

Meeting Minutes
Village of Holmen Finance and Personnel Committee
May 9, 2017

The meeting of the Holmen Finance and Personnel Committee was held Tuesday, May 9, 2017, in the Village Board Room.

Trustee Doug Jorstad called the meeting to order at 5:05 pm.

Present at the meeting: Committee members Doug Jorstad, Dawn Kulcinski and Rich Anderson. Also in attendance were Nancy Proctor, Steve Johnston, Scott Heinig and Angie Hornberg.

Approval of Minutes Rich Anderson/Dawn Kulcinski motioned to approve the minutes of the April 11, 2017, meeting. The motion carried unanimously.

Public Comment None.

Clerk/Treasurer Report Hornberg remarked that the auditors would be presenting the 2016 audit report this week at the Board meeting, and that financial information was provided in all members' mailboxes. Hornberg commented that the annual room tax reports as well as the annual recycling report were filed; the 2016 figures supported the recycling grant funds as received. She noted that annual license renewals will be brought before the Committee in June. Hornberg also stated that Barb Hanson has been hired as a part-time receptionist for the Clerk/Treasurer Department and will begin on May 17th.

Review Claims and Financial Statements The Committee reviewed all claims for payment.

Consideration of Licenses Dawn Kulcinski/Rich Anderson motioned to recommend approval of Operators' Licenses for Brianna B. Hernandez – Holmen American Legion and Jacob R. Schilling – Festival Foods. The motion carried unanimously.

Administrator's Report Heinig updated the Committee on the many planning and economic developments that are now taking place in the community including several new plats; he indicated many more will follow including some commercial additions. He remarked that he recently participated in several groundbreaking ceremonies in the community. Heinig commented on the progress of the library, and that the Holmen Drive project was moving along very well.

Consider Modification to the 2018 Fire Department Budget regarding State Insurance Revenues Administrator Heinig mentioned to the Committee that Fire Board representatives actually wished to discuss having the payment increased for 2017, not just for 2018 as was originally reported to the Board. Thus, he recommended they review both years as part of their discussion. Trustee Jorstad asked Heinig to explain how the fire insurance payment was received by the State and then paid to the Fire District. The payment is usually made in August and was approximately \$25,000 in 2016 (we typically budget to receive about \$23,000). The payment is intergovernmental revenue just like State Road Aids, Police Grants or Shared Revenue. The Fire Insurance payment must be paid to the Fire District and cannot be used for any other Village-related expense. The revenue is clearly shown on the first page of the adopted Village Budget, and it is then expensed within the Village's Public Safety Budget under the line item to be paid to the Fire Department.

It is thereafter the Fire Department's responsibility to allocate the funds they receive to show how the revenue is used. Typically, the funds are always allocated to four primary areas by law: Fire protection equipment of any kind; fire inspection and public education; training of firefighters and fire inspectors;

and firefighter pensions. The Fire District only needs to demonstrate that they have used the funds they have received for those uses at some point in the year. The District was recently audited and found to have not properly allocated those funds. Heinig suggested that this was something the District should be able to easily fix by creating a spreadsheet that uses the budgeted revenue they are expecting for 2017, however the District representatives are instead asking for an additional payment from the Village equal to that of the Fire Insurance Revenue, and have suggested that the area Towns have already agreed to do the same.

Heinig stated that if the Board chose to increase the payment to the Fire Board for 2017 by approximately \$25,000, that they have the capacity to do so, and that if the Towns are agreeing to do so, than it is reasonable to do the same. Heinig mentioned that any budget amendment requires a two-thirds vote of the full Board. Heinig cautioned the Board about spending from Reserve for operational expenses. Operational decreases to the Reserve, if not offset by other operational cuts, would decrease the Reserve without a justified Capital Asset to show for, and such actions are harshly scrutinized by S&P and could jeopardize our bond rating. Heinig provided examples of when this has happened in the past and stressed how S&P was very critical of Reserve spending without a Capital Asset to justify the spending. It is therefore imperative that we find a way to make the increased payment without impacting Reserve.

Trustee Kulcinski asked that in future budgets if the capital portions as well as the fire insurance portion of the Fire Department expense could be broken into separate line items.

Trustee Jorstad thanked Administrator Heinig for his clear explanation of the situation. He mentioned that he had received a phone call from a fellow Board member stating that since the Village has reserve funds available, we should be willing to turn this additional amount over to the Fire Department, as well as making an accusation that these fire insurance revenues were not being disclosed in the Village budget and not being passed on appropriately. Jorstad felt that this is a misinterpretation of what is really going on; he feels that a double payment of these fire insurance funds is being requested. Jorstad remarked that he was also told that the Town of Holland and Town of Onalaska were turning over additional funds; he commented that that was only hearsay at this time. He felt strongly that the budget has already been set for 2017, and he was assured those insurance funds were included in the Fire Department annual payment therefore he didn't feel it was appropriate to consider for 2017; he remarked that we can look at increasing budgeted costs for 2018.

Trustee Kulcinski agreed and stated she was against turning over additional funds to the Fire Department for 2017.

Trustee Jorstad asked Steve Johnston if he had any comments for the Committee; Johnston thanked the Committee for letting him sit in on the discussion and he stated that he had three issues with changing funds to the Fire Department for 2017. First, he remarked that it was the Board's responsibility to adhere to the process that we have created; we need to protect our approved budget. Second, we have a responsibility to protect our S&P Bond rating to continue to keep our interest rates low; the use of reserve funds on operating costs could jeopardize that rating. Thirdly, we have a responsibility to taxpayers who have entrusted the Board to protect the Village's funds; he feels that giving an additional \$25,000 without a guarantee on how it would be used would not be appropriate.

Trustee Jorstad commented that it was very concerning the Fire Department could not stay within their approved budget for 2017.

Trustee Anderson commented that he would have liked to have had additional information at the last Board meeting when this request was made; he felt the explanation was very good this evening. Administrator Heinig stated that he was unaware that the request for fire insurance revenue would be made at that meeting.

Dawn Kulcinski/Doug Jorstad motioned to deny the request to consider payment for 2017 and to reallocate the existing payment in a separate line item beginning in 2018. The motion carried with Kulcinski and Jorstad in favor; Anderson was opposed.

Adjourn Dawn Kulcinski/Rich Anderson motioned to adjourn. The motion carried unanimously. The meeting adjourned at 6:13 pm.

Minutes by Angela Hornberg, Village Clerk/Treasurer