

Town of East Troy Organizational Review

Public Administration Associates, LLC



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Background.

The Town of East Troy (Town) engaged Public Administration Associates (PAA) to conduct an assessment of the Town's operations and departments. The purpose of the study was to identify opportunities for improvement. We have identified many, some of which are common to small municipalities. Some recommendations may be implemented quickly and at minimal cost, while others will require more substantial initiatives that could involve securing additional financial resources, legal guidance, or specialized consulting support. We have included appendices to this report with examples. If requested, we can supply the names of vendors and consultants that could assist the town with these projects.

Methodology.

To reach our conclusions, PAA interviewed all Town Supervisors and selected staff members, including members identified as comprising the Town's management team. We reviewed various organizational documents, including the organizational chart, audited financial statements, agendas and minutes, Town Ordinances, documented policies, employee contracts, and the 2025 budget.

Summary

Overall, we find that East Troy town government effectively delivers basic public services to its residents. We believe that each official and employee that we spoke to has a genuine desire to serve the Town and make it an even stronger community. In some cases, stakeholders share the same vision of what constitutes "good government." In other cases, those visions are not completely aligned. Motivated by the betterment of the community, no one stakeholder's view is right or wrong. Still, it is the responsibility of the Town Board to ultimately establish the Town's goals. Where should the Town be on the tax rate spectrum? Is it a priority to have low taxes (or the lowest taxes?) On the other hand, is providing a high level of services the goal? Reasonable minds can answer these questions differently, and this issue is not unique to your Town. We observe that many communities share similar circumstances. It is imperative, however, that



the Board address these questions, provide answers, and communicate them to the community and staff.

The lack of an overall strategic plan and the election of new board members make it even more critical that stakeholders “get on the same sheet of music” to the greatest extent possible. While our recommendations include the development of a strategic plan and board training, these are not overnight fixes and are not complete in and of themselves.

Our recommendations include organizational changes designed to standardize procedures, improve communication between the elected Board and management team, and enhance transparency. These are based on best practices observed in other communities. They are not intended as criticism of staff or Board members.

1. Appoint a Part-Time Town Administrator

We committed to identifying “low-hanging fruit”—changes that can be implemented relatively quickly and inexpensively but have the potential for significant organizational improvement. Appointing a part-time Town Administrator is our first such recommendation.

Your key department heads understand their duties and responsibilities. What is lacking is a staff leader empowered to act as a liaison between staff and the Board, to oversee day-to-day operations, and to follow up on direction provided at board meetings.

Two Walworth County towns, Geneva and Linn, employ full-time administrators (Linn combines this role with the Treasurer position). Several villages in the county with populations smaller than the town also have administrators. While the Town may not require a full-time administrator, the workload could support one depending on how the position is defined. A reasonable first step would be assigning an existing member of the management team to serve in this role with an appropriate stipend.

Recommendation. We recommend that the Town create the part-time position of Town Administrator and assign the tasks to an existing member of the management team.

- Conduct regular department head meetings;
- Meet regularly with the Town Board Chair;
- Attend all Town meetings;
- Make recommendations to the Board

This single step would significantly improve communication within Town government.

2. Conduct Board Training

Training is always valuable, but it becomes even more essential following significant changes in elected leadership. New Board members bring fresh ideas but often lack knowledge of the laws governing local government. This limits their effectiveness and can cause uncertainty about what changes are possible and how to implement them.

We have found that education is key to developing a shared vision among staff and the Board. When elected officials gain a deeper understanding of the challenges faced by staff, they are better positioned to identify constructive solutions. This mutual awareness fosters collaboration, strengthens decision-making, and ensures that organizational goals are approached with unity and clarity.

The Wisconsin Towns Association (WTA) offers extensive resources, including videos, guides, and documents. However, ensuring that elected officials complete this training systematically is typically a challenge, especially given time constraints.

Recommendation: Incorporate training into regular Board meetings on at least a quarterly basis for the next year. Each session could be 60–90 minutes and cover core topics such as:

- Public records
- Open meetings



- The Code of Ethics for local government officials
- Duties and responsibilities of Town government

The Town Attorney, WTA, or outside consultants could provide this training. We can recommend qualified presenters if desired.

We encourage Board members to participate in “ride-alongs” with the police and public works. Field trips to view upcoming road projects and tours of the police department and public works facilities by Board members should be encouraged. An orientation program for new Supervisors should be established.

3. Renew Employment Contracts or Adopt an Employee Handbook/Ordinance

At present, each Town employee works under an individual employment contract. This is highly unusual. In most municipalities, only the Administrator works under contract, primarily to provide severance protections necessary to attract candidates. An employee handbook or human resources ordinance typically covers other non-represented employees.

Based on our review, the Town’s key employee contracts will expire at the end of 2025. Retaining these employees must be one of the Town’s highest priorities. Options for the Town include the following:

1. Renegotiate employment contracts for new three-year terms;
2. Renegotiate employment contracts for shorter terms;
3. Transition to a handbook- or ordinance-based personnel system;
4. A combination of numbers 2 and 3.

While employment contracts are not inherently problematic, they present challenges when applied across the entire organization. Municipalities are not obligated to use contracts for non-represented employees. Downsides of employment contracts include the following:

- Administrative burden. Contracts expire and require renegotiation, creating uncertainty.
- Inconsistency. Terms may vary between employees, leading to inequities.
- Rigid commitments. Multi-year contracts lock in raises and benefits without regard to future economic conditions.



- Termination provisions. Some contracts impose super-majority vote requirements for dismissal, which is not required by state law.

Recommendation. The Town Board should decide promptly whether to continue with employment contracts or transition to a handbook or ordinance-based system (collectively “handbook”). If a handbook is chosen:

- Form an ad hoc workgroup of 1–2 Board members and 1–2 key employees to draft the document.
- Start with a template, but customize it to reflect local benefits and expectations.
- Address sensitive issues such as discharge procedures, pay, discipline, and performance evaluations.

We counsel you against preparing the handbook in haste. It is more important to get it right. If a handbook cannot be completed by the end of the year, you may wish to consider extending employment contracts for a short period until the handbook can be completed. Regardless of whether you employ contracts or a handbook, employee compensation will need to be addressed. Ideally, a classification and compensation study would inform this decision. Finally, before adoption, the handbook or ordinance must be reviewed by the Town Attorney or an employment law specialist.

4. Develop a classification/compensation plan.

The Town currently lacks a formal classification and compensation system. A classification/compensation study and plan evaluates employee compensation to ensure that it is competitive (and not excessive) relative to external comparables and provides internal equity among the various positions in your organization. While it is not unusual for smaller municipalities to forgo such a plan, there are compelling reasons to consider undertaking a classification and compensation study. They include:

- A. Employee Concerns – Some employees expressed uncertainty about how their salaries are determined, noting the absence of comparative salary data. Questions of internal equity were also raised—specifically, whether employees are compensated fairly



relative to one another within the organization. A classification/compensation study provides a professional, third-party look at what the Town pays. In our experience, many, but not all, employees respect the results of a well-conducted study.

- B. External Benchmarking – As part of the Town’s due diligence, it is important to understand how employee compensation compares to that of similar municipalities. This benchmarking helps ensure the Town remains competitive in attracting and retaining qualified staff, while justifying to taxpayers the salaries that are paid.
- C. Future Compensation Certainty – If the Town Board decides to discontinue the use of employment contracts, employees may lose the assurance of annual raises. Establishing a pay table within a classification and compensation plan would provide employees with greater predictability regarding salary adjustments. Likewise, it would provide predictability to the Town in terms of budgeting and starting pay for new positions.

Recommendation. It is unlikely that a full classification and compensation study can be completed within the next three months, which coincides with both the expiration of current employment contracts and the possible adoption of an employee handbook. As an interim measure, the Town may wish to consider issuing one-year employment contracts (see above) with the intention of transitioning to an employee handbook or ordinance in 2027. This approach would provide time to:

- A. Solicit proposals and obtain cost estimates for a comprehensive classification and compensation study,
- B. Allocate funds for the study in the 2026 budget, and
- C. Ensure that the Town is well-positioned to implement a fair and sustainable compensation structure moving forward.

We believe that the study of the positions in your organization could be completed for under \$10,000, although some firms will quote much higher rates.

As an alternative, the Town could conduct its own “in-house” compensation survey by contacting peer communities and determining what they pay. We would caution you, however, that it can be challenging to make “apples to apples” comparisons, as similar positions often perform different duties, and employees are well aware of this. This is why a classification and compensation study begins with position descriptions, which help identify exactly what everyone in the organization does. It is also essential to identify the appropriate peer communities from which to benchmark. Population is important, but not the only factor in determining proper peer communities.

While it is possible to expedite the resolution of the employee handbook/contract issue and compensation, as stated previously, it is imperative to get it done correctly. It is critical that both Supervisors and employees have a voice in the process. Unilaterally imposing a solution can have negative consequences for years to come.

5. Develop a strategic plan.

It became evident during our review that very few specific goals and objectives have been established at either the organizational or departmental levels. Stakeholders frequently mentioned the absence of clearly defined goals during our interview. It is difficult for the Town Board to evaluate the success of the organization or individual departments without a clear yardstick by which progress can be measured. It is imperative for the Town Board and department directors to establish these goals and objectives. Without them, effective leadership and employee engagement are compromised.

Recommendation. To establish organizational goals and objectives effectively, it is best practice to embark on a strategic planning process. Formal strategic planning is an ongoing organizational process where leaders set strategic goals and create specific action steps to align the resources and efforts of stakeholders to common goals. It involves understanding both the external and internal environments to build a roadmap that guides the organization toward its long-term objectives, ensuring focus, adaptability, and alignment among all stakeholders.

There are many firms specializing in local government strategic planning, including PAA. We would be happy to provide them upon request. We recommend that you call several of these consultants and obtain an estimate for the cost of performing a strategic plan in 2026. If funds allow, we recommend that you include a study in your 2026 budget. If funding is approved, we suggest developing a request for proposals (RFP) or a request for qualifications (RFQ). We have templates that we would be happy to provide to you at no cost to help you get started on that process.

6. Improve financial procedures

The Town's financial procedures are consistent with those of many small municipalities with which we work. That being said, there is always room for improvement. The Town should consider the following best practices to improve budgeting and financial operations.

- A. Fund balance. The Government Finance Officers Association (GFOA) recommends a minimum unassigned fund balance of 15% of general operating expenses. The Town's current fund balance is below this standard. As part of an overall financial plan (which will be discussed later), a strategy for increasing fund balance should be adopted. Additionally, the circumstances under which fund balance may be used should be clearly stated and adopted through policy or ordinance. Our bias, as we will explain in more detail later in this study, is to adopt significant organization-wide policies through codified ordinances. Procedure manuals have their place; however, they can often become out of date or lost when members of the management team leave and board members change.
- B. Fund accounting. The current budget format and accounting policies of the Town utilize separate funds for debt service and landfill. Capital funds are accounted for in the general fund. Employing a separate capital fund more effectively tracks expenditures against available funding levels year over year, thereby enhancing transparency and facilitating valid comparisons of general fund revenue and expenditures. The fund should include annual capital outlays based on a long-range equipment and infrastructure plan



(minimum of five years) and include a financing plan. Financing should include the annual tax levy, interest, borrowing, and grants at a minimum.

- C. Direct and indirect expense allocation. Upon reviewing general fund revenues and expenses, we observed that there is a limited allocation of direct and indirect expenses among departments. Indirect costs encompass the use of shared resources, where one department or agency incurs costs for support it provides to other departments or agencies, such as legal, finance, human resources, insurance, facility maintenance, and technology. While some may argue that calculating and allocating these costs are not worth the effort (“it’s just so much bookkeeping”), it is important for a number of reasons. Effective allocation of indirect costs is the only way to accurately assess the cost of providing specific government services (“full-cost” accounting), aids in establishing appropriate fees and charges, charges back the cost of internal services to departments, and fully utilizes restricted funds while requesting the maximum reimbursements under federal and state grants. The Town should evaluate its current practices in allocating direct and indirect costs.
- D. Financial controls. The annual audit management letter from Baker Tilly in 2024 detailed some accounting deficiencies, all of which are experienced by communities with small staffing levels, like the Town of East Troy. It includes the requirement that the Town record depreciation expense on capital assets. An annual review of accounting practices with the auditor and board should be conducted to understand the identified deficiencies and determine whether they should be acknowledged or addressed.
- E. Engage the services of a financial consultant. A municipal financial advisor provides expert guidance to governments on debt issuance, capital planning, and long-term financial strategy, acting as a fiduciary for the municipality. Key services may include structuring debt, analyzing market conditions, and assisting in investments. They also offer comprehensive financial planning, develop sustainable budgets, provide financial forecasting, and secure funding for community projects and infrastructure.

Although the Town may not need all the services provided by a financial advisor, engaging such a firm may offer a comprehensive and fresh look at the Town's financial policies and procedures, and recommend some long-term strategies for a sustainable financial position.

F. Financial Planning. The Town should consider longer-term financial planning that extends beyond the annual budget, encompassing both capital and operational expenditures. Such planning requires:

- Establishment of a pavement management plan (minimum of 5 years).
- Establishment of a capital equipment replacement plan. The Town has a good outline of such a plan, but it should be extended to a minimum of 5 years and match the length of the other recommended capital plans.
- Establishment of a stormwater management plan.
- Upgrade of Town Hall. The Town recently constructed a new police facility. Upgrading the existing Town Hall to improve the work environment and providing a more efficient design best suited to serve the needs of the customers and employees may be a priority in the next five years, and should be part of any capital plan

With the above detailed plans, coupled with long-range operating budgets of the general fund, a long-term financial plan can be established to allow the Town Board to address long-term capital needs while understanding the impact on long-term tax rates. Such long-term planning may also help with grant and economic development planning. Both an engineering firm and a financial advising firm would be required to assist with such planning.

G. Purchasing, internal controls, and other procedures. Most stakeholders we interviewed could articulate some financial policies; however, the level of knowledge within the organization varies significantly. Codifying purchasing authority and internal controls will foster public trust and provide employees with guidance and protection. When are competitive quotes necessary? What does it mean to obtain competitive quotes? What is the purchasing

authority at different levels within the organization? What happens when a departmental budget is overspent? Management team members and the Supervisors should be of like mind on these critical issues.

Recommendation: Use chapter 11 of your code (currently reserved) or some other chapter to establish a finance ordinance. While some may consider it overkill to include detailed financial procedures in an ordinance, we disagree. The problem with establishing organization-wide rules like this through procedure manuals or resolutions is that they become outdated over time, leaving stakeholders to rely on their memories of what these procedures required. The Code of Ordinances is a permanent document available to everyone at all times. It has a defined procedure for amendment and, by definition, reflects the views of the majority of the Board. Clear ordinances regarding purchasing procedures and authority provide direction and protection to staff. Appendix A contains excerpts from the ordinances of other organizations. You may not wish to adopt them all, and you will want to customize them to suit your organization.

7. Improve the annual budget document. The Town's budget can be made more understandable. This is not a criticism of any individual. It is a common shortcoming of many smaller units of government that are constrained by software and available hours to prepare the necessary documents. We need to be clear; the budget documents that we have seen in our study fulfill state requirements and are consistent with the documents prepared by organizations of your size. That being said, providing a more easily understandable budget provides dividends far beyond the cost of producing it. It establishes public confidence. If properly prepared, it definitely answers the question in the minds of Supervisors and the public about where our money is going.

We have found that many government stakeholders feel they lack basic information about the budget. In reality, it is all there before them, but it is contained in spreadsheets (not everyone's strong suit) without a coherent description of how it all ties together or what services are funded by all of the various line items. We are not suggesting that everyone on the board or in the community will come to a consensus once they have a thorough knowledge of the

Town's budget, but we have found many arguments disappear when the facts are known.

We recommend that the Town begin developing the annual budgets with the goal of meeting best practices established by the Government Finance Officers Association (GFOA). These guidelines provide a goal-oriented approach to budgeting, involving stakeholder engagement, policy establishment, strategic planning, performance measurement, and long-range financial planning. Key guidelines include linking the budget to organizational goals and priorities, conducting regular budget-to-actual analysis, maintaining adequate fund balances, ensuring a structurally balanced budget, and assuring public input.

Achieving a GFOA budget award would be a great accomplishment, but not a goal that will be immediately achieved. Appendix B contains links to GFOA-awarded budgets just to give you an idea of features that can be included in your budget to make it more meaningful to elected leaders and understandable to the public.

Recommendation: As the proverb goes, "A journey of a thousand miles begins with a single step." The single step that you can take as you prepare your 2026 budget is to accompany it with a transmittal letter that explains to the public, the Board, and employees exactly where their tax money is going. It highlights changes in staffing levels and programs. An example of such a letter is contained in Exhibit G. It can start simply and be updated and added to each year. It is by no means a GFOA-approved budget document, but we have found that the simple explanations it provides can provide a better understanding of precisely what is in the budget and what the annual budget hopes to accomplish.

8. Improve meeting procedures.

Stakeholders expressed some uncertainty over rules governing meeting procedures and agenda preparation. While it is not uncommon for many organizations to lack documented meeting rules, the Town has a much better-than-average rulebook for its meetings set forth in section 2.20.075 of the Code of Ordinances.



Rules of procedure can get quite elaborate. Turning board members into parliamentarians is not the goal. Rather, the rules should allow for the orderly conduct of business. One pressure point that we see in your code pertains to agenda preparation. Both the Chairperson and the Clerk are responsible for the preparation of the written agenda, Section 2.20.030, Code of Ordinances. Agenda items are presented to the Clerk, presumably by Supervisors and staff, at least three business days prior to the meeting. These sections can create a number of conflicts. Who can place items on the agenda? Can the Chairperson or Clerk reject items? What if there is disagreement between the Board Chair and the Clerk? Section 2.20.40 4 of the Code appears to allow any member of the Board to add items to the agenda.

Recommendation. We recommend that you address this potential conflict with clearer language. Our bias is to allow all Supervisors access to the agenda, but to allow the decision on whether to address the item to the Board. This could be accomplished with a simple rule that requires a Supervisor to sponsor every item to be placed on the agenda. Another rule, which you already have, “Approval of the Agenda,” could allow a majority of the Board to remove an item from consideration. This allows open access to the agenda, but does not require the Board to consider it if it does not have the support of the majority of Supervisors. Here we note two things. First, it is permissible to remove, but not add a new item, under Wisconsin’s Open Meeting Laws. Second, Supervisors should refrain from speaking under the “Public Comment” period of your agenda since, unlike the general public, they already have the ability to place a topic on an agenda. Depending upon how much time “Public Comment” occupies on your agenda, you may wish to divide it into two periods. Comments on agenda items could be heard earlier, with comments on non-agenda items reserved as the last item of business. This would allow the Board time to focus on its business meeting while first hearing comments from the public that are germane to action items. Other comments can be heard, but after the Board has completed its work for the night.

One issue that the board has already broached pertains to the reading of ordinances. At a recent Town Board meeting, Chairman Jones indicated that there is no requirement to read the text of ordinances that are being adopted, and we agree. This is a perfect example of a “rule” that has been perpetuated by past

practice without regard for whether it serves any purpose. We would suggest that you codify this change with a simple amendment to sec.2.20.075 of your Code that states, “Unless objected to by a member, the Clerk may read the title of the ordinance and dispense with reading the entire text.” Again, while this may seem like overkill if everyone is on the same sheet of music now, our point is that memories fade and personnel change. Update your operating rules as you go along. Finally, we recommend that you continue to adopt these procedural rules as ordinances. Doing so offers two advantages: 1. Bylaws, standard operating procedures, and even resolutions can become lost over time as members leave the board and management team members retire. 2. Codifying rules and placing them online makes them available to all stakeholders.

9. Consider your “optional” programs and services

Here, we want to be careful to note that we are not recommending the discontinuation of any program or service provided by the Town. In fact, we heard significant support during our interviews for both your municipal court and police department. That being said, we would be remiss in pointing out that one of your most significant expenses (a police force) is not required under state law. Similarly, you are not required to have a municipal court.

A. Police. There are many good reasons to have a local police force, including 24-hour dedicated coverage and policing that is more responsive to community needs. Most towns in the state, including those in Walworth County, do not have their own police departments. Those who don’t rely on the Sheriff, who is legally obliged to provide protection. Those communities are served by a deputy who has responsibilities to serve other jurisdictions, so a car will not be in your Town at all times.

While the majority of towns in the county do not have a police force, were you to eliminate yours, you would be the most populous community in the county not to have a dedicated police force. For purposes of comparison, Sugar Creek, which is nearly as populous as your Town, but with different law enforcement needs, has no police department. The Town of Linn (Pop. 2,735), a lake community, has its own police department. Options here are to maintain the status quo, attempt to

contract with the Sheriff or a neighboring jurisdiction for coverage, or eliminate dedicated police coverage altogether.

It has been mentioned that the Town will be required to establish a police and fire commission when its population reaches 5,000. We find no such requirement in the law.

We find that your police department is well-run and appropriately staffed to provide 24-hour protection to your town. That is to say, if you determine it is important to have a police department, we feel you have a good one. Furthermore, we don't see a lot of options for cost-cutting in your current operation. Eliminating positions would erode coverage and provide no redundancy in case of position vacancies, occasioned by injuries, use of FMLA, military leave, or similar circumstances.

Abandoning coverage is a straightforward solution, although it comes with significant ramifications. Understanding the level of coverage that the Sheriff's Office could provide would be important. Similarly, outsourcing policing is not a simple process. Statutes would allow you to contract for dedicated coverage from the Sheriff or enter into a contract with another municipality, for example, East Troy.

We would not recommend that the Town make any changes without thoroughly studying the issue with the assistance of a consultant who can assess the ramifications from both a financial and operational perspective. We would also caution the Town not to proceed unless it seriously considers canceling or outsourcing the service. Doing so can create additional issues, including morale and retention problems, if officers believe that their positions will be eliminated.

B. Municipal Court

Town Board members should understand that the Town is not required to have a municipal court. That being said, there are a lot of good reasons to have a municipal court, and many municipalities in Walworth County have them.

Municipal courts can be less intimidating and more convenient for members of the public, and dispositions can be more closely tailored to community expectations.

As in the case of the police department, we find that your court is well-run with the separation of powers appropriately observed and a budget established in compliance with Chapter 755 of the Wisconsin statutes.

That being said, your court is an annual expense, and you do have alternatives, including establishing a joint municipal court with other communities or having your municipal cases heard in circuit court. Your municipal court brings in revenue, but you would also receive revenue if your cases were heard in circuit court. If you do not wish to maintain a court, the most straightforward solution is to transfer your cases to Walworth County. The county would charge \$5 per case filed, and defendants would incur some increased costs. Some municipalities, including Williams Bay, have eliminated their municipal courts. Learning from their experience would be instructive.

If you do decide to eliminate your court, it is essential to understand the process. Section 755.01(2) of the Wisconsin statutes states:

“The governing body may by ordinance or bylaw abolish the municipal court as part of a consolidation under s. [66.0229](#) or at the end of any term for which the judge has been elected or appointed, but only if the ordinance or bylaw abolishing the court is submitted to the appropriate filing officer under s. [5.02 \(4v\) \(c\)](#) or to the ethics commission, and to the director of state courts prior to October 1 of the year preceding the end of the term for which the judge has been elected or appointed.”

We understand that your judge was last elected in April 2023 and will serve until April 2027. Therefore, you would need to have made the decision and notify the court by October 1, 2026.

Recommendation. If this is a move you are seriously considering, you should begin the decision-making process soon. Contacting the County Clerk of Circuit Court to learn the details of having cases heard in circuit court is a first step. Engaging law enforcement, the prosecuting attorney, your municipal judge, and the public will

be critical. Contacting communities that are using the circuit courts will be important.

10. Engage a planner or planning firm to assist with complex zoning matters.

Stakeholders appeared satisfied with their services for building inspections and minor zoning (i.e., sheds, decks, residential building expansion). Walworth County Planning and Zoning and the Town of East Troy Planning Commission have the primarily responsible for evaluating development and zoning requests and the Town Planning Commission. The Town employs a “Planning Secretary” who prepares the agenda and assists in providing a synopsis of planning agenda items, including Walworth County Planning and Zoning analysis. We were frankly impressed with the work of your Planning Secretary. A significant part of the zoning process is complying with notice requirements. She has systematized a process to a degree that we do not see in comparable municipalities. We believe that she should continue in this role.

That being said, we recommend that the Town consider engaging a professional planner or planning firm for two reasons. 1. To assist the Planning Secretary and Plan Commission in reviewing and analyzing more complex planning and zoning matters that come before the Commission and Town Board. 2. To review current practices and forms to ensure best practices. A few hours of a professional planner’s time to review current practices could lead to more sustainable zoning decisions and even greater efficiencies. Having a planner on retainer means that they are available when the Town receives a complex or controversial zoning request. A list of firms that provide planning and zoning services is contained in Exhibit H.

A best practice is to require that items scheduled for Plan Commission consideration be submitted at least two weeks in advance of the meeting. This allows the planner sufficient time to prepare a written report and recommendation for inclusion in the agenda materials. In addition, many communities require the presence of the municipal legal counsel at Commission meetings to ensure that legal issues are addressed promptly and accurately.

Finally, we note that the Plan Commission had been in the practice of holding multiple meetings before rendering a decision. It appears that the Commission may be transitioning to same-day decisions. We applaud this move for many simple zoning decisions. It provides quicker and more convenient service to the public, reduces the number of times the Commission needs to meet, and reduces the probability that the Commission will be exposed to comments after the public comment period has closed. Rick Stacy, who currently serves as the Walworth County Board Chair, instituted same-day decisions for County zoning matters years ago with positive results. He would be a good resource to contact in the event the Commission is concerned about moving to this format.

11. Leverage the County's Geographic Information Systems (GIS)

Walworth County provides its municipalities with access to a Geographic Information System (GIS), a vital mapping and data management tool for infrastructure, planning, and decision-making. GIS technology has become a standard practice in municipal operations because of its ability to integrate, analyze, and display spatial data in ways that support both day-to-day operations and long-range planning.

For municipalities, the benefits of GIS extend well beyond simple mapping:

- **Infrastructure Management:** GIS allows the Town to maintain accurate inventories of roads, water systems, stormwater assets, signage, and other critical infrastructure. This enhances the ability to plan maintenance, schedule repairs, and prioritize capital projects.
- **Planning and Development:** GIS provides a clear visual context for zoning, land use, and development proposals. It enables decision-makers to understand growth patterns, environmental constraints, and future service demands.
- **Emergency Services:** Accurate spatial data supports quicker response times and more efficient deployment of police, fire, and EMS services.
- **Asset Tracking and Cost Savings:** GIS reduces duplication of effort by providing a centralized platform for storing and retrieving information. This results in more efficient use of staff time and financial resources.
- **Transparency and Public Engagement:** GIS maps can be shared with residents to provide clear and accessible information about zoning, park



facilities, road closures, and other public services, thereby strengthening trust and communication with the community.

Recommendation. Given the above-stated benefits, a team of department directors and staff should evaluate whether the Town is currently utilizing GIS to its maximum effectiveness. This review should focus on planning, asset management, and maintenance functions, and identify areas where further integration could improve efficiency and decision-making. Based on this evaluation, the Town should adopt an incremental implementation schedule to expand its use of GIS in a practical and cost-effective manner.

It may be premature, at this point, to allocate funds for GIS into the 2026 budget cycle. The issue could be studied in 2026 with the aim of providing funding (if desired) in 2027.

12. Update the Town's Long-Range Comprehensive Land Use Plan.

Walworth County has authority over the Town's planning and zoning. Given potential growth in the area, the Town of East Troy may benefit from working strategically with Walworth County in updating its portion of the 2050 Walworth County Comprehensive Land Use Plan. Given the dynamic nature of regional development, it is strategic to update the existing comprehensive plan. This update should delineate targeted growth areas and the desired mix of future developments, encompassing housing, resorts, industrial, and retail establishments. Incorporating design standards that encompass both aesthetic and environmental considerations will further guide development endeavors. Exploration of the feasibility of border agreements with adjacent incorporated municipalities to provide a public sanitary sewer and water system may potentially have a transformative impact on the development potential within the Town. However, strategic planning to determine the future vision for the town is essential as it might be determined that maintaining its agricultural, rural, recreational, and low-density development is its strategic target.

13. Consider establishing a stormwater utility.

After reviewing the Town's long-range plans for stormwater improvements, consideration should be given to the establishment of a stormwater utility. A

stormwater utility provides a dedicated means of paying for stormwater enhancements outside of the general tax levy. Under this approach, a fee is imposed on each property, typically based on the amount of impervious surface—such as roofs, driveways, and parking lots—located on the parcel. Because stormwater runoff is directly tied to impervious coverage, this method more fairly distributes costs among property owners. Importantly, stormwater fees apply to all properties, including those that are tax-exempt, thereby ensuring that every contributor to stormwater runoff shares in the cost of managing it.

The advantages of establishing a stormwater utility include:

- Creating a dedicated and stable revenue stream for stormwater projects, rather than competing for limited funds in the general levy.
- Ensuring equity, since fees are based on actual contributions to runoff rather than property valuation.
- Improving transparency and accountability, as funds collected can only be used for stormwater purposes.
- Strengthening the Town's ability to implement long-term flood mitigation, water quality, and infrastructure improvements, which are especially critical in a lake community.

There are, however, potential drawbacks to consider:

- Some residents may perceive the fee as a new tax imposed outside of the levy, and concerns about affordability or fairness may arise.
- Strong public communication will be necessary to ensure residents understand the rationale and benefits.

In summary, while the establishment of a stormwater utility may be viewed skeptically by some as an additional tax burden, it is also an effective and equitable mechanism to ensure that all properties contributing to stormwater runoff bear responsibility for managing it. Given the importance of stormwater management to the health, safety, and quality of life in a lake community, this option merits serious consideration.

14. Staffing Assessment and Recommendations

We have reviewed the town's current staffing level. Based on this review, we do not believe that staffing can be reduced without significantly impacting service

delivery. In fact, we recommend that the Town consider additional resources in order to build resiliency and ensure the continuity of operations.

As noted earlier in this report, the Police Department is technically an optional service. If the Town intends to continue providing 24/7 law enforcement coverage, however, you should know that the Department is currently staffed at a minimum level. While it is performing well, one long-term illness, work-related injury, or military deployment could quickly disrupt operations. This concern is not unique to the Police Department; it applies across all Town departments where limited staff resources make operations vulnerable.

One of the most effective strategies for strengthening resilience in a small organization is cross-training staff. To the extent consistent with internal controls, as many employees as possible should be able to carry on critical duties in the absence of another employee. For example, migrating certain duties from the Clerk-Treasurer to the Deputy Clerk-Treasurer would help ensure continuity and reduce the risk of service disruption.

The Clerk-Treasurer's responsibilities are extensive and include:

- Statutory duties such as elections, licensing, and official records management.
- Financial operations, including accounting, payroll, accounts payable and receivable, budget development, bank reconciliation, state reporting, assessment roll, and tax bill administration.
- Human resources administration, including management of benefits, contracts, and leave.

The Deputy Clerk-Treasurer currently provides assistance to the Clerk-Treasurer, serves as the primary point of contact for walk-ins and phone calls, and also functions as the Police Clerk and Utility District Administrator.

To strengthen this core administrative team, we recommend the following:

1. Establish Standard Operating Procedures (SOPs):

SOPs should document all critical processes—such as payroll, accounts payable, utility billing, election administration, police records access, and tax bill administration. While the Clerk-Treasurer has documented timing and tasks at a high level, more detailed step-by-step SOPs would provide clear guidance for training, consistency, and succession planning.

2. Structured Training Program:

The Deputy Clerk-Treasurer should receive regular training in critical functions such as accounts payable, payroll, tax bill administration, election operations, and human resource administration. Training should involve performing each key task at least twice annually. Conversely, the Clerk-Treasurer should be cross-trained in police records management and utility billing.

3. Accounting Back-Up:

The Clerk-Treasurer is highly proficient in complex accounting functions. However, no current staff member could easily back up these operations. To mitigate this risk, the Town should establish a relationship with a qualified municipal accounting firm (other than the auditors) that could step in on an emergency basis to perform required accounting functions.

Administrative Support Needs

The current allocation of work among administrative staff does not leave adequate capacity for continuous improvement and innovation in areas such as technology upgrades, process improvements, financial planning, and cross-training. To address this deficiency, we recommend:

- Adding a 0.5 FTE Administrative Assistant position to the organization
- Reallocating responsibilities from the Clerk-Treasurer to the Deputy Clerk-Treasurer, such as payroll or human resources management, to balance workload more effectively.



If the Town creates the Town Administrator position as recommended previously in this report, we further recommend that the Administrator be provided with administrative support. The proposed half-time Administrative Assistant position, if included in the 2026 budget, could potentially serve both the Administrator and the Clerk-Treasurer's office, thereby enhancing overall efficiency.

15. Improve Records Management

The Town has already taken an important first step by adopting a lawful records retention ordinance that aligns with Wisconsin statutory requirements. However, interviews with staff conducted during this study revealed a consistent challenge: while the ordinance exists, there is no comprehensive records management system in place. As a result, staff often struggle to locate older documents efficiently, leading to frustration and inefficiencies in daily operations.

Recommendations.

1. Establish a Comprehensive Records Management Policy

While the Town's records retention ordinance provides the legal framework for what must be kept and for how long, awareness of these rules among staff can be improved. A consolidated records management policy should be developed to:

- Clearly outline what records are required to be maintained, and for what duration, in accordance with state statutes and the Town's ordinance.
- Provide practical guidance on which records should be centralized for ease of access.
- Include a user-friendly "cut sheet" or summary of retention rules to ensure that all staff are familiar with them.



2. Implement an Electronic Records Management System (ERMS)

Following adoption of the policy, the Town should move toward the implementation of an electronic records management system, such as Laserfiche. Such a system would:

- Allow staff to quickly search and retrieve official records.
- Reduce reliance on paper files and department-specific recordkeeping systems.
- Improve compliance with statutory retention and destruction requirements.
- Increase transparency and provide secure, long-term storage of official records.

3. Develop a Phased Implementation Plan

Implementing an electronic records system is a complex and resource-intensive undertaking. A detailed implementation plan should be prepared that identifies:

- The steps necessary to digitize existing records.
- The timeline for system deployment.
- Roles and responsibilities for staff during the transition.
- Budgetary needs for software, equipment, and training.

Realistically, full implementation may span two or more years, but incremental progress can be made through a phased approach, beginning with high-priority records such as meeting minutes, ordinances, permits, and financial documents.

16. Create Administrative Procedures and Departmental Rules (Standard Operating Procedures)

A strong local government depends not only on the dedication of its staff but also on the clarity and consistency of the processes used to deliver services. Standard Operating Procedures (SOPs), which for purposes of this section include procedures and work rules, serve as the backbone of this clarity, ensuring that daily activities are carried out in a manner that is efficient, transparent, and repeatable.

At present, the Police Department maintains detailed written procedures, as required by state law. However, our analysis revealed that other departments and the organization would benefit from a comprehensive set of documented SOPs. While informal practices and individual knowledge often carry operations forward, the absence of written procedures creates risks of inefficiency, inconsistency, and vulnerability when key employees are unavailable. With the availability of shared computer files, it is possible for all stakeholders in the organization to find all SOPs.

Importance of SOPs

- **Resiliency:** Written procedures allow operations to continue seamlessly when employees are absent due to illness, turnover, or other disruptions.
- **Efficiency:** SOPs reduce time spent re-learning or re-explaining tasks and help eliminate errors or duplication.
- **Consistency:** Residents and stakeholders benefit when services are delivered uniformly and according to established standards.
- **Training:** SOPs provide a structured resource for onboarding new staff and cross-training existing staff.
- **Accountability and Transparency:** Clear rules establish expectations for staff performance and demonstrate professionalism to the public.

Implementation Considerations



To be effective, SOPs should be formally established and consistently maintained. We recommend that the Town:

1. **Designate Authority:** Determine who within the organization has the authority to promulgate rules.
2. **Define Scope:** Establish what areas should be covered—for example, payroll, accounts payable, tax billing, snow plowing, utility billing, permitting, and customer service. Priority should be given to high-impact and high-risk functions.
3. **Leverage Existing Policies:** Review and incorporate existing policies, procedures, and informal practices into the SOP framework to avoid reinventing work already done.
4. **Schedule for Completion:** Developing SOPs is time-intensive. Management should establish a multi-year schedule for drafting and reviewing procedures, beginning with the most critical areas.

Recommendation. We recommend that the Town embark on the creation of a comprehensive Administrative Procedures and Departmental Rules Manual that consolidates SOPs across all departments. This manual should be maintained as a living document, updated regularly to reflect changes in laws, technology, or best practices.

By adopting this approach, the Town will build resiliency into its operations, improve efficiency across departments, and ensure that critical knowledge is not lost when individuals leave the organization.

17. Miscellaneous

A. Customer Transaction Alternatives

During this study, we noted that customer service transactions are handled primarily in person, placing demands on staff time and creating inconvenience



for residents who prefer online access. Many municipalities now rely on web-based portals such as InvoiceCloud or Comcate, which allow residents to:

- Pay fees, fines, and taxes online with credit/debit cards, electronic checks, or ACH transfers.
- Submit permit applications using fillable forms.
- Access services via mobile devices or 24-hour online accounts.

The Town has begun evaluating the installation of a kiosk at Lake Beulah for electronic boat launch payments. This project could serve as a catalyst for broader expansion of web-based services.

Currently, customers have limited online alternatives, and Town staff spend a significant amount of time processing routine, in-person transactions.

Recommendation: We recommend that the Town develop a phased plan to expand online services, including payment options, permitting, and customer inquiries. This will likely require upgrades to financial software and network capacity, but will improve convenience for residents and efficiency for staff.

B. Use of Blind Carbon Copy in Email

A concern has been raised regarding the use of blind carbon copy (BCC) in email communications among Supervisors. At first glance, BCC may appear to undermine transparency, as if someone is attempting to conceal information. Counterintuitively, however, the practice can serve as a tool for complying with Wisconsin's Open Meetings Law.

The primary risk arises when one Supervisor or staff member sends an email to all others, and a recipient replies using "reply all." This can unintentionally create a quorum and constitute a meeting outside of a properly noticed agenda, resulting in a violation of the law. To reduce this risk, some



municipalities use the BCC function when sending communications to the entire governing body.

Although members of the public may not readily understand the rationale behind the use of BCC, the alternative is to ensure that all elected officials are well-educated on the Open Meetings Law and are disciplined in avoiding email practices that could inadvertently create an unlawful meeting.

Recommendation:

The Town should adopt a clear, written policy on email communications among Supervisors. This policy should be paired with training for elected officials to prevent unintentional violations of the Open Meetings Law. Specifically, the policy should:

- Require the use of BCC when staff communicates with multiple elected officials and explain why this safeguard is in place; or
- Prohibit the use of BCC but provide explicit guidance to Supervisors on how to avoid “reply all” scenarios that may result in an unlawful meeting.

Either approach should be clearly articulated, consistently applied, and supported by training to protect both transparency and legal compliance.

Summary and Conclusions.

Based on our review of internal documents, interviews with the Town Board and staff, and direct observations, PAA has developed specific recommendations to strengthen the Town’s policies, procedures, and operations. These recommendations draw heavily on best practices observed in comparable municipalities.

Successful implementation will require a coordinated effort between the Town Board and staff. To support this process, PAA has prepared an implementation worksheet that summarizes each recommendation and presents a matrix identifying the responsible party, suggested timetable, and relative priority. This

tool is intended for use during a workshop with the Town Board and staff to guide discussion and establish consensus on next steps.

It is expected that some recommendations can be implemented quickly, others will require more time and resources, and certain proposals may ultimately be set aside. This mix of outcomes is a normal and constructive part of any organizational review process.

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SUMMARY OF RECOMMENDATIONS

| RECOMMENDATION | ENTITY/INDIVIDUAL RESPONSIBLE TO IMPLEMENT | TIMEFRAME | PRIORITY |
|---|--|-----------|----------|
| 1. Appoint a Part-Time Town Administrator from an Existing Member of the Management Team | | | |
| 2. Conduct Board Training During Regular Board Meetings on a Quarterly Basis | | | |
| 3. Continue with Employment Contracts or Transition to a Handbook or Ordinance-Based System | | | |
| 4. Develop a Classification / Compensation Plan | | | |
| 5. Initiate Strategic Plan | | | |
| 6. Improve Financial Procedures | | | |
| 6. A. Fund Balance | | | |
| 6.B. Fund Accounting | | | |
| 6.C. Direct and Indirect Expense Allocation | | | |
| 6.D. Financial Controls | | | |
| 6.E. Engage a Municipal Financial Advisor | | | |
| 6.F. Consider Longer-Term Financial Planning | | | |
| 6.G. Purchasing, Internal Controls and Other Procedures | | | |



| RECOMMENDATION | ENTITY/INDIVIDUAL RESPONSIBLE TO IMPLEMENT | TIMEFRAME | PRIORITY |
|---|--|-----------|----------|
| 7. Improve the Annual Budget Document, Including a Transmittal Letter | | | |
| 8. Improved Meeting Procedures | | | |
| 9. Consider Optional Programs and Services | | | |
| 9. A. Police Department | | | |
| 9.B. Municipal Court | | | |
| 10. Engage a Planner or Planning Firm to Assist with Complex Zoning Matters | | | |
| 11. Leverage the County's Geographic Information Systems (GIS) | | | |
| 12. Update the Long-Range Comprehensive Land Use Plan | | | |
| 13. Consider Establishing a Stormwater Utility | | | |
| 14. Staffing Assessment and Recommendations | | | |
| 14.1. Establish SOPs (refer to Recommendation #16) | | | |
| 14.2. Structured Training Program | | | |
| 14.3. Accounting Back-Up | | | |
| 14.4. Add a 0.5 FTE Administrative Assistant | | | |



| RECOMMENDATION | ENTITY/INDIVIDUAL RESPONSIBLE TO IMPLEMENT | TIMEFRAME | PRIORITY |
|---|---|-----------|----------|
| 14.5. Reallocate Responsibilities from Clerk-Treasurer to Deputy Clerk-Treasurer | | | |
| 15. Improve Records Management | | | |
| 15.1. Establish a Comprehensive Records Management Policy | | | |
| 15.2 Implement Electronic Records Management (ERMS) | | | |
| 15.3 Develop a Phase Implementation Plan | | | |
| 16. Create Administrative Procedures and Department Rules (Standard Operating Procedures) | | | |
| 17. Miscellaneous | | | |
| 17. A. Customer Transaction Alternatives | | | |
| 17.B. Use of Blind Copy in Email Policy | | | |
| 17. C. Establish Email Use Policy | | | |



Appendix A. Financial Procedures

1. Purchasing Procedures

Clear purchasing procedures should be adopted to provide guidance to members of the management team and predictability for the Board. They should be in writing so stakeholders don't have to rely upon their memories. Purchasing ordinances typically delegate to staff the authority to make smaller purchases and reserve board approval for larger ones. They also explain what it means to get bids or competitive proposals.

The examples that followed should be modified to reflect Board expectations.

Example A. City of Baraboo Purchasing Policy

SECTION 1 POLICY OBJECTIVES

1.1 Objectives. The objectives of the City's Purchasing Policy are:

1. To ensure that materials, equipment and services are purchased at the lowest prices consistent with quality and performance,
2. To provide adequate controls over City expenditures and financial commitments with proper documentation,
3. To obtain quality goods required by City departments and to ensure that these goods are at the place and time needed
4. To provide a standardized system of purchasing for use by all City departments.

SECTION II COMPETITIVE BIDDING

2.1 Policy. It is the policy of the City of Baraboo to procure needed materials, equipment and services at the lowest cost consistent with quality and performance. Therefore, City purchases will be made only after price quotations have been obtained or attempted to have been obtained from different suppliers through either formal or informal means, if required pursuant to this Policy.

2.2 Obtaining Bids. Unless required by State Statute, it shall be the Department Heads discretion on the method of obtaining bids and proposals. Options include Request for Proposal (RFP), Request for Qualifications (RFQ) or Request for Information (RFI) to bid by US mail, e-mail, and publication in the official newspaper, telephone contacts or verbal requests. Purchases shall attempt to obtain bids or proposals from at least three (3) vendors to ensure that comparison pricing is demonstrated. Exceptions. The only exceptions to this Policy are:

1. Sole-source purchases (i.e., when only one known supplier is available): includes diagnostic vehicle repairs and warranty work that needs to be done by service providers equipped and trained for repairs on the make and model of equipment being repaired.
 2. Emergency purchases and repairs covered by insurance proceeds.
 3. Items purchased by State contract.
 4. Purchases paid with grant funds which require specified purchase procedures.
 5. Professional services where the City Administrator has waived bidding requirements.
 6. Other justifications as identified by a Department Head and approved by the City Administrator.
 7. For purchases below \$5,000, the bidding/proposal process is waived although the purchaser is expected to compare prices for routine purchases and supplies. The intent is to look for quality and price over convenience, wherever practical.
- 2.4 Prohibited Conduct. The intentional staggering of purchases as well as dividing purchases and/or contracts to consciously evade this policy is strictly prohibited.

Example B. City of Glendale Purchasing authority

3.1.10: Purchasing, Contract and Change Order Policy

a) PURCHASES AND CONTRACT THRESHOLDS:

1. Purchases of items three-thousand dollars (\$3,000.00) and lower may be made by staff generally authorized to make such purchases by the department head or City Administrator provided the purchase is sufficiently funded in the adopted Annual Program Budget. If possible, price comparisons should be made to ensure the lowest cost option is chosen.
2. Purchases above three-thousand dollars (\$3,000.00) and below twenty-five thousand dollars (\$25,000.00) are subject to verbal or written approval by the appropriate department head or the City Administrator, provided the purchase is sufficiently funded in the adopted Annual Program Budget. Department Heads must obtain three (3) or more competitive price comparisons for the goods or service required. If Department Heads are unable to secure three quotations, a notation explaining why less than three qualified vendors were available shall be made. Where applicable, the City Administrator shall determine which contracts or purchases are competitively bid.

3. Purchases above twenty-five thousand dollars (\$25,000.00) shall comply with local, state, and federal requirements for bidding and awarding of contracts. Contracts not requiring public bidding shall be awarded as required by the provisions of the City Code and at the discretion of the City Administrator. The City Administrator shall be required to, at a minimum, adhere to all requirements for purchases at a lower threshold as stated in this policy.
4. The City of Glendale will follow all Wisconsin Statutes §§61.54, 62 requiring that public construction contracts exceeding \$25,000 in costs be let to the lowest qualified bidder.
5. Competitive bidding or competitive price comparison (as defined below) is required for all purchases and contracts over three-thousand dollars (\$3,000.00) in accordance with the procedures set forth in this subsection. All purchases and contracts over three thousand dollars (\$3,000.00) must be submitted to the City Administrator for approval prior to competitive bidding or competitive price comparison.
6. "Competitive price comparison" shall mean receiving and documenting pricing information on specified goods or services from at least three (3) potential suppliers, unless otherwise determined by the City Administrator. Reasons for not following the competitive price comparison process shall be documented.
7. Purchases that exceed the approved budget require approval of the Common Council, if the difference is greater than two percent (2%) of the budgeted amount, or greater than two thousand dollars (\$2,000.00).
8. The City Administrator shall be authorized to continue to make purchases of routine operating items that are in excess of the approved budget, if the City Administrator determines that these items are necessary for the continued operation of the city. These items include, but are not limited to, road salt, chemicals, office supplies, fuel and oil, repair parts, electricity, telephone, etc.
9. Notwithstanding anything contained in this section, the Common Council is hereby authorized to act on behalf of the City and approve purchases and agreements at their discretion, provided it complies with all State and Local purchasing statutes and Open Meeting Act Requirements.

Example C. Walworth County Expenditure Authority

Sec. 30-121. - Expenditure authority.

- (a) Except as provided in (b), adoption of the budget shall be authority for the expenditure of funds by a department for the purposes therein provided and the amounts assigned to the department thereby and no further action by the County Board or its committees is required, except as specified by law or this Code.

(b) Operational or capital items placed on an administrative hold must be released by the appropriate appointed Committee(s) or County Board as designated during the County's annual budget adoption process or as otherwise established by the County Board.

(c) Approval of the Public Works Committee shall be required with respect to the final payment of a construction contract, which contract is in an amount greater than \$500,000.00.

2. Fund balance policy

Example A. Village of Grafton Fund Balance Policy

1. General Policy and Purpose Maintaining appropriate levels of fund balance is a key element of the overall financial health of the Village and is an important component of the financial management policy of the Village. This Fund Balance Policy is intended to set targets for the level of fund balance, identify the approach to maintain these levels, and provide guidelines for the use of fund balance.

2. Objectives

- To insulate the Village from large, unanticipated one-time expenditures or revenue reductions resulting from external changes.
- To provide funds to allow the Village to respond to unforeseen emergencies.
- To aid the Village in maintaining or improving its credit rating for debt service issues.
- To help stabilize the Village's tax levy due to a temporary reduction in nonproperty tax revenue.
- To provide sufficient working capital to eliminate the need for short-term borrowing due to the timing of the receipt of short-term receivables and the remittance of short-term payables

3. Definitions

Nonspendable Fund Balance – Amounts cannot be spent because they are a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts are restricted by external parties (i.e. creditors, grantors, contributors) or laws / regulations of other governments or restricted by law through constitutional provisions or enabling legislation, such as an ordinance.

Committed Fund Balance – Amounts that can only be used for specific purpose pursuant to constraints imposed by formal action of the Village Board. The formal action must occur prior to the end of the reporting period. The amount, which will be subject to the constraint, may be determined in the subsequent period.

Assigned Fund Balance – Amounts constrained by the Village's intent to be used for specific purposes that are neither restricted nor committed. The intent can be expressed by a) the governing body itself or b) a body or official to which the governing body has delegated the authority (i.e. Finance Committee, Director of Finance, Village Administrator, Village Board). Monies set aside for carryover appropriations, compensated absences, retirement obligations and contingencies are some of the examples to be included in the assigned category. Assigned fund balance can be used to eliminate the projected budgetary deficit in the subsequent year's budget.

Unassigned Fund Balance – Is a residual classification for the General Fund. The total fund balance less amounts categorized as nonspendable, restricted, committed and assigned equals unassigned fund balance. General Fund is only fund that should report a positive unassigned fund balance amount. A negative unassigned fund balance is possible in other governmental funds.

4. Guidelines

A. The Village shall establish a minimum balance for the General Fund to respond to the objectives as stated. The minimum fund balance shall be equal to 25 percent of budgeted General Fund expenditures of unassigned fund balance.

B. Additionally, the annual use of Fund Balance to be applied to subsequent year's budget shall be limited to no more than 5 percent of budgeted total revenues.

C. The Village will maintain appropriate commitments or assignments of general fund, special revenue funds, debt service funds and capital projects funds for specified purposes, including but not limited to contingencies, compensated absences or similar items.

Appendix B Budgeting

The following are links to some Government Finance Officers Association (GFOA) award-winning budgets.

Whitewater: <https://www.whitewater-wi.gov/DocumentCenter/View/3631>

Walworth County: <https://www.co.walworth.wi.us/Archive.aspx?AMID=39>

Platteville: <https://www.platteville.org/administration/page/current-past-budgets>

An explanation of the GFOA certification process can be found at the following link:
<https://www.gfoa.org/budget-award>

Producing a GFOA-recognized budget may seem like a distant goal. Far more important than winning the award, however, is making the budget understandable to elected officials and the public. We recommend starting with a single step. As you prepare the 2026 budget, craft a letter or memo along the lines of the Salem Lakes example that follows. Time and resources may not permit you to get into this level of detail during your first year, but you can build on the document in subsequent budget years.



To: President Bucur and Salem Lakes Village Board

C: Management Team

From: Dave Bretl, Interim Administrator

Date: September 26, 2023

Re: 2024 Annual Budget Transmittal

I am transmitting to you the Interim Administrator's 2024 Village Budget. A summary of the budget as well as its comparison to previous budgets is shown below.

Tax Levy Summary

| | 2022 levy to support 2023 budget | 2023 proposed levy to support 2024 budget |
|----------------------|-------------------------------------|--|
| General Fund-General | \$3,706,365 | \$4,133,520 |
| Library Fund | \$ 537,718 | \$ 507,695 |
| Debt Service | \$1,424,471 | \$1,079,992 |
| Capital Projects | \$ 296,300 | \$ 296,300 |
| | | |
| Total Levy | \$5,964,854 | \$6,017,507 |

Salem Lakes Property Tax- Without Library

| | 2022 levy to support 2023 budget | 2023 levy to support 2024 budget | Percent change 2023 vs. 2024 |
|------------------|--|--|---------------------------------|
| Salem Lakes Levy | \$5,427,136 | \$5,509,812 | 1.52% |
| Assessed Value | \$1,689,661,100 | \$2,039,178,300 | 20.69% |
| Mill Rate | .003211967181 | .002701976576 | (15.87%) |

This budget is compliant with the State levy cap law with the information that we have at this point. Keep in mind that information can change between now and budget adoption. One example of this is state road aids which will not be known until later next month.

Budget Process

At your August 14th meeting I had asked for your direction in terms of preparing the 2024 budget. In my experience, there are two ways in which municipal organizations prepare their budgets: The first is for the Administrator to simply collect and forward to the Board all of the budgets submitted by the departments. The requests always exceed the levy cap, in my experience. The Board must then review the various budgets "from scratch" and cut expenditures until they are below the levy limit. The second approach is for the Administrator to deliver a budget to the Board that is compliant with the state levy limit. You opted for the latter approach which I believe was wise because it helps to put the budget into context, clearly identifies the budget limits and provides you with a goal as you add to (or subtract from) the Administrators draft.

This is the 21st annual budget that I have prepared for three different municipalities. I speak from experience when say that the first question from elected officials and members of the public who are unfamiliar with this approach, is, “who is he (the Administrator) to make these spending decisions?” To that question I offer two answers: First, departmental requests always exceed available levy dollars. It is not possible to prepare a compliant budget without making decisions about what items are “in” and what items are “out” of the budget. Second, the goal here is not to impose my views on Village spending priorities; you know your Village far better than I do. Rather, this represents a starting point for your deliberations and a significant head start over the first approach. It allows you to “fine tune” and focus your analysis on programs and issues that are important to you. I did my best to point out what I did not include in the budget. You will obviously have your own ideas. In this manner, you can substitute your ideas for mine. (I hope you do so.) In so doing, however, keep in mind that when it comes to levy funded expenditures, if you wish to add an item of expense you will need to remove a like cost from the budget in order to remain compliant with state law as this budget is proposed.

In terms of the budget process, to date, department heads took the first step in estimating expenses and revenues for the upcoming year. We then met collectively in a series of meetings to review the budget line-by-line. Our last meeting was held on September 22, 2023 to make final adjustments and to ensure that the budget that I am presenting is compliant with state levy limits.

State levy limits

The “levy limit” is an important theme in municipal budgeting so I want to be sure that everyone understands the concept. Under state law, the Village’s tax levy may increase no more than the value of “net new construction” that took place the previous year. “Net new construction” is the amount of value added to the property tax roll due to the construction of new homes and businesses, less the amount removed due to structures being razed. In the case of Salem Lakes, net new construction increased by 1.15% and provides a mere \$69,823 of additional levy cap space. Net new construction lagged the average growth in Kenosha County which was 2.71 percent. Debt service is exempted from the cap. While yours is decreasing, it explains why the levy increase in this budget exceeds 1.15%.

Major themes

Some major themes of the proposed 2024 budget are as follows:

Increase in shared revenue

After years of debate over the distribution of shared revenue by the state, the Legislature approved a new approach as part of its 2023 budget. Shared revenue for the Village increased by \$354,080 from \$216,377 in 2023. This definitely provided relief to the Village. In other words, without the increase in shared revenue, \$354,080 in levy spending would need to be removed from this budget. You may disagree, but I do not believe this would have been an easy task.

Fire department staffing.

As will be covered in depth in the fire department portion of this letter, (the 10-50 budget); the Fire Chief, with input from some Fire Commissioners, have determined that a number of new full-time positions are needed in the department. This budget identifies those requests but does not fund them. To fund even some of them would require wholesale cuts to other departments. To fund more than a few of them, in my opinion, would require a referendum to exceed the levy cap. A staffing study is included in this budget for 2024.

Elections

We need to plan for four elections in 2024. You will notice increased expenses in the Elections Budget as well as the need for additional cleaning services and postage.

Increase law enforcement services

This budget includes funding for an additional .43 FTE for the Sheriff to police your community.

No new positions

This budget maintains funding for current positions. No new positions are being proposed in 2024.

Increase in cost of garbage and recycling

Although this is collected as a special charge and is not included on the tax levy, the cost residents will pay for garbage and recycling collection from the Village's vendor, Johns Disposal Service, will increase as shown below in 2024. New costs for collection are as follows:

| Service | 2023 | 2024 | Increase |
|-----------|----------|----------|----------|
| Garbage | \$12.11 | \$12.55 | \$0.44 |
| Recycling | \$6.52 | \$6.75 | \$.023 |
| Bulk | Included | Included | n/a |
| Total | \$18.63 | \$19.30 | 3.6% |

No use of fund balance

One "easy" way to reduce the levy is to use the Village's unrestricted general fund balance to lower the levy. This budget does not. In 2023 the Village reduced the tax levy by \$450,000 by using fund balance. I have not studied the circumstances that led to that decision, but I will make the following general observations about the use of fund balance to pay for on-going expenses. It is a short-term solution that can lead to very negative consequences. Here, a personal finance analogy is applicable. It is like using money from your savings account to pay for your rent and food each month. Without improving your income (revenues) or adjusting your lifestyle (expenses) the savings account will run out of money. While the use of fund balance to pay for one-time expenses, with a plan, that ensures that a sufficient balance exists at the end of the purchase, can be a valid way to prepare a budget, I do not believe that you are in a position to do so in 2024. The unplanned use of fund balance, i.e. transferring funds to cover operating expenses mid-year because actual expenses exceeded budgeted ones is viewed negatively by auditors and credit rating agencies. More importantly, it can lead to drastic budget cuts when the savings account runs out. This is something to keep in mind as you review and alter this budget. Expenditures and revenues must be projected realistically.

Process improvements

Included in Appendix B are suggestions for improvements to your budget process. I hope you take time to read them and if they make sense to you pursue them for adoption. We are currently working with the Village's accountants to revise and improve financial procedures. These procedures may not seem as critical as apportioning budget dollars for 2024, but I would suggest they are more important in the big picture to you as policy-makers. Please take the following as suggestions for improvement rather than criticisms.

1. Budget monitoring/amending rules. As a Board, you can spend the upcoming workshops parsing hundreds of budget lines, but without established procedures regarding monitoring and the correcting spending variances, it is largely a hollow exercise. This addresses the question of what happens when budget lines are out of variance; that is, it is June and 90 percent of one or more lines of a particular budget has been expended. Should spending be allowed to continue and hope that the books balance at the end of the year? Should it be corrected on an on-going basis and if so, how should that be accomplished? Who can authorize a budget amendment; should it require approval of the Treasurer, the Administrator; or should all changes go to the Board? At what level do you adopt your annual budget? There are legal answers to some of these questions. The same holds true for the Village Board initiated changes. If you approve an unbudgeted expense during a budget year, how should that be treated? You saw my response to three such unbudgeted expenses that occurred during the eight weeks that I have been here: Create a budget and transfer funds from other areas of the budget to pay for the unbudgeted

expense. The premise of the attached budget control ordinance boils down to this: No payment should be authorized or made and no obligations should be incurred unless sufficient appropriations have been made for payment.

2. Position control. A second area that would benefit from clarification pertains to position control. Who has the authority to create new positions in your organization or upgrade existing positions? As payroll comprises the majority of your levy, it is imperative that you as policymakers know exactly what positions are authorized in your organization and who can modify or upgrade them.

Final Note: Not all expenses impact the levy

As you read the attached budget, keep in mind that not all funds impact the tax levy. Expenses in the General Fund (denoted by the prefix “10.”) are funded by tax levy dollars. Reducing the Village Administrator’s “Training and Mileage” account (10-20-53107) by \$500 will lower the tax levy by \$500. On the other hand, reducing the budget for “Sludge Removal” in the in the Sewer Utility Fund (designated by the prefix “80”) will not lower the tax levy. That is because the Sewer Utility Fund is funded by user fees and not levy dollars. This does not mean that it is not important scrutinize all expenditures, but if you are looking to create room under the levy cap to fund an item that I did not include in the budget, eliminating an expense from the Storm Water fund (funded by a special charge) will not accomplish this purpose.

Acknowledgements and challenge

Before getting into the various assumptions that underlie this proposal, I want to thank the management team for their hard work and active participation in this process and especially to Chris Lamb for her patience in helping me understand your budget and accounts.

To the Village Board, this budget is now in your hands to modify and make your own. I hope that this transmittal letter assists you in your deliberations. Together with the management team, I am prepared to assist you at the upcoming workshops. That being said, if you have any questions please consider reaching out to me or the appropriate department head in advance.

2024 ANNUAL BUDGET

The spreadsheet comprising the 2024 budget is being provided to you as a separate document. The purpose of this memo isn’t to recreate that document, but rather to explain how the budget was put together, to provide you with additional detail and options for changing it as well as to provide some ideas for further study, either during this budget process, or in the upcoming year.

Budget Assumptions

Before addressing individual cost centers, the following increases have been included in the 2024 budget.

| Expense | Percent increase |
|---------------------------|---------------------------------------|
| Wage increase | 6.26% |
| Health Insurance | 5.1 % (+/-; varies by group) |
| Wisconsin Retirement Fund | General, +.2%; Protective w/ SS +1.2% |
| Utilities | 5.1 % |

The Village is locked into the health insurance increase through its contract with Central States Teamcare. Using the Village Hall group as an example, the 2024 employer contribution will be \$23,825.62 with an employee contribution of \$1,253.98. One more rate increase is provided for in 2025. Looking at insurance options during 2024 should be a priority for the Village. In terms of locked in expenses, the State sets the WRS rates, there are no options here. The utility estimates are based on

forecasts from We Energies. Following those guidelines represents budgeting with the best available information.

With respect to wages, you may designate any increase that you wish (subject to collective bargaining with respect the Fire Department union personnel.) The Interim Administrator’s budget includes the maximum raise that you are allowed to provide absent a referendum. It utilizes the Wisconsin Employment Relations Commission CPI-U increase. Considerations here are funding other Village needs versus the importance of maintaining your workforce. The labor market is highly competitive and you already have a number of vacant positions. If you decide to lower the wage increase, we will need to run new salary calculations, which we can certainly do. For planning purposes, every one percent that the wage increase is lowered, would yield, very roughly, \$30,000 in overall savings. For example, were you to plan for a 3.26 percent wage increase, you would lower your overall levy by \$90,000.

Highlights of funds and departments.

FUND 10: GENERAL FUND

Department 00: Revenues

Revenues are often overlooked at budget time, but they are as important as expenditures. Underestimating revenues can cause you to forgo needed programs or positions or cause you to levy more taxes than our necessary. You will note the first and largest revenue listed, “Property Taxes.” This budget proposes levying \$4,133,520 for general operations. The final figure will be populated after you have approved the budget and will be calculated by subtracting non-property tax revenues from expenses.

| Revenue Source | 2024 | 2023 | Explanation |
|--------------------------------------|-----------|-----------|--|
| State Transportation Aids | \$211,842 | \$211,842 | This figure will not be available until later next month. Aids are determined based on a formula. The do not automatically increase each year. A reduction in aid will necessitate a reduction in expenses. At this point we are utilizing the 2023 as our best estimate for 2024 aids. You will also see State Transportation Aids included as a revenue in the Capital fund. |
| Local Road Improvement Program grant | 0 | \$31,955 | This program provides grants of state funds. The program is administered by the County and a grant is typically awarded to Salem Lakes every other year, which is why this revenue is shown as 0 for 2024. |
| Cable Television | \$80,000 | \$105,000 | Payable pursuant to the Village’s franchise agreement. (Received in quarterly payments.) This revenue line has been reduced based on experience to date. |
| Building permits | \$190,000 | \$175,000 | Under the Village’s contract with SAFEbuilt, the vendor receives 80 percent of Village’s building permit fees. This ties to the following expenditure line:10-15-57201. Options will be addressed in the discussion of the “10-15” budget (below). |

| | | | |
|---------------------------------------|-------------|-------------|--|
| Recycling Solid Waste Special Charges | \$1,660,907 | \$1,605,221 | These are special charges that you collect to off-set the cost of refuse and recycling collection. |
| Interest on Investments | \$180,000 | \$30,000 | Projecting \$220,000 by year end. While higher interest rates on investments are a welcome change, keep in mind that this revenue source is subject to change when rates drop. |
| Reappropriation of Surplus | \$0 | \$450,000 | As addressed in the narrative above, \$450,000 was transferred to the 2023 budget from fund balance last year. For reasons stated above, this budget does not utilize unrestricted fund balance. |

I have included commentary on Fire Department Revenues when addressing that budget.

Department 10: Village Board

This cost center is comprised of the wages of Village Board and Commission members, as well as the following four accounts:

| Item | 2024 Requested | 2023 Requested | Year to date | 2022 Actual |
|----------------------------|----------------|----------------|--------------|-------------|
| Operating Supplies | \$4,000 | \$3,500 | \$1,836.14 | \$3,775.10 |
| Dues and Subscriptions | \$6,900 | \$6,900 | \$6,973.74 | \$6,428.25 |
| Training and Mileage | \$1,000 | \$2,000 | \$845 | \$884.71 |
| Computer Hardware/Software | 0 | 0 | \$3,742.55 | 0 |

The reason why the year-to-date is so high for computer hardware/software is because laptop computers were purchased for fire commission members. This was an unbudgeted expense in 2023. If you wish to purchase computers for other commission members, Bryan estimates the cost at \$1,000 per laptop. That expense would need to be added to the 2024 budget. Dues and subscriptions include memberships in the Wisconsin League of Municipalities and KABA.

Department 15: Judicial

This is the budget of the municipal court submitted by Judge Langel. Besides the Judge who earns \$7,000 per year, the cost center contains only one part-time employee, the Court Clerk budgeted at \$24,000 next year.

In addition to wages, the budget contains the following three accounts:

| Item | 2024 Requested | 2023 Requested | Year to date | 2022 Actual |
|----------------------------|----------------|----------------|--------------|-------------|
| Operating Supplies | \$1600 | \$1400 | \$218.65 | \$1,642.18 |
| Training/Mileage | \$2000 | \$2000 | \$1232.47 | \$2030.37 |
| Computer Hardware/Software | \$0 | \$2100 | \$0 | \$185.04 |

Department 20: Administrator

This cost center supports the Village Administrator. I included \$140,000 for the Administrator's salary, which is the top of the advertised range. Previously, 75 percent of the Administrator's salary was contained in the utility budget. Although we have not conducted a time study, this seems like a large

percentage relative to the amount of time that the Administrator would likely devote to utility-related tasks. I reduced the utility percentage to ten percent. \$126,000 of the Administrator's salary is contained in this account, with the balance, \$14,000, in the Utility account. This results in more of the Administrator's salary being funded by the tax levy. The following lines are included for funding in the Administrator's budget.

| Item | 2024 Requested | 2023 Requested | Year to date | 2022 Actual |
|----------------------------|----------------|----------------|--------------|-------------|
| Training Mileage | \$1000 | \$2000 | 0 | \$480.82 |
| Computer hardware/software | 0 | 0 | 0 | 0 |

Department 22: Central Services

This cost center is responsible for supporting general operations. In terms of personnel, the budget supports 5 FTE's who are classified as Administrative Assistants. Fifty percent of the salary of one Administrative Assistant is charged against the Utility for work performed there. The 2024 budget includes funding for the Deputy Village Clerk position that you created in September.

The following are major accounts with comments:

| Account | 2024 requested | 2023 | Notes |
|--------------------------------------|----------------|-----------|--|
| Regular Wages | \$207,320 | \$150,712 | This is a 37 percent increase. The addition of the Deputy Clerk in September is a \$50,853 add to payroll. |
| 10-22-52100-000 Building Maintenance | \$35,000 | \$25,000 | HVAC, generator, pest control and other maintenance costs are charged to this line; however, the "lion's share" is cleaning costs for Village Hall and the Silver Lake Community Center, estimated to be approximately \$19,000. Village Hall is cleaned once per week and the Silver Lake building once per month. \$29,500 was budgeted in this overall account in 2023. The requested amount was increased due the need for extra cleaning for four elections. It has been some time since the the cleaning contract was bid. The Board may wish to explore bidding this out in the future. |
| 10-22-52106 Utilities | \$ 31,000 | \$29,500 | This account is for utilities for Village Hall and the Silver Lake facilities. We Energies estimates the cost of utilities to increase 5.02 percent in 2024. |
| 10-22-52108-000 IT Services | \$53,460 | \$51,900 | There are five main IT accounts in the overall budget and several smaller ones within various cost centers ("IT Services" and "Computer Hardware/Software" accounts are in both the General fund and Utilities budget. This particular account is for RTI's fees for general support |
| Village Hall Contracts | \$7,000 | \$7,000 | The postage machine and shredding expenses are charged against this account. <u>A Village-wide shredding event has been included in this total.</u> |

| | | | |
|----------------------------|-----------|-----------|---|
| Software Maintenance/ BS&A | \$10,000 | \$10,000 | This is the maintenance contract for our accounting software. The Village is discontinuing support of one module of the software which is not being used which should off-set any overall price-increase. |
| Legal | \$35,000 | \$25,000 | Two legal accounts in the Central Services budget are being merged into one. Legal/labor is being eliminated. This legal account also includes \$750 in annual dues for HR consultant MRA. The overall legal budget (less MRA) is being increased by 7.2% |
| Legal/Labor | \$0 | \$6,000 | Account is being merged with "Legal;" see above. |
| Legal Court Related | \$12,000 | \$12,000 | Legal fees for prosecuting municipal court cases. |
| Audit and Accounting | \$23,000 | \$23,000 | This represents the General Fund portion of audit costs. Audit and accounting fees are also included in Fund 80 (Sewer Utility). |
| Assessor | \$186,151 | \$183,990 | The Village has been party intergovernmental agreement with Pleasant Prairie since 1996 to provide these services. The annual cost is based upon a formula. |
| Assessor Maintenance Fee | \$17,000 | \$20,000 | This is a fee charged on building permits that is, in turn paid to the assessor. Reduction is based on 2023 trend. |
| Planning Consultant | \$20,000 | \$50,000 | Professional services from Foth engineers are charged to this account; assistance with planning and zoning hearings and preparing related reports, as well as attending pre-application meetings. |
| Engineering | \$25,000 | \$60000 | Charges here are from RA Smith the Village Engineer and include professional services related to stormwater issues, general drainage, future projects as well as road and street maintenance. |
| Postage | \$10,000 | \$7,000 | Postage costs are up 40% due to additional mailings for the 4 upcoming elections. |
| Liability Insurance | \$160,500 | \$150,000 | The Village purchases this coverage through its long-time broker. You may wish to compare current coverage, pricing and services to insurance provided by the Wisconsin League of Municipalities. Your current liability policies end in early February. |
| Worker's Compensation Ins. | \$56,250 | \$65,000 | The Village purchases this coverage through its broker. Rates are expected to increase. We did receive a refund this year and anticipate that we can cover this expense with the \$56,250 budgeted |
| Disability Insurance | \$30,000 | \$30,000 | Village expense related to disability coverage provided to employees. |
| Contingency Fund | \$25,000 | \$25,000 | The separate "Rainy day fund" has been eliminated. If you wish to have more |

| | | | |
|-----------------------------------|----------|----------|--|
| | | | contingency dollars, add them to this account. |
| Central States Pension Obligation | \$60,600 | \$60,600 | The Village has made annual payments of \$60,600 from its General fund to buy out a pension obligation to Central States and another \$60,600 from the Utility fund. We have made 141 monthly payments out of a total of 240 payments due. I noticed in several annual audits that the Village was negotiating a lump sum payout. I have not been able to locate documentation on this obligation or negotiations. Given its impact on the budget for many more years, researching this and potentially negotiating a more desirable solution should be a high priority. |
| Purchased Services | \$22,500 | \$27,500 | The Board agreed to fund 3 agencies at its regular September meeting: Twin Lakes Senior Citizens- \$2,000; Westosha Senior Center- \$7500 and the Sharing Center- \$18,000. The Attorney General has provided guidance in recent years as to what constitutes a lawful contribution or “purchased service.” Legal review of these requests is advised. |

Department 25: Clerk

This cost center is responsible for the Village Clerk’s budget and contains 1 FTE (the Clerk).

Department 26: Elections

This cost center supports elections. As previously mentioned, costs are projected to increase due to the fact that there will be four elections in 2024. The largest increase here is for part-time wages. \$37,000 was originally requested in 2023. \$60,000 is being requested in 2024.

Department 30: Treasurer

This cost center is responsible for supporting the Village Treasurer’s Office. It is comprised of 1 FTE (the Treasurer). In addition to salary and benefits, there are two small expense accounts (mileage and operating supplies) which are proposed to increase (collectively) by \$50 in 2024.

Department 35: Public Safety Office

This cost center is responsible for supporting law enforcement through a purchase of services from the Kenosha County Sheriff. This proposed budget contains funding for the Sheriff’s “Option 2,” which is for an increase of .42 FTE. Keep in mind that even if you do not choose to upgrade service, your contract with the Sheriff will increase by \$79,169 over what you budgeted in 2023. The following chart summarizes the funds you would need (or would save) in the event you would like to do something other than what I have proposed. The Sheriff’s proposals are contained in Appendix A.

Options are summarized below

| Option | Impact |
|-------------------------------|---|
| Add .42 FTE | Already included in the budget |
| Add 1.42 FTE | You will need to find an additional \$189,000 to fund this level of service |
| Keep current level of service | You would have a budget savings of \$75,996 relative to this proposed budget. |

Department 45: Building/Zoning/Community Inspection

This cost center is responsible for supporting building inspection, property maintenance and zoning. It is currently comprised of one part-time property maintenance inspector (wages proposed at \$20,358 for 2024) as well as a purchase of service contract with SAFEbuilt. SAFEbuilt provides building inspection and zoning services for 80 percent of the permit fees. (Note the earlier discussion of this topic in the revenue section). To reiterate we anticipate the following permit revenues:

| Permit fees | Amount | 80% |
|----------------|-----------|-----------|
| Building | \$175,000 | \$140,000 |
| Zoning/OTC | \$ 15,000 | \$12,000 |
| Plan Comm./BOA | \$ 15,000 | \$12,000 |
| Total | \$205,000 | \$164,000 |

There have been some issues, to date, in terms of inspection data being timely entered into the Village's system. This, in turn, has made it impossible for the Village to verify invoices. At the time of this writing, we have paid only one SAFEbuilt invoice this year. We have been meeting with the vendor to resolve this issue. In that conversation, all parties indicated a preference for the Village to find another solution for zoning. Aside from the data entry issue, the Village is paying a lot of money for building inspection services. There are no ready solutions. While at one level, the Village could create a full-time building inspector position, there are downsides to this. First, there are not an abundance of well-qualified individuals willing to perform this work. Four different Wisconsin communities currently have job listings on the Wisconsin League of Municipalities jobs board. Second, provisions have to be made for when an employee-inspector is on vacation or some type of leave. Third, the inspector may lack one or more certifications which would necessitate contracting with another inspector. Fourth, given my first point, were your "in-house" inspector quit, it may take a long time to replace him or her. My suggestion, at this point, is to include this expense in the 2024 budget. I believe this will give you flexibility moving forward if you wish to pursue another option. Zoning support is in immediate need of attention. We may have a potential solution for you as the budget process progresses. As I read the Safebuilt contract, it can be terminated on 90 days' notice.

Department 50: Fire and Rescue

This cost center is responsible for supporting Fire and EMS operations. In terms of personnel, the budget supports the following full-time positions:

| Position | Number |
|--------------------------|--------|
| Fire Chief | 1 |
| Administrative Assistant | 1 |
| Fire Marshall | 1 |
| Fire Fighter/Paramedic | 6 |
| Fire Fighter/EMTs | 9 |

In addition to these full-time positions, the Department utilizes part-time personnel.

It appears that there are significant staffing needs in the Department. Chief Lejcar met with some members of the Fire Commission and submitted a staffing request for the following full-time positions to be added to the budget.

| Position | Numbers |
|-------------------------|---------|
| Assistant Chief | 2 |
| Lieutenant/Paramedics | 3 |
| Fire Fighter paramedics | 6 |
| Firefighter/EMT | 6 |

I appreciate the Chief bringing these requests forward and I am in no way trying to minimize the need that he has determined. Conservatively, these positions would have a cost of \$1.5 million with benefits. Funding them would require a like amount of cuts to this proposed budget. Funding a single position would require significant cuts to other operations. If you wish to explore this, for planning purposes use \$90,400 for a fire fighter paramedic with benefits. For example, if you chose to maintain your current level of policing, rather than adopting the enhanced version proposed in this budget, you could apply that savings (\$75,975) to a new fire fighter paramedic position. You would still need to identify another \$14,000 in budget savings elsewhere, however. It is recommended that the Board obtain additional information on the request at the budget workshops.

Many communities have gone to referendum to exceed the tax levy cap in order to fund new positions in their Fire/EMS departments. I believe that this would be the only route for the Village to go if all or even a few of the above-stated positions require funding.

While this does not provide immediate help to the Fire Department, I included \$50,000 in the 2024 budget to conduct a staffing and organizational study.

The following revenue projections were submitted by Chief Lejcar.

| Revenue | 2024 | 2023 | Explanation |
|-----------------------------|-----------|-----------|--|
| Fire Insurance | \$69,359 | \$61,000 | Known as 2% dues, this is money collected by the State from insurance companies that is earned by the Department by conducting fire inspections. |
| Fire Insurance-Paddock Lake | \$14,142 | \$12,000 | The Village receives Paddock Lake's 2% dues by contract. |
| Fire Insurance-Brighton | \$4,837 | \$4,200 | The Village receives Brighton's 2% dues by contract. |
| EMS Charges | \$450,000 | \$450,000 | The Fire Department bills individuals as well as private and government insurance for EMS transport. The 'lion's share' of this revenue is Medicare. |
| Fire Service Paddock Lake | \$257,152 | \$257,152 | The Village provides Fire/EMS protection to Paddock Lake. The cost is determined by a formula. The 2023 figure was used as an estimate for the 2024 payment. |
| Fire Service-Brighton | \$66,048 | \$66,048 | The Village provides Fire/EMS protection to Brighton |

The Department's expenses are up, overall, by 12.89 percent. The following are notes on some major expenses contained in the 2024 budget.

| Expense | 2024 | 2023 | Notes |
|----------------------------------|----------|----------|---|
| Equipment maintenance | \$45,000 | \$25,000 | Expenses charged to this account include equipment both in the fire stations and on trucks. The increase is based on the cost of maintaining aging equipment. |
| Occupational health | \$25,000 | \$15,000 | Firefighter physical exams are expected to increase next year. |
| Fuel | \$55,000 | \$50,000 | |
| Apparatus repair and maintenance | \$97,500 | \$75,000 | The increased amount is requested based on the age of the fleet of apparatus. |
| Contingency/ Salary | \$90,000 | 0 | As of the time of this writing the 2023 and 2024 union contracts have not been settled. When they are, it is possible that a “retro” payment (retroactive to the start of each year will be a feature,) Funds are included to ensure that you can pay this expense. |

Department 55: Public Works

The Village's Highway Department is responsible for maintaining Village roadways, drainage systems, and Village owned properties, among other responsibilities. Currently there are approx. 104 miles of public roadways within the Village's jurisdiction. This budget supports the Highway Superintendent, a Foreman and 6 operator positions. The Public Works Director's salary is charged against the utility budgets and not the General Fund.

The Department is proposing eliminating a vacant Equipment Operator position from the 2024 budget.

Explanations from selected expenditures are summarized below:

| Expense | 2024 | 2023 | Explanation |
|---------------------------------|-----------|-----------------------------|---|
| Overtime Animal Control | \$0 | \$3,000 | This amount was eliminated based on Humane Officer contract with Sheriff. Feeding and receiving animals is not anticipated. |
| Utilities | \$37,000 | \$35,000 | Utilities for Public Works/Fire Station. Increase based on We Energies projections. |
| Street Lighting | \$95,000 | \$154,000 (amended amount.) | Based on 2023 trend. Silver Lake LED's will be replaced in 2023 and 2024. This \$95,000 is strictly to pay for electricity. |
| Vehicle repairs and maintenance | \$65,000 | \$60,000 | \$5,000 increase based on 2023 trend. |
| Garbage Collection | \$917,845 | \$880,930 | The 2024 increase from Johns Disposal is included in this amount. |
| Recycling | \$493,452 | \$474,291 | The 2024 increase from Johns Disposal is included in this amount. |
| Operating supplies | \$25,000 | \$25,000 | A brush hog mower is proposed to be purchased for \$4,000. |
| Fuel | \$75,000 | \$75,000 | Unchanged |
| Road maintenance materials | \$160,000 | \$175,000 | This account includes a variety of materials from rip rap to sand. 1,400 tons |

| | | | |
|------------------------|----------|----------|--|
| | | | of salt are included at \$80.06/ton. This includes funding for “tub grinding” of brush dropped off by residents. |
| Facility improvements | \$15,000 | \$13,000 | Based on 2023 trend. HVAC, garage doors, lights and similar items are accounted for here. |
| Animal control expense | \$13,000 | \$15,500 | This budget was increased based on anticipated charges from the Humane Officer. |

Department 60: Library

The Village funds the Salem Community Library and in September committed to do so in 2024. By supporting the library, the Village is exempt from the County library tax. The 2024 versus 2023 contributions are shown below.

Library contribution

| 2024 | 2023 |
|-----------|-----------|
| \$507,695 | \$537,718 |

Department 65: Parks & Special Events

The big story in this budget pertains to the cemetery for which the Village is responsible (Salem Mound). It is important that graves are properly marked and documented. This budget would fund GIS, surveying and legal costs to ensure that existing and future graves are properly delineated and documented.

| Expense | 2024 Proposed | 2023 Amended Budget | Explanation |
|------------------|---------------|---------------------|---|
| Park landscape | \$80,000 | \$85,000 | This expense consists largely of mowing the parks but also includes miscellaneous landscaping activities. The decrease is based on actual experience to-date. |
| Cemetery | \$37,000 | \$6,500 | Explained in the introduction (above). |
| Park Development | \$15,000 | \$15,000 | This account covers fencing, studies, sand and small items of playground equipment among other expenses. |
| Vehicle R/M | \$5,000 | \$5,000 | Public works vehicles are used to support the parks. This apportions some of that usage to the parks. |
| Misc. Events | \$8,000 | \$8,000 | Funds to support Village-wide events |

As we leave Fund 10, I will cover some of the highlights in the remainder of the Village’s funds.

FUND 20 PARK FUND

Revenues here are from impact fees (\$1,850 per new home) as well as lesser amounts from leases and interest on investments. The 2024 budget proposes to use the revenues plus fund balance to pay for a number of projects. Fund balance before and after is shown as follows:

Fund 20 Balance

| Balance | 2022 | 2023 (projected) | 2024 (projected) |
|------------------------|-------------|-----------------------------|-----------------------------|
| Beginning Fund Balance | \$788,685 | \$800,904 | \$673,519 |
| Ending Balance | \$800,905 | \$673,519 | \$393,610 |

While it is important that these funds are being spent on projects that you view as priorities, cutting expenditures in this fund will not reduce the tax levy.

| Project | Amount | |
|---|---------------|--|
| Piers- Rock Lake; Yaws boat launch; Center Lake boat launch | \$80,000 | |
| 2023 Disc golf | \$200,000 | Design work was budgeted for in 2023 and is currently in progress. This is an estimate of construction costs. |
| Park Equip Shangri-la | \$ 30,000 | Equipment is old and needs replacement. Note that the lease with the Association is set to expire at the end of this year. |
| Shangri-la boat launch | \$ 10,000 | |
| Total | \$320,000 | |

FUND 30 DEBT SERVICE FUND

In 2024, the Village will pay \$1,439,767 in debt service from debt previously incurred.

FUND 40 TRAILS FUND

This budget proposes spending \$100,000 for the Silver Lake Bike Trail. This trail will go through the park property and connect to the existing Kenosha County Ice House Trail.

FUND 50 MAINTENANCE IMPACT FUND

Impact fees from new residential home applications provide funding. The money is used to support transportation infrastructure. This budget proposes using \$30,000 to repair or replace the damaged salt shed roof. Staff is currently obtaining assessments of the damage and repair costs. This figure maybe higher or lower. We should be in a position to bring more accurate figures to the budget workshop.

FUND 60 CAPITAL PROJECTS FUND

This fund accounts for the Village's capital projects (other than those pursued by a utility or park fund.) Capital projects are characterized by expenditures that are typically large and have a relatively long useful life. Plow trucks and fire tucks qualify as do roads, the construction and remodeling of buildings and a variety of other expenditures.

Major revenues for this fund are as follows:

| Revenue | 2024 | 2023 | Explanation |
|-------------------------|-----------|-----------|---|
| Property Taxes | \$296,300 | \$296,300 | For future budgeting, it is important that levy dollars are used to fund your capital program. When the capital program is funded exclusively by borrowing, you will become dependent on borrowing ever-larger sums to fund your future infrastructure needs. |
| Federal grants | \$193,000 | \$745,000 | For the past two budgets the Village has been spending ARPA funds. The balance of these funds is \$193,000. |
| State aids | \$183,100 | \$183,100 | This represents a portion of State GTA funds referenced earlier in this letter. |
| Interest on investments | \$50,000 | \$15,000 | Higher interest rates. |
| Cell tower rental | \$30,000 | \$30,000 | You have a long-term lease for space on your water tower. This would be a great future Committee of the Whole topic; to understand exactly which carriers are on your water tower, what the terms of the deal are and what are your options for the future. This income should escalate and I will review the appropriate lease prior to the workshops. |
| Rescue building rental | \$14,400 | \$14,400 | I have yet to study this lease although it appears as annual payments are to escalate. During this budget cycle we can determine the appropriate rent. A longer-term issue is a philosophical/legal one. What is your intention with this building? If it will be reoccupied by Village government at some point or if the land is needed for Village use in master plan, then its continued ownership maybe appropriate. If not, a sale might be considered. |

In general, road projects are included in an organization's capital plan and come in two basic types; reconstruction and resurfacing. Resurfacing is the less-expensive option. It typically involves milling off the top layer of asphalt and applying a new one. Reconstruction, on the other hand, is required when the base of the road has failed. This is a far more invasive and costly solution. Sewer and water infrastructure are ideally replaced during reconstruction.

Failure to maintain roads on a regular schedule can lead to costly reconstruction projects. Regular crack-filling and chip sealing can extend the life of asphalt roads for years. When that process has been exhausted, resurfacing is the next option, but when the road base has failed, reconstruction is the only alternative.

One tool that aids in prioritizing road projects is called PASER. That acronym stands for Pavement Surface Evaluation and Rating. It was developed by the University of Wisconsin and is used extensively in this state and in others. The system permits a trained individual to visually inspect and rate a road based on a variety of criteria. You can read the entire manual by viewing this [link](#). The PASER rating scale is shown below.

| Quality | Rating | Treatment (Asphalt) | Treatment (PCC) |
|-----------|--------|--|---|
| Excellent | 9-10 | No maintenance required | No maintenance required |
| Good | 7-8 | Crack sealing and minor patching | Routine maintenance |
| Fair | 5-6 | Preservation treatments (non-structural) | Surface repairs, partial-depth patching |
| Poor | 3-4 | Structural renewal (overlay) | Extensive slab or joint rehabilitation |
| Failed | 1-2 | Reconstruction | Reconstruction |

As a long-term goal, the Village should consider adopting a policy of maintaining streets to an average PASER rating at a particular level, say 7, for example. In the short-term, I included this discussion of the PASER system to put into context the paving program that this budget proposes. Funding has been included for the following paving projects in 2024:

| Project | Amount | PASER rating |
|---------------------|-----------|--------------|
| Rock Lake Road | \$916,560 | 4 |
| Stone Hedge Estates | \$546,000 | 3 |

A list of other potential street projects identified by the Public Works Department are contained in Appendix A. Those projects are: Fire Station #2 parking lot, 9920 Antioch Road parking lot and 119th St/232nd Ave./122nd Street. Note that the cost of these projects have not been adjusted to account for inflation.

Another potential project mentioned during the year is resurfacing the entrance to Woodhaven Subdivision. The road has a PASER rating of 7. The estimated cost of the project is \$840,000. Also included in the capital plan is a new Ford F450 dump truck to replace the existing aging patch truck. The cost of this is budgeted at \$65,000. The Fire Chief has included the following items in 6th capital plan:

| Item | Amount | Notes |
|------------------------|-----------|--|
| Refurbish Fire Trucks | \$550,000 | These funds would refurbish Fire Trucks 5818 and 5819 |
| Bathroom upgrade | \$100,000 | Funding to make basic upgrades to the bathroom in Station #2. |
| Burn tower Roof repair | \$10,000 | |
| Secure area | \$10,000 | Funds would create a secure area for storage at the main Fire Station. |

FUND 75 TID #1 FUND

TID #1 is comprised of land and improvements in your business park. It was created by Resolution of the Salem Town Board in 2015. Under the plan, the Town paid for certain infrastructure to facilitate development. In 2024 it is estimated to generate \$502,000 in property tax revenue and interest on investments and expend \$334,169 on debt service and administrative expenses.

FUND 80 SEWER UTILITY FUND

The Sewer Utility fund operates as an enterprise fund and does not impact the tax levy. Revenues are obtained from user fees. In 2019 the Board adopted a series of rate increases pursuant to Ordinance 2019/03-1. According to that ordinance, the quarterly User Charge Equivalent (UCE) for a single-family residence will increase from \$170.00 to \$176.00 in 2024.

Highlights of this budget include the following:

| Item | Amount | Notes |
|---|---------------------------------------|---|
| Elimination of one vacant operator position | Reflected in salary and benefit lines | |
| Purchase of phosphorus variance | \$63,000 | Program is administered by Kenosha County Conservation. The variance is in lieu of very costly plant upgrades to meet DNR phosphorus regulations. |
| Upgrades to lift Stations 201, 202, 203 and 208 | \$1,200,750 | Project to be reimbursed by the Clean Water loan fund. |

Not included in the budget is funding for the gravity sewer project in the Valmar/Yaws subdivision. This project had been improved in the Master Plan and design work was approved in 2022. Note that if this project is not constructed the Village will not be reimbursed for design work through the Clean Water fund loan program. Design costs, to date, are \$470,000. The last Board direction was to review this project before proceeding.

FUND 90 STORMWATER FUND

The goal of the storm water utility is to provide a storm water drainage system with adequate capacity to accommodate major storms while maintaining the quality of storm water discharged into receiving streams. The storm water utility provides for the collection and conveyance of storm water within the Village through the use of public streets, catch basins, storm sewers, detention/retention basins and greenways.

The Stormwater utility operates as an enterprise fund under a Board approved Master Plan and does not impact the tax levy. Revenues are obtained from a user fee. In 2022 the Village Board approved a schedule of rate increases. According to Resolution 2022.06-50, the stormwater management fee for 1 ERU (Equivalent Residential Unit) will be \$84.87. This is a 3% increase over 2023.

Projects included in this budget are:

| | |
|---|-----------|
| Camp Lake Gardens: | \$152,700 |
| Small projects that may arise during the budget year: | \$ 50,000 |

| Item | Amount | Notes |
|--|-----------|--|
| 270 th Ave. (Camp Lake Gardens) | \$152,700 | Storm sewer conveyance system, new culverts and regrading of roadside ditches. |
| Small projects | \$50,000 | To cover small projects that may arise throughout the year. |

Other potential projects are:

| Priority projects in approved Stormwater Management Plan | Project | Cost |
|--|--|-------------|
| 1127 th Place (Cross Lakes Sub.) | Storm sewer conveyance system | \$323,294 |
| 112 th Place (Shangri-La) | Storm sewer conveyance system | \$463,735 |
| 270 th Ave. (Camp Lake Gardens) | Storm sewer conveyance system | \$136,310 |
| Shoreview Subdivision | Storm sewer relief system for heavier rain events and box culvert/gabion wall installation | \$1,475,381 |

| | | |
|---|--|-----------|
| 264 th Avenue | Storm sewer conveyance system | \$331,154 |
| Hooker Lake | Construction of stormwater pond upstream of Hooker Lake | \$641,399 |
| Northwater Street (Schenning's Addition to Silver Lake) | Storm sewer conveyance system discharging to the Fox River | \$480,597 |

I am aware of at least one other project brought to staff's attention which is 224th Avenue Drainage improvements. The estimated cost of this project is \$593,450.