Finance/Personnel Committee

335 South Broadway
De Pere, WI 54115
https://www.deperewi.gov/

Regular Meeting

Minutes

Tuesday, July 9, 2024 | **7:30 PM** | **Council Chambers and Virtual**

1. Call to Order

The meeting was called to order at 7:30 PM by Mayor James Boyd

Attendee Name	Title	Status	Arrived
James Boyd	Mayor	Present	
Pamela Gantz	Alderperson	Present	
Amy Chandik Kundinger	Alderperson	Present	
Devin Perock	Alderperson	Present	
John Quigley	Alderperson	Present	

Also present is City Administrator Larry Delo, Finance Director/Treasurer Pamela Manley, Scott Sternhagen & Elizabeth McMasters of CliftonLarsonAllen (CLA), Managing Director from Baird-Justin Fischer, Steve Massey IT Director (Remote), and Carey Danen City Clerk (Remote).

2. Approval of Minutes from June 11, 2024 Regular Meeting of the Finance/Personnel Committee.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Devin Perock, Alderperson
AYES:	Boyd, Gantz, Kundinger, Perock, Quigley

3. Public comment upon matters not on the agenda. Comments made during the public comment period shall pertain only to matters under the jurisdiction of the Finance and Personnel Committee. §6-3(f) DPMC

None

4. Consideration and Possible Action on lease for postage meters at City Hall and the Municipal Service Center. *

Carey Danen, City Clerk was remote to speak on this agenda item. The City has been on a lease program for the postage meters for the last 5 years and now the leases are now expiring. Forward into a new lease agreement. Same model as we had before. There are not a lot of options for postage and mail meter vendors and services in the Northeast Wisconsin area. The quote that Carey received is the new lease amount and proposed lease amount. She didn't want to have to look outside of northeast Wisconsin, otherwise we would have to pay for trip expenses as well.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Pamela Gantz, Alderperson
AYES:	Boyd, Gantz, Kundinger, Perock, Quigley

5. Consideration and Possible Action on the purchase of FortiVoice Cloud phone system at a cost of $115,000 with $30,250 to come from Unassigned Reserves. *

Steve Massey was remote to speak on this agenda item. We are coming to a point where our phone system is near its end of life. Our IT department looked at different phone systems with different vendors and different platforms. This was the one that IT recommended. The biggest thing we would gain by moving to cloud is that if we were to have a catastrophe that wiped out phone lines, we would still be able to have phone system as long as we had internet connection. We would still be able to conduct email and voice communication anywhere in the world with moving to the cloud with email and voice.

We would be looking to take $30,250 from unassigned reserves. Over the next 5 years, our costs would essentially wash each other out. Over the next 5 years that would be less money coming out.

After the discussion, Alderperson Kundinger brought up a question. She asked what the contingency is should internet be disrupted. In the 2025 budget cycle, the thought is to possibly get another internet service line. If we had two separate carriers providing internet, we should be covered. If the internet is down completely, there still would be a possibility we would be able to get it. Anyone that has a cell phone, we could route phone calls to their phones if they already have internet on them as long as we have the Fortivoice app on their phones.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	John Quigley, Alderperson
SECONDER:	Devin Perock, Alderperson
AYES:	Boyd, Gantz, Kundinger, Perock, Quigley

6. Presentation and approval of the 2023 Management Letter and Financial Statements. *

Scott Sternhagen and Elizabeth McMasters from CliftonLarsonAllen LLP presented the Management Letter and Executive Summary for the audit. The Audit isn't formally issued yet, should be tomorrow. They went over all the key financial data that the City should be aware of. One thing we will need to do this year is the Federal Single Audit because the city spent more than $750,000 of federal grant money. The Audit Opinion indicates that this is a clean audit report. We haven't been able to finalize things this early in a long time.

There were two findings mentioned under Internal controls. One was that CLA prepared the audit (which is normal for a city of this size), and the second finding was in the Federal Single Audit and was suspension and debarment. There were no large journal entry findings this year, just some small ones. From their standpoint, the audit went really well. They were able to work through the TIF items and make transfers back and forth to the debt service fund. No other compliance findings.

Finance Director/Treasurer Manley did a great job, seeing it was her first full year for the audit.

No difficulties in dealing with management.

Alderperson Quigley brought up the question about CLA preparing the audit. Mr. Sternhagen said that the City relies on the auditors to prepare their report all the required disclosures. It is listed as a deficiency, but it is really just the default setting for a lot of municipalities.

The report also lists out all of our governmental funds. Total general fund balance at the end of the year was $11,839,000. It is up roughly $1.1 million, with the largest part of that being unassigned reserves. Debt service fund had a balance of $2.2 million. Special revenue funds is consistent with last year at $3.9 million. Capital Project funds is next. TID #6 is now closed out. Capital Equipment is at $2.6 million. Public Improvements fund which is at a deficit of $2.1 million. Other funds at a deficit are the pool capital project, TID #7, TID #16, TID #17.

Our general fund increased $1.1 million. We are above the 35% general fund budget expenditures, but still in a good range. The city is managing our general fund balance very well.

Alderperson Kundinger brought up a question. She asked if we reallocate the amount if we exceed the 35% threshold? Administrator Delo answered that part of the Mayor's executive budget, we would recommend using excess in the unassigned reserves for one-time projects. This would have to be something that was already thought of in the budget, and something we were planning to do.

TID 6 was closed, will need a final audit for it. TID 7-17

Self-Insurance Fund. Dental is running pretty steady. Health insurance brought in $2.4 million in revenue and $2.8 million expenses. Our net position is still in a good spot. The last 2 years we have had a health reserve, but costs are going up and might need to increase premiums 10% in 2025. We are proposing right on schedule. We have options and flexibility.

The next couple of pages he talked about our utilities. Water Utility reported in a net position of $1,781,029 and an operating gain of $870,784 for the year ended December 31, 2023. From an operation standpoint, the water utility is doing good. Operating revenue is $7.3 million and operating expenses is $6.4 million. Debt payments are fairly small for water utility for our size, about $110,000. Funds available for capital assets of $1.2 million. We spent $1.7 million on capital. All of the cash we are flowing is going back into the utility, which is good. Waste water utility is next. Very consistent under operating revenues. Operating expenses did decrease a little bit to $7.8 million. Operating income at $2.6 million. Debt payment is very similar to water utility, right around $110,000. Stormwater utility revenue is at $2.5 million, expenses are at $2 million. Stormwater utility is in a good spot right now as well as the others.

Overall, the general fund is in great shape, a couple of TID's are lacking, capital improvement fund is in a deficit, capital equipment fund is in a good spot, and all of the utilities are doing well.

This is information only right now, at the time of the Finance Meeting, it was not finalized.

RESULT:	**REFERRED BACK TO STAFF [UNANIMOUS]**
AYES:	Boyd, Gantz, Kundinger, Perock, Quigley

7. Approval of Parameter Resolution for 2024 Borrowing. *

Justin Fischer, Managing Director from Baird is present to talk to the Finance Committee. Included is a list of projects that they presented to the Finance Committee. There were a couple small changes that were noted. Most of the changes were decreases.

Mr. Fischer went through a market update, the financing structure and timeline, detailed financing illustration and the borrowing capacity for the city.

Page 2- He showed us interest rates. The market has moved both ways this year. October through November last year we peaked. The last couple of weeks rates have started to come down.

Page 3- Estimated borrowing would be $7,840,000. General Obligation Promissory Notes and fund the 2024 CIP Projects that Director Manley had mentioned. TID #18 will have capitalized interest through 2026. The structure maturing September 1, 2025- 2039, 1st payment March of 2025, callable September 1, 2032 or any date thereafter; 4.25 % interest rate.
The official statement is being worked on now and the City should receive its bond rating in a couple of weeks. The City currently has a AA2 bond rating and it is recommended to maintain that rating as a goal. The initial resolutions are planned to be reviewed at the 7/16 Common Council meeting and the closing potentially by 9/18/24.

Page 4- Detailed Financing Illustration- It shows our existing debt service payments, possibly TID #17 financing, breakdown of the $7,840,000. You can see the combined debt service for the city, TID #17 & TID # 18. You can see declining debt service for the city year after year.

Page 5- General Obligation Borrowing Capacity- Municipalities in Wisconsin are allowed to borrow up to 5% of your equalized valuation. The City has seen significant growth over the last 5 years. We still have $108,000,000 in borrowing capacity available. The City invests in itself with improvements and is paying down debt and investing at the same time.

In conclusion, our City is in good financial standings.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Amy Chandik Kundinger, Alderperson
AYES:	Boyd, Gantz, Kundinger, Perock, Quigley

8. Consideration and Possible Action on the City of De Pere Investment and Cash Detail, May 2024.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	James Boyd, Mayor
SECONDER:	Devin Perock, Alderperson
AYES:	Boyd, Gantz, Kundinger, Perock, Quigley

9. Future agenda items.

None

10. Adjournment.

Mayor Boyd made a motion to adjourn
Alderperson Kundinger seconded the motion
Adjourn at 8:17 PM.

Any person wishing to attend this meeting who, because of disability, requires special accommodations should contact the Clerk's office at 339-4050 by Noon, the previous day so that arrangements can be made.

***Items with an asterisk require City Council approval.**

Agenda Sent To:
Alderpersons
City Administrator
Mayor
Department Heads
TV, Newspapers & Radio Stations
Kress Family Library
De Pere Chamber of Commerce

Respectfully submitted,
Amy Darnick