

**INTERNAL SERVICE  
FUND**

**VILLAGE OF WESTON  
2013 OPERATING BUDGET REQUEST  
AND 2014 FINANCIAL PLAN  
PROGRAM COMMENTS**

<b>Department/Office:</b> Finance	<b>Budget:</b> Fringe Benefits Fund
<b>Program:</b> Internal Service Funds	<b>Submitted by:</b> John Jacobs/Jessica Trautman

**FRINGE BENEFITS FUND**  
**2013 Operating Budget – 2014 Financial Plan**

The Fringe Benefits Fund was created to account for the collections from the Village of Weston departments and employees, the Everest Metro Police Department and employees, and retired employees of both governmental units in the financing of the Village/Metro employee fringe benefits plan including health insurance programs and dental self-insurance programs.

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governments on a cost-reimbursement basis.

Revenues include intergovernmental charges for services from the Village of Weston and the Everest Metro Police Department, and premiums received from retirees for the dental insurance program. Expenses include premiums paid for health/dental/life insurance, worker wellness benefits, post employment health insurance, and administration charges.

The self-insured dental insurance program will accumulate a balance in this account in order to minimize the future employer costs (per employee) charged out to all departments of both employers listed here. The user rates charged out for the dental insurance program are reviewed annually. The rates for all of the other fringe benefit programs are determined by the agency administering the program on behalf of the Village and Metro.

	2011 Actual	2012 Budget	2012 Estimate	2013 Proposed Budget	2014 Financial Plan
Unrestricted Net Assets, January 1	\$ 67,231	\$ 52,753	\$ 52,753	\$ 34,553	\$ 11,353
<b><u>REVENUES</u></b>					
Public Charges for Services – Dental	\$ 200	\$ 3,372	\$ 3,540	\$ 3,785	\$ 9,000
Public Charges for Services – Health	4,714	-	6,460	6,215	-
Intergovernmental Charges for Services:					
Health Insurance – Village/Metro	905,320	925,965	925,965	700,000	750,000
Dental Insurance – Village/Metro	79,300	61,800	61,800	61,800	81,000
Worker Wellness – Village	1,975	1,825	1,825	1,825	1,825
Life Insurance – Village/Metro	8,294	8,260	8,260	8,400	8,600
Post Employment Health – Village	23,280	21,120	22,360	22,880	22,880
Total Revenues	<u>\$ 1,023,083</u>	<u>\$ 1,022,342</u>	<u>\$ 1,030,210</u>	<u>\$ 804,905</u>	<u>\$ 873,305</u>
<b><u>EXPENSES</u></b>					
Health Insurance Program	\$ 922,253	\$ 925,965	\$ 925,965	\$ 700,000	\$ 750,000
Dental Insurance Program	81,759	90,000	90,000	95,000	100,000
Worker Wellness Program	1,975	1,825	1,825	1,825	1,825
Life Insurance Program	8,294	8,260	8,260	8,400	8,600
Post Employment Health Program	23,280	22,000	22,360	22,880	22,880
Other Financing Uses/Transfers	-	-	-	-	-
Total Expenditures	<u>\$ 1,037,561</u>	<u>\$ 1,048,050</u>	<u>\$ 1,048,410</u>	<u>\$ 828,105</u>	<u>\$ 883,305</u>
Net Income (Loss)	<u>(14,478)</u>	<u>(25,708)</u>	<u>(18,200)</u>	<u>(23,200)</u>	<u>(10,000)</u>
Unrestricted Net Assets (Deficit), Dec. 31	<u>\$ 52,753</u>	<u>\$ 27,045</u>	<u>\$ 34,553</u>	<u>\$ 11,353</u>	<u>\$ 1,353</u>

# **SUPPLEMENTAL INFORMATION**

**VILLAGE OF WESTON  
RESOLUTION #VW-12-17**

**RESTORATION OF SHARED REVENUE FUNDING**

**Whereas**, 2011 Wisconsin Act 32, cut shared revenue funding for municipalities by 7% (\$47.7 million) effective 2012; and

**Whereas**, shared revenue funding for municipalities has been cut twice before due to the state's fiscal difficulties, including cuts of \$57.6 million in 2004 and \$23.1 million in 2010; and

**Whereas**, for over ninety years the state shared revenue program has been a key component of Wisconsin's state and local relationship and an important part of the state's overall program of property tax relief ; and

**Whereas**, Gov. Walker and legislative leaders have made job creation and economic growth a top priority; and

**Whereas**, to create jobs and economic growth, municipalities must invest in services that businesses demand, like police protection, fire suppression, road maintenance, and snowplowing; and

**Whereas**, to create jobs and economic growth, municipalities must invest in infrastructure that businesses demand, like sewer pipes, water mains, roads, culverts, and bridges; and

**Whereas**, to create jobs and economic growth, municipalities must invest significant funds in a variety of development tools, such as development incentives and grants, business incubators, recruitment and retention efforts, community branding, public/private partnerships, economic development networks, urban service area extensions, and tax incremental financing districts; and

**Whereas**, a strong infrastructure for economic growth, which includes an efficient and effective transportation system to serve the workers and business community, is vital and necessary to the future of our state; and

**Whereas**, job creation and economic growth in our communities will generate additional sales and income taxes for the state; and

**Whereas**, the state should reinvest a portion of its revenue growth in local communities to spur further job creation and economic growth and put Wisconsin on the road to permanent financial stability;

**Now, Therefore, Be It Resolved**, that the Village Board of the Village of Weston urges the Governor and the Legislature to restore shared revenue funding to 2002 levels.

Adopted this 10th day of December, 2012

\_\_\_\_\_  
Fred Schuster, President

Attest:

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Sherry L. Weinkauff, Clerk

**VILLAGE OF WESTON  
RESOLUTION #VW-12-18**

**ENSURING MUNICIPALITIES RECEIVE TIMELY AND RELIABLE FINANCIAL  
INFORMATION FROM THE STATE**

**Whereas**, city and village officials rely on critical financial information they receive from state government, such as equalized values, net new construction values, WRS contribution rates, shared revenue estimates, and general transportation aid estimates, in order to prepare their annual budgets; and

**Whereas**, many municipalities begin preparing their annual budgets in the summer; and

**Whereas**, the statutory publication dates for certain state agency reports critical to municipal budgeting are late summer and fall (e.g. the equalized and net new construction values statutory publication deadline is August 15; the shared revenue estimate is September 15; the exempt computer values is October 1; and the general transportation aids estimate is October 1.)

**Whereas**, municipalities need to receive these reports, aid estimates, and other financial information earlier in the year; and

**Whereas**; it is imperative that the state not renege on its funding commitments, which communities rely on to set their budgets; and

**Whereas**; in recent years the state has not followed through on some funding pledges, requiring municipalities to rely on reserves, make budget transfers, or reduce services. For example, in the spring of 2011, DNR announced that funding for the recycling grant program was \$19 million, rather than the \$32 million approved in the state budget, resulting in municipalities receiving much less in recycling grants than they had budgeted for.

**Now, Therefore, Be It Resolved**, that the Village Board of the Village of Weston, urges the Governor and the Legislature to require by law that the Department of Revenue, the Department of Transportation, and other state agencies publish information critical to helping municipalities prepare their annual budgets by at least July 1.

**Be it Further Resolved** that the Village Board of the Village of Weston urges the Governor and the Legislature to prohibit state agencies from renegeing or reducing grants and aid amounts after municipalities have adopted their budgets in reliance on state agency estimates of future aid or grant amounts.

Adopted this 10th day of December, 2012

\_\_\_\_\_  
Fred Schuster, President

Attest:

\_\_\_\_\_  
Sherry L. Weinkauf, Clerk

**VILLAGE OF WESTON  
RESOLUTION #VW-12-19**

**PRESERVATION OF TAX EXEMPT FINANCING**

**Whereas**, municipal bonds are the means by which state and local governments finance the critical infrastructure of our nation, including roads, bridges, hospitals, schools, and utility systems; and

**Whereas**, under current law the owners of municipal bonds are not required to pay federal income tax on the interest income they receive from the bonds; and

**Whereas**, this tax exemption is part of a more than century long system of reciprocal immunity under which owners of federal bonds are, in turn, not required to pay state and local income tax on the interest they receive from federal bonds; and

**Whereas**, this federal tax exemption provides a significant difference between public sector and private sector debt financing; and

**Whereas**; municipalities benefit from this tax exemption through substantial savings on the interest cost of borrowed money; and

**Whereas**; the benefit of lower capital costs attributable to tax exempt financing are passed on to property tax payers through reduced rates, greater local investments, or both; and

**Whereas**; from time to time Congress and the President have proposed legislation to tax – or alter the federal tax exemption of – interest on municipal bonds; and

**Now, Therefore, Be It Resolved**, that the Village Board of the Village of Weston, opposes any efforts by Congress and this, or any future, President to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

Adopted this 10th day of December, 2012

\_\_\_\_\_  
Fred Schuster, President

Attest:

\_\_\_\_\_  
Sherry L. Weinkauff, Clerk

**VILLAGE OF WESTON  
RESOLUTION #VW-12-20**

**PRESERVATION OF MUNICIPAL UTILITY PILOTS**

**Whereas**, state law allows municipalities to receive payment in lieu of taxes (PILOTs) from municipal water and electric utilities, and PILOTs to municipalities have been authorized since at least 1918; and

**Whereas**, Public Service Commission (PSC) regulations establish a formula for determining the maximum allowable PILOT for any municipal utility, which is the municipal and school tax rates applied to the gross book value of the plant plus materials and supplies; and

**Whereas**, under current law the governing body of a municipality owning a public utility has the discretion to determine the appropriate level of PILOTs; and

**Whereas**, 511 municipal water utilities made PILOT payments totaling \$92.9 million in 2011 and 82 municipal electric utilities made PILOT payments totaling \$19.3 million in 2011; and

**Whereas**, on January 25, 2012, the PSC opened an investigation into PILOTs paid by municipal electric and water utilities, and on September 28, 2012 the PSC staff released a draft report concluding that:

- PILOT payments can be a significant component of municipal water utilities' revenue requirements, averaging 14.9 percent.
- The current method for calculating water utility PILOTs may be a disincentive to replacing aging utility infrastructure and making improvements necessary to ensure adequate service.
- PILOTs for most municipal water systems exceed the amount that they would otherwise pay as a gross receipts tax if they were private for profit utilities.

**Whereas**, there are several compelling reasons municipal utilities should make PILOTs to their municipalities that were not acknowledged in the PSC staff report, including:

- PILOTs provide historically stable and essential revenue that is used to improve police, fire and other critical public services; lower property tax rates; and pursue other policy goals.
- PILOTs are a way for tax exempt entities to financially contribute towards the cost of municipal services and reduce somewhat the burden on property tax payers.
- Financial risk is deserving of financial reward. Municipalities, as the owners of utilities, should receive a dividend in return for the considerable investment they make and risk they incur in establishing utilities.
- Municipal utility facilities directly benefit from public services provided by municipalities, such as police, fire, and snow plowing.
- Municipal utility facilities are located on land within the municipality that could otherwise be privately developed and the owners paying property taxes.

**Whereas**, PILOTs and gross receipts taxes are fundamentally different and there is no substantive benefit in trying to skew the outputs so they are reflective of each other.

**Now, Therefore, Be It Resolved**, that the Village Board of the Village of Weston, opposes any efforts by the PSC, the state Legislature, and the Governor to eliminate or limit PILOTs from municipal water and electric utilities.

Adopted this 10th day of December, 2012

Attest:

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Fred Schuster, President

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Sherry L. Weinkauff, Clerk

**RESOLUTION VW-12-23**

**VILLAGE OF WESTON  
AUTHORIZING THE DIRECT CHARGE OF PUBLIC FIRE PROTECTION**

WHEREAS, the Village of Weston, Marathon County, Wisconsin ("WESTON") owns and operates the Water Utility (the "UTILITY") as a public utility serving customers in WESTON and the Village of Rothschild ("ROTHSCHILD"); and

WHEREAS, WESTON has determined that it is in the public interest for the UTILITY to construct and maintain sufficient infrastructure to be capable of furnishing water for public fire protection including fire hydrants, water mains, pumps, and water storage; and

WHEREAS, the costs of furnishing said infrastructure of the UTILITY have historically been segregated from charges for general service and are known as public fire protection charges; and

WHEREAS; the Public Service Commission of Wisconsin has previously determined that the UTILITY's total public fire protection charges are \$451,785 annually, with WESTON'S responsibility being \$375,489 ROTHSCHILD being responsible for the remaining \$76,296; and

WHEREAS; WESTON has historically subsidized the UTILITY's public fire protection costs through the general roll, but now deems it desirable for the UTILITY to directly charge these costs to customers of the UTILITY; and

WHEREAS; ROTHSCHILD has chosen to continue to collect public fire protection charges through its general tax roll;

NOW, THEREFORE, be it resolved by the Weston Village Board as follows:

1. That in accordance with §196.03(3)(b) Stats., WESTON elects to direct bill public fire protection charges to all general water customer of the UTILITY within the Village of WESTON.
2. Public fire protection charge rates shall be determined using the equivalent meters method, as approved by the Public Service Commission of Wisconsin, for all general customers of the UTILITY.
3. The basis for determining the equivalent meter rates for public fire protection shall be \$451,785 for all general customers of the Utility. The rates determined using this method of collection will result in a modified apportionment of the total collections from WESTON and ROTHSCHILD.
4. The total annual public fire protection charges to be collected by the UTILITY from the Village of ROTHSCHILD shall be billed in the amount and frequency determined by the Public Service Commission of Wisconsin.

5. Village staff shall notify the Public Service Commission of Wisconsin and initiate the necessary steps to implement the changes in billing of public fire protection charges to become effective upon completion of the proper process.

Adopted and approved this 10th day of December 2012.

VILLAGE BOARD OF WESTON

By: \_\_\_\_\_  
Fred Schuster, President

ATTEST:

By: \_\_\_\_\_  
Sherry L. Weinkauff, Clerk