

Joint Finance and Utility Committee Meeting Minutes
August 3, 2010

Chairman Nold called the Finance Committee meeting to order at 7:20 pm.

Chairman Miller called the Utility Committee meeting to order at 7:20 pm.

Members present: **Finance Committee** - Aldermen Nold and Kohlenberg
Members excused: Alderman Hall

Members present: **Utility Committee** - Aldermen Miller and Nold
Members excused: Alderman Slattery

Staff Present: Mayor Daley, Gard, Kitsembel, Frye, Gallo, Lamp, Duffy, Kelliher, Steinbach and Coenen

Others present: Aldermen Larsen, Cochrane and Morgan and Atty. Chapman

2. Review of 2009 Audit

Kitsembel introduced Tom Karman from Schenck Business Solutions SC, our auditor. Karman referred to Pages 11 & 12 in the Comprehensive Annual Financial Report (CAFR) and stated the City has received a clean opinion. Next he referred to the fund balances on Page 3 in the Memorandum of Advisory Comments and stated that in the General Fund, unreserved resources for undesignated funds total over \$5.9M. He stated the City is maintaining a sound balance of cash on hand for cash flow purposes and contingencies. Next he commented on Page 4, TIF Districts and stated both TIF #3 & #4 is eligible to incur construction expenditures. There is an internal advance in TIF #4. \$5.8M can be recovered from TIF #4 and \$6.4M can be recovered from TIF #3. Additionally, TIF #3 generated \$4.2M in tax increment revenues during 2009 and TIF #4 generated \$301K. Pages 5 – 9 summarize the utilities. In 2009, Electric had a Rate of Return of 8.05% compared to a Rate of Return of 8.32% in 2008. Water had a Rate of Return of 3.45% in 2009 and -.01% in 2008.

Kohlenberg requested to see the last five years of what was authorized versus the Rate of Return. Kitsembel stated that could be provided for all utilities.

Karman noted that all Electric and Water rates are determined by the PSC. The PSC authorized a Rate of Return for Electric of 6.5%. The Rate of Return for Wastewater is 5.54%. The complete statements for utilities can be found on Pages 33 – 35 in the CAFR and more detail can be found in the Utility Report. Lastly, Karman stated there is a new accounting standard effective in 2011 for Fund Balance Reporting and Definitions for Nonspendable, Restricted, Committed, Assigned and Unassigned, found on Page 10.

Kohlenberg had concerns on the raw data used in the audit and would like to discuss this at a future date. Daley stated he would discuss this further with Kohlenberg.

Motion by Kohlenberg to adjourn the Finance Committee meeting; second by Nold. Motion carried 2-0. The meeting adjourned at 7:40 p.m.

Motion by Miller to adjourn the Utility Committee meeting; second by Nold. Motion carried 2-0. The meeting adjourned at 7:40 p.m.

Minutes taken by
Diane Coenen, City Clerk
Ald. Kohlenberg, Secretary (Finance)
Ald. Nold, Acting Secretary (Utilities)