FIN20240618-1
UNAPPROVED

CITY OF CEDARBURG
FINANCE COMMITTEE
June 18, 2024

A regular meeting of the Finance Committee of the City of Cedarburg, Wisconsin, was held online on Tuesday, June 18, 2024, utilizing the Zoom app.

Council Member Jim Fitzpatrick called the meeting to order at 1:00 p.m.

Roll Call: Present - Council Member Jim Fitzpatrick, Jack Arnett, Tim Voeller, Allan Lorge, Jeff Slater, Mary Kay Bourbulas and Michael Bradburn.

Also Present- City Administrator Mikko Hilvo, Finance Director Kelly Livingston, and Deputy Finance Director Maureen Hartjes.

STATEMENT OF PUBLIC NOTICE

Finance Director Livingston confirmed proper legal notice of the meeting had been given.

COMMENTS & SUGGESTIONS FROM CITIZENS – None

APPROVAL OF MINUTES

A motion was made by Mr. Bradburn, seconded by Mr. Lorge, to approve the minutes of May 21, 2024. Motion carried without a negative vote.

REPORTS

The Finance Committee reviewed the Ehlers May investment summary and Ehlers Consolidated Holding report. Council Member Fitzpatrick stated the City's investments are in a good spot year to date. Mr. Lorge asked if the City should sell investments with a lower coupon rate and buy investments with higher rates. Council Member Fitzpatrick stated that it is not necessary as the YTM is the actual rate and it offsets any lower coupon rate.

NEW BUSINESS

The Finance Committee reviewed the financial policy FC-5 General Fund Balance. Deputy Finance Director Hartjes stated the City's current unassigned General Fund fund balance is within the City's current range of 20-35% of the ensuing year's general operating budget; as of December 31, 2023 the City's unassigned fund balance in the General Fund was $2,695,254 with the minimum being $2,140,205 and the maximum being $3,745,359. Deputy Finance Director Hartjes stated the GFOA recommends at minimum to maintain an unassigned General Fund fund balance of no less than two months; two months of the City's 2023 budgeted General Fund expenditures is $1,735,174 and the City is above that. Deputy Finance Director Hartjes stated that the City of Mequon's policy is to have a General Fund balance of

10-12% of their current year General Fund operating budget, the City of Brookfield keeps two-four months of budgeted expense from the subsequent year and the Village of Grafton keeps a minimum of 25%. A discussion ensued regarding the City's assigned General Fund fund balance range and the Finance Committee decided to keep the range as is. Mr. Lorge asked if the City had used General Fund fund balance in 2023. Administrator Hilvo said the City planned to use fund balance in 2023 for part of the Health insurance surcharge however, the overall General Fund fund balance increased due to investment income and building inspection income being higher than budgeted. Administrator Hilvo stated that about $200,000 was supposed to be used for the first part of the health insurance surcharge and said the second half of the surcharge paid in 2024 is budgeted to come out of fund balance but may not have to come out of the budgeted fund balance due to the same reasons as 2023. Administrator Hilvo stated that the City is not planning on utilizing General Fund fund balance in 2025. Mr. Slater asked if the City needed to use the unassigned General Fund unexpectedly in the past and Administrator Hilvo stated it has only happened once in the last eighteen years. Ms. Bourbulas stated the reason it had been used was to not raise the mill rate and it was a Common Council decision and also stated it took a long time to replenish. Administrator Hilvo suggested changing this policy so that the Finance Committee is responsible for coming up with a plan to replenish any deficit in the assigned General Fund balance. The Finance Committee decided to keep the policy as is with the Common Council responsible for coming up with a replenishment plan. Administrator Hilvo stated he is not concerned about having to use General Fund fund balance this year because the Department Heads use good budgets and Administrator Hilvo checks in on the expenses mid-year. Mr. Lorge stated that in the late 80's it took the City over ten years to build up any fund balance. The Finance committee made additional minor wording changes to the policy.

A motion was made by Mr. Lorge, seconded by Mr. Arnett, to send the updated policy to the Common Council. Motion passed without a negative vote.

The Finance Committee reviewed the financial policy FC-11 – Post-Issuance Compliance Policy for Tax-Exempt and Tax-Advantaged Obligations. The Finance Committee changed some minor wording and recommended the City has Ehler's review the policy. The Finance Committee will review this policy again in July.

Discussion and Certification of Annual Code of Ethics

The Code of Ethics was reviewed, and Finance Committee members acknowledged receipt.

Identify future agenda items, and action thereon

FC-11 – Post-Issuance Compliance Policy for Tax-Exempt and Tax-Advantaged Obligations (FC-11)
Debt Policy (FC-2)
2025 Budget
Additional Revenue Sources

Confirm Next Meeting Date July16, 2024, at 1:00pm

ADJOURNMENT

Motion made by Mr. Arnett, seconded by Ms. Bourbulas to adjourn the meeting at 1:50 p.m. Motion carried without a negative vote.

Maureen Hartjes
Deputy Finance Director