

FINANCE COMMITTEE MEETING

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8/21/17 7:05 pm

Present: Pam Spoor, Gary Huff, Jason Reser, Kathy Zembrodt, Matt Mattone, Phil Ryan, Elisha Chamberlain and Guest speaker David Baker

Approval of minutes from 4/18/17 and 6/5/17, Pam 1st and Huff 2nd, All Ok except Phil Ryan who abstained since not at either meeting.

Followed up on Minutes where committee asked that Mayor give Dan in PW dept., notice in writing that he should not use his personal equipment because of the liability to the city. Mayor said he didn't yet but was consulting the attorney.

Mr. Baker reported on his finding after reviewing the budget and financials of the city and to give a 5 yr. projection/ future cash flow analysis/ capital improvement plan.

He only had data from Quick books from 2013, because Peachtree was used prior.

Wanted to first look at operating and general accounting without the Restricted accounts involved in order to take the expense from General account only, so his focus was on the general account and expense.

He also made a suggestion to spend the restricted accounts first prior to General fund.

Also these assumptions were made to determine what to use: (taken from a 4 year history)

Expenses grew 4.0% avg based on previous data

Revenue grew 3.68% avg , insurance premium tax had a spike, doesn't know if that will happen again. but used 2% to be conservative.

Also there was a 150K misc expense in 2014-2015, which was said to be a settlement of which the city recouped 100K of it the next year.

On Capital: Road Fund is taking care of roads – Mr. Baker believes the future streets costs of PH will be adequately covered by the road tax.

Municipal Aid and Street aid may cover the road repair

Creighton: gets about 35–40 K yearly and is covering a lot of Fire Dept.

And other Capital expenditures would avg. 20-30K per year to cover stuff for Police and PW

He recommended creating a Capital purchase fund based on an estimated of savings, recommended to put 30K per year aside to start building savings.

Recommended an estimate for Capital Budget, Mr Baker believes we have to increase the revenue or decrease the expenses, or best to do both.

Recommended a Fund balance to be maintained: Also set an adequate fund balance, can be based on how much is in bank, and recommended 1 year in operating expenses to be saved.

Trash collection fee should have an admin fee built in to cover the losses sustained over the contract to cover shortages do to empty properties etc. We should determine how many actual homes are being Picked Up. Over 4 yrs a loss of 17231.60. Should not lose money on trash, maybe 1 -1.5%, most cities charge an admin fee of approx. 8.00 per house

Sidewalks were mentioned to get grants, or assess the buildings on the street where the sidewalk would go to help pay for it.

Budget more realistically for each department:

Budget for replacement of vehicles, and should be listed under Capital, because owned by city.

Find a place or \$ amount and start a savings for each department.

Fire Truck ideas: ISO rating doesn't decrease insurance on fire truck. Reserve for a truck is not important; possibly share pumper trucks and the very expensive equipment to help with costs.

Police costs ideas: possibly have Kenton County Police to patrol a city for a few days per week to reduce costs. Police do generate revenue over 4 yrs it was \$545K, about 140 / hr. Costs residents approx. 2mil. Over 4 yrs. and 500k came from outside source. Incentive savings, Mr. Baker said the police are padding the budget and we need to work with them to make what they spend dead on and that we budget realistically so we spend what we need to, no less or no more. Police should not need a reserve fund.

Growth mode for police should trail off, the police dept growth is primarily in wages. Stated should keep police spending under control, not cutting but just to ensure we will not continue building.

Build the Capital Savings into a Plan, and start building AND then determine a more accurate plan to project once you have some savings estimates to consider. Important to make a 5-10 yr capital purchase expectation plan.

Mr. Baker stated we can increase revenues by getting grants, not just raising taxes. It hurts not having an administrator, But future cash flow could be improved with that type of work.

Mr. Baker explained the differences in Accounts:

Government business uses Fund Balance accounting and separate General from Restricted. It is not done as usual business accounting with accruals.

RESTRICTED ACCOUNTS /fee Funds: has to be voted by the public and usually set out how the funds are to be used for government purposes.

Other saving accounts should be called DESIGNATED ACCOUNTS. They are set aside for a particular use but kept in the general fund balance. General funds should be separated from the Restricted funds for separate accounting purposes. The Designated accounts are considered General and included in the General accounting.

We can also do performance reporting to see where we are headed during the year.

Elisha said a 7-10 yr plan needs to be done, otherwise we have a guestimate and Capital improvement plans take 6 months and needs to be started now.

SUMMARY:

Separate restricted account, and put designated accounts in General. Don't do a consolidated balance sheet.

Would be good to have a Year's budget in reserve, we now have almost 5 months reserves. WE have 660k and in 2017 should grow to 760k and the delegated/reserve funds would be included in these totals.

Should have monthly budget to look at month by month to compare.

Take practical steps to implement the plan. – All were in agreement to do this

Baker said he would send a proposal of how much it would cost and if he helps with the capital budget plan, and he does it, he would like a committee of 3 to work on it with him to get the numbers/estimates together.

It was asked if we could hire someone to help with it, such as a part time admin, and Baker said not at this time. The present budget is too skinny, but possibly in future.

9:00 pm adjourned