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## Audit shows controls on spending have left fund balance untouched

Even municipalities like the Village of Saukville are not immune to the vagaries of the stumbling economy, according the 2009 audit report presented to the village's Finance Committee on Tuesday.

Dave Maccoux of Schenck Business Solutions, the village's auditing firm, prefaced his comments on the annual financial statement by noting the village is in a strong financial position.

However, Maccoux said, that does not mean it hasn't felt the pinch of the recession.

Although the 2009 budget anticipated revenues of about $3.5 million, the audit showed an inflow of funds of a little more than $3 million.

The reduction was partially blamed on the minute amount of interest the village is receiving on invested funds, along with a drop in permits and fees caused by a near halt of new construction.

"We've run into this shortfall of revenues in virtually every government unit we work with," Maccoux said.

To make up for the restricted revenue, the village was especially cautious in its spending last year.

The audit showed that although the budget called for spending about $3.5 million, actual spending was limited to $3.3 million.

"What that says to us is you are doing a good job of watching your spending," Maccoux told trustees.

Village Administrator Dawn Wagner said department heads did a lot more than watch their spending.

"We basically stopped spending unless it was a matter of triage, like if a truck breaks and it has to be repaired. Everybody has been holding the line," Wagner said.

Maccoux said the audit also showed that despite the tight budget, the village did not dip deeply into its fund balance.

The audit showed the general fund balance — the amount of cash available after set obligations are met — was reduced by just $9,400 last year. The village had $886,843 available in its fund balance at the end of 2009.

The slight drop is much better than the $100,000 decrease that had been budgeted for 2009 and drew praise from the auditors.

“That still leaves you with a fund balance of about 27% of your annual operating budget, which is well within our recommended level,” Maccoux said.

“In our opinion, municipalities should maintain an undesignated general fund balance of between 20% and 30% of its annual general fund expenditure budget. We feel an undesignated fund balance is necessary to allow the village to maintain
current operations, finance unplanned contingencies and provide cash flow due to the lag in receiving tax revenues and state aids due the village.”

Maccoux said a healthy fund balance also gives the village the ability to stabilize the tax rate.