

**REGULAR MEETING OF THE JEFFERSON UTILITIES COMMISSION, HELD SEPTEMBER 12, 2022**

On call of the roll, commissioners present were: Adams, Ganser, Pieters, Neils, Bristol, Oppermann and Schroeder. Also present were: Utility Manager Adler, City Attorney Rogers, Office Manager Hinze, Billing Clerk Emily Hein, Customer Account Clerk, Kara Mroz and Jodi Dobson, CPA with Baker Tilly. The meeting began at 5:30 p.m.

**Public Participation:** None

**Minutes**

It was moved by Comm. Pieters and seconded by Comm. Neils to approve the open session minutes of August 8, 2022 meeting. On voice call, motion carried. Opperman abstained.

It was moved by Comm. Pieters and seconded by Comm. Neils to approve the special session minutes of August 24, 2022 meeting. On voice call, motion carried.

**Annual Audit Report**

Baker Tilly Partner Jodi Dobson presented the 2021 audit findings. She explained the electric rate of return for 2021 is at 3.5% which is down from 2020 (6.67%). She stated that 3.5% is within the 5% authorized by the PSC. On the water side, the rate of return for 2021 is 1.58% which is down from 2020 (2.78%). She stated that 1.58% is within the 5% authorized by the PSC.

She explained the expenses and revenues are trending downward, largely because of the decrease in purchase power. She stated there is a consistent margin between the revenues and expenses, which is good.

Ms. Dobson reviewed the cash on hand available to the utility. She explained rating agencies are looking for six to seven months of cash on hand, Jefferson Utilities is at 4.77 months which is down from 5.44 months in 2020. The utility has been building their reserves over the last five years. Dobson indicated that she will be working on the water split which will determine where the utility will be with cash on hand in 2022.

Ms. Dobson stated the debt coverage requirement is 1.10 and the utility is at 28.59, well above what is necessary. She explained only about 6% of the capital in service is funded through debt. She stated this was very good and the utility is in a good place should it need to borrow funds.

Ms. Dobson stated there are two notes in the audit related to internal control procedures. One of them is a lack of segregation of duties and the other is financial reports are not available until the end of the year when the auditors prepare them. She stated these deficiencies are not uncommon in smaller organizations and is reported in 90% of her clients.

Attorney Rogers inquired about the water split analysis to separate the water and electric books and what will be needed to make this split with the PSC. She stated some things are clear cut, but others are comingled and will need some investigation into what belongs to each utility. As for the PSC, this was a new process to her so they will be working closely with the PSC regarding what will be needed to accomplish this.

Comm. Adams stated he was pleased to see that the utility was stable with low debt and good cash reserves.

Comm. Bristol indicated he was concerned about the lack of internal controls. Hinze indicated that this is one area that the office is working to correct. Several initiatives have been in place to double check the work of another employee and the team is looking at other ways to ensure that one person is not responsible for an entire process start to finish.

Schroeder asked about the length of time it took to complete this audit. Dobson indicated that unfortunately the timing of the previous office managers departure and the hiring of the new office manager created a training gap period. She stated that both her team and the utility team worked very well together to get the information that was needed. She is hopeful the 2022 audit will go smoothly.

Dobson indicated that when the analysis of the water split is complete she will present her findings to the city as well as the utility.

It was moved by Comm. Schroeder and seconded by Comm. Bristol to accept the 2021 audit as presented. On call of the roll, motion carried

**Discussion for 2023 Budget Purposes Only- Wage Increases, Health Insurance Premiums, Dental/Vision Insurance Premiums**

Hinze explained that in order to complete the preliminary 2023 budget she is looking to the Commission for a consensus on what number to use for wage increases and health and dental/vision premium increases. Hinze stated that she has obtained the 2023 health insurance rates from the City. The increase in premiums for 2023 was 7.64%. She indicated that the city advised they were budgeting an 8% increase in dental insurance. Hinze indicated that she was aware that the city was currently going through a compensation study and was not aware what if any wage increases were added to the city's budget. Comm. Oppermann indicated that 4% was the number. Hinze indicated that this is simply to build the budget for this Commission to review prior to approval. Bristol indicated that he felt that 4% was not enough given what is going on in the private sector. He indicated that 5% should be used. The Commission discussed the fact that this was a proposed number that could be changed in the final approval process. It was the consensus of the Commission to use a 5% wage increase to start to build the 2023 budget.

**Discussion and Possible Action-Part-Time Customer Accounts Clerk Position**

Hinze handed out an analysis of possible FTE's and an estimate of the additional costs for each FTE. She stated that the Commission had asked for the estimate of costs of a part time 20 hour per week position. She indicated that she also provided the cost estimates for 25, 30 and 40 hour per week positions as well. Hinze indicated that this office had 2 full time Customer Accounts Clerks and 1 full time Billing Clerk. When one of the Customer Accounts Clerk employee left it was determined that this position would not be filled. Hinze indicated that the office has been running short staffed since. She praised the current staff for all they do to keep up with the demands placed on them. Hinze indicated that a 30 hour per week position would be of a better benefit than a 20 hour per week position. Comm. Oppermann asked where the extra money was going to come from and was concerned that it would cause the utility to raise rates. Pieters indicated that he felt the Commission should consider this as it is a business need. Bristol indicated that the auditor just explained that the utility was in a good position and he felt that management should add the 30 hour per week position to the budget. Comm. Schroeder agreed. It was moved by Comm. Pieters to approve a 30 hour per week part time Customer Accounts Clerk position. It was seconded by Comm. Bristol. On call of the roll, motion carried. (Adams – Aye, Opperman – Nay, Pieters – Aye; Bristol – Aye; Schroeder-Aye, Ganser – Aye Neils – Aye)

Comm. Pieter left the meeting at 6:15 p.m.

**Discussion and Possible Action-Compensation Study Carlson Dettmann Quote**

Hinze indicated that she was hopeful that the quote from Carlson Dettmann would be submitted by this meeting, however, she has not received it. It was moved by Comm. Schroeder to postpone this agenda item until the October meeting. It was seconded by Comm. Bristol. On call of the roll, motion carried. (Adams – Aye, Opperman – Aye, Bristol – Aye; Schroeder-Aye, Ganser – Aye Neils – Aye)

**Discussion and Possible Action-Community Contribution-Fire Department Coloring Book**

The Commission reviewed the request for \$200 for an ad in the annual Fire Department coloring book. It was moved by Comm. Oppermann to approve the request for \$200. It was seconded by Comm. Neils. On call of the roll, motion carried. (Adams – Aye, Opperman – Aye, Bristol – Aye; Schroeder-Aye, Ganser – Aye Neils – Aye)

It was moved by Comm. Neils and seconded by Comm. Bristol to adjourn. Motion carried on a voice vote. The meeting adjourned at 6:17 p.m.