PERSONNEL AND FINANCE COMMITTEE MEETING

Thursday, July 23, 2026 at 5:30 PM

Committee Room - City Hall, 3rd Floor 1717 E. Park Street, Two Rivers, WI 54241

MINUTES

1. **Call to Order**
   The meeting was called to order by Committee Member Stechmesser at 5:30pm.

2. **Roll Call**
   Committee Members Present: Mark Bittner (by phone), Scott Stechmesser
   City Staff Present: Kyle Kordell, City Manager and Kassie Paider, Finance Director

3. **Public Input**
   None

4. **2025 Audit Results**
   The City received a clean audit opinion, the highest level of assurance provided by the auditors. A full presentation of the audit results is scheduled for the August 3 Council meeting.

   The General Fund ended 2025 with an operating deficit, resulting in a fund balance decrease of approximately $339,000.

   On a government-wide basis, total net position increased by approximately $2.6 million, ending the year at $66.3 million. Nearly all of the increase ($2.4 million) resulted from capital contributions and grants received by the utilities rather than operational performance. Utility operations contributed approximately $200,000 to the increase in net position.

   In response to the 2025 operating results, management implemented spending controls, tighter overtime management, and new revenue initiatives during 2026.

5. **Health insurance claims and cost trends review**
   The City's health insurance plan experienced a 117.84% loss ratio in 2025. Through May 2026, the loss ratio is 103.38%.

   If the claims ratio remains above 100%, the City is anticipating double-digit premium increases at renewal.

   Teladoc visits are now provided at no cost to employees under the health plan, and the insurance carrier is offering a gift card incentive to encourage enrollment.

6. **YTD General Fund performance through June 30, 2026**
   At the midpoint of the fiscal year:

   - Revenues were 38% of budget, which is lower than 50% but typical due to the timing of State Shared Revenue payments.

   - Expenditures were 49% of budget.

   The General Fund reported a mid-year operating deficit of approximately $1.4 million, compared to $1.8 million at the same point in 2025, representing an improvement of approximately $370,000.

Department expenditures remain well managed:

- Police Department: 51.2% of budget
- Fire Department: 49.8% of budget
- Public Works Department: 44–45% of budget

Regarding the May 17 storm event, approximately $20,000 has been charged to the General Fund to date, excluding labor costs. Most storm-related expenses have been recorded in other funds:

- Electric Utility: more than $200,000
- Public Works: more than $50,000
- Wastewater Utility: more than $10,000
- Parks Department: approximately $110,000

The insurance reimbursement process is underway.

Staff also reviewed the City's transition to AIT for information technology services. The IT budget is currently at 55%, with contractual services nearing 90% due to a one-time onboarding fee of approximately $17,000.

The annual AIT contract is $79,000 and is fixed for three years through March 2029. The transition is expected to save the City at least $50,000 annually compared to maintaining a full-time IT employee.

7. YTD overtime report through June 30, 2026

Total overtime expenditures across all departments were 54% of the annual budget, slightly below the pace experienced at the same point last year.

Department highlights included:

- Fire Department: Overtime is on target at 49% of budget.
- Public Works Department: Overtime remains below expectations; however, several major projects are behind schedule due to staff being diverted for the March blizzard and May storm response for approximately three to four weeks. Delayed projects include stormwater catch basin maintenance, more than 50 lead service line patches, sidewalk replacements, the east side trail, concrete crosswalks, parking deck work, and street sweeping, which is currently being completed monthly rather than weekly. The department is now fully staffed.
- Parks and Recreation Department: Minimal overtime with no concerns noted.
- Police Patrol Division: Approximately 97% of the overtime budget has already been utilized, leaving roughly $2,000 for the remainder of the year.

The Police Department's overtime was attributed to several factors, including backfilling shifts while an Officer attends the police academy, three emergency incidents requiring approximately 35 hours of overtime, increased vacation coverage in May, and approximately 60 hours of mutual aid provided during the AutoMotion Classic Car Show in Wisconsin Dells. Those mutual aid costs are fully reimbursable by the Village of Lake Delton but have not yet been reflected in the financial reports.

8. Consider date and time for next meeting

The next Personal Finance Committee meeting tentatively planned for the week of September 21, 2026, pending the budget calendar.

9. Adjournment

Motion by Bittner, seconded by Stechmesser, to adjourn at 6:12pm. Motion carried.

Respectfully Submitted,

Kassie Paider, Finance Director