AGENDA OF THE FINANCE COMMITTEE

TUESDAY, SEPTEMBER 29, 2020, 4:30 PM

Virtual Meeting. Public may join via Zoom.
Immediately following Personnel

A. ZOOM MEETING INFORMATION

1. This item contains documents which provide call in information and instructions for the Zoom Meeting.

B. Roll Call.

1. Members: Ald. Barbara Dorff, Ald. Veronica Corpus-Dax, Ald. Bill Galvin & Ald. Brian Johnson.

C. Approval of the Agenda.

D. Approval of Minutes.

1. Approval of the Finance Committee minutes from the September 8, 2020 meeting.

E. Regular Business.

1. Request by the Finance Director to review and discuss 2019 year-end financial results and management communication for the City. The City's audit firm will be present to discuss documents with the committee.
2. A late communication from Ald. Steuer to the Finance Committee which states: There is a projected shortfall of 550K in the City of Green Bay's 2020 Budget; One possible reduction would be to look at savings that could be realized by combining the functions of the various City garages.

3. Update with possible action on matters pending before the Tax Appeals Commission.

   The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of 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. The Committee will thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to take action on items discussed in closed session, if appropriate, and to consider the remainder of the agenda.

4. Report of the Claims Committee.

   The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of 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. The Committee may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

F. Informational.

1. 2020 Contingency Account $93,322.00.

2. The next Finance Committee meeting will be held on Tuesday October 13, 2020 at 4:30 PM.

G. Adjournment.

1) THIS MEETING IS RECORDED: THE VIDEO OF THIS MEETING AND MINUTES ARE AVAILABLE ONLINE AT www.greenbaywi.gov
2) ACCESSIBILITY: Any person wishing to attend who requires special accommodation because of a disability, should contact the City Safety Manager at 920-448-3125 at least 48 hours before the scheduled meeting time so that arrangements can be made.
3) QUORUM: Please take notice that a majority or quorum of the Common Council will attend this Finance Committee meeting and will constitute a meeting of the Common Council for purposes of discussion and information gathering relative to this agenda.
4) REPRESENTATION: The party requesting the communication, or their representative, should be present at this meeting.

Virtual Meeting Instructions

Finance Committee

Zoom Meeting Information

Join Zoom Meeting
https://us02web.zoom.us/j/82842638158?pwd=eFZJaU1hTzdrbUNXU0kyWVpIQTlwUT09

Meeting ID: 828 4263 8158
Passcode: 009319

One tap mobile
+19292056099,,82842638158#,,,,,,0#,,009319# US (New York)
+13017158592,,82842638158#,,,,,,0#,,009319# US (Germantown)

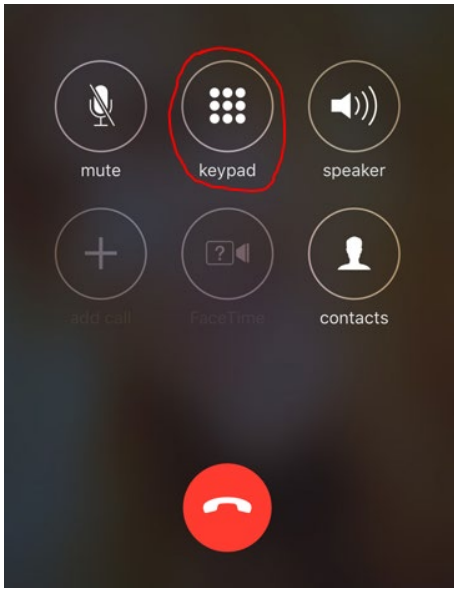
Dial by your location
+1 929 205 6099 US (New York)
+1 301 715 8592 US (Germantown)
+1 312 626 6799 US (Chicago)
+1 669 900 6833 US (San Jose)
+1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston)
Meeting ID: 828 4263 8158
Passcode: 009319
Find your local number: https://us02web.zoom.us/u/kdnW8dUJSW

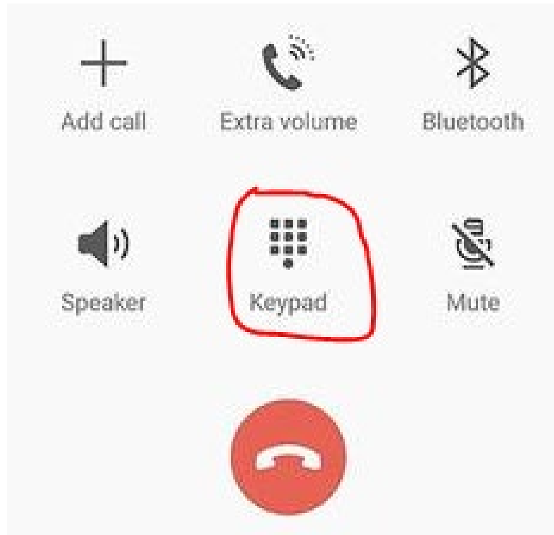
Additional Information

1. Wisconsin Open Meetings Law still applies
    a. Persons interested in speaking to an item must give their name and address
    b. Committee/Commission/Board members will still follow *Roberts Rules of Order*
2. All zoom meetings will have a password in the instructions. Please enter when prompted.
3. Please log into the Zoom meeting 10 minutes before the meeting starts to ensure proper technology is working.
    a. If you are a Board Member, please log into CivicClerk with a computer, laptop, or tablet device.
4. Once you are in the meeting please mute yourselves.
    a. You may unmute yourself when you are called upon to speak.
5. Waiting room
    a. When you call in, all callers/participants will be placed in a "waiting room."
    b. Persons on the agenda will be admitted to the meeting, and then once the item is concluded, the host will permanently mute you from the meeting (you can still hear the meeting).
6. Using Zoom with a tablet or computer
    a. Tablet—you will be asked to sign in. Download the app either with the Apple Store or the Play Store
    b. Computer—you will be asked to sign in. You may download the app or click on the link to open Zoom in your browser.
7. Registering
    a. The host may ask you to register for the meeting. A registration link will be sent to you along with the invite. You'll receive another email confirming that you're registered for the meeting.
    b. If you're using a phone, your registration will still be tied to an email.
8. Raising your hand
    a. Committee members—you can either use CivicClerk and request to speak or you can "raise your hand" in the zoom meeting (you'd need to use a computer or tablet) to let the host know you'd like to speak. You can also un-mute yourselves and start speaking.
    b. Persons on the agenda—you can "raise your hand" but you'd need to use a computer. You will be allowed to speak, per Wisconsin Open Meetings Rules, once the committee has "opened the floor for interested parties to speak." Once the committee is finished with your agenda item, the host will mute you permanently, unless the committee opens the floor again.
9. What devices should I use?
    a. Smart phone (please see more detailed instructions on page 3)
    b. Land line
    c. Tablet—well in advance of the meeting, please download the Zoom Meeting app before you join a meeting by using either the Apple Store or the Play Store. You will be asked to input your name, thus identifying you for the meeting. You'll also be asked to verify your email.
    d. Computer—well in advance of the meeting, please download the Zoom Meeting app, but you can also click on a link to open the Zoom Meeting in your browser. You will be asked to input your name, thus identifying you for the meeting.
    e. For tablet and computer users--if you download the app you will be asked to verify your email.
10. Zoom etiquette
    a. Muting yourselves when you're not talking will prevent your background noise from interfering with others' ability to listen to and participate in the meeting.
    b. If you're using a telephone, please identify yourself with your phone number and name before you speak. Zoom meeting hosts can see only your telephone number and will ask you to identify yourselves.
11. Closed session
    a. Persons in the Zoom meeting will be put into a waiting room while the committee meets in Closed Session. Participants will be admitted back into the Zoom meeting once the committee reconvenes in Open Session.
    b. Persons watching live on YouTube will see a gray screen with the City logo during closed session.
12. Persons interested in attending anonymously or listening to the meeting may call in by dialing *67 followed by the phone number above.

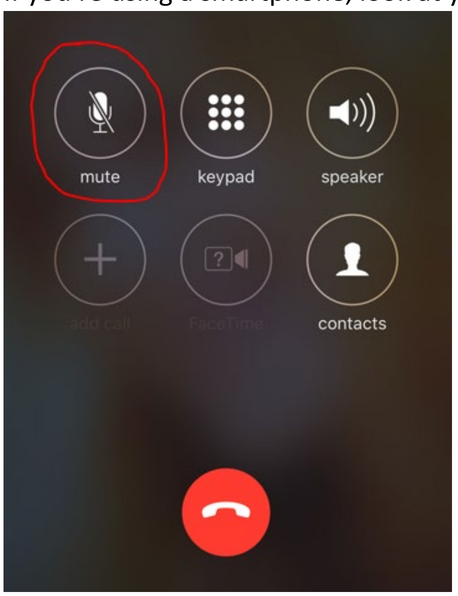
Calling into the Zoom meeting using a smartphone

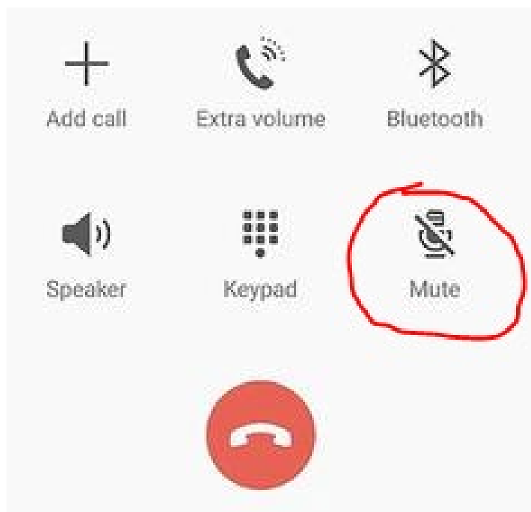
1. Dial the phone number listed at the beginning of this document.
2. When prompted, enter the Meeting ID number followed by **#**
    a. If you're using a smartphone, you can access the keypad by clicking "Keypad" on your screen



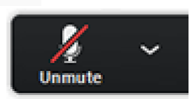


3. Once you are in the meeting, notify the meeting host that you are in and state your name.
4. If you do not need to talk, please make sure your phone is on **Mute**
    a. If you're using a smartphone, look at your screen and click the Mute button





    b. If you're using a computer, you should see a Mute button in the Zoom application



Report to the
Finance Committee of the City of Green Bay

MEETING DATE	PREPARED BY
September 29, 2020	

AGENDA ITEM # E.1

Request by the Finance Director to review and discuss 2019 year-end financial results and management communication for the City. The City's audit firm will be present to discuss documents with the committee.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Signed Governance Communication City of Green Bay

City of Green Bay, Wisconsin

GOVERNANCE COMMUNICATIONS

December 31, 2019

City of Green Bay, Wisconsin

DECEMBER 31, 2019

Table of Contents

To the Honorable Mayor and City Council
City of Green Bay
Brown County, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Green Bay as of and for the year ended December 31, 2019, and have issued our report thereon dated August 28, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the *State Single Audit Guidelines*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Green Bay are described in Note 1 to the financial statements.

As described in Note 1.C., the City changed accounting policies related to property taxes and special collections by adopting Statement of Governmental Accounting Standards. (GASB Statement) No. 84, *Fiduciary Activities*, in 2019. Accordingly, property taxes and specials collected on behalf of other governments are now recorded in a custodial fund.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. Except as noted in Note 4.E, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the other postemployment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of accumulated vacation and sick leave is based upon analysis of the employees' vacation and sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the accumulated vacation and sick leave in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the fair value of the investments is based on ending market values as of December 31, 2019, as reported by the investment managers. We evaluated the key factors and assumptions used in valuing the investments in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the incurred, but not reported (IBNR) insurance reserves are based on actuarial projections of the expected cost of the ultimate settlement and administration of claims. We evaluated the key factors and assumptions used to develop the reserves in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

The following material misstatement detected as a result of audit procedures was corrected by management:

- Recorded December 2019 storm water and sanitary sewer revenue and receivable
- Recorded delinquent user charges for storm water and sanitary sewer

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated August 28, 2020.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal and state awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the *Uniform Guidance* and the *State Single Audit Guide*, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 28, 2020.

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 28, 2020.

The introductory and statistical sections accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the City Council and management of City of Green Bay and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 28, 2020

Summary Financial Information

GOVERNMENTAL FUND BALANCES

Presented below is a summary of the City's governmental fund balances on December 31, 2019 and 2018. This information is provided for assessing financial results for 2019 and for indicating financial resources available at the start of the 2020 budget year.

	12/31/19	12/31/18
General Fund		
Nonspendable	$ 1,970,410	$ 1,851,635
Assigned	77,568	75,167
Unassigned	12,317,061	12,550,281
Total General Fund	14,365,039	14,477,083
Special Revenue Funds		
Nonspendable		
Parking division	-	3,997
Bay Beach	1,350	-
Restricted		
DPW equipment	123,086	702,437
Transit capital	476,941	691,667
Community development	359,867	407,608
Home Grant	274,921	304,982
Neighborhood stabilization	99,703	99,703
Park land	51,790	35,435
Trees	90,518	97,086
Police donations	137,662	95,451
State asset forfeiture	15,883	8,364
Federal asset forfeiture	19,372	8,665
OWI vehicle seizure	903	903
Federal police treasury	10,285	10,108
Lambeau stadium excess sales tax	1,346,964	1,897,228
Fire grants	160,272	49,582
Committed		
Sanitary sewer	12,396,086	7,765,744
Storm sewer	8,032,840	7,130,470
RDA revolving loan	400,828	172,827
Bay Beach	855,417	656,351
Northland Hotel	569,909	566,734
Assigned		
Parking division	192,666	104,040
DPW equipment	1,098,810	2,088,865
Employee recognition	28,598	33,314
City revolving loan	91,804	90,740
Wheel tax	586,785	15,649
Total Special Revenue Funds	27,423,260	23,037,950

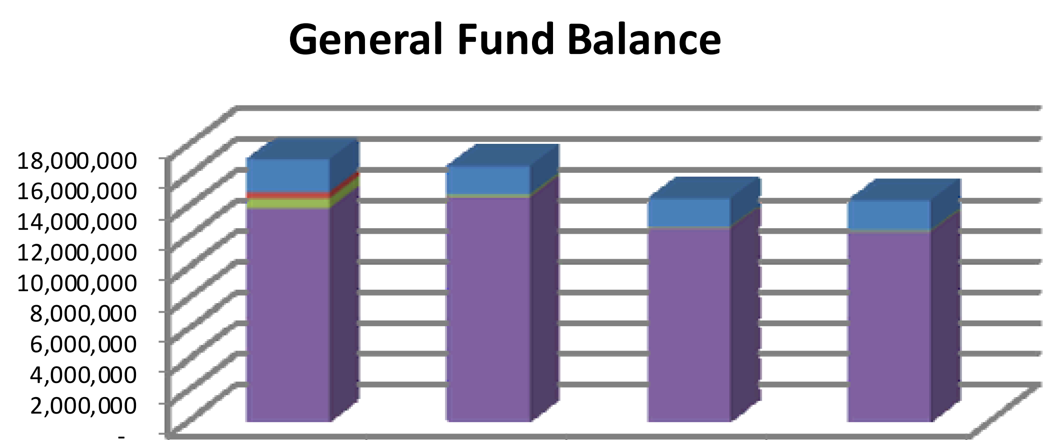
GOVERNMENTAL FUND BALANCES (CONTINUED)

	12/31/19	12/31/18
Capital Projects Funds		
Restricted		
Street construction	-	1,663,573
Sidewalks	-	95,328
Sanitary sewers construction	771,513	1,852,251
DPW building capital improvements	137,196	-
Right of way	1,179,529	1,639,457
Park acquisition	1,602,826	3,331,683
Storm sewers	3,208,280	-
Police capital improvements	34,362	34,362
Fire capital improvements	328,431	482,274
City Hall remodeling	329,699	362,875
Finance	60,680	-
Information services	57,626	67,011
Police equipment replacement	819,604	268,578
Fire equipment replacement	1,739,851	965,528
Inspection equipment replacement	12,984	19,210
Parks equipment replacement	159,123	53,910
Parking division capital	647,677	336,911
Bay Beach development	4,776,707	4,949,766
KI Convention Center	2,903,061	2,836,383
KI Convention Center maintenance	1,834,199	1,676,639
Tax Increment District #4	95,665	180,464
Tax increment District #5	1,991,886	397,895
Tax Increment District #6	317,060	324,104
Tax Increment District #7	1,299,863	712,456
Tax Increment District #8	1,981,540	1,812,569
Tax Increment District #10	706,664	539,012
Tax Increment District #11	312,868	343,208
Tax Increment District #12	2,504,748	3,451,006
Tax Increment District #14	-	782,512
Tax Increment District #15	23,127	27,711
Tax Increment District #19	90,905	-
Committed		
Sanitary sewer construction	3,129,894	1,896,496
Storm sewers	6,759,109	6,421,062
Sanitary sewer equipment replacement	2,180,226	2,076,533
Storm water equipment replacement	2,189,605	1,719,191
Parking division capital	870,443	893,761
Parking division vehicles	215,842	169,456
Assigned		
Street construction	6,156,653	5,223,664
DPW building capital improvements	127,827	127,827
Right of way	198,752	196,419
Water mains	47,138	21,013
Boat ramp	154,599	173,043
Park acquisition	1,285,017	1,677,913
Industrial parks	-	6,408
Storm sewer management	84,117	985,118
Police capital improvements	88,579	88,579
Fire capital improvements	159,631	200,492
City Hall remodeling	256,469	263,118
Finance	-	49,088
Information services	125,198	785,255
Police equipment replacement	116,809	168,951
Fire equipment replacement	75,322	147,886

GOVERNMENTAL FUND BALANCES (CONTINUED)

	12/31/19	12/31/18
Capital Projects Funds (Continued)		
Inspection equipment replacement	28,399	28,399
Parks equipment replacement	-	74,939
Redevelopment property acquisition	72,701	90,247
Bay Beach development	-	274,262
Neighborhood property	518,844	344,326
Brownfield grant	137,497	137,496
Unassigned		
Sidewalks	(186,340)	(337,862)
Finance	(12,767)	-
Parks equipment replacement	(15,593)	-
Bay Beach development	(964,230)	-
Tax Increment District #9	(1,540,076)	(1,497,667)
Tax Increment District #13	(3,745,733)	(3,072,136)
Tax Increment District #14	(3,238,395)	(1,923,937)
Tax Increment District #16	(84,899)	(372,606)
Tax Increment District #17	(60,396)	(67,594)
Tax Increment District #18	(1,367,654)	(1,408,339)
Tax Increment District #19	-	(56,904)
Tax Increment District #20	(29,590)	(16,782)
Tax Increment District #21	(41,391)	(25,169)
Tax Increment District #22	(27,321)	-
Tax Increment District #23	(13,184)	-
Total Capital Projects Funds	43,578,776	44,668,622
Total Governmental Fund Balances	$ 88,476,627	$ 84,538,098

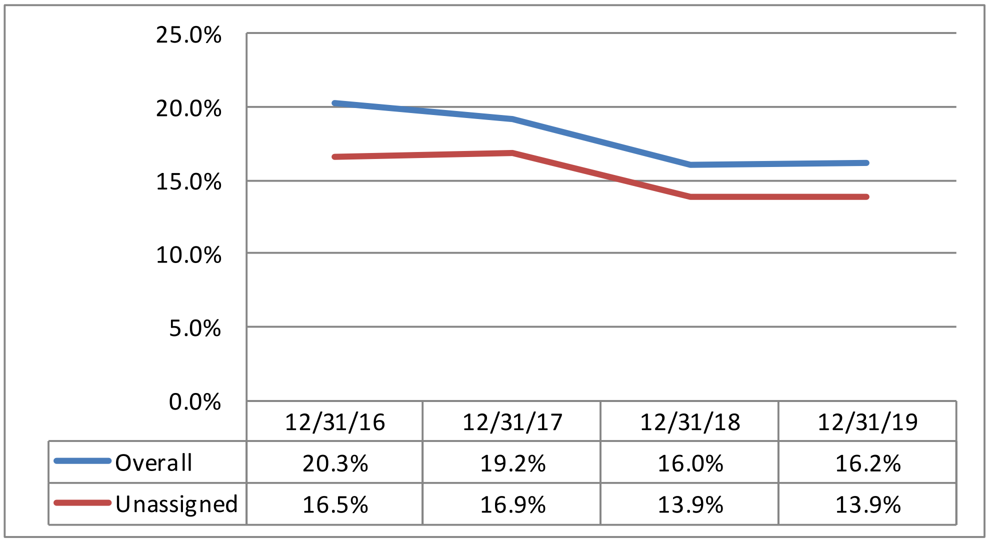
Over the past two years, the City's unassigned General Fund balance has decreased, as noted below. In total, fund balance has been decreasing due to use of fund balance to balance the budget.



	12/31/16	12/31/17	12/31/18	12/31/19
Nonspendable	$2,118,943	$1,845,938	$1,851,635	$1,970,410
Committed	410,775	-	-	
Assigned	639,379	147,282	75,167	77,568
Unassigned	13,855,539	14,582,641	12,550,281	12,317,061

Unassigned Assigned Committed Nonspendable

In evaluating your General Fund balance, it is important to consider the level of fund balance compared to annual general fund expenditures. As illustrated below, your overall fund balance as a percentage of actual expenditures has decreased in recent years while your unassigned fund balance has decreased.



	12/31/16	12/31/17	12/31/18	12/31/19
Overall	20.3%	19.2%	16.0%	16.2%
Unassigned	16.5%	16.9%	13.9%	13.9%

Management's Response:

All governmental fund balances are set forth in this statement and we are in agreement with the presentation. Further analysis of the individual fund balances follow:

The general fund, which supports the operation of the City's general government including police, fire, DPW, parks and general administration, carries a balance of $14,365,000 which represents 16.2% of the City's most recent prior year's expenditures. This balance is important as it represents dollars available to ensure sufficient reserves are maintained to cover amounts not able to be readily converted to cash such as delinquent taxes and special assessments, transit interfund advance and inventory, unanticipated expenditures, revenue shortfalls or meeting working capital needs of the City. Rating agencies consider the government's fund balance, history of use of fund balance, and policy when assigning ratings.

The overall general fund balance is slightly below the City's general fund policy's range of 17% - 25% at 16.2%. The 2019 has more public safety employee retirement than budgeted which increased the sick escrow payments. Another comparison to the City's policy is that of unassigned fund balance. The City's policy states that we shall maintain a minimum of 9% - 16% of the previous year's general operating fund expenses. Currently the City is at $12,317,000 of 13.9% of prior year's expenses as unassigned fund balance. The remaining amount of $2,048,000 of the general fund balance is considered non-spendable, committed or assigned. The non-spendable value is made up of delinquent taxes and special assessments valued at just over $1,970,000, an inter-fund advance made to the City's Transit Authority of $982,000 and $492,000 for inventories and prepaid items. Approximately $78,000 is assigned for funding of projects that were not completed in 2019 that will be completed in 2020.

The City has set the level of both the fund balance in its entirety as well as unrestricted fund balance to accommodate the late collection of the City's shared revenue (approximately $14 million) from the State, which is not received until late November each year.

As a point of reference the GFOA (Government Finance Officers Association) recommends this reserve to be not less than two month of regular general fund operating expenses of $15 million.

The special revenue and capital projects with a deficit balance include Sidewalks and Tax Increment Districts number 9, 13, 14, 16, 17, 18, 19, 20, 21, 22, and 231. The fund deficit in the Tax Increment Districts will be funded either through future tax levies for the district or through the City's general debt levy.

HEALTH SELF-INSURANCE FUND

The City has established a health self-insurance program for City employees and retirees. Financial transactions of the program are recorded in a separate internal service fund on the City's accounting system to allow management to more easily monitor the operations of the fund. A summary of 2019 transactions, including a comparison to 2018, for the health self-insurance fund follows:

	2019	2018
Operating revenues		
Charges to City departments, employees and retirees for health insurance coverage	$ 15,093,904	$ 15,276,412
Intergovernmental charges	21,032	24,137
Total operating revenues	15,114,936	15,300,549
Operating expenses		
Health care claims	14,640,621	14,037,911
Stop loss insurance premiums	533,134	505,570
Transplant insurance premiums	130,430	132,603
Administrative fees	478,479	471,211
Total operating expenses	15,782,664	15,147,295
Operating income (loss)	(667,728)	153,254
Nonoperating revenues		
Interest	76,757	41,461
Change in net position	(590,971)	194,715
Net position - January 1	2,147,181	1,952,466
Net position - December 31	$ 1,556,210	$ 2,147,181

The health self-insurance fund generated operating loss of $667,728 for 2019 compared to operating income of $153,254 for 2018. The ending net position balance represents about 10.6% of current year health claims, as opposed to 15.3% in prior year.

Management's Response:

The City's self-insurance health fund goal was to keep flat for 2019 with slight modifications to the plan and 2% increase in its premium rate. The City continues with the 10 year plan (2013-2022) to reduce the levy supported health insurance subsidy for retirees. 2019 saw an increases of 4% reduction in Health care claims which resulted in a reduction of fund balance. The 2019 budget included a levy increase of 194,000 from 2018.

Overall, the health insurance fund ended the year decreasing ($591,000) to a net position of $1,556,000 with a goal to rebuild the fund balance that equates approximately to two months' worth of claims at approximately $2.3 million.

This fund will continue to be monitored closely and adjustments made as needed. YTD 2020 claims are running below 2020 budget which will increase the fund balance.

WORKERS COMPENSATION SELF-INSURANCE FUND

The City has established a workers compensation self-insurance program for City employees. Financial transactions of the program are recorded in a separate internal service fund on the City's accounting system to allow management to more easily monitor the operations of the fund. A summary of 2019 transactions, including a comparison to 2018, for the workers compensation self-insurance fund follows:

	2019	2018
Operating revenues		
Charges to City departments for workers compensation insurance coverage	$ 335,295	$ 278,741
Operating expenses		
Health care claims	1,367,209	708,549
Stop loss insurance premiums	3,438	212,055
Consulting fees	64,103	61,514
Total operating expenses	1,434,750	982,118
Operating loss	(1,099,455)	(703,377)
Nonoperating revenues		
Property taxes	1,182,230	988,626
Interest	39,594	17,492
Other	9,975	10,000
Total nonoperating revenues	1,231,799	1,016,118
Change in net position	132,344	312,741
Net position - January 1	1,785	(310,956)
Net position - December 31	$ 134,129	$ 1,785

The net position increased $132,344 in 2019 compared to an increase of $312,741 for the prior year, largely due to increased health care claims. At December 31, 2019, the claims liability totaled $1,241,646, a slight decrease from the 2018 balance of $1,251,348. The amount of claims liability is an estimate, and could fluctuate, so it is important that the City increases the net position over time to a positive balance to potentially fund future claims.

Management's Response:

The 2019 fiscal year end amount available to finance current and future claims totals $1,776,000. This balance is made up of two components, net position of $134,000 and incurred But-Not-Reported reserve of $1,642,000. This is an increase in fund balance of $523,000 from 2018. The increase in claims report was driven by the increase in reserve. To reduce claims in this fund, the City's Risk Manager continues efforts to elevate safety in the City's work environment by putting in place various training programs throughout City departments that focuses on proper work procedures that promotes safety.

This fund will continue to be monitored and the amount the City places on the levy to fund these expenditures will be adjusted accordingly.

LIABILITY SELF-INSURANCE FUND

The City, together with certain other units of government within the State of Wisconsin, has created the Cities and Villages Mutual Insurance Company (CVMIC) to provide liability insurance services to its members. The City provided its share of the original financing for CVMIC by issuance of general obligation bonds totaling $4,812,360 on November 1, 1987.

The City has established a separate internal service fund to account for the operations of the liability self-insurance fund. The fund pays all liability claims owed by the City along with any premiums charged to the City by CVMIC. Revenues of the fund consist of charges to City departments covered by the insurance. A summary of 2019 transactions, including a comparison to 2018, for the liability self-insurance fund follows:

	2019	2018
Operating revenues		
Charges to City departments for liability insurance coverage	$ 175,633	$ 238,855
Operating expenses		
Liability claims and changes in estimates	118,652	1,512,546
Insurance premiums	378,714	361,353
Administrative fees	85,857	-
Total operating expenses	583,223	1,873,899
Operating loss	(407,590)	(1,635,044)
Nonoperating revenues		
General property taxes	554,314	438,790
Interest revenue	6,429	7,194
Dividend from CVMIC	79,408	149,883
Interest expense	-	(4,116)
Total nonoperating revenues	640,151	591,751
Change in net position	232,561	(1,043,293)
Net position - January 1	(932,891)	110,402
Net position - December 31	$ (700,330)	$ (932,891)

The liability self-insurance fund increased $232,561 for 2019, compared to a decrease of $1,043,293 for the prior year.

Management's Response:

The 2019 fiscal year end amount available to finance current and future claims is $325,000, and increase of $123,000 from 2018. This balance is made up of two components, net position of ($700,000) and incurred But-Not-Reported reserve of $1,025,000. The negative fund balance is due to a one-time general liability settlement payout in 2018. The 2020 budget included an increase in levy of $116,000.

The City will monitor this fund's activity to ensure its ability to pay claims or increase the levy to fund the expenditures accordingly.

New Accounting Standards

ACCOUNTING AND REPORTING FOR LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting and revises reporting requirements.

Lease accounting is required when a government contracts to use another entity's equipment, building, or other nonfinancial assets for a specific period of time. Under the new guidance, a lease asset and a lease liability are recorded in the government-wide and proprietary financial statements for this contract. The lease liability is calculated by including the following: fixed payments, variable payments, interest rate, purchase options, residual value guarantees, and termination or extension options. The lease liability is discounted and is amortized over the lease term. The lease asset is calculated by starting with the lease liability amount and adjusting for incentives and other costs and is amortized over the shorter of the lease term or the useful life of the underlying asset. The lease asset is reported in the financial statements as an intangible right to use asset, rather than a capital asset under current guidance. Footnote disclosures including lease assets by asset class and related accumulated amortization and future minimum payments among other details are required under the new Statement.

When the government is leasing one of its assets to another entity, a lease receivable and deferred inflow of resources related to the lease receivable is recorded. The lease receivable is calculated similar to the lease asset described above. The lease receivable is discounted and is amortized over the lease term. The deferred inflow of resources is calculated by starting with the lease receivable and adjusting for incentives and other payments. The deferred inflow would be recognized as an inflow of resources in a systematic and rational manner over the lease term.

Some contracts include a nonlease component such as maintenance services. The government will need to allocate the contract cost between the lease component and the nonlease component, unless it is not practicable to do so. If it is not practicable, the entire contract should be treated as a lease.

This new standard is effective for fiscal years beginning after June 15, 2021. Early adoption is encouraged by GASB. We recommend the City review the new standard, gather all lease contracts, and identify the terms and conditions of each contract, noting the lease term, all payments, and options in order to properly determine the value of each lease. The City should also review contracts that have both lease and nonlease components to determine if a price allocation is practicable.

APPENDIX

Titletown, USA

Office of the City Finance Department

August 28, 2020

CliftonLarsonAllen LLP
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of City of Green Bay, which comprise the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of December31, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of August 28, 2020, the following representations made to you during your audit of the financial statements as of and for the year ended December, 2019.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 16, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

100 North Jefferson Street * Room 105 * Green Bay, WI 54301-5026 * 920 448 3020 * Fax 920 448 3050
www.greenbaywi.gov

7. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed..

8. We have not identified or been notified of any uncorrected financial statement misstatements. You have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

11. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the City's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.

12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

13. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

14. Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.

15. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.

16. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

1. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

    d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

    e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.

    f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.

    g. Access to all audit or relevant monitoring reports, if any, received from funding sources.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any fraud or suspected fraud that affects the City and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others when the fraud could have a material effect on the financial statements.

5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse whose effects should be considered when preparing financial statements.

7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.

9. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

10. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to City of Green Bay, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

15. The City has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.

16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

17. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.

18. The financial statements properly classify all funds and activities.

19. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

20. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

21. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

22. Provisions for uncollectible receivables have been properly identified and recorded.

23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

24. Revenues are appropriately classified in the statement of activities within program revenues, general revenues.

25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

26. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

27. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

28. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

29. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

30. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, supporting schedules, and statistical data (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

31. As part of your audit, you prepared the draft financial statements and related notes, state financial report, public service commission report, and schedule of expenditures of federal awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, state financial report, public service commission report, and schedule of expenditures of federal awards. We have also ensured that the City's data and records are complete and received sufficient information to oversee the service.

32. In regards to the data collection form preparation services performed by you, we have:

    a. Made all management judgments and decisions and assumed all management responsibilities.

    b. Designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee the services.

    c. Evaluated the adequacy and results of the services performed.

    d. Accepted responsibility for the results of the services.

    e. Ensured that the City's data and records are complete and received sufficient information to oversee the service.

33. With respect to federal and state award programs:

    a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration including requirements relating to preparation of the schedule of expenditures of federal awards.

    b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance and the schedule of expenditures of state awards (SESA) in accordance with the requirements of the *State Single Audit Guidelines*, and we believe the SEFA and SESA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.

    c. If the SEFA and SESA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issued the SEFA and SESA and the auditors' report thereon.

    d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and *State Single Audit Guidelines* compliance audit, and included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal or state awards, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

    e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.

    f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.

h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and the *State Single Audit Guidelines*, relating to federal and state awards confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.

j. We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

s. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.

t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal and state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and *State Single Audit Guidelines*.

u. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

w. We have charged costs to federal awards in accordance with applicable cost principles.

x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and *State Single Audit Guidelines*, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

34. We agree with the findings of specialists in evaluating the other postemployment benefits, pension benefits, and incurred but not reported claims and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

35. Tax abatement agreements have been properly disclosed in the notes to the financial statements.

Signature: Diana R. Ellenbecker Title: Finance Director/ Comptroller

Signature: Pamela R. Manley Title: Asst. Finance Director/ Treasurer

Report to the

Finance Committee of the City of Green Bay

MEETING DATE	PREPARED BY
September 29, 2020	

AGENDA ITEM # E.2

A late communication from Ald. Steuer to the Finance Committee which states: There is a projected shortfall of 550K in the City of Green Bay's 2020 Budget; One possible reduction would be to look at savings that could be realized by combining the functions of the various City garages.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. LATE COMMUNICATION BY ALD. STEUER

GREEN BAY

Titletown, USA

PETITIONS AND COMMUNICATIONS FORM
COMMON COUNCIL
CITY OF GREEN BAY

Date of Council Meeting: 9-15-20

Request of Alderperson STEUER

Refer to: FINANCE

Please state clearly the action requested. Requests should be turned in at the City Clerk's Office by 10:00 AM on the Thursday before a Council meeting. For late communications, present this form to the City Clerk after the request is read.

THERE IS A PROJECTED SHORTFALL OF 550K IN THE CITY OF GREEN BAY'S 2020 BUDGET; ONE POSSIBLE REDUCTION WOULD BE TO LOOK AT SAVINGS THAT COULD BE REALIZED BY COMBINING THE FUNCTIONS OF THE VARIOUS CITY GARAGES.

Report to the
Finance Committee of the City of Green Bay

MEETING DATE	PREPARED BY
September 29, 2020	

AGENDA ITEM # E.4

Report of the Claims Committee.

The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of 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. The Committee may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. CONFIDENTIAL - Claims Committee Rpt September 2020