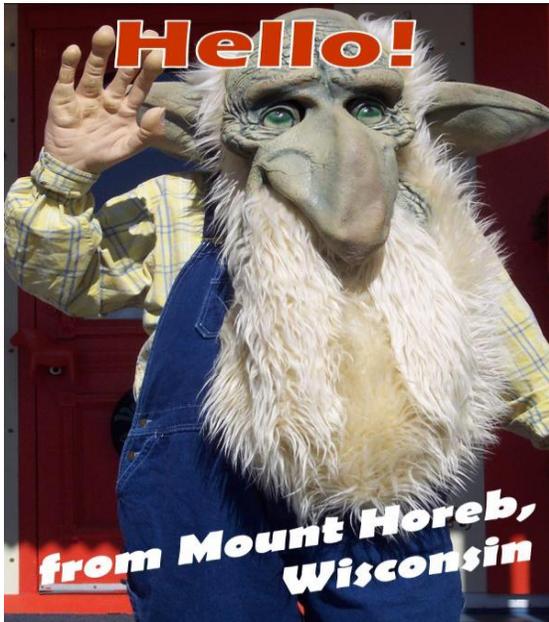


# Village of Mount Horeb

2015 Budget



Future Grandstay Hotel & Suites

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## Village Administrator Budget Message

This recommendation of the 2015 Village budget is the result of significant work on the part of Village staff and the Village Finance & Personnel Committee. Department heads met with the Village Administrator to discuss their budget recommendations so that staff can continue to provide the same high level of service to our residents, businesses, and visitors. The Finance & Personnel Committee met throughout the month of October to formulate a budget that protects the long-term interests of all Village taxpayers by keeping tax rates low, maintaining our high-quality service levels, maintaining healthy fund balances, accomplishing Village set goals, and reducing general obligation debt over the next five years.

By looking at the long-term financial affects of today's budgeting decisions, Board members are able to analyze whether their budget decisions are in the best interests of the community and whether those decisions provide for long-term financial stability. Member of the Finance & Personnel Committee and the Village Board accomplish this objective through a use of various budget-related methodologies that show revenues and expenditures five years into the future. By analyzing needs over the next five years and comparing them with realistic revenue expectations, we are able to determine if the decisions we make in 2015 are sustainable.

For 2015, Dane County shifted certain EMS charges to municipalities. The courts ruled that municipalities can increase their levy by the amount of this dollar shift. While we will not implement this increase this year, we will file paperwork that reserves the right for us to claim it in future years. The dollar amount of this shift in charges is \$2,667.99.

We continue to actively look for ways to reduce future expenditures. In 2014 we refinanced debt to save hundreds of thousands of dollars. Additionally, the 5-year borrowing completed in 2014 is expected to save \$250,000 compared with annual borrowing for individual projects.

Similarly to our efforts to reduce expenditures, we actively seek ways to increase revenues without using taxpayer resources. To this end, the Village Board adopted a new investment policy and the results of this policy have been positive. Through conservative and diversified financial management, compared with money market rates, the Village Board achieved an estimated \$41,738 in additional revenue from an investment of \$1,379,695 into various Wisconsin government A-rated bonds, representing a 199% increase in investment dollars.

The 2014 total assessed value in the community is \$608,102,400. The 2013 assessed value was \$607,354,900. Net new construction for 2014 was \$5,726,500 or 0.97% of our equalized value from 2013. The 2015 allowable levy increase is 0.97%. This levy increase excludes debt service requirements.

To receive our state expenditure restraint payment we must keep our 2015 general fund budgeted expenditures to within a certain percentage of our originally approved 2014 budgeted expenditures. The formula for this percentage is 60% of net new construction plus CPI-U Midwest September. The consumer price index numbers for September is expected to be 1.6%. Based on this estimate, the Village's expenditure restraint is 2.18% increase in the general fund budget over the original 2014 general fund budget. Our budgeted general fund expenditure increase of 0.44% is well within this allowable limit.

The worker's compensation experience modification factor is going from a 1.02 to a 1.36. As of the date of preparing this document, our insurance carrier has not provided us with final numbers; however, they said the increase should be less than 10%. Our budget reflects a 10% increase to this line-item. Health insurance costs for police employees are increasing by 7.1%. All other employees have a nominal increase of 0.76%. Dental insurance rates are staying the same. Employee retirement costs decreased by 0.4% for non-protective employees (all employees except sworn police) and decreased by 0.8% for protective employees (sworn police).

The CPI-u Midwest for July 2014 was 1.9%. For several years prior to 2012 Village employees did not receive a salary increase. The majority of Village staff remained committed to working for the Village and to continuing their hard work for our community. For the past three years the Village Board has worked to provide staff with salary increases to help offset rising cost of living expenses and to bring them more in-line with employees of similar area communities. For the 2015 budget, the Village Board was able to provide employees with an average 3.99% increase in salary while simultaneously keeping tax rates low, maintaining healthy fund balances, maintaining our high level of citizen service, and reducing general obligation debt by 2019. Of this amount, only 3.19% is attributed to non-utility funds. Our employees are exceptionally valuable to us. Treating our employees fairly and with respect is very important toward keeping our high-quality staff and continuing to provide excellent services.

This budget document explains the uses for numerous Village funds, it lists each expected fund balance in both January and December of 2015, and it provides the 2015 highlights for each fund. The Village is budgeting to keep the 2015 increase in the mil rate very low (0.11% excluding TID increment). The budgeted change in the mil rate for 2015 - 2017 is less than 1% annually with a 1.8% or less increase anticipated in 2018 and 2019. The budget methodology for predicting future changes in the levy and assessed value uses an annual 0.95% increase due to new construction. With anticipated new construction in 2014 and 2015, it is probable that actual new construction will exceed the conservative estimate. If this occurs, there will be additional positive benefits to future budgets.

The Finance and Personnel Committee met on October 22, 2014 and recommended this budget to the Village Board. The Village Board met on November 5, 2014 and set a public hearing for the 2015 budget and the 2015 - 2019 Capital Improvement Plan (CIP) for December 3, 2014 at 7:00 pm. Public comments on the budget are welcome at the public hearing and anyone with questions or comments is encouraged to contact the

Village Administrator prior to the public hearing. You can reach the Village Administrator at 437-6884 x 109 or [dave.ross@mounthorebwi.info](mailto:dave.ross@mounthorebwi.info). Following the December public hearing, the Board will vote to approve the 2015 budget and the 2015 - 2019 Capital Improvement Plan.

## Elected Officials

VILLAGE PRESIDENT: Dave Becker

VILLAGE TRUSTEES: Ryan Czyzewski  
Steve Grindle  
Randy Littel  
Mark Rooney  
Cathy Scott  
George Sievers

MUNICIPAL JUDGE: Jody Morey

## 2013-2014 Village Board Goals

1. Eliminate the Community Development Authority (CDA) and create a “new” private corporation to facilitate economic development, including:
  - a. Promoting new and existing business;
  - b. Improving Mount Horeb’s perception as a preferred place for new business while protecting small town charm;
  - c. Engage the Mount Horeb business community in economic planning (devise effective strategies for economic development);
  - d. Execute a plan for broadening the tax base.
- The Village eliminated the CDA in 2013. The 2015 budget provides \$7,500 in funding assistance for the Mount Horeb Area Economic Development Corporation (EDC). In addition to providing funding assistance, the Village is actively working to execute a plan to broaden the tax base. An increased tax base means that needed funds to sustain Village-supported operations are distributed among more taxpayers, and thus each taxpayer pays less of the overall percentage of needed funds.
2. Put and keep TID #3 (Tax-Increment-Financing-District) in the black.
  - After years of being financially "in the red", TID #3 was in the black in 2014. It is anticipated to remain in the black through at least 2019. This means that Village taxpayers will not have to pay additional money to cover the TID #3 loan payments until 2020 at the earliest. Village staff members are actively working with the Mount Horeb Area Economic Development Corporation (EDC) to promote TID #3 to businesses, to find an excellent business for the Village-owned 1.159-acre lot in TID #3, and to address additional strategies for attracting business to the TID. Through the continued partnership between the Village, the EDC, and area residents, TID #3 continues to show significant financial improvement.

3. Create a detailed plan for the wastewater treatment plant.
  - The wastewater treatment plant recently completed construction of a new head-works building, including the necessary equipment to handle the initial phase of the treatment process. The next phase is to design a new treatment plant facility, with design work scheduled for 2016. The final step is to construct a new treatment facility, tentatively scheduled for 2017 with operations starting in 2018. The work done at the plant in 2013 - 2014 will be incorporated into the long-term design of the new plant.
  
4. Achieve two police officer staffing 24/7.
  - The Village accomplished this goal in 2013.
  
5. Improve funding for the Revolving Loan Fund.
  - The Village is in the process of reviewing the revolving loan fund and considering transferring the fund to the economic development corporation. This analysis includes working with the United States Department of Agriculture since part of the money in the fund is from federal grant sources managed by the USDA. If the Village Board determines it is not in the Village's best interest to transfer operation of this fund to the EDC, Village staff will begin seeking additional grant opportunities to grow the fund's available balance for lending and to revise current lending practices to make it easier for people to apply for a loan.
  
6. Create a succession plan for key employees.
  - During the 2013 annual evaluations of department head staff, the Village Administrator required certain key staff to provide a succession plan for their replacement once they choose to retire. The Village replaced one key position in 2014 and we are prepared for the likely replacement of several additional key positions within the next several years.

7. Explore forming a partnership with the Mount Horeb Area School District for recreational facilities.

- At a 2013 joint meeting between the School Board and the Village Board, both organizations agreed to create a committee to explore recreational facilities in and around the Village of Mount Horeb. This committee is currently exploring options for an area indoor swimming pool/recreation center facility.

## Village Officials

Administrator: Dave Ross-----437-6884 ext 109  
Assistant Administrator: Kathy Hagen -----437-6884 ext 108  
Assessor: Accurate Appraisal-----1-800-770-3927  
Attorney: Stafford Rosenbaum Law Office----- 259-2618  
Building Inspector: General Engineering -----437-6884 ext 116  
Chief of Police: Jeff Velloff ----- 437-5522  
Civil Defense Director: Craig Brinkmann ----- 437-5571  
Electrical Inspector: General Engineering -----437-6884 ext 116  
Engineer: Rob Wright ----- 833-7373  
Court Clerk: Jean Culberson ----- 437-7748  
Clerk/Deputy Treasurer: Alyssa Gross -----437-6884 ext 104  
Electric & Water Superintendent: Dave Herfel----- 437-3300  
Finance Director: Cheryl Sutter-----437-6884 ext 106  
Fire Chief: Craig Brinkmann----- 437-5571  
Librarian: Jessica Williams ----- 437-5021  
Outreach Director: Lynn Forshaug ----- 437-6902  
Parks & Urban Forestry Director: Jeff Gorman ----- 437-7190  
Public Broadcasting Coordinator: Diane Stojanovich -----437-6884 ext 113  
Public Works Director: Laurel Grindle ----- 437-3351  
Recreation Director: Jill Dudley----- 437-3400  
Wastewater Superintendent: John Klein ----- 437-3101

## Chart of Budget Funds

The following funds are active with the Village's 2015 budget:

General Fund	Park Development Fund
Terrace Tree Fund	Highway 92 Improvement Fund
Swimming Pool Fund	Future Streets Fund
SW Dane (Outreach/Nutrition) Fund	Library Fund
Employee Retirement Insurance Fund	Revolving Loan Fund
General Debt Service Fund	Chamber Welcome Center Fund
TID Debt Service Fund	Capital Projects Fund
TID #3 Fund	TID #3 Amendment Fund
TID #4 Fund	Electric Department Fund
Water Department Fund	Sewer Department Fund
Cable TV Fund	

## Village Funds Definitions, Highlights, and Balances

General Fund: The General Fund includes the operating budget for most Village departments. At the end of each fiscal year, balances in the fund become part of the General Fund Balance. Village policy requires any general fund balance at the end of the fiscal year that is budgeted at more than 25% of the next year's budgeted expenditures, to transfer to the capital projects fund. This money is then used to either offset existing loan payment needs or to help pay cash for future capital projects.

Budget highlights for this fund include:

- The levy allocated to the general fund is up 3.59% or \$76,466
- Utility payment-in-lieu-of-taxes (PILOT) payments are up 2.31% or \$9,635
- State transportation aid payments are down by 10% or \$40,222
- Total intergovernmental revenue is down by \$38,209
- Total licenses and permit revenue is down by \$46,400, in large part due to transferring the cable TV fund to a special revenue fund. The formula is 35% of franchise fees remain in the general fund while 65% are allocated directly to support cable TV operations.
- Total revenues for the GF are up \$11,032 or 0.27%.
- The budget includes allocating money to promote a police officer into a command position. We are not hiring a new officer to replace this person so the money is simply transferred from "patrol" to "administration". There will be approximately \$11,000 more in salary and benefits to administration due to this re-classification. This allocation provides for a night shift supervisor for the department.
- The fire protection budget increased by \$29,819 or 8.8%.
- The total public works budget increased by 2.89% or \$29,997. A third of this increase is for gas/oil since the new heavy equipment vehicles do not get as good of gas mileage. Another 1/3 of the increase is to the snow and ice budget

due to increases in salt costs. Part of the increase is a request from the school district to paint all school crosswalks in a format different than our crew previously used (the school asked for full block line crosswalks with cross sectional markings rather than crosswalks painted with only the outside edges. There are 12 school crosswalks and the anticipated additional cost is \$1,500 - not including labor costs).

- Street lighting costs are down in part due to our decision to regulate/alternate certain lights along Business 18/151.
- The Village provides funding to three outside organizations. The three organizations receiving donations include the youth center, the chamber, and the economic development corporation. Funding for the youth center is budgeted to continue at \$16,000, the chamber is set for \$32,500 this year and then down to \$5,000 year after 2015, and the EDC is budgeted for \$7,500 for 2015 with no budgeted funds in 2016. Depending on the successes of the EDC in 2014 and 2015, the Village can analyze the possibility of an additional donation for 2016 once we begin the 2016 budget work.
- Recreation administration and programming expenditures are \$220,043. Recreation programming revenues are \$181,750. Administration staff-related pool expenses are currently accounted for in the general fund's recreation administration budget.
- The budgeted increase from the originally approved 2014 budget to the 2015 budget is 0.44%. We are budgeting to draw down fund reserves by \$75,650, which will leave the general fund unassigned and unrestricted reserve balance at \$922,297, or 22.32% of expenditures. This amount falls within the approved policy range of 20% - 25%. Budgeted reserves for 2016 - 2019 show reserves remaining in the 23% range. If the Village continues to budget conservatively and manage its resources, it is likely that these numbers will end up being at the 25% level.

Park Development Fund: The Village created the “Parkland” Development Fund when the Village implemented a fee to developers who create residential lots – in anticipation for the park service’s residential units demand (the more houses – the more demand for parks). There is an impact fee per new house constructed. The Village collects this fee prior to issuing a building permit.

In 2015, \$9,000 is budgeted for park equipment and improvements. The estimated fund balance at the start of 2015 is \$17,394 and the projected ending balance is \$18,044.

Terrace Tree Fund: The Village requires developers to contribute to the Terrace Tree Fund for the planting of one tree every 150 feet in new subdivisions. State law permits developers to plant these trees themselves; however, given the quantity discount prices that the Village receives, it is likely developers will continue to contribute to this fund.

The budget includes \$27,650 for equipment and tree purchases. Future years have the fund budgeted to cover half of the cost for a tree inventory and \$40,000 toward a \$200,000 expenditure in 2019 for a bucket truck. This fund is budgeted to remain in the black through 2019.

The estimated fund balance at the start of 2015 is \$214,711 and the projected balance at the end of the year is \$187,761.

Highway 92 Improvements Fund: The Village established this fund to collect money from the developers of the Vista Ridge and Golf View subdivisions to cover future downstream storm sewer improvements necessitated by these developments. No money is budgeted to be spent in 2015.

The estimated fund balance at the start of 2015 is \$100,126 and the estimated ending balance is \$100,361.

Swimming Pool: Management of swimming pool fund expenditures in 2014 helped improve the financial position of the pool fund. We are able to levy \$13,000 less money in 2015 than in 2014 and the levy for each of the next five years is relatively flat.

The estimated 2015 starting balance in 2015 is 15,687 and the expected ending balance is 6,853.

Future Streets Fund: The Village established this fund to collect money from developers for street improvements, which would likely be necessary in the future but were not required at the time of platting. The fund includes money collected for completing streets where temporary turnarounds will be removed for future street continuations. No money is budgeted to be spent in 2015.

The estimated starting balance in the fund is \$80,300 and the expected ending balance is \$80,485.

Cable TV Fund: In 2015 the Village is budgeting to transfer cable TV operations from the general fund to a special revenue fund. This was originally going to occur to make necessary room in the general fund to comply with the expenditure restraint requirement; however, knowing that requirement will be met regardless of this transfer, the Village is creating this special revenue fund to better account for a fund balance to assist with covering future capital equipment needs for this department.

The starting balance for this fund is \$0 and the expected ending balance is \$15,760.

SW Dane (Outreach/Nutrition) Fund: The Village collaborates with several neighboring communities to offer area seniors a place for nutritional assistance, meals, and other important services.

The Village will levy \$25,887 in 2015 for fund operations, or \$134 more than in 2014. Due in part to lower county contributions from previous years, the estimated starting fund balance is -\$13,527 and the estimated ending balance is -\$783. It is very important that a successful fundraising and donation campaign occur annually to help ensure this fund is financially viable for several years. The fund balance is budgeted to increase slightly each year until in 2019 it is at \$23,086.

Library Fund: The Village Board authorized a tax levy for the library every year and then the Library Board has authority to determine how the money is spent. The Library receives funding from several sources. Library revenues for 2015 are budgeted to increase by 0.97% and then by 3% annually through 2019. The budgeted library fund balance is set to steadily decrease until in 2019 it is at \$8,822. With the Village paying for all capital improvement costs, the library does not need a fund balance; however, leaving some amount of money in the fund is appropriate in case of an unanticipated operating expense. We will be sitting down with library staff and library board members in 2015 to discuss what an appropriate fund balance should be in this fund. At this point if any changes are needed, they should not be needed until 2019.

The budgeted starting balance is \$151,917 and the estimated ending balance is \$112,810. Due to conservative budgeting and historical good fiscal management by library management and library board, the actual fund balance should be higher than budgeted.

Employee Retirement Insurance Fund: The Village set up this fund several years ago to cover costs of a benefit for qualified employees (those hired before August 2011). The benefit allows a portion of accumulated sick time to convert to cash upon retirement for use specifically to cover health premium costs.

This fund is budgeted to remain 100% funded after having levied \$18,836 into the fund to cover Village employee sick leave actuarial costs (including library and Outreach

departments) and after the water and electric utilities contribute \$6,791. The sewer utility is due a \$754 refund. This fund continues to remain fully funded and since no future employees are adding additional costs to the actuarial amount due the fund, it should generally be decreasing each year.

The budgeted starting fund balance is \$360,394 and the estimated ending balance is \$361,721.

Revolving Loan Fund: The Village established this fund in 2010 to help promote economic development in the Village. The fund provided loans to two local businesses and the principle and interest repayments on those loans go into the fund's balance for future use.

The estimated starting balance in 2015 is \$48,918 and the estimated fund balance at the end of the year is \$62,007. There are no plans to loan money in 2015; however, that does not preclude the Village from providing loan funding for an appropriate project. The Village Board will be discussing the possibility of transferring the money from this fund, including all receivables, to the Mount Horeb Area Economic Development Corporation for them to manage in accordance with USDA and Village restrictions.

Chamber Welcome Center: In 2006, the Village of Mount Horeb purchased the former Anchor Bank building for the Chamber of Commerce to have a permanent location. The Village Board will be considering transferring ownership of the building to the Chamber in order to reduce the pending long-term liabilities associated with building maintenance. The Chamber has a long-term lease; however, they want the security of knowing that they cannot be evicted at some future date. If this transfer occurs, the Village will no longer receive rent payments from the Chamber; however, "donations" from the Village to the Chamber will be reduced from \$32,500 annually to \$5,000 annually for a net annual increase to the Village of \$16,100 plus the reduced liability associated with building maintenance.

The estimated starting balance in 2015 is \$1,678. The estimated ending balance is \$588.

General Debt Service Fund: This fund accounts for the debt payments due on Village loans. Because this fund is not associated with the state imposed levy limit, the Village can increase the 2015 levy by 0.97% plus the amount needed to fund loan repayments. The Village Board understands the importance of maintaining high-quality public services and just as importantly, keeping taxes low. The Village transfers certain available cash into this fund from the Capital Projects fund in order to reduce the levy needed to fund loan repayments. This action keeps property taxes much lower than they otherwise would be.

The estimated 2015 starting fund balance is \$5,426. The estimated ending balance is \$926.

TID Debt Service Fund: This fund accounts for debt issued for TID 3 and TID 4. Tax increment revenues pay for the majority of the payments due from the TID-related loans. A property tax levy makes up the difference between the loan payment and the available increment created within both of the TIDs.

The Village is required to maintain a certain fund balance each year to account for costs associated with prior payments for the TID #3 amendment fund. The balance in this fund is restricted until TID #3 is fully paid off. If TID #3 is in the black at the end of its life, the additional money in the TID #3 fund, up to the balance in this fund plus certain monies already reserved in the General Fund, will become unrestricted. The Village fully complies with this requirement.

The estimated 2015 starting balance is \$150,752. The estimated 2015 ending balance is \$201,426.

Capital Projects Fund: The Village annually funds various capital projects – projects that have a value of \$5,000 or more and that have a useful life of more than one year. This fund tracks all revenues and expenditures for those projects.

Non-utility capital projects for 2015 include:

- Miscellaneous library repairs, \$9,000
- Sunrise Frolic Park pathways, \$30,000
- Sunrise Frolic Park bleachers, \$14,000
- Grundahl Park parking lot sealcoat, \$31,000
- New police vehicle, \$31,000
- Replacement police rifles, \$9,000
- Street maintenance, \$75,000
- Streetscape banners and medallions, \$7,500
- Storm sewer rehabilitation, \$536,000

Total non-utility capital projects in 2015 are \$726,500. The Village will pay cash for \$226,500 worth of work and borrow on a ten-year bond for the remaining \$500,000. The borrowing is for a previously unexpected capital cost for priority storm sewer repairs and replacement in the area of Second Street and Garfield. Budgeted revenues include \$2,500 for the sale of village equipment, \$22,000 in donations, and a levy of \$553,500. The 2015 levy is 8.58% lower than in 2014.

The estimated 2015 starting balance is \$275,322 and the estimated ending balance is \$211,822. The Village is using this fund balance over the next several years to keep property taxes low.

Utilities pay for their capital projects directly from their respective depreciation accounts.

TID 3 Fund: This fund manages revenues and expenses associated with Tax Increment District (TID) #3. The revenue typically comes from taxes paid within the specific TID jurisdiction, with additional revenues coming from a levy to cover a portion of the shortfall needed between the known debt payment and the revenues coming into the fund from increment created from the base value when the district was created. In addition to the levy, two local developers pay the remaining costs associated with the shortfall. The Village is responsible for 33.86% of the shortfall between the increment collected and any given year's annual debt payment on the loan(s) for the cost of projects already completed. Developers pay 66.14% of the shortfall.

Using what should be a conservative estimate, TID #3 is "in the black" for each year from 2015 through 2019. Annual cash flow for each year except 2016 has revenues exceeding expenditures and there will be enough money built up in the fund in 2016 so that the taxpayer does not have to cover any extra costs. The estimated fund balance by 2019, which can be applied to the 2020 loan payment, is \$218,691. If there is new construction in addition to the hotel, child care facility, and the office complex next to Farmer's Bank, that will only improve the financial outlook of the fund.

The Wisconsin Department of Revenue - Bureau of Equalization shows TID #3's value increment at \$18,841,400.

The 2015 estimated starting fund balance is \$61,780. The estimated ending fund balance is \$160,551.

TID 3 Amendment Fund: In 2006, the Village approved an amendment to TID 3 and incurred additional expenses. It is unknown if the TID will be able to fully support repayment of these additional expenses (which will only happen after the original TID 3 fund fully covers all of its debt obligations throughout the life of the TID). If this occurs, then the District can remain open in order to repay the costs associated with this fund. Because of the nature of this fund, it will carry a negative balance.

The estimated fund balance at the start and end of 2015 is -\$352,005 and at the end of 2015 -\$409,943.

TID 4 Fund: This fund manages the revenues and expenses associated with Tax Increment District #4. TID 4 is in good financial shape with an original estimated closing date for the district in 2025. The Village has one loan payment remaining in this TID. There is approximately \$200,000 remaining in the TID project plan for a future project as incentive to create jobs and increased assessed value in the district.

The estimated starting balance in this fund for 2015 is \$13,067 and the expected ending balance is \$46,196.

Electric Utility: This fund is used for the operation of the Village's electric utility. The utility purchases power from WPPI Energy and distributes it to customers within and outside of the Village's corporate limits. Expenses include costs for maintaining two substations and 127 miles of primary distribution lines.

The estimated starting cash balance in the electric fund for 2015 is \$2,872,999 and the estimated ending balance is \$2,898,108. The electric utility's capital projects in 2015 are:

- Meter replacement, \$35,600;
- Underground primary loop, \$52,930;
- LED street pole lighting, \$15,862;
- Backhoe replacement, \$105,000

The electric utility will pay cash for all of its 2015 capital projects.

Water Utility: This fund is for the operation of the Village's water utility. The water utility operates two water towers with 700,000 of elevated water storage capacity, 600,000

gallons of ground level storage capacity, has over 231,000 linear feet of water mains, and operates four wells.

The estimated starting cash balance in the water fund for 2015 is \$1,245,973 and the estimated ending balance is \$1,234,605. The water utility's capital projects in 2015 are:

- Lead service replacements, \$38,500;
- Meter replacements, \$42,000;
- Well inspections, \$11,000;

The water utility will pay cash for all of its 2015 capital projects.

Sewer Utility: This fund is used for the operation of the Village's sewer utility. The utility operates the wastewater treatment plant, 236,782 feet of sewer main, and eleven lift stations. The plant is currently planning for future expansion (estimated in 2017-2018). A \$1.8 million upgrade was completed in 2014 and these improvements will help delay the need for a new plant. The upgrade will be incorporated into the design of the new plant in order to make the best use of user fee revenues.

The sewer utility budgeted to have \$20,558 in additional revenue from 2014 to 2015 while operating expenditures are budgeted to decrease by \$68,270. The new plant is budgeted to begin engineering in 2016 with construction starting in 2017 for a 2018 completion. We are budgeting to pay over \$3M in cash toward the estimated \$13M in costs for an estimated \$10M loan. We will have more accurate numbers after preliminary engineering work is complete in the fall of 2016.

The estimated starting cash balance in the sewer fund for 2015 is \$2,114,156 and the estimated ending balance is \$2,781,882. The sewer utility's capital projects in 2015 are:

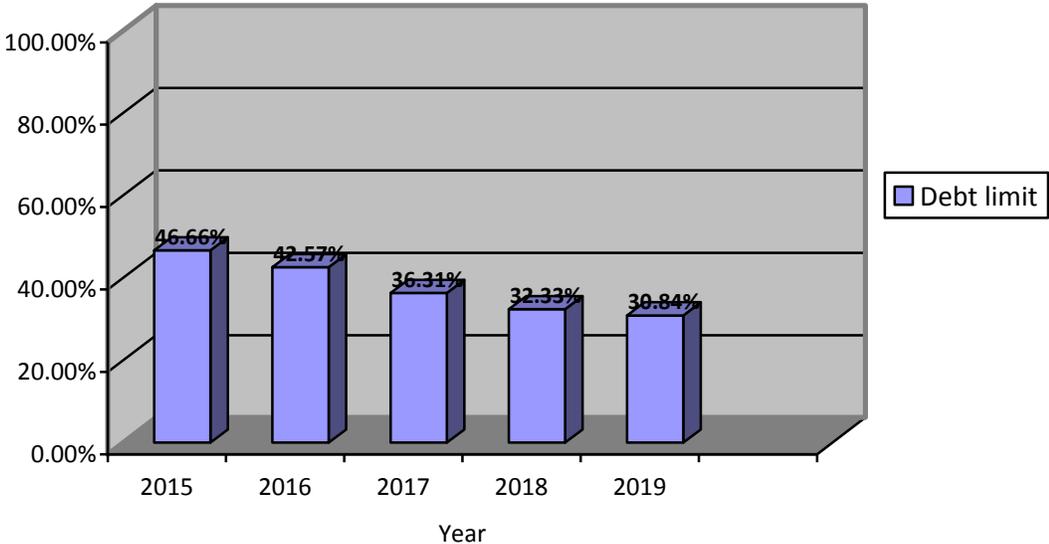
- Lift-station control panel replacements, \$27,000;

- Brookwood lift-station pump replacement, \$42,000

The sewer utility will pay cash for all of its 2015 capital projects.

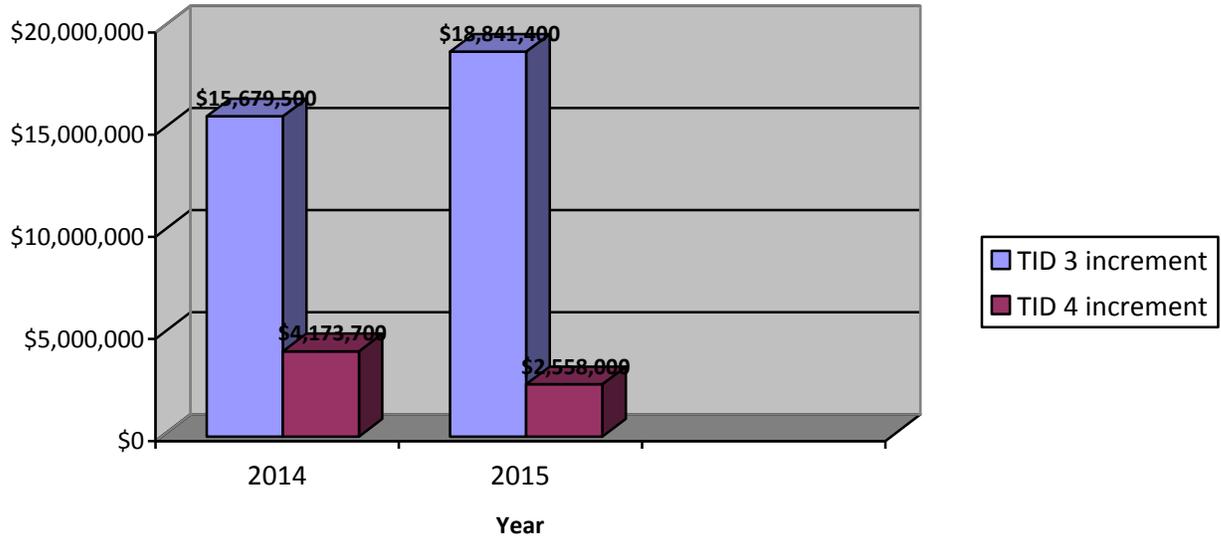
# Charts & Graphs

### Village Debt Limit by Year



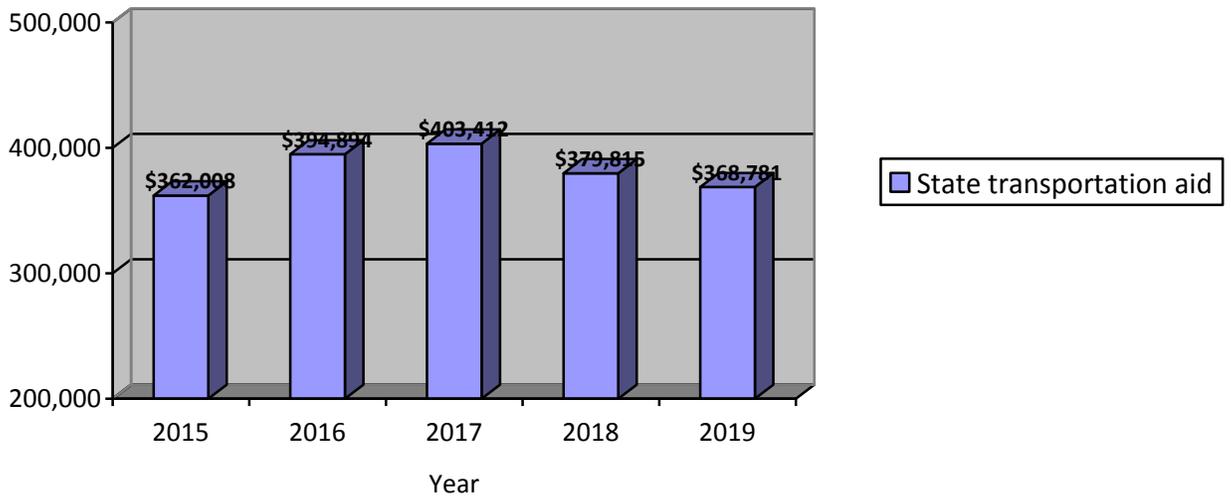
- The Village, like all municipalities in the State of Wisconsin, is required to borrow no more than 5% of its equalized assessed value within the community. This limit applies only to general obligation debt. The estimated 2015 equalized value is \$600,480,400. This means that the Village can legally borrow \$30,024,020. After borrowing for an unexpected public works project in 2015 and no additional borrowing anticipated until 2019, the Village will be at 46.66% of its debt limit in 2015 and 30.84% of its debt limit in 2019.

TID Increment Values



- The increment value in the two tax increment districts (TIDs) has a direct effect on the amount of property tax levy required from taxpayers to cover any shortfall in the district for required loan payments. The TID #3 increment value increased by 20.16% from 2013 to 2015. This is the result of new development in the district and a re-evaluation of the assessed value of vacant lots. The TID #4 increment value decreased by 37.71%; however, the district has enough cash to cover its annual debt payment. This decrease is the result of a revised valuation of Walgreens property and the need to correct for previous over-assessments. The increment in 2016 is expected to increase by approximately \$2,000,000 due to the over-correction of the Walgreens assessment no longer applying and the full value of the 2013 Trollway Shoppes project showing up on the tax roll.

### State Transportation Aid



- The State of Wisconsin provides financial aid for transportation-related projects based in part on a 6-year rolling average of actual road projects in the Village. The Village will see a reduction in state transportation aid in 2015 from levels seen two years prior, there will be an increase in funding in 2016 and 2017, and then funding will be slightly lower than 2017 in both 2018 and 2019. The Village is budgeting accordingly each year based on anticipated transportation aid revenues.

## Five-Year Capital Improvement Plan

The Village completes a 5-year Capital Improvement Plan (CIP) to provide budget decision makers with a solid tool for planning for the future of the Village. Department heads provide the Village Administrator with detailed capital needs for their department. The Village projects capital needs for five years into the future. The 5-year CIP is a separate document and the Village Board will review it for approval apart from the operating budget.

The 5-year capital budget includes the following budgeted expenses for combined "Village" and "Utility" projects:

- \$1,090,392 in projects for 2015
- \$1,966,190 in projects for 2016
- \$10,537,200 in projects for 2017
- \$363,250 in projects for 2018
- \$1,248,500 in projects for 2019

The higher costs in 2017 are associated with the construction of a new wastewater treatment facility.

## Debt

### Debt Types:

- General Obligation Debt – The defining feature of general obligation debt is the source that secures its repayment - an ad valorem tax levied on all taxable property within the limits of the municipality at the time the general obligation is issued. Chapter 67 of the Wisconsin statutes governs the issuance of various obligations generally known as general obligation bonds or notes.
- Revenue Debt – Revenue bonds and notes are payable from the revenues derived from the operation of the water, electric, or sewer utilities. These bonds are not secured by the full faith and credit of the taxing ability of the municipality and as such, they are generally considered a slightly higher risk to investors.

The Village, like all municipalities in the State of Wisconsin, is required to borrow no more than 5% of its equalized assessed value within the community. This limit applies only to general obligation debt. The estimated 2015 equalized value is \$600,480,400. This means that the Village can legally borrow \$30,024,020. After borrowing for an unexpected public works project in 2015 and no additional borrowing anticipated until 2019, the Village will be at 46.66% of its debt limit in 2015 and 30.84% of its legal debt limit in 2019.

Debt Limit: By law, the total general obligation debt of a municipality may not exceed 5% of its total equalized value. The equalized value for 2014 is \$600,480,400 and 5% of that is \$30,024,020. The budgeted general obligation debt for 2015 is \$14,008,886, which is 46.66% of the legal debt limit. Debt over the next several years is budgeted to significantly decrease with reduced borrowing.

### Debt Highlights:

- In 2014, the Village re-financed a TID 3 loan resulting in anticipated savings of \$175,000.
- Total sewer-related debt payments in 2015 are \$263,134.
- Total water-related debt payments in 2015 are \$197,850.
- Total electric-related debt payments in 2015 are \$254,098.
- Total general Village-related debt payments in 2015 are \$1,275,638
- Of the \$1,275,638 amount, \$902,811 is from the debt service fund and \$372,827 is from the TID debt service fund.
- Total general obligation debt service payments in 2015 are \$1,533,938. Total revenue debt service payments in 2015 are \$456,782.
- Total revenue debt for 2015 is \$2,964,884. Total General Obligation debt will be \$14,008,886.

Debt Forecast: The five-year financial forecast shows general obligation debt dropping significantly by the end of 2019. Revenue debt will increase as a result of the new wastewater treatment facility scheduled for 2018. General obligation debt should drop from \$14,008,886 in 2015 to \$9,541,551 in 2019.

## Levy

The Village levies from eleven (11) different funds and nine (9) of these funds are inter-related due to their connection to the state imposed levy limit. The following funds are at least partially funded by a levy:

- General Fund
- Library
- Outreach/Nutrition (Senior Center)
- Capital Projects
- Revolving Loan
- Employee Retirement Insurance Fund
- Welcome Center
- Swimming Pool
- Tax Increment Districts (TID)
- Debt Service
- TID Debt Service

The total combined levy from levy-limit funds cannot be more than the state imposed limit, which for 2015 is 0.97% more than the levy in 2014. The levy for 2015 complies with this requirement. The two debt service levies are not subject to the levy limit. For 2015, the Village's levy toward the levy limit is \$3,269,884. The total general levy is \$3,705,558. The total levy amount will be added to the TID increment to determine the total final levy. Not including the TID increment calculations, still pending from the State, the general levy is set to increase by 0.30%; however, with additional assessed value in the community, the net levy to the taxpayer is set to increase by only 0.11%. This represents an annual increase of \$1.70 on a \$250,000 assessed property.