



TO MEMBERS OF THE FINANCE COMMITTEE:

There will be a Finance Committee Meeting on **Thursday, August 22, 2019 at 5:00 p.m.** in the Council Chambers of Altoona City Hall.

Agenda:

1. Call Meeting to Order.
2. Roll Call.
3. Discuss/consider approval of minutes of the November 29, 2018 Finance Committee meeting.
4. Discuss/consider recommendation to Council regarding approval of the Comprehensive Annual Financial Report for 2018.
5. Miscellaneous Business and Communications.
6. Adjournment.

Cindy Bauer
City Clerk

Dated: 8/15/19

Requests from persons with disabilities who need assistance to participate in this meeting/hearing should be made to the City Clerk's Office at 715-839-6092 with as much advance notice as possible.

Speak Your Peace: The Civility Project

The Common Council of the City of Altoona, Wisconsin, recognizes and has adopted by *Resolution 3B-15* that the nine tools of civility, drafted by *Speak Your Peace: The Civility Project* will provide increased opportunities for civil discourse in order to find positive resolutions to the issues that face our city. These tools include the following:

*Pay Attention / Listen / Be Inclusive / Don't Gossip / Show Respect / Be Agreeable
Apologize / Give Constructive Criticism / Take Responsibility*

###

**Finance Committee Meeting Minutes
November 29, 2018**

(1) Call Meeting to Order.

Meeting was called to order by Chairman Andy Schlafer at 5:30 p.m. in the Council Chambers at Altoona City Hall.

(2) Roll Call.

Members present: Andrew Schlafer, Red Hanks, Matthew Biren, David Rowe and Mark Willer.

Also Present: City Finance Director Tina Nelson
City Administrator Michael Golat
Mayor Brendan Pratt
Management Analyst Roy Atkinson
City Clerk Cindy Bauer

(3) Discuss/consider approval of minutes of the August 9, 2018 Finance Committee meeting.

Motion by Biren/Willer to approve the minutes of the August 9, 2018 Finance Committee meeting. **Motion carried.**

(4) Discuss/consider recommendation to Council regarding awarding contract for Audit Services for the 2018-2020 annual audits, based on estimated proposals.

Finance Director Nelson explained that in November, 2018, a request for proposals was sent to five audit firms, soliciting their proposals for audit services for the years of 2018 – 2020. The City received four responses with the total audit services costs disclosed ranging from \$83,325 to \$114,150. The responding firms are all recognized for their expertise and application to audit standards and GASB rules. All disclosed specific pricing for any additional audits, if needed. The low bidder was from CliftonLarsenAllen LLP. Finance Committee Members were given a summary of the proposals prior to the meeting for review.

Motion by Willer/Rowe to recommend to Council approval of the 2018-2020 Audit Services contract to CliftonLarsenAllen LLP. **Motion carried.**

(5) Miscellaneous Business and Communications.

None.

(6) Adjournment

Motion by Hanks/Biren to adjourn at 5:34 p.m. **Motion carried.**

Transcribed by

Cindy Bauer, City Clerk

Financial Statement Notations

Item

- 1 Reports Issued:**
- Auditor's Report (Opinion):**
- The financial statements are fairly stated. We will issue what is known as an "unmodified" audit opinion.
 - Additional paragraph to explain a change in accounting principle.
 - Additional paragraph to explain a prior period adjustment.
- Management Letter:**
- Our report on internal control included the following deficiencies in internal control over financial reporting.
- Material Weaknesses:**
- Annual Financial Reporting Under Generally Accepted Accounting Principals (GAAP)
 - Material Audit Adjustments
 - Lack of Segregation of Duties
- 2 Other Assistance and Observations:**
- Regulatory Filing Assistance:**
- Public Service Commission Annual Report
 - Financial Report Form C
 - Tax Incremental District On-line Reporting
- 3 General Fund:** The General Fund is the general operating fund of the City. It is used to account for all financial resources which are not required to be accounted for in another fund.

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
General Fund Balance Sheet Summary:				
Cash and Investments	\$ 8,855,111	\$ 6,506,923	\$ 7,878,180	\$ 5,761,913
Taxes & Special Assessments Receivable	2,344,807	2,180,584	2,158,003	2,030,142
Due from Other Funds	-	-	-	154,149
Advances to Other Funds	756,707	1,216,622	-	1,304,085
Other Assets	167,690	173,722	736,474	669,547
Total Assets	<u><u>\$ 12,124,315</u></u>	<u><u>\$ 10,077,851</u></u>	<u><u>\$ 10,772,657</u></u>	<u><u>\$ 9,919,836</u></u>
Liabilities	\$ 336,229	\$ 247,891	\$ 207,295	\$ 197,246
Deferred Inflows of Resources	2,277,547	2,106,353	2,716,379	2,846,838
Total Liabilities & Deferred Inflows	<u>2,613,776</u>	<u>2,354,244</u>	<u>2,923,674</u>	<u>3,044,084</u>
Fund Balance:				
Nonspendable	771,090	12,083	10,764	1,148,249
Restricted	30,721	89,850	89,850	89,478
Committed	4,393,800	3,473,632	2,785,144	2,264,213
Assigned	-	-	-	-
Unassigned	<u>4,314,928</u>	<u>4,148,042</u>	<u>4,963,225</u>	<u>3,373,812</u>
Total Fund Balance	<u><u>\$ 9,510,539</u></u>	<u><u>\$ 7,723,607</u></u>	<u><u>\$ 7,848,983</u></u>	<u><u>\$ 6,875,752</u></u>
	<u><u>\$ 12,124,315</u></u>	<u><u>\$ 10,077,851</u></u>	<u><u>\$ 10,772,657</u></u>	<u><u>\$ 9,919,836</u></u>
General Fund Operations Summary:				
Revenues	\$ 5,168,446	\$ 4,530,545	\$ 4,381,846	\$ 3,696,943
Expenditures	(5,323,981)	(4,717,106)	(4,135,582)	(4,506,534)
Net Other Financing Sources/Uses	1,942,467	61,185	726,967	1,887,102
	<u><u>\$ 1,786,932</u></u>	<u><u>\$ (125,376)</u></u>	<u><u>\$ 973,231</u></u>	<u><u>\$ 1,077,511</u></u>
% of Unassigned Fund Balance to General Fund Expenditures	81.0%	87.9%	120.0%	74.9%

Financial Statement Notations

- 4 **Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenues sources that are restricted to expenditures for specified purposes.

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Special Revenue Funds Balances:				
Public Library	\$ 148,843	\$ 133,378	\$ 137,826	\$ 131,988
CDBG/Residential Loan Fund	231,602	241,527	232,507	232,164
CDBG New Addition Fund	-	-	-	(97,900)
CDBG Other	-	-	-	(56,249)
	<u>\$ 380,445</u>	<u>\$ 374,905</u>	<u>\$ 370,333</u>	<u>\$ 210,003</u>

- 5 **Debt Service Funds:** Debt Service Funds are used to account for the accumulation of resources for, and the payment of, certain general long-term debt principal, interest and related charges.

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Debt Service Fund Balances:				
General Debt Service Fund	\$ 585,260	\$ 557,687	\$ 668,563	\$ 557,938

- 6 **Capital Project Funds:** Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed from proprietary funds.

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Capital Project Fund Balances:				
Tax Incremental District #2	\$ -	\$ -	\$ -	\$ (200)
Tax Incremental District #3	(152,493)	896,352	6,077,313	3,532,979
Tax Incremental District #4	478,240	492,189	266,488	40,614
Capital Projects Fund	(862,311)	(1,354,167)	201,680	(17,375)
	<u>\$ (536,564)</u>	<u>\$ 34,374</u>	<u>\$ 6,545,481</u>	<u>\$ 3,556,018</u>

- 7 **Enterprise Funds:** Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-- where the intent of the governing body is that the costs of providing the services is to be recovered from those using the services.

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Water Utility				
Cash and Investments	\$ 1,284,642	\$ 528,268	\$ 678,019	\$ 431,716
Other Current Assets	418,906	378,264	373,051	323,247
WRS Asset and Deferred Outflows	31,876	53,673	61,284	30,836
Capital Assets	8,789,348	8,888,869	8,584,590	7,983,049
Other Long-term Assets	265,273	256,796	288,311	378,453
Total Assets and Deferred Outflows	<u>\$ 10,790,045</u>	<u>\$ 10,105,870</u>	<u>\$ 9,985,255</u>	<u>\$ 9,147,301</u>
Current Liabilities	\$ 234,578	\$ 183,261	\$ 331,415	\$ 201,928
Long-term Obligations	1,268,925	1,093,389	1,271,607	1,208,815
Deferred Inflows	93,866	108,019	121,766	114,790
Total Liabilities and Deferred Inflows	<u>1,597,369</u>	<u>1,384,669</u>	<u>1,724,788</u>	<u>1,525,533</u>
Net Position:				
Net Investment in Capital Assets	7,377,273	7,541,319	7,055,559	6,483,016
Restricted	11,158	-	4,378	30,577
Unrestricted	1,804,245	1,179,882	1,200,530	1,108,175
Total Net Position	<u>9,192,676</u>	<u>8,721,201</u>	<u>8,260,467</u>	<u>7,621,768</u>
	<u>\$ 10,790,045</u>	<u>\$ 10,105,870</u>	<u>\$ 9,985,255</u>	<u>\$ 9,147,301</u>
Current Ratio (1+ Desired)	7.26	4.95	3.17	3.74
Change in Net Position	\$ 471,475	\$ 460,734	\$ 638,699	\$ 228,052
Rate of Return	9.10%	5.35%	5.78%	4.19%
Date of Last Rate Adjustment	April 20, 2015			

Financial Statement Notations

7 Enterprise Funds: (Continued)

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Sewer Utility				
Cash and Investments	\$ 2,115,160	\$ 1,561,271	\$ 1,466,063	\$ 1,215,615
Other Current Assets	492,073	500,905	428,163	435,441
WRS Asset and Deferred Outflows	12,144	28,751	34,508	19,542
Capital Assets	4,724,043	4,465,977	4,383,283	3,977,358
Other Long-term Assets	94,272	65,917	79,240	109,199
Total Assets and Deferred Outflows	<u>\$ 7,437,692</u>	<u>\$ 6,622,821</u>	<u>\$ 6,391,257</u>	<u>\$ 5,757,155</u>
Current Liabilities	\$ 312,186	\$ 267,546	\$ 284,338	\$ 268,008
Long-term Obligations	397,308	278,319	330,363	285,000
Deferred Inflows	8,489	12,066	11,635	164
Total Liabilities and Deferred Inflows	<u>717,983</u>	<u>557,931</u>	<u>626,336</u>	<u>553,172</u>
Net Position:				
Net Investment in Capital Assets	4,271,735	4,140,977	4,008,283	3,647,358
Restricted	4,251	-	1,638	19,378
Unrestricted	<u>2,443,723</u>	<u>1,923,913</u>	<u>1,755,000</u>	<u>1,537,247</u>
Total Net Position	<u>\$ 6,719,709</u>	<u>\$ 6,064,890</u>	<u>\$ 5,764,921</u>	<u>\$ 5,203,983</u>
	<u>\$ 7,437,692</u>	<u>\$ 6,622,821</u>	<u>\$ 6,391,257</u>	<u>\$ 5,757,155</u>
Current Ratio (1+ Desired)	8.35	7.71	6.66	6.16
Change in Net Position	\$ 654,819	\$ 299,969	\$ 560,938	\$ 322,585
Storm Water Fund				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Cash and Investments	\$ 1,631,249	\$ 1,367,562	\$ 1,344,424	\$ 1,147,282
Other Current Assets	106,768	103,574	104,711	117,340
WRS Asset and Deferred Outflows	4,554	26,132	29,191	16,900
Capital Assets	2,182,015	2,339,812	2,352,868	2,330,049
Other Long-term Assets	-	-	844	-
Total Assets and Deferred Outflows	<u>\$ 3,924,586</u>	<u>\$ 3,837,080</u>	<u>\$ 3,832,038</u>	<u>\$ 3,611,571</u>
Current Liabilities	\$ 119,230	\$ 108,129	\$ 108,402	\$ 103,067
Long-term Obligations	804,918	797,030	904,800	954,885
Deferred Inflows	3,183	9,987	9,758	142
Total Liabilities and Deferred Inflows	<u>927,331</u>	<u>915,146</u>	<u>1,022,960</u>	<u>1,058,094</u>
Net Position:				
Net Investment in Capital Assets	1,261,583	1,439,507	1,347,984	1,276,030
Restricted	1,594	-	844	16,758
Unrestricted	<u>1,734,078</u>	<u>1,482,427</u>	<u>1,460,250</u>	<u>1,260,689</u>
Total Net Position	<u>2,997,255</u>	<u>2,921,934</u>	<u>2,809,078</u>	<u>2,553,477</u>
	<u>\$ 3,924,586</u>	<u>\$ 3,837,080</u>	<u>\$ 3,832,038</u>	<u>\$ 3,611,571</u>
Current Ratio (1+ Desired)	14.58	13.61	13.37	12.27
Change in Net Position	\$ 75,321	\$ 112,856	\$ 255,601	\$ 229,932

Financial Statement Notations

8 Long-term Obligations	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Governmental Activities:				
General Obligation Notes	\$ 14,365,000	\$ 15,235,000	\$ 17,165,000	\$ 11,945,000
State Trust Fund Loans	7,528,116	8,059,763	8,541,307	8,541,307
Developer Incentives	354,584	470,683	1,532,620	-
Landfill Post-Closure Liability	32,040	112,000	108,780	35,691
Compensated Absences	577,591	466,184	444,691	392,346
WRS Pension (Asset)/Liability	(531,328)	138,868	266,023	(392,945)
OPEB Liability	1,270,054	999,429	681,416	810,215
Life Insurance OPEB Liability	120,202	-	-	-
Unamortized Premium	191,001	167,623	198,007	104,364
Business Type Activities:				
General Obligation Notes	2,245,000	1,935,000	2,220,000	2,145,000
Mortgage Revenue Bonds	514,266	551,957	588,700	624,521
Unamortized Premium	28,300	-	-	-
	<u>\$ 26,694,826</u>	<u>\$ 28,136,507</u>	<u>\$ 31,746,544</u>	<u>\$ 24,205,499</u>
Equalized Valuation	\$ 682,442,800	\$ 655,395,200	\$ 595,494,400	\$ 535,775,700
General Obligation Debt Limit	\$ 34,122,140	\$ 32,769,760	\$ 29,774,720	\$ 26,788,785
Debt Subject to Limit	\$ 16,610,000	\$ 17,170,000	\$ 19,385,000	\$ 14,090,000
General Obligation Debt as Percent of Debt Limitation	48.7%	52.4%	65.1%	52.6%