

# FINANCE COMMITTEE PROCEEDINGS

January 13, 2014

1:00 pm

Attendees: Jeff Nieters, Marty Black, Chris Meats, Tom McCullough, and Lisa Maes

## REVIEW OF MID-YEAR FINANCIAL REPORTS

Jeff said at the mid-year review every department should be at or less than 50% of their budget. The department expenditures are as follows:

- Legislative Body 38.7%
- Municipal Court 47.7%
- City Administrator 46.3%
- Information Technology 59.2% - higher due to maintenance contracts being renewed at the beginning of the year
- Legal Services 48.3%
- City Prosecutor 48%
- Finance 46%
- Purchasing/Payroll 47.2%
- Police Administration 54.1% - due to operating and maintenance items
- Criminal Investigations 48.2%
- Methamphetamine/HIDTA 41.4%
- Patrol & Traffic 47.7%
- Records 43.9%
- Animal Control 49.4%
- Crossing Guards 59.9% - seasonal driven (School District #2 pays 50%)
- Fire Emergency Management Administration 37.9%
- Fire Suppression 33.8%
- Fire Prevention 2.4%
- Community Development 42.1%
- Building Inspection 50.1% - due to a fill in for vacation time from Sunrise Engineering
- Main Street/URA 52.5% - due to payouts
- Public Works Administration 47%
- Streets 43.4%
- Utility & Engineering 45.2%
- Fleet Maintenance 46.1%
- Parks & Recreation Administration 48.5%
- Leisure Programs 40.5%
- Pavilion 50.2% - seasonal driven more use during summer months
- Parks Development 57.5% - seasonal driven higher hours during summer
- Mosquito Control 20.2%
- Cemetery Operations 56.2% - seasonal driven

Tom asked if they would be expanding the cemetery this year.

Marty said not at this time but they will be looking into it in the next three years.

- Building & Structures 35.8%
- Recreation Center 45.8%
- Solid Waste 39.1% with expenditures at 56.4% and revenue at 53.8%
- Wastewater 40.8% with expenditures at 67.9% and revenue at 54.4%
- Water 63.6% with expenditures at 73.2% and revenue at 58.8%

Jeff there is a loss of \$274,501 in the Solid Waste Division.

Marty said this amount does not account for the monies set aside for the landfill closer.

Jeff said there is an amount set aside every year for preparation of the closer in a liability account.

Chris said it works out to be around \$100,000 or so.

Tom asked if they are looking to increase rates for Solid Waste by 30%.

Marty said a thirty to fifty percent increase depending on what needs to be done with the transfer station.

Tom asked if they increase it by that much will they have all the funds they need.

Jeff said it all depends on how much the state gives them.

Tom asked what the total revenue was for recycling.

Jeff said the recycling is included in the total revenue for the department.

Chris said the bulk amount of recycling revenue is from the scrap metal and there is no recycling that comes from this.

Tom asked how much money they really loose in recycling. He thinks council will want to know this so they can see if it is worth the effort to recycle.

Chris said under the current process it will not make money, it is going to cost money. Any choices that are made now will have drastic affects later.

Marty said the department needs to be asked to incorporate recycling revenue and expenses separately in to their budget for the future.

Tom asked if the account is doing well, will they still anticipate a rate increase of 1.9%.

Marty said they are anticipating the cost of the new wastewater treatment facility within five to seven years. This is why they are doing the master plan work and design work now.

Lisa said if they increase the rates now they can save for the future facility.

Jeff said they are trying to prepare for the future now by hitting a rate that pays for the loan and hopefully put some away for the future.

Marty said they are anticipating a 5% rate increase.

Jeff said the rate increase will take effect as of July 1, 2014 but they will not be borrowing the money until the following summer so that will give them all that time to bank the money.

Tom asked what the costs will be for the new facility.

Jeff said \$25 million or more.

Marty asked if Jeff had heard from the Joint Powers Water Board on a possible increase to the cost of water.

Jeff said no, but they do not usually call them until April or so. It is looking like it will increase this year.

Marty said they have not increased the rate for four or more years. The new reservoir project could drive an increase in costs.

Marty asked if Jeff would present the midyear budget to council in February.

Jeff said yes. He gave a brief update of the sales tax revenue.

Tom asked if other cities raise their enterprise fund rates in anticipation of lower revenue.

Jeff said there are some that do but some that don't.

Jeff said he will present to council at the February workshop.

#### **AUDIT UPDATE**

Chris said the auditor started field work last week and it should take an estimated two weeks. The auditor is planning to present the audit to council in February or March. There should be a draft audit available for review before the presentation.

Marty asked when the state deadline is.

Jeff said it is December 31<sup>st</sup>, but the city sends a letter to the state to inform them of the needed extension.

## **OTHER**

Jeff said after reviewing the Welch's sewer repair bill, it has been decided to write off the debt since it is very unlikely the money will ever be collected. The city has not received any payment on this at all.

Marty said the auditor said that they would typically not have uncollectable debt. He would prefer the city not carry it if it can't be collected.

Chris said there are two choices in an audit; to write it off, or do an allowance for bad debt. Either way the city does not get the money.

Once the amount is determined as uncollectable it can be written off.

Marty said he would suggest getting advice in writing from Mr. West stating he has determined that the debt is uncollectable and should be written off. This way when it goes before council they will know that it has been looked at by legal counsel.

Jeff asked when it should be put on the agenda in January or February.

Marty said as long as it is in this year and Galen has had a chance to review it, it doesn't matter when it is on the agenda.

The finance committee agreed to have Galen review it and then proceed to write it off.

## **NEXT MEETING**

The next meeting will be tentatively in February, when the draft budget is available for review.

Submitted by,  
Tara Smith  
Recording Secretary