

These are the minutes of the Regular Session of the City of Adams, WI held on December 15, 2014 in the City Municipal Building.

Meeting was called to order by Mayor Baumgartner. On roll call were Alderpersons Hilson, Jensen, LaQuee, Roseberry, Mayor Baumgartner, Chief Anderson and Street Superintendent Mead. Kierstyn and Marti were excused.

Consent Agenda:

1. Approval of Council Meeting Minutes:
 - a. December 1, 2014 Regular Session
2. Committee/Commission/Authority/Advisory Minutes:
 - a. December 9, 2014 Public Safety Committee
 - b. December 11, 2014 Policy & Procedure Committee
 - c. December 11, 2014 Fire District
3. Operator License(s)
 - a. December 1, 2014 – December 15, 2014 – *William S. Sipla and Karen L. Sweet-Sipla* Temporary Class “B” (Special-Picnic) License(s) – *Polish Club Polonia and Radio M*

Motion by Roseberry, second by Hilson to approve the Consent Agenda as presented. Roll call vote, all voted aye.

Consent Agenda: Committee/Commission/Authority/Advisory Minutes

Public Safety Committee – December 9, 2014:

In Petitions & Communications: Mayor Baumgartner addressed the committee with concerns about the Adams County Fire District November 23rd fire call – 20 minute response time. Mayor will address Fire District meeting on Thursday December 11th, 2014.

Department Update:

- Adjustments will be made to fines on ordinance violations
- Chief is checking on body cameras for officers (City has some)
- Personnel handbook updating
- Looking for a new IT Company

Approve Building Inspector/Zoning Administrator’s Detailed Report: 11 month update given. A discussion was held regarding the Building Inspector’s credentials.

Motions were made to approve the Building Inspector/Zoning Administrator Detailed Report.

Motions were made to approve the Police Report.

Policy & Procedure Committee –December 11, 2014:

Discussion Relating to Utility Rate Ordinance – PSC – Committee is in agreement with the ordinances as presented and will recommend they go to Council at the next Policy and Procedure Meeting.

Discussion/Recommendation Relating to Personnel Administrative Policies Handbook – FMLA

Recommendations were made to approve the Personnel Administrative Policies Handbook – FMLA.

Fire District –December 11, 2014:

Motions to approve the Finance Report.

Chief’s Report:

Motions were made to purchase new Jaws For Life for no more than \$4,275.00.

Petitions and Communications: None.

Report of City Officers:

Mayor Baumgartner reported that the DNR has the spill that occurred earlier contained.

New and Unfinished Business:

2013 Fiscal Year Audit Presentation – Johnson Block & Co., Inc.:

Tara Bast, Supervisor, with Johnson Block and Company, Inc. presented the City's 2013 Financial Statement Report. She stated that the large copy of the audit was distributed in Draft form and bound copies will be mailed.

Although they do not anticipate any changes to the audit itself, just maybe rewording of the Communication Letter.

She gave an overview of the highlights in the summary report. She stated the Independent Auditor's Report as it is in Draft form, she expects to issue an unmodified opinion. This term has been changed from unqualified opinion. After the Opinion Letter there is a Management's Discussion and Analysis section which is the City's chance to put the information in the Financial Statement in a condensed version.

The Government Financial Statement is more specific detail of what has happened throughout the year and includes two separate funds. The Governmental activities are the TIF Districts, General Fund, Equipment Replacement, Street Fund and the Business includes the Water and Sewer Funds.

She explained the Government-Wide Financial Statements are on the Full-Accrual of accounting, the balance sheets include the Capital Assets as well as the outstanding debt of obligations.

Fund Financial Statements are the Modified Accrual Basics of Accounting the City budgets in. The expenditures for Capital items run through as expenditures, debt payments run through as annual expenditures. Fund Balances for the Breaking Schedules (pages 4 & 6) are Full-Accrual of accounting and Modified-Accrual that show how they get from one set of financial statements to another.

The Overview of Financial Statements list the City's accounting policies as well as the required disclosures. The disclosures are past investment, debt activities, capital assets year to year, the large required disclosures and fund balances.

The required supplementary information: the budget taxable schedules of the General Fund and the non-major funds schedules.

Other Single-Audit reports Johnson Block prepares for the City are the PSC, Financial Report (Form C) and the TIF District Annual Reports.

She explained that they are required to put the Material Weakness and Significant Deficiency communication in the audit. She stated that it is the same as in previous years and very common to see as they report on Municipalities internal controls segregation of duties and is common to see that in audits, because of the size of the City and the controls that are in place. There are areas to try to segregate the duties but with a small staff there is no way to fully segregate the duties.

Roseberry stated that she had read in the report if the same person who writes the checks should not be balancing the checkbook. Tara stated that it is not uncommon for that to happen it is just another control. If there is a way to segregate to have someone else review the report. This is not saying it has to be done and won't get rid of these comments but is some recommendations.

Utility Operations, water revenue \$447,808 and the expense \$413,283, water income \$34,525. Sewer revenue \$376,553 and the expense \$567,228, sewer income (Loss) (\$190,675). In those numbers is the depreciation expense which is a non-cash transaction. Rate of Return on Rate base is -.79% (2012 was .06%)

Roseberry asked what a Municipality our size generally has for a fund balance percentage wise. Tara explained we usually recommend an Unassigned Fund Balance between 15% - 25% and the City is at 7%. A large portion

of the General Fund Balance is tied up in advances to other funds. That is the General Fund covering any debt or shortfalls of any funds throughout the year.

Then there is Other Comments she reminded the Council of the TIF District Monitoring, looking out for the next several years and understanding the cash flows there. To make sure the debt borrowed the City will be able to make the debt payments and monitor the risks associated in the expenditures that are going on and that TIF captures all the expenditures that are allowed. As well as monitoring the General Fund Balance and understanding those percentages and how the Fund Balances are segregated out.

Page 3 is the General Fund activities. The large difference in Assets is the decrease in cash. This is again the General Fund covering any shortfalls of other funds, advancing cash.

The Liabilities and Deferred Inflows (Tax Levy), Non-spendable, Restricted and Unassigned (Shared Revenues) that are received in November.

The Summarized Income shows Revenues were under budget, Expenditures were over budget and the Net Change in Fund Balance decreases \$81,000.

She reviewed the Special Revenue, Debt Service and Capital Projects Funds. Something to keep in mind is to revisit the purpose of these funds going forward and determine if it makes sense to keep these funds and why they were originally setup. They have been around for a long time and if they are necessary anymore, if not, they would just collapse back into the General Fund.

Public Works and Public Safety are always the larger annual expenditures. Any big fluctuations could be the purchase of new vehicles.

The largest Revenue for the City is the Intergovernmental Revenue which is the State Shared Revenues. That's where you want a higher fund balance at the beginning of the year and you want to have a higher fund balance to be more dependent because you are waiting until November for the Shared Revenue. You are spending down your fund balance all year long waiting on that payment. The range of Fund Balance is recommended to be between 15 to 25. If you are highly dependent on that State Aid Payment you want to be on the higher side of the fund balance.

The General Obligation Debt Limit is \$4,097,840, Outstanding G.O. Debt is \$1,273,835. 2013 Equalized Value was \$81,956,800.

Property Taxes Levied was \$300,000. TIF Increments: #2 - \$202,513, #3 - \$267,505. Total Year Levied \$770,018.00.

Tara stated that if any Council Member has any audit related questions that can't be answered to contact her.

Roseberry asked if the Report is always done this late in the year. Tara explained that it usually have it completed earlier but they were waiting to make sure they have all the information with all the activity that has been going on.

Motion by Hilson, second by Jensen to Approve the FMLA to be included to the Personnel Administrative Handbook. Roseberry questioned if the rewards portion was removed. Mayor Baumgartner stated that it was and has been rewritten to be more generic. **Roll call vote, all voted aye.**

Motion by Jensen, second by Hilson to Approve Payment of Bills. LaQuee questioned the check made out to for taxes if that was for the property the City received back from GEITS. Mayor Baumgartner stated yes and that it was part of the settlement. Roseberry stated that the Payment of Bills was not in our packets that was sent to us and would like it to be attached in the future. **Roll call vote, all voted aye.**

Motion by Roseberry, second by Hilson to Adjourn. Roll call vote, all voted aye.

Respectfully Submitted,
Janet L. Winters, CMTW, CMC, WCMC
Clerk/Treasurer