

**CITY OF PRINCETON  
SPECIAL COUNCIL MEETING AGENDA  
7:00 PM  
TUESDAY, MARCH 15, 2011  
COUNCIL CHAMBERS – 431 W. MAIN STREET  
CITY OF PRINCETON, WISCONSIN**

- 1. Call to order and roll call.**
- 2. Pledge of Allegiance.**
- 3. City Administrator Address**
- 4. Public Comment**
- 5. New business.**
  - A. 2011/2012 Budget Deficit Recommendation**
- 6. Adjourn.**

**\* The meeting room is accessible to all. Requests from persons with disabilities who need assistance to participate in this meeting should be made to the Administrator's office at 920.295.6612 with as much advance notice as possible.**

# CITY OF PRINCETON

438 W. Main Street · Princeton, Wisconsin 54968  
920-295-6612 · Fax: 920-295-3441

*Mayor*  
Bob Mosolf

*City Administrator*  
John S. Weidl

*City Alderpersons*  
Dave Bednarek  
Patti Garro  
Greg Hardt  
Jasper Kallenbach  
Victor Magnus  
Ernie Pulvermacher

To: City Council and the City of Princeton  
From: John S. Weidl  
Date: 3/11/2011  
RE: Fiscal year 2011 Budget Deficit Recommendation

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**Issue:** The City faces both a short-term cash flow problem and long-term problem stemming from over-expenditures in 2010 – paid for with 2011 reserves and a recurring practice of using “utility” funds to pay for “general” fund expenses. Additionally, I believe that the 2011 budget contains a fundamental problem whereby the City will continue to have less operating capital than the preceding year. The result is that the City must neglect the basic responsibility of maintaining its current asset value through continued deterioration of streets, sidewalks, curb and gutter, sewers, and utility infrastructure. These two fundamental budgeting problems will be exacerbated by the proposed budget changes coming down from the State of Wisconsin for fiscal year 2012 as the City is set to lose 9.2% of municipal aid, 10% of transportation aid, and all recycling grant monies.

**Impact:** Without corrective action, the City will run out of money to pay for wages and essential services in June resulting in short-term borrowing to cover expenses. Left unchecked, these fundamental problems will lead to increased short-term and long-term borrowing or the City must continue to neglect what I believe is a basic duty – initiating capital improvement projects for sewers and streets. Additionally, the immediate financial problems force the City to react by only providing essential services, programs, and projects that will culminate in a slow but consistent decline in the overall asset value of the City. Further, the budget for fiscal year 2012 will be significantly higher than in 2011, as departments reintegrate programs and projects that were delayed and terminated in 2011 to help bridge the cash-flow problem.

**Recommendation:** It is my responsibility as City Administrator to take a wider view of what the City does in the context of present circumstance and future considerations to make recommendations that are in the best interests of the City and community. The City government itself is a living, breathing, organization and the people that make up this organization are truly the greatest asset that the community has. With that said, I cannot thank Matt, Lee, George, Adam, and Cheryle enough for making tough and immediate choices to reduce expenditures across the board to get us to a point where I believe that the City can survive the immediate challenges, but without Council action the City will have serious problems meeting financial obligations.

At this point in time, I believe it is my responsibility to be facilitator of information between the employees, City Council, residents, business owners, and community members so that we can come to a solution as a team through education and dialogue. As a team, I believe it is in the best interests of the City and the community to develop meaningful, strategic, and impactful solutions by July 31, 2011 so that the solutions can be incorporated into the budget proposal for 2012.

It is with much deliberation and careful consideration that I ask the City Council to approve the following short-term corrective measures to achieve financial balance in 2011 knowing that there is much work left to be done to ensure that there is sufficient financial resources available moving forward to meet all past, present, and future obligations.

(1) I ask that the Council initiate short-term borrowing by obtaining a line-of-credit from a local bank to ensure that the City has access to sufficient financial resources until such time that the City Council takes the appropriate actions to correct the budget and prepares the City and community for cuts in municipal aid, transportation aid, and recycling grant(s). Corrective action will require that the City Council engage in ongoing discussions with City employees and the public to determine what services the community *needs* and what levels of services the community *can live with* moving forward.

(2) I ask that the council make a one-time, non-reimbursable transfer of \$10,000 from the “ambulance fund” to the general fund by June 1, 2011.

(3) Renegotiate the waste/recycling services to remove (2) two bulk pickups and

explore the cost saving of providing waste and/or recycling services twice a month.

**Impact of approving the recommendation:**

I believe the recommendation will give the City and the community an appropriate amount of time to develop solutions that can generate significant and positive financial impacts on the City budget not only for the second half of 2011 but moving forward. We must use this time to react to the financial and operational implications of significant overruns in spending in 2010, a significant need for major infrastructural repairs and improvements, and Governor Walker's budget repair bill and budget proposal. While the City will have to make painful but necessary adjustments to the methods of service delivery to the community, this recommendation provides the essential time that is necessary to develop a consensus-based solution that involves the elected officials, staff, residents, and business owners..

I am committed to turning over every stone and exploring any potential solution, not matter how big or small, to ensure that cuts to manpower, services, or both remain a last resort – only to be considered when all other possibilities have been discussed and calculated. At the same time, I believe it is imperative that the City Council begin discussing this situation immediately so that there is sufficient time to develop a plan that achieves financial balance in 2012, provides the financial flexibility moving forward, and recognizes the need to maintain the asset value of the City. We must be honest with each other, with ourselves, and with the residents, business owners and the community so that we can re-prioritize and restructure services and service levels in the best interests of the City and the community's future.

## 2010 UNBUDGETED ITEMS

Davis and Kelthau	\$7,168.50	8/1/10-12/31/10
NE Asphalt	\$1,600.00	Extra Project
Lud Wurtz	\$3,443.00	Extra Beyond Contract 8/1/10-12/31/10
Administrator Search	\$9,130.22	Candidate Fees and Extraa
Vorhees	\$13,591.09	Candidate Search
Kunkel Engineering	\$74,889.00	8/1/10-12/31/10
Huberty and Associates	\$37,306.00	8/1/10-12/31/10
Philips Tax Service	\$4,576.19	July Reconciliation for 1 <sup>st</sup> Half of Year
Second and Wilson	\$43,121.00	Change Orders-Initially Approved for \$86,205.00—Total Amount \$129,326.00
Administrative Services	\$21,206.60	10/15/10-12/31/10
<b>TOTAL</b>	<b>\$216,031.60</b>	
Huberty and Associates	\$37,306.00	8/1/10-12/31/10-This includes July Reconciliation, and Reconciliation after Absence of City Administrator, and Final Amount Due from 2009 Audit
Lift Station	\$107,976.91	Mechanic Street (Town & Country Electric)
Lift Station	\$49,173.00	Mechanic Street (Vacuum Pump for USEMCO)

**To:** John Weidl and  
City Council members

**From:** Cyndi Hintz, CPA  
chintz@hubertyandassociates.com

**Date:** March 14, 2011

**Re:** Fees



This memo is in response to various fee questions that Cheryle Nickel, Executive Assistant relayed to me last week.

The first question was to provide a breakdown of fees paid, as our firm has provided a number of services this past year.

		* 2009 Audit	Six Month Reconciliation	** July, 2010 Reconciliation	Bank Reconciliation after July, 2010	Travel	Record Ambulance Activity	2010 Audit
Feb, 2011	Fee	-	-	-	-	-	-	19,327.00
	Disc	-	-	-	-	-	-	(542.00)
Jan, 2011	Fee	-	-	-	645.00	241.00	660.00	-
	Disc	-	-	-	(97.00)	(36.00)	(100.00)	-
Dec, 2010	Fee	-	-	-	1,092.00	241.00	-	-
	Disc	-	-	-	(164.00)	(36.00)	-	-
Nov, 2010	Fee	-	-	-	1,935.00	723.00	-	-
	Disc	-	-	-	(290.00)	(108.00)	-	-
Oct, 2010	Fee	-	5,305.00	-	-	241.00	-	-
	Disc	-	(795.00)	-	-	(36.00)	-	-
Sep, 2010	Fee	-	3,231.30	1,612.00	-	965.20	-	-
	Disc	-	(484.70)	(242.00)	-	(144.70)	-	-
Aug, 2010	Fee	-	1,441.00	-	-	-	-	-
	Disc	-	(216.00)	-	-	-	-	-
Feb-Apr, 2010	Fee	42,720.00	-	-	-	-	-	-
Feb-Apr, 2010	Fee	2,785.00	Note: These are additional fees incurred due to 2009 accounting records not being in audit-ready condition			-	-	-
	Disc	(212.00)				-	-	-
Total	Fee	45,505.00	9,977.30	1,612.00	3,672.00	2,411.20	660.00	19,327.00
	Disc	(212.00)	(1,495.70)	(242.00)	(551.00)	(360.70)	(100.00)	(542.00)
	Net	45,293.00	8,481.60	1,370.00	3,121.00	2,050.50	560.00	18,785.00

\* \$18,720 of the 2009 audit was paid in August, 2010

\*\* Original request for mid-year work was through June, but July was then added

The second question related to providing training to the Administrator/Clerk/Treasurer related to bank reconciliations. It would be necessary for myself to provide the training, as I am the only individual within the firm who has worked with

Workhorse. My current rate is \$140 per hour, however, due to our long-standing relationship with the City, that rate will be discounted by approximately 85% to \$120 per hour. Additionally, one trip to Princeton will be complimentary to the City. Any trips in excess of that one, will be charged at 85% of standard rates and mileage expense.

Finally, the last question was to provide a recommendation of allocating the 2010 audit costs to the various funds. I have attached the first invoice to this memo. Where ever possible, the fees have been allocated to the various funds based on actual time incurred for the work performed. The amount (\$8,700) applicable to all funds is the amount to allocate. Based on my knowledge of the City, my recommendation would be as follows:

- |            |     |            |     |
|------------|-----|------------|-----|
| • Fund 100 | 20% | • Fund 602 | 17% |
| • Fund 200 | 5%  | • Fund 603 | 15% |
| • Fund 402 | 15% | • Fund 604 | 11% |
| • Fund 601 | 17% |            |     |

I hope the questions have been adequately answered. If you desire any additional information or clarification, please feel free to contact me.

# H&A HUBERTY & ASSOCIATES<sup>®</sup>

PO BOX 272  
RIPON, WI 54971  
920-748-7741

CITY OF PRINCETON  
438 W. MAIN ST  
PRINCETON, WI 54968

Invoice: 43676  
Date: 02/28/2011  
Due Date: 03/30/2011

For professional service rendered as follows:

Accounting and auditing services rendered through February 28, 2011:

Auditing procedures applicable to all funds	8,700.00
Auditing procedures related directly to General fund	2,710.00
Auditing procedures related directly to Water fund	1,810.00
Auditing procedures related directly to Electric fund	1,650.00
Auditing procedures related directly to Wastewater fund	1,025.00
Auditing procedures related directly to Ambulance fund	650.00
Auditing procedures related directly to Senior Transportation fund	260.00
Audit procedures related directly to Library fund	350.00
Auditing procedures related directly to TIF fund	910.00
Auditing procedures related directly to Cemetery fund	120.00
Compliance testing required by Generally Accepted Government Auditing Standards	600.00
Redo export of trial balance from Workhorse and reimport to audit software due to 2010 transactions not being posted	272.00
<b>Less in-kind contribution</b>	<b>(272.00)</b>
Respond to question from John from Workhorse while on site for audit on February 8, 2011	70.00
<b>Less in-kind contribution</b>	<b>(70.00)</b>
Compile 2005-2009 financial statements and email per John Weid's request (Bloomberg)	200.00
<b>Less in-kind contribution</b>	<b>(200.00)</b>

Billed Time & Expenses	<u>\$18,785.00</u>
Invoice Total	<u>\$18,785.00</u>

## Cash Flow Assumptions

- 1) Audit: The general fund contributes 40% (20% as general fund, 15% TIF, 5% Library) equaling a savings of \$24K to the general fund
- 2) Establishes a \$2,500/month emergency fund – For example, the hydraulics failed on the bucket truck this Friday.
- 3) Assuming as of 1/01/12, all non-represented employees will pay 12.6% for health insurance premiums, and all PW employees, Administrator, and Executive Assistant will pay 6.65% retirement contribution.
- 4) This model assumes a 15% savings on the next waste/recycling contract.
- 5) Assumes a 1-time transfer of funds from the ambulance account for \$10K



	March	April	May	June	July	August	September	October	November	December	January	February	March
Debt Service													
Stock Lumber	\$65,580												\$65,580
GO Note 2002						\$2,808					\$42,808		
GO Note 2008						\$7,936							
<b>TOTAL DEBT SERVICE</b>	\$65,580	\$0	\$0	\$0	\$0	\$2,808	\$0	\$0	\$0	\$0	\$42,808	\$0	\$65,580
Total Essential Expenditures	\$140,001	\$83,181	\$72,191	\$72,191	\$72,191	\$82,038	\$72,386	\$71,971	\$71,971	\$142,989	\$69,247	\$69,248	\$134,829
<b>Revenues</b>													
Transportation Aid						\$22,500		\$22,500					
Tax Collection											\$180,000	\$130,000	
LGIP Reserves	\$103,000												
General Fund balance	\$157,000												
Recycling		\$10,894											
State Shared Revenue						\$66,866			\$378,907				
Winnetox		\$35,000					\$20,000						
Liquor/Operator License						\$10,000							
Fire dues			\$6,000			\$2,000							
Personal Property Tax						\$4,000				\$8,000			
Flea market				\$8,000									
Computer Aid						\$2,300			\$2,000				
Cable TV													
County Taxes						\$198,000							
Court Penalties	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667
Lottery Credit/First Dollar Credit	\$10,000					\$13,500							
Transfer from Ambulance Account				\$10,000									
<b>Total Revenues</b>	\$280,667	\$79,061	\$6,667	\$18,667	\$108,333	\$212,167	\$20,667	\$23,167	\$381,574	\$8,667	\$180,667	\$130,667	\$667
<b>Cash Flow</b>	\$120,666.95	\$116,535.49	\$51,011.02	(\$2,513.45)	\$13,779.76	\$129,989.80	\$78,260.33	\$29,455.86	\$339,058.44	\$204,735.70	\$316,155.14	\$377,573.58	\$248,411.43