



**VILLAGE OF JACKSON
FINANCIAL MANAGEMENT
PLAN SUBCOMMITTEE AGENDA
Thursday, October 5, 2023 at 6:00 PM**

Jackson Municipal Complex
Village Board Room
N168W19851 Main Street
Jackson, WI 53037

1. Call to Order and Roll Call
2. Approval of Minutes for the August 29, 2023 Financial Management Plan Subcommittee Meeting
3. 2023 Financial Management Plan - Review of Operational and Utility Planning
4. Citizens/Village Staff to Address the 2023 Financial Management Plan Subcommittee
5. Adjourn

Persons with disabilities requiring special accommodations for attendance at the meeting should contact the Administration Department at the Jackson Municipal Complex at least one (1) business day prior to the meeting.

It is possible that members of the Village Board may attend the above meeting. No action will be taken by any governmental body at this meeting other than the governmental body specifically referred to in this meeting notice. This notice is given so that members of the Village Board may attend the meeting without violating the open meeting law.

DRAFT MINUTES
2023 Financial Management Plan Subcommittee Meeting
Tuesday, August 29, 2023 at 7:00 p.m.
Jackson Municipal Complex
Village Board Room
N168W19851 Main Street
Jackson, WI 53037

1. Call to Order

President Heckendorf called the meeting to order at 7:00 p.m.

Members Present: Pres. Heckendorf, Tr. Olson, and Chris Sberna

Staff Present: Administrator Jen Keller, Director of Public Works Brian Kober, Treasurer Darlene Smith, and Village Clerk Anastasia Gonstead

Also Present: Tr. Engelhardt, Tr. Matter, and Brian Roemer with Ehlers.

2. Introductions

Administrator Keller introduces staff involved as well as representative from Ehlers.

3. 2023 Financial Management Plan – Review of Capital Project List and Funding Options

Presentation by Brian Roemer with Ehlers. Presentation provided details pertaining to:

- Review of the initial Capital Improvement Plan (CIP) results
- Review of the revised CIP results
- Comparing annual and biennial borrowing options
- Overview of Workshop #3, which is to cover governmental operations, utilities, levying, and financial optics.

Discussion was had regarding planning for inflation, as well as possibly reordering projects based on needs vs. wants. It was confirmed that Ehlers would be able to assist in moving projects around within the timetable to take advantage of funding opportunities and community needs.

Discussion was had on the pros and cons to annual vs. biennial borrowing, as well as limitations that can arise for refinancing.

Unanimous consensus of the Subcommittee members to direct staff to move forward, using the scope of annual borrowing for 2024 and keeping the option for biennial borrowing open.

Determination made to work on scheduling the next meeting of this body following the October 10, 2023 Village Board meeting. Date and time are currently to be determined.

4. Citizens to address the 2023 FMP Subcommittee

Public comment from Tr. Engelhardt emphasizing the need evaluate the list of projects and possibly adjust, noting the increase from the original to revised CIP.

5. Adjourn

Motion by Tr. Olson, second by Pres. Heckendorf to adjourn.

Vote: 3 ayes, 0 nays. Meeting was adjourned at 7:52 p.m.

Respectfully submitted,

Anastasia Gonstead
Village Clerk

DRAFT



Village of Jackson, WI
Financial Management Plan
Workshop #3: Operating
October 5, 2023 Committee Meeting

Objectives

Review

Village's financial trends for operations and capital budgeting.

Illustrate

Long-range levy forecast that incorporates General Fund, capital projects, and debt service.

Provide

General assessment of fiscal strengths and challenges.

Plan

Framework for 2024 budget process and beyond.



REVIEW

HISTORICAL TRENDS, STRENGTHS, WEAKNESSES, & LEVY

Financial Positives

General Fund unassigned fund balance as of 12/31/2022 increased from 55% to 64% of op. revenues. Very Strong Moody's Score > 35%.



2.369% Net New Construction (92,971) & Supplemental CMA aid (\$203,502) provides LL Capacity for 2024 budget

Financial Challenges

Levy Limits & Net New Construction

- All Muni's face
- Five-year average 1.9%; moderate (Wash. Co. 5-yr avg. 1.8%)

General Obligation borrowing capacity

- All Muni's face
- Currently 34%; moderate

Levy Limits “At-a-Glance”

- Current limit (Sec. 66.0602, Wis. Stats.):

The prior year’s actual levy may be increased by a percentage equal to net new construction in the preceding year (or zero, if none)

- ✓ Subject to numerous adjustments that may reduce or increase allowable levy

Formula:

What did we do last year net of debt?

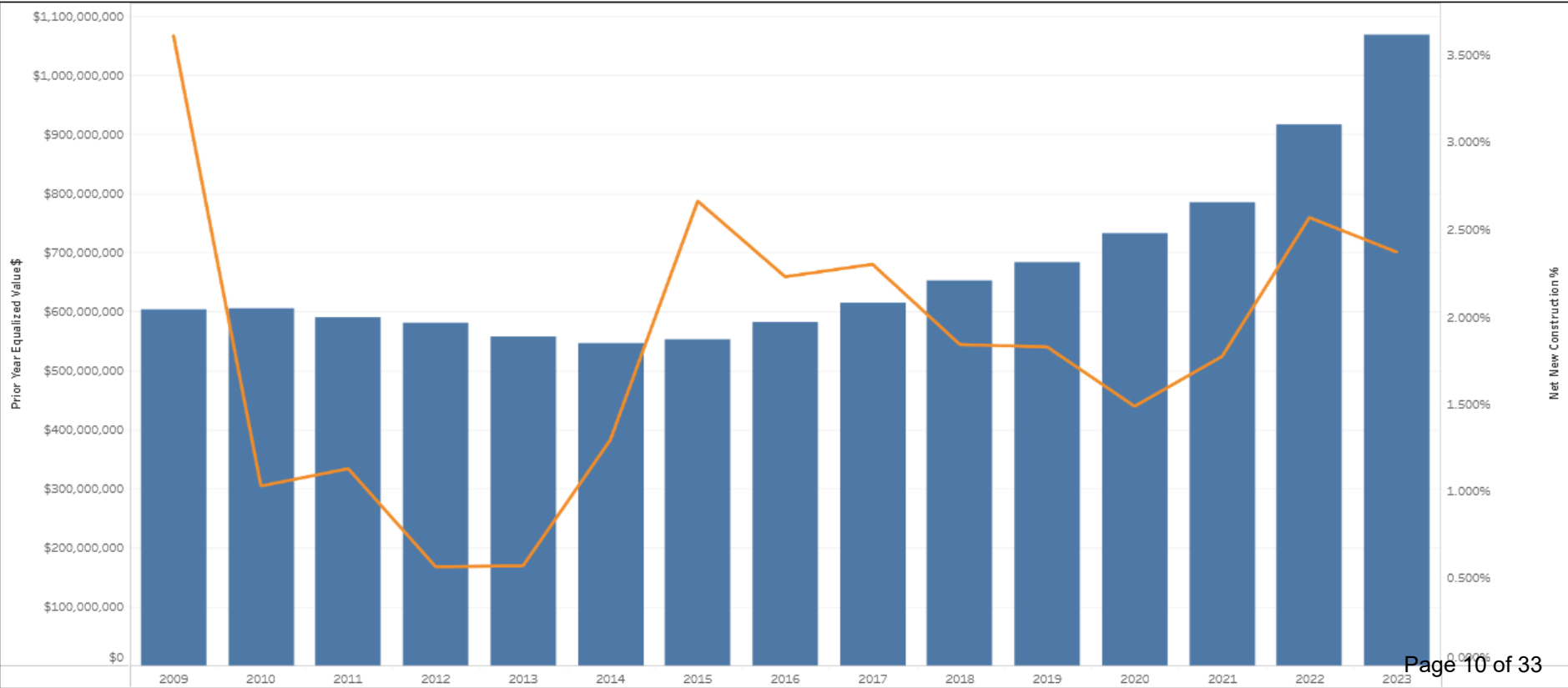
Add: NNC % of last year

= Min. Allowable Levy (pre-debt) a.k.a “Base Levy”

Add: Debt as needed up to total GO Debt payment

Historical EV & NNC 2009-2023

Municipality
66141 Jackson (V)



NNC & Levy Limit Parameters

2020 Net New Construction 1.486%

- Allowable 2021 levy increase \$54,507

2021 Net New Construction 1.772%

- Allowable 2022 levy increase \$65,964

2022 Net New Construction 2.567%

- Allowable 2023 levy increase \$101,782

2023 Net New Construction 2.369%

- Est. Allowable 2024 levy increase \$92,971

For a 4M operation
4-year average of
allowable revenue
increase = 2%

Levy, Valuation & Tax Rate History

Levy Year	2019	2020	2021	2022
Calendar/Budget Year	2020	2021	2022	2023
Amount Levied for General Fund	2,493,734	2,768,569	3,062,728	3,493,652
Amount Levied for Recreation	191,915	194,015	209,185	232,715
Amount Levied for Capital	395,750	186,350	163,000	181,390
Amount Levied for Debt Service	1,773,751	1,875,577	2,320,042	1,632,859
Total Levy	4,855,150	5,024,511	5,754,955	5,540,616
Assessed Value (TID Out)	607,625,802	615,053,917	839,697,175	854,830,503
Tax Rate	\$7.99	\$8.17	\$6.85	\$6.48
Sample Property Value	175,000	175,000	238,917	238,917
Sample Property Tax Bill	\$1,398.31	\$1,429.61	\$1,637.45	\$1,548.55
<i>Tax Bill Change from PY (\$)</i>		\$31.30	\$207.83	<i>(\$88.89)</i>
<i>Tax Bill Change from PY (%)</i>		2.24%	14.54%	-5.43%

- Levy Limits will generally limit tax rate increases if debt controlled
- Large growth years cause tax rate fluctuation
- Long-term tax rate control considerations beyond large growth years



PLAN

2024 BUDGETING

Village Levy Components

General & Op
Funds



Subject to levy limits. Methodology on next slide.

Capital



Subject to levy limits. The moveable object.

G.O. Debt
Service

Not subject to levy limits. Covered in previous Workshops.

General & Operating Funds Revenue Methodology

Non-levy revenue sources

Held flat at current levels (consistent with trends) outside of known adjustments (CMA state aid)

Solve Levy Need

Solve against budgeted expenses w/ remainder to capital

Know Allowable Levy

1/1/23 Net New Construction adds \$203,502 in new allowable levy

General Fund Summary

- Increased costs across all categories
- Public Safety & Public Works offset by additional Intergov. Revenues from Supplemental aid
 - ✓ \$203,502

	Estimate 2023	Budget 2024
GENERAL FUND		
REVENUES		
Taxes	3,846,377	4,148,060
<i>Property Taxes</i>	3,493,652	3,797,960
<i>Other Taxes</i>	352,725	350,100
PILOT	-	-
Special Assessments	-	-
Intergovernmental Revenues	719,757	849,474
Licenses & Permits	261,923	278,150
Fines, Forfeitures & Penalties	185,862	68,250
Public Charges for Services	55,614	41,760
Interest income	75,000	15,000
Other Financing Sources	72,436	70,248
TOTAL REVENUES	5,216,969	5,470,942
EXPENDITURES		
General Government	751,849	850,692
Public Safety	2,841,950	3,089,152
Public Works	1,164,372	1,274,987
Culture & Recreation	216,237	256,111
Capital Outlay		
TOTAL EXPENDITURES	4,974,408	5,470,942

Full Levy Summary

Levy Year	2022	2023
Calendar/Budget Year	2023	2024
Amount Levied for General Fund	3,493,652	3,797,960
Amount Levied for Recreation	232,715	261,021
Amount Levied for Capital	181,390	-
Amount Levied for Debt Service	1,632,859	1,545,217
Total Levy	5,540,616	5,604,198

- \$304,308 increase in GF Levy
- \$28,306 increase in Rec. Fund Levy
- \$(181,390) decrease in Capital Fund Levy
- \$(87,642) decrease in Debt Service Levy
- \$63,582 total increase

Know Allowable Levy

- Current (minimum) allowable levy: 5,629,055
 - ✓ Includes Carryforward
- Projected Levy need: 5,652,656
- Allowable adjustments to increase allowable levy
 - ✓ Additional debt service adjustment

Levy Year	2022	2023
Calendar/Budget Year	2023	2024
Levy Limits		
Line 8 Allow b4 Adj. (Base Levy)	4,050,080	4,000,729
Line E Adj. (Actual or Proj. Min. Debt	1,632,859	1,545,217
Other Adj.	0	83,109
Total Allowable	5,682,939	5,629,055
Levy Need	5,540,616	5,652,656
Allow (Deficit)/Excess	142,323.29	(23,602)
Max Allow Line E	1,942,877	1,905,606
Line E Adj. Capacity	310,018	360,389

Adjusted Allowable Levy Results

- Adjusting the allowable levy to meet levy need
- Based on projected assessed valuation (known in the end of October) tax rate: \$6.40
 - ✓ Considerations for tax rate protection against future years

Levy Year	2022	2023
Calendar/Budget Year	2023	2024
Amount Levied for General Fund	3,493,652	3,797,960
Amount Levied for Recreation	232,715	261,021
Amount Levied for Capital	181,390	-
Amount Levied for Debt Service	1,632,859	1,545,217
Total Levy	5,540,616	5,604,198
Assessed Value (TID In)	923,155,555	945,025,110
Incremental Value (Equalized)	79,140,200	92,889,400
Assessment Ratio	86%	75%
Incremental Value (Assessed)	68,325,052	69,667,050
Assessed Value (TID Out)	854,830,503	875,358,060
Tax Rate	\$6.48	\$6.40
Sample Property Value	238,917	238,917
Sample Property Tax Bill	\$1,548.55	\$1,529.59
<i>Tax Bill Change from PY (\$)</i>	<i>(\$88.89)</i>	<i>(\$18.96)</i>
<i>Tax Bill Change from PY (%)</i>	<i>-5.43%</i>	<i>-1.22%</i>

2024 Initial Budget Takeaways

- Cut budget or adjust allowable levy by 23k
- Further increase levy
 - ✓ Increase Capital Projects levy (through abated debt and downsize debt needs for upcoming projects)

Direction needed: Tax Rate and Tax Bill considerations/goals?

- Allow decrease
- Freeze to last year
- Inflationary



PLAN

BEYOND THE 2024 BUDGET

Ongoing budget tools

**Tax levy & rate objectives
(impact on taxpayers)**

New services or initiatives

Permissible decreases in service levels

Capital project prioritization

Acceptable debt financing levels

General Fund Expenditure Methodology

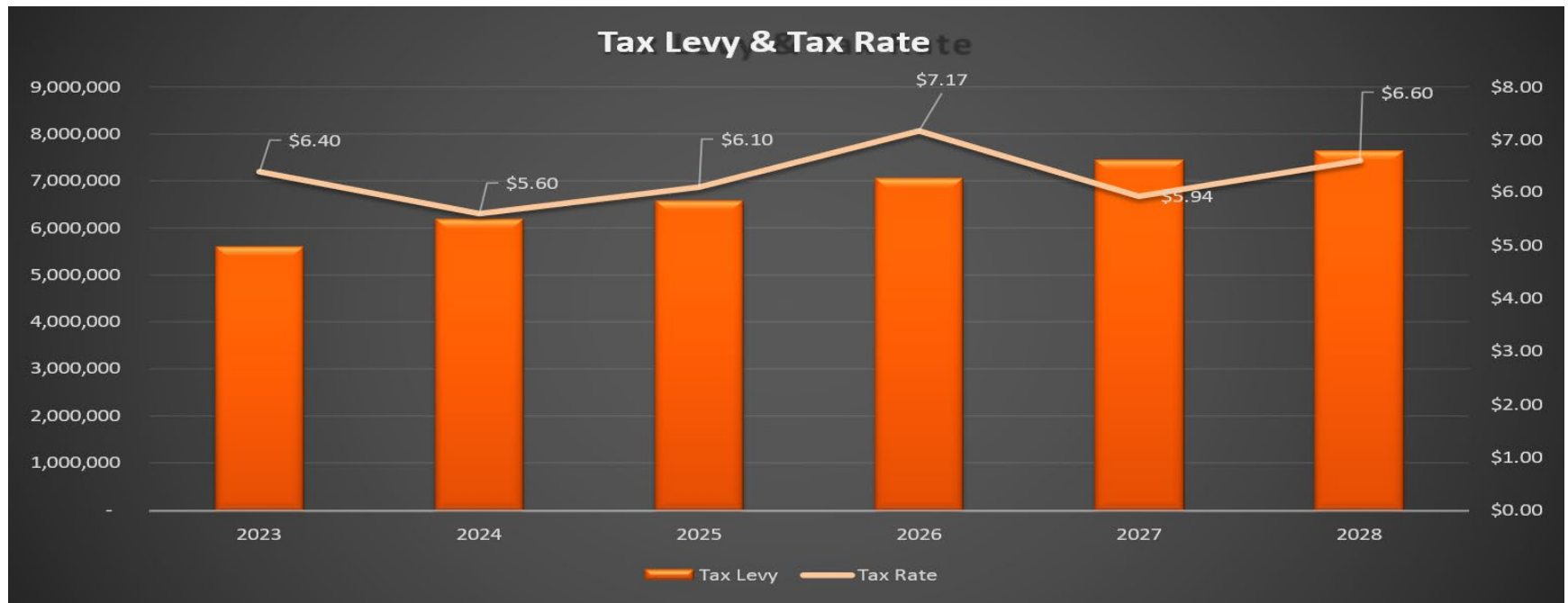
EXPENDITURE CODES			
CODE	DEFINITION	INCREASE	EXPLANATION
C	Commodities	2.00%	Fuel & Mileage, Office Supplies, Operating Supplies, Utilities, Uniforms, Office Furniture & Equipment
E	Employee Insurance	7.00%	Health, Dental & Life Insurance, Post Employment Health Plan, Long Term Disability
I	Insurance	7.00%	Property & Liability
S	Services	3.00%	Advertising & Printing, Communications, Contractual Services, Dues & Memberships, Janitorial Services, Maintenance Agreements, Meetings & Training, Professional Services, Publications & Subscriptions, Repairs & Maintenance
W	Wages	3.50%	Regular & Seasonal Wages, Overtime, Holiday & Misc. Compensation, Longevity, Premium Pay, Social Security, Retirement, Unemployment Compensation

Projected Levy 2024-2029

Levy Year	2023	2024	2025	2026	2027	2028
Calendar/Budget Year	2024	2025	2026	2027	2028	2029
Amount Levied for General Fund	3,797,960	3,861,810	4,079,292	4,305,923	4,542,149	4,788,441
Amount Levied for Recreation	261,021	314,362	336,408	359,253	382,929	407,468
Amount Levied for Capital	-	9,946	-	-	-	-
Amount Levied for Debt Service	1,545,217	2,006,765	2,149,854	2,377,402	2,507,953	2,449,709
Total Levy	5,604,198	6,192,883	6,565,554	7,042,578	7,433,030	7,645,619
Levy Limits						
Total Allowable	5,652,656	6,170,838	6,357,700	6,816,018	7,197,334	7,400,336
Levy Need	5,652,656	6,192,883	6,565,554	7,042,578	7,433,030	7,645,619
Allow (Deficit)/Excess	0	(22,045)	(207,854)	(226,560)	(235,696)	(245,283)
Max Allow Line E	1,905,606	2,385,730	2,541,718	2,768,467	2,916,575	2,860,665
Line E Adj. Capacity	336,788	378,964	391,864	391,064	408,622	410,956

- Allowable Levy includes NNC solved for 75% discount of historical 5-year average of NNC: 0.5%. 2010-2022 average: 1.4%
 - ✓ Indicates operating levy solved under need methodology and not sustainable without continued increased NNC
 - ✓ Debt Service LL adjustment needed

Projected Summary Tax Levy and Rate



Assessed Value Assumption:

- Decrease by hist. avg. (10%)
- Reval when below 75%

Recommended tax rate & capital levy flexibility control mechanism for 2024 budget. Increase future levy to maintain tax rate to avoid tax rate/bill roller coaster & potential future capital levy limitation.

Expenditure Restraint Qualification

Budget Year	2024	2025	2026	2027	2028	2029
Payment Year	2025	2026	2027	2028	2029	2030
NNC (%)	0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
Forecasted NNC Allowance [^]	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
Forecasted CPI-U Allowance	7.70%	4.00%	4.00%	4.00%	4.00%	4.00%
Maximum Allowance	8.01%	4.31%	4.31%	4.31%	4.31%	4.31%
Projected Increase	6.37%	4.06%	3.85%	4.03%	4.03%	4.04%
Qualification	Yes	Yes	Yes	Yes	Yes	Yes

[^]NNC Capped @ 2% Under Current Law

*2024 ERP Qualification automatic due to Act 12: opportunity to reset ceiling. Airport increases above "allowable".

Without increased fuel sales concerns for increased levy support for airport could put pressure on 2027 ERP.

Recommendation: pending budget decisions to final levy amount budget a contingency to meet ERP ceiling or above.

Fund Balance

Category	Description	Controlled by	Examples	
Nonspendable	Not in spendable form	Nature of asset, or legal requirement	Inventories, pre-paid amounts & land	
Restricted	May only be spent for the purpose for which restricted	Creditor or grantors, applicable laws & regulations	Debt service funds, grant funds, impact fees	
Unrestricted	Committed	Funds the municipality has committed for a specific purpose	Governing body must act to commit or un-commit funds	A capital project under contract
	Assigned	Funds the municipality intends to use for specific purposes	Governing body or designee	Future capital projects or equipment purchases
	Unassigned	All other funds not otherwise designated	Governing body or designee	Funds held as working capital and for emergencies

Fund Balance: Uses



Provide working capital & address cash flow needs



Cover unanticipated revenue shortfalls or cost overruns



Pay emergency expenses



Fund future capital projects or equipment purchases



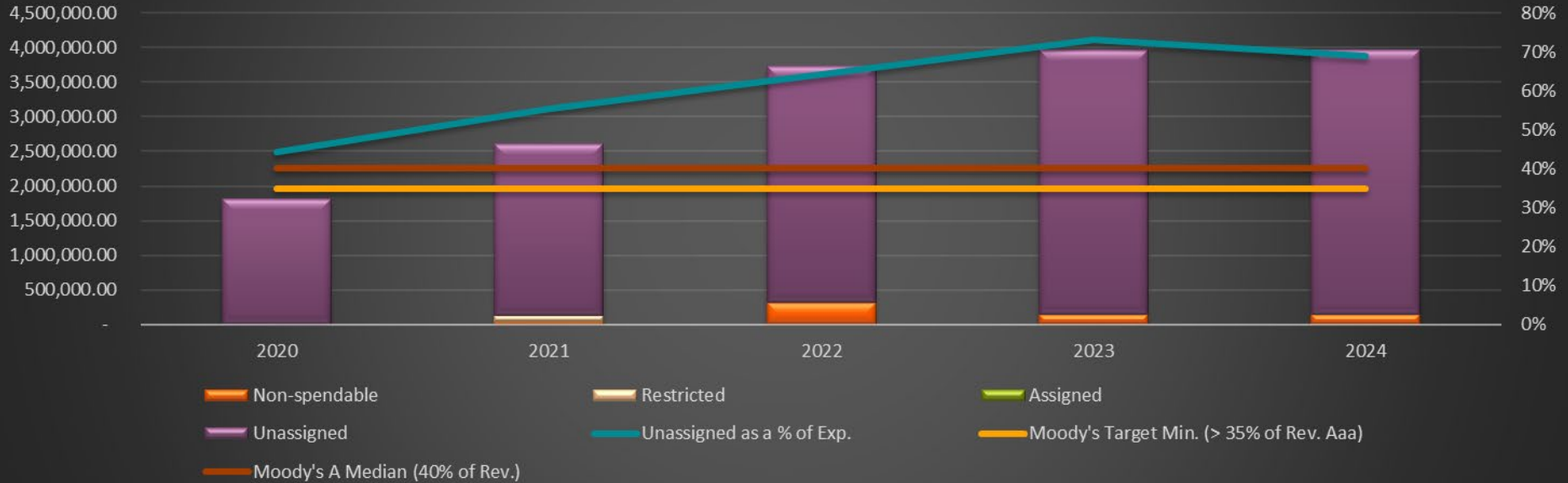
Payoff debt service, debt reduction



Fund limited duration programs or non-recurring expenditures

General Fund: Fund Balance

General Fund Balance vs. Targets





PLAN

UTILITIES INTRODUCTION

Water Historical Rate Performance

Shown with no increase

Revenue Requirement						Est	Budget
Component	Description	2019	2020	2021	2022	2023	2024
Cash Basis							
1	Operating and Maintenance	\$1,182,621	\$1,263,135	\$1,048,620	\$982,572	\$1,328,863	\$1,458,544
2	Debt	\$0	\$0	\$0	\$0	\$0	\$241,825
3	Cash Funded Capital^	\$292,872	\$856,655	\$449,956	\$72,293	\$0	\$1,160,456
Less:							
	Other Revenue	\$93,984	\$419,229	\$275,594	\$70,448	\$50,447	\$65,682
	Interest Income	\$6,656	\$733	\$104	\$2,831	\$28,753	\$1,000
	Revenue Requirement (Costs less Other Income)	\$1,374,853	\$1,699,828	\$1,222,878	\$981,586	\$1,249,663	\$2,794,143
	User Rates Revenue	\$1,279,670	\$1,343,231	\$1,351,629	\$1,344,130	\$1,429,536	\$1,677,800
	Rate Adequacy	(\$95,183)	(\$356,597)	\$128,751	\$362,544	\$179,873	(\$1,116,343)
	Rate Adjustment Needed	7.44%	26.55%	0.00%	0.00%	0.00%	66.54%
Utility Basis (PSC)							
1	Operating and Maintenance	\$1,182,621	\$1,263,135	\$1,048,620	\$982,572	\$1,328,863	\$1,458,544
2	Depreciation	\$210,095	\$212,919	\$218,085	\$227,420	\$257,673	\$331,791
	NIRB	\$5,848,127	\$5,806,518	\$5,955,125	\$6,084,596	\$6,829,964	\$8,282,975
	PSC Benchmark ROR (%)	5.70%	4.90%	4.90%	4.90%	6.50%	6.50%
3	PSC Benchmark ROR (\$)	\$333,343	\$284,519	\$291,801	\$298,145	\$443,948	\$538,393
Less:							
	Other Revenue	\$93,984	\$419,229	\$275,594	\$70,448	\$50,447	\$65,682
	Interest Income	\$6,656	\$733	\$104	\$2,831	\$28,753	\$1,000
	Revenue Requirement (Costs less Other Income)	\$1,625,419	\$1,340,611	\$1,282,808	\$1,434,858	\$1,951,283	\$2,262,046
	User Rates Revenue	\$1,279,670	\$1,343,231	\$1,351,629	\$1,344,130	\$1,429,536	\$1,677,800
	Rate Adequacy	(\$345,749)	\$2,620	\$68,821	(\$90,728)	(\$521,747)	(\$584,246)
	Rate Adjustment Needed	27.02%	0.00%	0.00%	6.75%	36.50%	34.82%

Notes:

^Includes capital not paid with other revenue than reserves and debt coverage adder.

Sewer Historical Rate Performance

Shown with no increase

Revenue Requirement						Est	Budget
Component	Description	2019	2020	2021	2022	2023	2024
Cash Basis							
1	Operating and Maintenance	\$1,096,376	\$1,175,464	\$1,103,644	\$1,416,224	\$1,305,727	\$1,481,083
2	Debt	\$0	\$0	\$0	\$0	\$0	\$534,516
3	Cash Funded Capital	\$5,124	\$574,136	\$206,041	\$225,844	\$0	\$143,629
Less:							
	Other Revenue	\$385,470	\$603,020	\$473,539	\$104,499	\$123,332	\$122,730
	Interest Income	\$59,155	\$15,024	\$1,951	\$58,598	\$123,330	\$50,000
	Revenue Requirement (Costs less Other Income)	\$656,875	\$1,131,556	\$834,195	\$1,478,971	\$1,059,066	\$1,986,498
	User Rates Revenue	\$1,878,691	\$1,877,763	\$1,866,881	\$1,881,312	\$1,908,654	\$1,963,141
	Rate Adequacy	\$1,221,816	\$746,207	\$1,032,686	\$402,341	\$849,589	(\$23,357)
Utility Basis							
1	Operating and Maintenance	\$1,096,376	\$1,175,464	\$1,103,644	\$1,416,224	\$1,305,727	\$1,481,083
2	Depreciation	\$817,502	\$824,182	\$826,648	\$837,182	\$867,435	\$1,290,998
	NIRB	\$13,390,694	\$12,856,142	\$12,419,582	\$52,767,950	\$53,229,772	\$67,830,109
3	Recommended ROI (2%)	\$267,814	\$257,123	\$248,392	\$1,055,359	\$1,064,595	\$1,356,602
Less:							
	Other Revenue	\$385,470	\$603,020	\$473,539	\$104,499	\$123,332	\$122,730
	Interest Income	\$59,155	\$15,024	\$1,951	\$58,598	\$123,330	\$50,000
	Revenue Requirement (Costs less Other Income)	\$1,737,067	\$1,638,725	\$1,703,194	\$3,145,668	\$2,991,096	\$3,955,953
	User Rates Revenue	\$1,878,691	\$1,877,763	\$1,866,881	\$1,881,312	\$1,908,654	\$1,963,141
	Rate Adequacy	\$141,624	\$239,038	\$163,687	(\$1,264,356)	(\$1,082,442)	(\$1,992,812)

Notes:
^Includes capital not paid with other revenue than reserves and debt coverage adder.

Questions/Discussion
