

Budget meeting 6/27/16

7 pm Monday

Present: Kathy Zembrodt, Matt Mattone, Greg Claypole, Chris Carle, Phil Ryan, Pam Spoor(left early)

Open Discussion about paying off Debt on the city building that is approx. balance of 128000. Rate will go up with the 5 year note is up. Rate now at 2.87% and most likely will increase. The original amount was over 200,000 for building improvements and in 2005 was increased to purchase a couple of properties for varies reason. In 2012 it was refinanced from 6.8% 30 yr to a 2.87% 15 year amortization causing it to pay off quicker and now a balance being below 130000.

Talked about keeping our reserves at $\frac{1}{4}$ of the yearly budget, per auditor's recommendation. The reserve has 340000 + at this time.

Matt said, Several city officials I spoke with felt a $\frac{1}{2}$ of the annual budget or 6 month general fund cash reserve was an adequate amount to maintain.

Matt said he believes that a 6 month general fund cash reserve is an objective the Committee and City should aim for over the next two years. (Mr. Carle stated that he maintains a 1 year reserve as a minimum in his industry.)

The committee discussed recommending a minimum of \$400K as a minimum reserve cash fund for Council to think on.

We discussed potentially renegotiating the 5 year note prior to the March 2017 rate increase in lieu of paying it off in full.

Mr. Carle recommended that we set benchmarks for the City and all department reserves as well as suggesting debt repayment schedules.

Mr. Ryan was not comfortable recommending paying off the 5 year note (+/- \$130K) until we understood the cash flow of the City better. Look into what is the minimum the City needs to maintain in the general fund cash reserves?

All present were in favor of retiring that +/- \$130K debt quickly once the committee better understood the general fund cash flow of the City.

Chris said it is good to pay off debt but to have money in reserve to operate for 3 to 6 months is a prudent thing also. Chris asked to be better educated on the operating amount needed monthly to determine using the money to pay off the debt; he had said that you need a good operating amount left. Kathy had said that the auditor recommended $\frac{1}{4}$ of our budget, and that amount would be approx. 400,000. It was agreed to look into these to determine if and when the debt should be paid off.

Phil would like to better understand the city expenses before deciding also.

It was discussed that the amount of 60,000 be moved from the general account to the reserve to establish the 400,000 desired in reserve. Kathy will bring up at next general meeting.

Kathy will e mail some info on the monthly budget for the city to understand the spending of the city on a monthly basis in order to establish the amount that could be available to pay off or pay 100000.00 on the building debt remaining. Also discussed asking what were reserves in other cities. The recommendation to pay off the debt were postponed to another meeting until the monthly expenses and other info gotten and emailed to all.

It was asked that we check with the auditor to attend a meeting if possible.

Chris recommended we look into other auditors also, for different ideas.

The draw for the 2.5mil was discussed and how it works and goes into the road acquisition account to pay for road projects. It has to be all drawn within 2 yrs, but could be held in acquisition to pay the road projects.

It was discussed to get the Chief of Police and Fire to get bonded to be able to sign checks along with Mayor since Julie is the one paying the bills. This is also an auditors recommendation. Would like to get these in place for our next audit review.

The procurement policy for Ft. Wright and Ft. Mitchell were handed out to review and will discuss at next meeting.