

**COMMITTEE OF THE WHOLE MEETING**  
**Joint Work Session Meeting with UTILITY COMMISSION**

**February 8, 2021**

**Brillion City Center**

**5:00 PM**

**CALL TO ORDER**

The Committee of the Whole Meeting was called to order by Mayor Mel Edinger at 5:00 pm.

**ROLL CALL**

**Committee of the Whole Members:**

Joe Behnke, Timothy Hanson, TJ Moehr, Sarah Pielhop, Carrie Wenzel (via Zoom)

Not present: Joe Levash, Betty Nies

**Utility Commission Members:**

Jeff Wittmann, Mary Jo Krueger, Russ Boldt, Dave Schwahn, Leonard Kopidlansky (via Zoom), Dan Farrell (via Zoom), David Nordby (via Zoom)

Not present: Joe Levash

Also present: Peter Wills, Ben Bastian, Joey Diener, Andy Geiger, Ann Marx, Rachel Hitt, and Patty Schreiber.

**GUESTS**

Present: Mark Olson-Brillion Works, Cyril Clavers, Paul Much-MCO, Amber Drewieske-CLA, Scott Sternhagen-CLA, Dan Mertens (Zoom), Tammy Koehler (Zoom), Tammy Fischer (Zoom), Mike Smith (Zoom), Shelly (Zoom), Mike Petrie, David Nordby-Zander Press

**APPROVA OF AGENDA**

**Motion** - Behnke moved to approve the agenda. Seconded by Hanson. Motion carried.

**CITY FINANCIAL POSITION DISCUSSION**

**2019 Audit Auditors Report on Significant Audit Findings**

**2019 Audit Debt from 2019 Audit Statements**

**2019 Audit Financial Report**

Drewieske reviewed 2019 Audit Report Recap slide presentation.

Highlights:

Financial Statements have no material misstatements.

Three findings under Internal Control Over Financial Reporting under Government Auditing Standards. Preparation of the Annual Financial Report was completed by CLA which is not uncommon with a community this size. Need GASB knowledge to complete. Segregation of Duties which is very common with a community this size. There are things that can change that. Can be reviewed with Council involvement. CLA made material adjustments to the City's financial records. Some are quite lengthy. Most are reclassifications and debt entries.

General Fund – Fund Balance Composition was reviewed.

The General Fund Minimum Fund Balance Policy is set by Council. City of Brillion's minimum fund balance is set at 25% of the subsequent year's budget (or 3 months of the year's spending). This is defined as how much is in savings based on how much is spent per year. The City of Brillion's position on 12/31/2019 was 8%. Sternhagen explained his recommendation is 15% low end with a good area being 20% - 25%. Considerations that go into setting the Minimum Fund Balance Policy is timing of Cash Flow, long-term projects and how they will be funded, and expected expenditures down the road. It may take 4-5 years to get back to 2015 Fund Balance level.

Summary of Long-Term Obligation was broken down by bond, notes, State Trust Fund loans, business debt. On December 31, 2019 City of Brillion had \$9.4 million of debt in governmental activities and \$3.6 million in business-type activities. General obligation debt is part of the legal debt margin calculation. Currently levying for all principal and interest for GO debt that is not TID related or Utility. Amount levied includes the short-term borrow notes for the City Center and Fire Truck.

Options: work with Ehlers to restructure some utility debt, pay off some of the small debt items, pay down some TIF debt with TID's that are performing well.

The Legal Debt Margin is 5% of the equalized valuation of the City. Current limit on 12/31/2019 is 11,382,505. The legal margin for new debt is \$2,633,975.

Evaluate where the City of Brillion is and where the City wants to be.

There were no new Revenue Bonds in 2020. As of 12/31/2018 there is \$2.8 million in Revenue Bonds. This is where you recover through your water and sewer rates. Want to make sure this is properly allocated and accounted for. Revenue Bonds financed Capital Improvements over the years. Moving from a GO Bond to a Revenue Bond does not remove the debt, changes it in different ways.

Capital Improvements Fund intent was to fund capital purchases. The fund balance has decreased substantially.

Special Assessments are vital to infrastructure repair. At the end of 2019 there were approximately \$250,000 in outstanding special assessments. Current tracking is done using excel. It has been the recommendation to purchase the software module. This gives a more accurate real time tracking.

Tax Increment District information was reviewed.

Both Water and Sewer are generating operating income. Water has no operating cash and ultimately borrowing from Sewer. Water has approximately \$500,000 in restricted cash. Sewer is very healthy. City should consider a water rate increase in 2021. May need to evaluate another water rate increase for 2023 and 2024 anticipated projects. At this time any future projects in Water will require borrowing. Both Simplified and Full Water Rate increases were discussed. Currently Ehlers completes the rate case study. CLA has the data. It makes more sense to have CLA complete the water rate study going forward. CLA is currently completing this for other communities. At this point it was suggested not to do anything until the 2020 PCS report is finished.

Olson questioned if the management came back to Council on how the items identified will be addressed. Olson suggested this be put in to place. Wills explained this is a function of why we are having this work session. Drewieske explained the Council should come up with where they want to be in 3-5 years. City has to make a decision on how we get there.

Petrie questioned the omitted Management Discussion Analysis required by GASB. It was explained a community of Brillion's size normally does not have this included. CLA puts financial data on the Management Letter. Also explained, how WRS funds the pension is a required line item. In 2020 it is an asset. This is purely a non-cash item.

Drewieske summarized the importance of these numbers. She will be here again in when 2020 information is complete. Using the software to its fullest capability is important for sharing good data with the Council. There are items on the report that have been called out sometimes 3 – 4 -5 years in a row. Segregation of duties will not be gotten rid of.

Every community is different. The concerns are different as well. Have to figure out what is best for Brillion. Still feeling the effects from the closing of Brillion Iron Works.

The City needs to come up with a plan, needs to communicate it so everyone is on the same page, come up with the best policies and procedures for Brillion.

### **City of Brillion Deferred Special Assessments**

Wills reviewed deferred Special Assessments. Will have to consult the City Attorney regarding property owners that have deceased during the deferral period. This is being brought forward as an awareness. This will need to be addressed in a future meeting.

There was a request to come up with who was on Council in 2005. (RE05-02)

### **Delinquent Personal Property Tax List**

Personal Property Taxes became delinquent on February 2, 2021. It is the City responsibility to collect. Interest of 1% per month will accrued on any unpaid balances until payment is made in full. This goes back to implementing policies and procedures and have a tracking system.

If an account becomes uncollectable the Council needs to take action. There are options available through the Department of Revenue for collection.

### **Discussion on Policy & Procedures to implement to address financial position**

Wills is taking recommendations from Drewieske and similar municipalities in terms of ways for improving our policies and procedures with regards to separation of duties, minimum fund balance, borrowing and getting back on track. One thought was separating out a Finance Committee.

Pielhop questioned if the Utility budget was approved. Geiger not at this time. Wills explained the General Budget has been approved to in a sense the Utility budget is already locked into the budget. Need to come back with a short-term plan, as well as, an inter-year budget amendment.

### **Discussion on available Revenue sources to address financial position**

Large industrial customer over reported personal property tax by approximately \$17 million. This has a \$497,000 impact to the tax budget. The company has paid \$86,000 of the amount owed. The Department of Revenue has instructed Brillion to pay, by next Monday, Brillion School District, Fox Valley Technical College and Calumet County as though the full amount was received. Wills had discussion with the company and they are considering paying the

balance by February 15<sup>th</sup> but no commitment. Need to take significant action. Will need to removed \$150,000 of expenses from our 2021 budget. No directive at this point. Wills will be requesting at the Special Council Meeting direction for the Administrator.

**ADJOURNMENT:**

The meeting adjourned at 6:33 pm

Submitted by Patricia A Schreiber  
Clerk/Treasurer