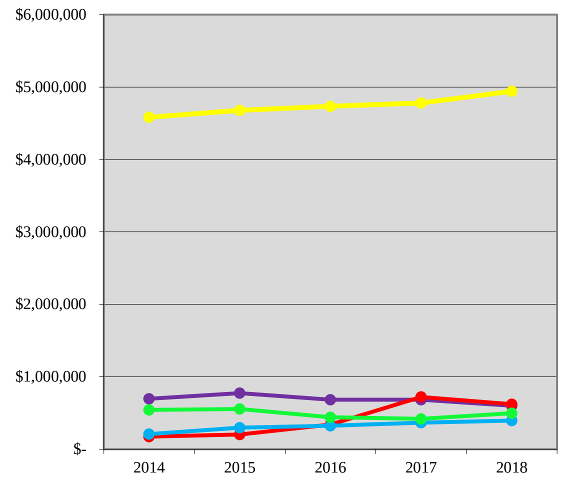
* Other includes intergovernmental charges for services, investment income and miscellaneous

% of Total Revenue





Total Revenue



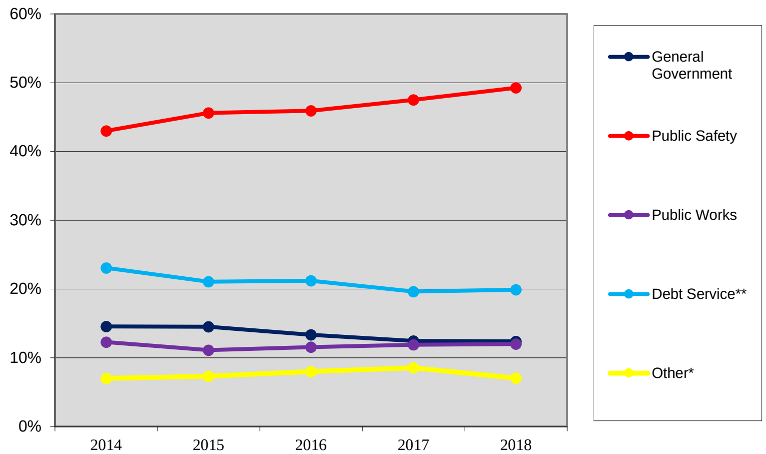
VILLAGE OF MCFARLAND
2018 FINANCIAL STATEMENT HIGHLIGHTS
(based on preliminary draft)

GENERAL & DEBT SERVICE FUND EXPENDITURES

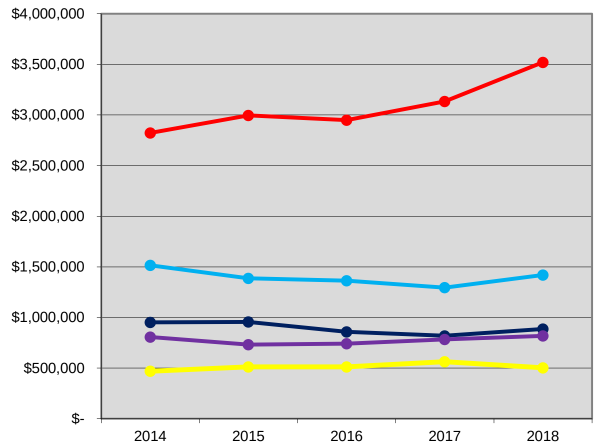
		2014	%		2015	%		2016	%		2017	%		2018	%
Total Expenditures															
General Government	$	952,166	15%	$	955,732	15%	$	857,051	13%	$	819,545	12%	$	885,300	12%
Public Safety		2,822,789	43%		2,996,933	46%		2,950,275	46%		3,133,449	48%		3,521,058	49%
Public Works		806,248	12%		731,892	11%		741,579	12%		783,813	12%		817,987	12%
Debt Service**		1,514,957	23%		1,387,757	21%		1,362,776	21%		1,294,569	20%		1,420,676	20%
Other*		468,892	7%		512,693	7%		513,063	8%		562,965	9%		502,719	7%
TOTAL	$	6,565,052	100%	$	6,585,007	100%	$	6,424,744	100%	$	6,594,341	100%	$	7,147,740	100%

*Other includes health and social services, leisure activities, and conservation and development
**Excludes refundings

% of Total Expenditures



Total Expenditures



VILLAGE OF MCFARLAND
2018 FINANCIAL STATEMENT HIGHLIGHTS - OTHER FUNDS
(based on preliminary results)

SPECIAL REVENUE FUNDS	2018	2017
Fund Balances		
Cable TV	$ 90,270	$ 66,795
Library	157,778	128,507
Parks	481,222	596,759
Solid Waste	145,125	122,806
Employee Retirement Fund	132,318	201,204
Youth Center	1,500	1,000
Total Special Revenue Fund - Fund Balances	$ 1,008,213	$ 1,117,071

DEBT SERVICE FUNDS	2018	2017
Fund Balances		
General Debt Service	$ 837,769	$ 582,853

CAPITAL PROJECTS FUNDS		
Fund Balances (deficit)		
TIF No. 3	$ 1,227,304	$ 1,455,485
TIF No. 4 (deficit)	(433,303)	(488,822)
TIF No. 5 (deficit)	(136,762)	-
Capital Equipment and Projects	1,436,031	1,924,155
Total Capital Projects Fund - Fund Balances	$ 2,093,270	$ 2,890,818

VILLAGE BOARD SUMMARY SHEET

MEETING DATE: **Wednesday, May 22, 2019**

SECTION: **Business**

DEPARTMENT: **Administration**

CONTACT: **Matt Schuenke, Village Administrator**

AGENDA ITEM: **Discussion and presentation regarding a new monthly financial summary.**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
Enclosed within your packet is a new financial summary developed by Staff to help provide month to month perspective of our budgetary progress for the year. While we feel record a lot of revenues and expenses at certain times of the year, there are other patterns that develop that this can help depict. This is made possible (and efficient) through the use of the new Chart of Accounts that was developed through the 2019 Budget process and now in use following implementation. This should also be a useful tool for Department Heads as they can use this to track their budgets and/or recreate a similar platform within their operations to track their progress.

What is enclosed is simply for the General Fund. This is presented for feedback and discussion about questions or additional information that might be desired with this type of report. We have 14 additional funds that could be shown in this format or a similar format. Not all funds have this much activity where month to month would be effective; however, maybe quarterly is more appropriate. Once we have established a format then we can put together a complete report that can be submitted monthly as part of our meetings both to the Committee and the Village Board.

FINANCIAL/BUDGET IMPACT:
There is no additional cost to create this summary. Its simply based on the actual data collected and shared through out the year as we currently do on a month to month basis. This is created as a tool to help be transparent and better track our revenues and expenses as we progress through the year.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Presented for discussion, no action required.

ATTACHMENTS:
1. 2019 Financial Summary 05162019 mgs

2019 Budget

Financial Progress Report

General Fund - 100

	Revenues	Actual by Month												Total	Approved		%
Acct #	Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D	Budget	Variance	Variance
41000	Taxes	0	46	3,626,624	145									3,626,815	3,998,250	(371,436)	90.71%
43000	Intergovernmental Revenues	0	282	0	104,731									105,013	604,250	(499,237)	17.38%
44000	Licenses and Permits	15,784	26,529	26,055	49,823									118,190	339,500	(221,310)	34.81%
45000	Fines, Forfeits, and Penalties	10,301	9,217	11,523	10,931									41,972	89,000	(47,028)	47.16%
46000	Public Charges for Services	23,906	24,969	22,419	24,107									95,401	313,750	(218,349)	30.41%
47000	Intergovernmental Charges for Services	5,830	5,827	92,665	19,579									123,902	326,750	(202,848)	37.92%
48000	Miscellaneous Revenues	9,327	9,527	9,577	0									28,430	183,000	(154,571)	15.54%
49000	Other Financing Sources	0	0	0	0									0	77,500	(77,500)	0.00%
	Monthly Actual Total	65,149	76,396	3,788,862	209,315	0	0	0	0	0	0	0	0	4,139,722	5,932,000	(1,792,278)	69.79%

Months Completed	4
Total Months	12
Percentage Completed	33.33%

	Expenses	Actual by Month												Total	Approved		%
Acct #	Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y-T-D	Budget	Variance	Variance
51100	Village Board	1,151	5,662	3,570	7,677									18,060	71,000	(52,940)	25.44%
51200	Municipal Court	4,942	4,447	5,915	4,757									20,061	60,250	(40,189)	33.30%
51300	Legal	0	8,600	16,983	1,871									27,454	96,000	(68,546)	28.60%
51410	Village Administrator	3,356	13,468	2,600	5,636									25,059	75,750	(50,691)	33.08%
51420	Administration	66,443	2,961	24,149	33,670									127,223	271,500	(144,277)	46.86%
51440	Elections	0	2	869	2,695									3,566	8,000	(4,434)	44.57%
51450	Information Technology	3,492	4,669	1,737	2,023									11,921	48,750	(36,829)	24.45%
51530	Village Assessor	32,361	0	0	0									32,361	40,500	(8,139)	79.90%
51540	Insurance Administration	126,984	146	146	101									127,376	116,250	11,126	109.57%
51600	Facility Management	3,091	14,200	10,778	5,565									33,634	82,000	(48,366)	41.02%
52100	Police Department	130,017	151,941	212,250	147,138									641,345	2,094,250	(1,452,905)	30.62%
52200	Fire and Rescue Departments	64,242	69,637	82,037	67,478									283,394	1,286,500	(1,003,106)	22.03%
52400	Community Development	11,656	13,348	22,773	18,499									66,276	212,750	(146,474)	31.15%
52500	Emergency Management	583	514	637	503									2,238	9,250	(7,012)	24.19%
53000	Public Works	72,857	82,385	68,152	79,548									302,942	861,000	(558,058)	35.18%
54600	Senior Outreach	12,204	16,752	23,178	18,270									70,404	241,750	(171,346)	29.12%
55200	Parks	6,713	4,321	10,019	15,243									36,296	356,500	(320,204)	10.18%
59200	Transfers to Other Funds	0	0	0	0									0	0	0	0.00%
	Monthly Actual Total	540,090	393,051	485,794	410,674	0	0	0	0	0	0	0	0	1,829,608	5,932,000	(4,102,392)	30.84%

VILLAGE BOARD SUMMARY SHEET

MEETING DATE: **Wednesday, May 22, 2019**

SECTION: **Business**

DEPARTMENT: **Administration**

CONTACT: **Matt Schuenke, Village Administrator**

AGENDA ITEM: **Discussion regarding updates and revisions to Chapter 5 Debt Management Policy of the Fiscal Policy Manual.**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
As we have done from year to year, we have evaluated certain policies that might be in need of updating or revising. Enclosed is Chapter 3 which is our Debt Management Policy that was created in 2011. Given the more developed Capital Improvement Plan that is now in place that requires a debt to support its advancement, this policy was thought a good next candidate for further review. As such, it is enclosed for discussion at our next meeting as currently drafted but converted to our new format for policies. Action is not desired on Wednesday but simply to discuss the current draft and see what the Committee would suggest for revisions as part of this update. A final version would be presented in the future for action and additional discussion as appropriate.

FINANCIAL/BUDGET IMPACT:
Rewriting or updating the policy is generally done by Staff under review later by the Attorney. The cost for which is included within our operating budget as needed. We will discuss fiscal implications of the policy language as might be appropriate.

VILLAGE PLAN REFERENCE:
Village of McFarland Fiscal Policy Manual

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Presented for discussion, no action presently recommended.

ATTACHMENTS:
1. Chapter 3 - Debt Management Policy 05152019

CHAPTER 3 Debt Management Policy

SECTION 3.01 Policy Purpose

(a) The Village acknowledges that certain costs incurred on an annual basis reflect an investment in the future of the Village. These types of costs include development, acquisition, and replacement of assets that will be used by the residents of the Village over a long period of time. Financing of these long-term assets is often appropriately accomplished through the issuance of long-term debt instruments, special assessments, or any other combination of these.

(b) It is the responsibility of the Village Board and Village administrative staff to monitor the financial health of the Village. A significant portion of the Village's financial health is determined by its ability to manage its debt, so the role of debt in the Village's total financial strategy must be carefully defined in order to avoid using debt in a way that weaken other parts of its financial structure. It is the responsibility of the Administrator/Treasurer to regularly monitor the Village's outstanding debt and to recommend issuance, replacement and retirement of outstanding debt to the Finance Committee and the Village Board.

SECTION 3.02 Policy Implementation Objectives

(a) **Financing Considerations.**

(1) The Village will confine long-term borrowing to capital improvements, equipment, or other long-term projects which cannot and, appropriately should not, be financed from current revenues.

(2) The Village will not use long-term debt to finance current operations, nor will long-term debt be used to finance the cost of short-lived (less than five years) depreciable assets (for example, vehicles).

(3) In general, the final maturity of bonds and notes issued by the Village should not exceed the expected useful life of the underlying project for which it is being issued.

(4) The Village will issue general obligation debt by borrowing from the State Trust Fund or through a competitive bidding process or negotiated sale, depending upon which approach is deemed most advantageous to the Village.

(5) Periodic reviews of outstanding debt will be undertaken by the Administrator/Treasurer at least every two years to determine refinancing opportunities. Refinancing will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding.

(b) **Debt Limits and Structure.**

(1) Section 67.03 of Wisconsin Statures requires that general obligation debt outstanding not exceed 5% of the equalized valuation of the taxable property within the Village. Revenue bonds and notes are not considered debt for purposes of determining compliance with constitutional debt limitations. The Village intends to keep total outstanding general obligations debt within 50% of the limit prescribed by law and non-utility and non-TIF related general obligation debt within 40% of the statutory limit. Debt levels should further be consistent with the Village's credit objectives and long-term financial plan.

(2) The Village will keep the maturity of all outstanding general obligation bonds at or below 15 years.

(3) The total annual debt service for general obligation debt (exclusive of that funded by proprietary operations) should not exceed 25% of the Village's total tax levy, with an effort to maintain the levy at a proportionately even level for tax rate stabilization.

(c) **Financial Advisers.**

(1) The Village will utilize the services of a qualified financial advisor that meets all current certification requirements in the monitoring of its debt and debt service.

(2) The Village should strive to maintain a long-term relationship with a financial advisor to allow for continuity and consistency in services provided by the advisor. However, the arrangement between the financial advisor and the Village should be examined every five (5) years or as deemed necessary by Village administrative staff and the Village Board.

(3) All feasible alternatives (for example, State Trust Fund loans, Clean Water Fund loans, and private placements with local financial institutions) for borrowing funds should be considered by the Village and the financial advisor depending on the uniqueness of the items or projects being financed by long-term debt.

(4) All costs of issuing long-term debt, including fees for professional services, underwriting fees, and the interest costs over the term of the debt issue, must be considered and carefully evaluated for each borrowing.

(5) The Village will work with the financial advisor to ensure that long-term debt issues are structured to protect the interest of the Village for the present and in the future (for example, the inclusion of call provisions to protect the Village against future interest rate fluctuations or other circumstances).

(d) **Other Considerations.**

(1) The maintenance of the best possible credit rating shall be a significant factor in all financial decisions.

(2) The Village will maintain good communications with bond rating agencies regarding its financial condition.

(3) The Village will follow a policy of full disclosure in all financial reporting including bond prospectuses and continuing disclosure agreements required under SEC Rule 15c2-12(b)(5).

Dated this XX day of XXXX, 2019.

Village of McFarland:	Attest:
By:____________________	By:____________________
Brad Czebotar Village President	Cassandra Suettinger Clerk/Treasurer

Adopted: October 10, 2011 Amended: XXXX XX, 2019