

MINUTES

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION

ADMINISTRATIVE COMMITTEE

Thursday, March 29, 2007

1:30 p.m.

SEWRPC Office Building
Commissioners' Conference Room
W239 N1812 Rockwood Drive
Waukesha, Wisconsin

Present:

Excused:

Committee Members:

David L. Stroik, Chairman
Adelene Greene, Vice-Chairman
Thomas H. Buestrin
William R. Drew
James T. Dwyer
Allen L. Morrison
Gustav W. Wirth, Jr.

Richard A. Hansen
Michael J. Miklasevich
Daniel S. Schmidt

Absent:

Staff:

Philip C. Evenson
Elizabeth A. Larsen
Loretta Watson

Executive Director
Business Manager
Executive Secretary

Guests:

Robert W. Kabitzke

David L. Scrima, S.C.

ROLL CALL

Chairman Stroik called the meeting to order at 1:35 p.m. Roll call was taken and a quorum declared present. Mr. Evenson noted for the record that Commissioners Hansen, Miklasevich, and Schmidt had asked to be excused.

APPROVAL OF MINUTES OF FEBRUARY 22, 2007, MEETING

On a motion by Mr. Wirth, seconded by Mr. Morrison, and carried unanimously, the minutes of the Administrative Committee meeting held on February 22, 2007, were approved as published.

PRESENTATION OF 2006 AUDIT REPORT

Chairman Stroik noted that the Commission auditor was in attendance to present to the Committee the findings of the audit of the Commission financial records for calendar year 2006. He then called on Robert W. Kabitzke of the firm of David L. Scrima, S.C.

Mr. Kabitzke distributed copies of the Independent Auditor's Report entitled "Southeastern Wisconsin Regional Planning Commission Annual Report, December 31, 2006." He then reviewed the report and the supplemental information attached to the report with the Committee on a page-by-page basis. As this process proceeded, the following comments and questions were addressed:

1. In response to an inquiry by Mr. Wirth with respect to the entry on the Table set forth on page 1 of the report relative to the Fixed Asset Value of Property and Equipment, Mr. Kabitzke indicated that the figure is the estimated value of the Commission's property and equipment based on acquisition cost and does not represent a depreciated value. In response to a follow up question by Mr. Wirth, Mr. Kabitzke indicated that the Commission has no enterprise funds and accordingly does not use depreciation. The Commission does use a depreciation-like technique with respect to the process by which the Commission is seeking reimbursement from State and Federal grantor agencies relative to its costs attendant to the acquisition of the Rockwood Drive building and to ground improvements at the site. In this case, such costs are being recouped using depreciation-like schedules to determine annual charges. He indicated that the charges concerned are labeled "building usage".
2. In response to an inquiry by Ms. Greene relative to the entry on the Table set forth on page 1 of the report concerning vacation accrual, Mr. Kabitzke noted that the reduction in vacation accrual from 2005 may be attributable to a smaller Commission staff and to employees using vacation time more rapidly. He noted that the amount shown for vacation accrual in the audit report is a "snapshot" of accrued vacation leave costs as of the end of the calendar year and represents the amount the Commission would owe employees if it terminated its existence at that time.
3. In response to an inquiry by Mr. Dwyer relative to the transfers of payments of \$1 million in 2005 and \$300,000 in 2006 to the bond trustee for the Rockwood Drive building acquisition project, Mr. Drew commented that when the Commission acquired the building using a bonding schedule of 20 years, it put in place a plan to accumulate with the trustee enough funds to repay the entire debt at the end of ten years, the bond arrangements put in place permitting, without penalty, such an early repayment of the then outstanding funds in March 2011. Mr. Evenson noted that all monies placed with the bond trustee for this purpose cannot be retrieved and are, therefore, removed from the Commission's financial books. In response to a follow up question by Mr. Dwyer, Mr. Kabitzke noted that the interest that is accruing on the bonds provided in advance to the trustee remains in that account and is not reported in the annual audit of Commission financial affairs. Mr. Evenson commented that the money has been placed by the bond trustee in U.S. Treasury Notes with a five percent rate of return.
4. With respect to the materials in the Table set forth on page 3 of the report comparing 2006 budget and actual revenues and expenditures, a number of questions were raised relative to the differences between the budget classes of expenditures and the financial report classes of expenditures. These differences make the comparisons in some cases meaningless. Accordingly, it was the consensus of the Committee after the discussion relative to page 3 of the report that Mr. Kabitzke and the Commission staff should reallocate expenditures to commonly named classes as

between the “budget” and the “actual” columns on the Table, such that meaningful comparisons can be made. That consensus recognized that there would be no changes to the total amount of revenues and expenditures for the year and that the final finding of the audit relative to an excess of revenue over expenditures of about \$140,000 for the year 2006 would remain unchanged. In response to a comment by Mr. Dwyer, it was also the consensus of the Committee that beginning with the presentation next year of the 2007 financial report, the members of the Committee would receive the report about one week ahead of the meeting at which the report will be considered and that, moreover, the Commission staff would submit with the auditor’s document a set of notes focused on addressing significant differences between actual and budget amounts.

5. Referring to note 2 on page 6 of the financial report relative to fixed assets, Mr. Evenson noted that the amount listed for Land and Improvements and Buildings and Improvements should not be expected to equal the market value of the Rockwood Drive building as determined by the Assessor for the City of Pewaukee. During 2006, that market value was estimated by the Assessor at nearly \$5 million. In the ensuing discussions, it was the consensus of the Committee that the note should be revised to separate the estimated value of the land separately from the estimated value of the improvements, such as the parking lot, that have been placed upon the land. Mr. Kabitzke indicated that he would make that change, noting that the cost of the improvements placed upon the land together with the cost of the building and improvements thereto are included in the depreciation-like schedule used by the Commission to bill Federal and State agencies for their fair-share of the usage of the Rockwood Drive building. He noted in this connection that land improvements such as parking lots have a quicker expiration period than the building itself, and that different expiration periods are factored into the depreciation-like schedules used by the Commission. During further discussion on this matter, it was the opinion of Mr. Kabitzke and Commissioner Wirth that the market value increase of the Rockwood Drive building would not be something that could be factored into the depreciation-like schedule used by the Commission to charge Federal and State grantor agencies. Mr. Evenson noted that even if such would be the case, it would be of no practical significance since the Commission is not able to leverage additional Federal and State grant funds and is able to draw down all available such funds with charges for staffing and other costs.
6. In response to an inquiry by Mr. Stroik with respect to note 3 on page 7 of the report dealing with the Wisconsin Retirement System, Ms. Larsen indicated that there is an annual reconciliation for each employee relative to the number of hours worked during the year that determines retirement program eligibility and contributions. She noted that there are some summer employees who do not reach the minimum threshold of 600 hours of work and who are not, therefore, eligible to participate in the retirement system.
7. Referring to the Table set forth on page 13 of the report, Mr. Evenson suggested that a minor adjustment be made to note that the funds provided to support the KRM Commuter Rail project be shown as coming from the U.S. Department of Transportation. Mr. Kabitzke said that he would make the necessary adjustment.

Following that discussion, it was moved by Mr. Drew, seconded by Mr. Dwyer, and carried unanimously to approve and accept for publication the 2006 Audit Report as presented subject to Mr. Kabitzke making final adjustments to the report consistent with the consensus positions reached at the meeting and reported above. Mr. Evenson indicated that the staff would work with Mr. Kabitzke to make those modifications and that copies of the final report would be provided both to Committee members and to the trustee for the Rockwood Drive building bond transaction.

APPROVAL OF DISBURSEMENTS

Chairman Stroik asked Mr. Evenson to review with the Committee the recent disbursements.

2007 Reporting Period No. 4

Mr. Evenson distributed copies of the Check Register for the 4th financial reporting period of 2007, February 5 to February 18.

In response to a question by Mr. Wirth, Mr. Evenson indicated that the payments listed on page 3 of the Register to Jerry's Automotive Service were for relatively routine repair matters on several vehicles. In response to another question by Mr. Wirth relative to the payment listed on page 5 of the Register to the University of Wisconsin-Milwaukee, Mr. Evenson indicated that this payment represented a pass-through expense attendant to the KRM Commuter Rail Study.

There being no further questions or comments, on a motion by Ms. Greene, seconded by Mr. Drew, and carried unanimously, the Commission disbursements for the 4th reporting period of 2007 were approved.

Chairman Stroik, Mr. Drew, and Mr. Evenson then affixed their signatures to the Check Register for the 4th reporting period of 2007 (copy attached to Official Minutes).

2007 Reporting Period No. 5

Mr. Evenson distributed copies of the Check Register for the 5th financial reporting period of 2007, February 19 to March 4, 2007.

In response to an inquiry by Mr. Wirth, Mr. Evenson indicated that all of the 2005 orthophotography products are available on both the Commission's website and the websites of Milwaukee and Waukesha Counties, noting that those two Counties contributed extra funds to secure a superior 6-inch pixel product.

There being no further questions or comments, on a motion by Mr. Drew, seconded by Ms. Greene, and carried unanimously, the Commission disbursements for the 5th reporting period of 2007 were approved.

Chairman Stroik, Mr. Drew, and Mr. Evenson then affixed their signatures to the Check Register for the 5th reporting period of 2007 (copy attached to Official Minutes).

2007 Reporting Period No. 6

Mr. Evenson distributed copies of the Check Register for the 6th financial reporting period of 2007, March 5 to March 18, 2007.

There being no questions or comments, on a motion by Mr. Morrison, seconded by Mr. Dwyer, and carried unanimously, the Commission disbursements for the 6th reporting period of 2007 were approved.

Chairman Stroik, Mr. Drew, and Mr. Evenson then affixed their signatures to the Check Register for the 6th reporting period of 2007 (copy attached to Official Minutes).

**REVIEW OF STATEMENT OF REVENUES AND EXPENDITURES
FOR PERIOD ENDING MARCH 18, 2007**

Copies of the Statement of Projected Revenues and Expenditures for the period ending March 18, 2007, were distributed for Committee review. Chairman Stroik asked Mr. Evenson to review with the Committee the financial status of the Commission accounts as of the end of that period.

Mr. Evenson noted that the period covered on the Statement represented nearly one-quarter of the new calendar year. He then called attention to the following items in the Statement:

1. The revenue entries on the Statement are unchanged from the report presented at the February Committee meeting. Revenues from the Federal Transit Administration and the Wisconsin Department of Natural Resources remain to be secured, but there is no reason to believe those revenues will not be forthcoming.
2. The expenditure data on the Statement reflects six reporting periods, or 12 weeks. As expected, the projected year end surplus has declined, standing at about \$215,000.
3. The liability, operating, and reserve accounts reported on the Statement continue to reflect the findings of the 2005 audit report. These accounts will be modified on the Statement for the April 2007 Committee meeting to reflect the findings of the 2006 audit report.
4. The Commission had on hand as of March 18, 2007, about \$4.38 million. This includes about \$843,000 of unearned revenue provided to the Commission in advance of expenditures. These funds are invested in the State of Wisconsin Local Government Investment Pool, which is presently paying 5.23 percent interest; in several certificates of deposit at banks; and in savings and checking accounts at Johnson Bank.

A brief discussion followed. In response to a question by Mr. Dwyer, Mr. Evenson indicated that the delay in receiving State funds from the Wisconsin Department of Natural Resources does not hold up actual work during the year, since the Department allows the Commission to spend local monies first and their funds at the end of the process. Consequently, he said, delays in receiving these particular funds have not proven to be a problem. In response to another question by Mr. Dwyer, Mr. Evenson indicated that the nine-month term indicated for the Bank Mutual certificate of deposit was incorrect and inconsistent with the maturity date shown. He indicated that the Commission's Business Manager would correct the record in this respect. In answer to another question by Mr. Dwyer, Mr. Evenson indicated that the funds presently in a savings account at Johnson Bank, while earning less interest than the certificates of deposits or the State Investment Pool, do help to keep the Commission's banking expenses to a minimum. In response to a question by Ms. Greene, Mr. Evenson indicated that there is a Johnson Bank office located just north of the Commission offices on Pewaukee Road. Mr. Evenson also indicated that the Commission has an overflow parking arrangement with InvestorsBank located immediately south of the Commission offices.

Following this discussion, on a motion by Mr. Wirth, seconded by Ms. Greene, and carried unanimously, the Statement of Projected Revenues and Expenditures for the period ending March 18, 2007, was accepted to be placed on file (copy attached to Official Minutes).

CORRESPONDENCE/ANNOUNCEMENTS

Mr. Evenson reported that the Commission's business insurance agent had notified the Business Manager that the Commission will receive a more favorable "experience modification" factor in the Commission's comprehensive business insurance program for renewal at mid-year. This factor, which is derived from experience relative to claims involving workers compensation, is being reduced from 1.28 to 1.07. It is expected that this reduction will result in a premium reduction at renewal of about \$4,000.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 2:55 p.m. on a motion by Mr. Drew, seconded by Mr. Wirth, and carried unanimously.

Respectfully submitted,

Philip C. Evenson
Deputy Secretary

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Attachments