



**CITY OF WAUWATOSA**  
**BUDGET AND FINANCE COMMITTEE**  
**MINUTES • JULY 8, 2014**

---

**Regular Meeting**
**Committee Room #2**
**7:00 PM**

7725 West North Avenue, Wauwatosa, WI 53213

---

PRESENT: Alds. Roznowski, Walz-Chojnacki, Dubinski, Moldenhauer, Wilke - 5

NOT PRESENT: Alds. McBride, Tilleson, Kofroth - 3

ALSO PRESENT: Mr. Archambo, City Administrator; Mr. Ruggini, Finance Director; Ms. Enders, Development Director; Mr. Kesner, City Attorney; Mr. Porter, Public Works Director; Ms. Aldana, HR Director; Ald. Wilson; Chief Ugaste

**BUDGET AND FINANCE COMMITTEE ITEMS**

1. \*Discussion of internal investigation regarding personnel matters

Budget and Finance Committee met with Community Development Committee to discuss this item in Committee Room #1.

Ald. Pantuso called the meeting order at 7:00 p.m.

Moved by Ald. Dubinski, seconded by Ald. Moldenhauer to convene into closed session at 7:05 p.m. per Wisconsin Statutes 19.85 (1)(f), considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations, may reconvene into open session. - Ayes: 5

Moved by Ald. Walz-Chojnacki, seconded by Ald. Moldenhauer to reconvene into open session at 7:45 p.m. - Ayes: 5

Ald. Roznowski as Chair reconvened the Budget and Finance Committee meeting in Committee Room #2 at 7:47 p.m.

2. Memo from the Asst. City Planner requesting acceptance of a Site Assessment Grant with the Wisconsin Economic Development Corporation and associated Level III fund transfer

The Committee reviewed a memo from the Asst. City Planner requesting acceptance of a Site Assessment Grant with the Wisconsin Economic Development Corporation and associated Level III fund transfer.

Ms. Enders explained that the Development Department successfully applied for and received a Site Assessment Grant from the Wisconsin Economic Development Corporation (WEDC) for a total of \$133,500. As award of this grant occurred after the Department submitted their budget, a fund transfer is necessary to recognize the revenue and increase expenditure authority. The contract with WEDC will be executed when it is received.

Mr. Ruggini noted that Council action is necessary pursuant to the City's financial policy, which requires Council approval for fund transfers greater than \$25,000.

Moved by Ald. Moldenhauer, seconded by Ald. Wilke  
to recommend approval of the acceptance of a Site Assessment Grant  
from the Wisconsin Economic Development Corporation and the associated  
Level III fund transfer - Ayes: 5

<b>RESULT:</b>	<b>RECOMMENDED FOR APPROVAL [UNANIMOUS] Next: 7/15/2014 7:30 PM</b>
<b>TO:</b>	Common Council
<b>MOVER:</b>	James Moldenhauer, Alderman
<b>SECONDER:</b>	Jason Wilke, Alderman
<b>AYES:</b>	Moldenhauer, Roznowski, Dubinski, Walz-Chojnacki, Wilke
<b>EXCUSED:</b>	McBride, Tilleson, Kofroth

### 3. Memo from the Finance Director presenting the 2013 Comprehensive Annual Financial Report and Audit

The Committee reviewed a memo from the Finance Director presenting the 2013 Comprehensive Annual Financial Report (CAFR) and Audit.

Mr. Ruggini introduced, Jake Lenell, Clifton Larson Allen, 10700 W. Research Drive, Milwaukee, to present the 2013 audit results.

Mr. Lenell explained that the City's Comprehensive Annual Financial Report includes various elements, including the transmittal letter, auditor's report, management discussion and analysis, financial statements and footnotes, required supplementary information, other supplementary information, and statistical information. He noted that the auditor's report is the only element that is created by the auditor and includes the auditor's opinion regarding the City's financial status. In addition, the management discussion and analysis provides a good summary of the overarching status of City financials. Beyond the auditor's report and management analysis, the specific details of the City's financial status are included in the financial statements and footnotes, required supplementary information, other supplementary information, and statistical information.

Mr. Lenell presented a chart which summarized the status of each Wauwatosa governmental fund, including General, TID, Capital Projects, and Nonmajor Governmental Funds. He noted that there appeared to be a \$9.7 million reduction of fund balance. However, this is not an actual reduction of fund balance. The reduction appears due to the amount transferred from the TID fund to the Capital Projects fund.

The General Fund budget had a negative variance between actual revenue and budgeted revenue due to a drastic mark to market in 2013. The failure of interest earnings caused the negative variance and this volatile shift was unexpected. If this interest shortfall had not occurred, actual revenue would have been over budgeted revenue. In terms of expenditures, there was significant savings due to vacancies in Police and Fire. Overall, the year was roughly a break even budget.

In regard to the City's governmental activities, the City has a net position of \$58.5 million. These governmental activities include fund balance, capital assets, receivables and other, internal service funds, and long-term obligations.

In regard to proprietary funds, the City had a positive change in net position of \$7.1 million, but approximately \$4.4 million was related to capital contributions from the City's governmental funds. The Internal Service funds had a change in net position of negative \$2.6 million due to the retiree health insurance liabilities.

Within the CAFR's financial statement footnotes, there are significant disclosures, including accounting policies, cash and investments, capital assets, long-term obligations, risk management, other postemployment benefits, and TID information. Separate from the CAFR, the auditor communication letter describes the auditor's responsibility under generally accepted audit standards, qualitative aspects of accounting policies and

disclosures, audit adjustments, and other matters. For Wauwatosa, there were no audit adjustments as a result of the 2013 audit. There was one suggested entry, related to ambulance billing, that was passed on by the City due to the transition to a new ambulance billing vendor. Clifton Larsen Allen had no difficulties performing the audit and worked well with City staff.

Mr. Lenell remarked that Wauwatosa maintains their financial records in good order and City staff make the audit process a priority. He congratulated the City for receiving the GFOA CAFR award for the third year in a row, which is the highest award in this area and a strong signal of the financial integrity of the City.

Mr. Archambo concurred that the GFOA award is an exceptional achievement and is due to the diligent efforts of Mr. Ruggini and his staff.

Ald. Moldenhauer thanked Mr. Ruggini and Clifton Larsen Allen for their thorough presentation and report. He noted that by state law, the City must perform an audit each year, which would be the presentation of financial statements. However, the City has chosen to go beyond mere presentation of financial statements. The CAFR provides the Council and the public with much more detailed information. The completion of the audit also helps the City maintain the City's AAA bond rating. He asked Mr. Lenell if the projected debt, based on the 5-year Capital Improvement Plan, would negatively impact the City's bond rating.

Mr. Lenell explained that the requirements to achieve the AAA bond rating have become more stringent in recent years. However, the long-term planning of Wauwatosa will be reflected as a positive aspect of increased debt service. While increased debt service would not inherently limit the AAA bond rating, it should be discussed by City staff and the Council to ensure the long-term plan is financially feasible.

Mr. Archambo noted that the City strives to ensure fund balances. In addition, he opined that there are three significant threats to the City's AAA bond rating, including the shifting standards to obtain the rating, per capita property values, and per capita income. The City cannot control the shifting standards, but they can and will focus on improving per capita property values and income.

Ald. Moldenhauer noted that per capita property values have increased as a result of the 2013 revaluation. He remarked that the AAA bond rating is something that the City touts and it is important to discuss how it will be impacted by the City's increasing debt service. He questioned whether the City's healthcare plan is considered high deductible and inquired whether the CAFR provides sufficient information regarding TID financials.

Responding to Ald. Moldenhauer, Mr. Ruggini explained that the City's healthcare plan fits the definition of high deductible, but may not be as high as others in that category. Wauwatosa performs a TID audit every year and is only statutorily required to perform three audits over the life of the TID. The CAFR currently includes a balance sheet and income statement for each TID. By including these reports, the City provides a more full disclosure of the TID financial activity.

Ald. Moldenhauer suggested that a more detailed narrative be included regarding each individual TID, so that the Council and the public have a better understanding of each TID.

Mr. Ruggini agreed and noted that the next CAFR will strive to do so.

Ald. Wilke asked Mr. Lenell for his opinion regarding the risk of leveraging the AAA bond rating to fund the Capital Improvement Plan with debt service.

Mr. Lenell remarked that investing in the City's infrastructure is essential, but the City must continually focus on long-term financial planning within the Capital Improvement Plan.

Mr. Archambo noted that the bond rating process does not take into account deferred maintenance to the extent that it should. He offered to bring an item to Budget and Finance in the future to review the bond rating process and discuss debt comparables.

Ald. Roznowski asked if it is unique to have no year end audit adjustments and asked Mr. Lenell to summarize his view of Wauwatosa's financial progress over the years.

Mr. Lenell explained that Clifton Larsen Allen prepares financial statements for approximately 80% of their clients and for approximately half of those clients, they suggest year end closing adjustments. While it is not rare to have no year end audit adjustments, achieving an audit with no adjustments is a great accomplishment.

In Wauwatosa, he has witnessed positive improvements throughout the years. In previous years, the audit team has made suggestions and the City has proactively made changes based on those suggestions. In addition, the City communicates with Clifton Larsen Allen throughout the year to ensure that their financial activity is appropriately documented. He noted that the City could enter a submission for the GFOA budget award in the future.

Mr. Ruggini gave credit to Clifton Larsen Allen for performing their audit cooperatively with the City. Their firm's philosophy of collaboration is appreciated. There is no action needed at this time, but the City's financial indicators will be reviewed at a future Budget and Finance meeting.

4. Ordinance amending Section 6.08.475 of the Wauwatosa Municipal Code providing for discretionary standards in the issuance of grants for certain Reserve "Class B" Liquor licenses

The Committee reviewed the ordinance amending Section 6.08.475 of the Wauwatosa Municipal Code providing for discretionary standards in the issuance of grants for certain Reserve "Class B" Liquor licenses. This ordinance was introduced at the Common Council meeting on July 1, 2014 and it is being considered for adoption.

Ald. Wilson expressed appreciation for the Committee's work on this topic. He opined that there should be a broader discussion at Council next week regarding this topic, so that the full Council is aware how this action will impact future provision of grants and the status of liquor licenses. He noted that the Community Development Committee has recently discussed the status of liquor licenses and associated economic development issues related to license provision. In addition, he noted that this issue is not merely a budget issue, but impacts the City's development in the future.

Ald. Dubinski expressed approval of the final draft and moved the item.

Ald. Wilke seconded and proposed a friendly amendment to the motion to amend the ordinance text to read as "that fees received by the City shall be used for construction of bicycle and pedestrian facilities to promote the health, safety, and welfare of the community."

Ald. Dubinski accepted the friendly amendment to the motion.

Moved by Ald. Dubinski, seconded by Ald. Wilke  
to recommend adoption of the ordinance with the addition of  
the phrase "for construction of bicycle and pedestrian facilities" - Ayes: 5

The Common Council of the City of Wauwatosa do ordain as follows:

Part I. Section 6.08.475. B. Of the Code of the City of Wauwatosa is hereby amended to read in its entirety as follows:

B. Following the issuance of an original reserve Class B liquor license and upon application, the Common Council may exercise its discretion in determining whether to provide a grant to the licensee in an amount not to exceed \$500.00 less than the amount actually paid by the licensee to the City of Wauwatosa for issuance for the new reserve Class B liquor license. Prior to awarding the grant, the Common Council shall make such findings and establish such conditions to ensure that grant funds awarded are provided for purposes of economic development and accessibility, and that fees received by

the City shall be used for construction of bicycle and pedestrian facilities to promote the health, safety, and welfare of the community.

Part II. This ordinance shall take effect on and after its date of publication.

<b>RESULT:</b>	<b>RECOMMENDED FOR ADOPTION [UNANIMOUS]</b>	<b>Next: 7/15/2014 7:30 PM</b>
<b>TO:</b>	Common Council	
<b>MOVER:</b>	John Dubinski, Alderman	
<b>SECONDER:</b>	Jason Wilke, Alderman	
<b>AYES:</b>	Moldenhauer, Roznowski, Dubinski, Walz-Chojnacki, Wilke	
<b>EXCUSED:</b>	McBride, Tilleson, Kofroth	

5. Vouchers

Moved by Ald. Moldenhauer, Seconded by Ald. Walz-Chojnacki  
That each and every voucher be allowed and paid - Ayes: 5

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	James Moldenhauer, Alderman
<b>SECONDER:</b>	Gregory Walz-Chojnacki, Alderman
<b>AYES:</b>	Moldenhauer, Roznowski, Dubinski, Walz-Chojnacki, Wilke
<b>EXCUSED:</b>	McBride, Tilleson, Kofroth

6. Resolution denying the claim of Valerie Emerson, 3960 S. 55th Street, Milwaukee

Atty. Kesner explained that a municipality is not liable for damages caused by accumulation of ice and snow under Wisconsin law, unless the snow and ice has existed continuously for three weeks from the date of injury. The City Attorney's office reviewed the claim and recommend that the claim be denied in accordance with State law.

Moved by Ald. Moldenhauer, seconded by Ald. Dubinski  
to recommend approval of the claim denial as proposed by the  
City Attorney - Ayes: 5

BE IT RESOLVED, by the Common Council of the City of Wauwatosa THAT the claim filed by Valerie Emerson for injuries be and the same is hereby denied and placed on file for the reason that no liability exists on the part of the City;

BE IT FURTHER RESOLVED THAT the City Clerk is hereby authorized and directed to notify said claimant of this action of the Common Council as provided by law.

<b>RESULT:</b>	<b>RECOMMENDED FOR APPROVAL [UNANIMOUS]</b>	<b>Next: 7/15/2014 7:30 PM</b>
<b>TO:</b>	Budget and Finance Committee	
<b>MOVER:</b>	James Moldenhauer, Alderman	
<b>SECONDER:</b>	John Dubinski, Alderman	
<b>AYES:</b>	Moldenhauer, Roznowski, Dubinski, Walz-Chojnacki, Wilke	
<b>EXCUSED:</b>	McBride, Tilleson, Kofroth	

7. \*Update on collective bargaining process

Moved by Ald. Roznowski, seconded by Ald. Walz-Chojnacki to convene into closed session per Wisconsin Statutes 19.85 (1)(g), conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, may reconvene into open session - Ayes: 5

The meeting adjourned at 9:25 p.m.

---

Carla A. Ledesma, CMC, City Clerk