

MINUTES OF THE FINANCE COMMITTEE
March 18, 2019
East Conference Room

Present: Councilmembers O'Malley, Bullock & George

Also Present: Councilmembers O'Leary, Rader, & Anderson; Finance Director Pae, 1 member of the public, and Deputy Clerk Lascu taking minutes

Call to order: 7:01 p.m.

AGENDA: ORDINANCE 08-19 - AN ORDINANCE to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force at the earliest period allowed by law, authorizing the transfer and advance of certain funds. (Placed on 1st reading and referred to Finance 2/19/19; 2nd reading 3/4/19)

Councilman O'Malley opened the meeting and asked Director Pae to give an overview of the 1st quarter advances and transfers. Director Pae stated that transfers occur when one fund gives money to another fund and advances entail borrowing money. The Finance Department does advances out at the end of the year and it's because the general fund typically advances money out so other funds can be in the black by year end. The general fund advanced out \$363,500 to a variety of funds, such as the Police & Fire Pension Fund and the Winterhurst fund. The Police & Fire Pension Fund are supported by property tax millage. With the Recession and subsequent reduction in property tax receipts, the fund was significantly affected. A healthy cash balance was maintained, but modified accruals were not on the positive side, so Finance needed to advance cash out to the fund from the general fund. With the new valuations of property, it appears that Finance will not have to do this again this year or adjust the millage. The Charter states that Council and the administration can increase tax rates to ensure that the fund is solvent, essentially giving the authority to raise taxes that were not approved by voters. The last time this happened was in 2002. Director Pae stated that hopefully this is the last advance out to the Winterhurst fund. Councilman O'Malley requested a balance on that fund and Director Pae will get back to him with the information.

Councilman Bullock asked what the income to the Winterhurst fund is. Director Pae stated that the income is the lease payments. Winterhurst also reimburses the city for utilities. She also noted that the back taxes are paid and up to date. Councilman Bullock asked if the employees at Winterhurst are private ones and Pae reassured him that they are. He also asked if Council and the administration can predict what the obligations are for Winterhurst versus the payments to the city. Pae replied that she can share the analysis that Finance completed on the issue.

Councilman Anderson noted that the transfers right after the fiscal year and the ones before it are the most important, as they are done in order to passing a structurally balanced budget. He asked

if there were any other takeaways from the process during last November's budget process. Director Pae replied that Finance has a composite that they look at to determine what funds need investment. She noted that the CDBG fund has gotten a lot better at getting receipts on a timely basis. Councilman Anderson asked if the city closed out the 2018 budget and Pae stated that it did.

Director Pae stated that the first transfer out from the general fund was a part of the appropriations to support the Aging fund and the Hospitalization Workers Comp fund, the latter of which is for the municipal court. The Waste Water Treatment Plant fund is budgeted out on a quarterly basis, whose millage is also determined by the charter. These funds go into the Debt Service fund, which go to making debt service on improvements made to streets, parks, etc. The transfer will be \$2 million for the whole year. The transfer from the Debt Service fund to the Capital Improvement fund and the one from the Waste Water Collection Fund to the Debt Service fund are clean up for OPWC funds that came in and went to other payments. These transfers were done to make sure the correct funds go into the correct place once the city closes its budget books.

Councilman O'Malley asked about the funding for the Office on Aging. Director Pae responded that the general fund supports to the special revenue fund for the office to the tune of \$690,000, which has been pretty consistent over the years.

Councilman O'Malley made a motion to recommend Ordinance 8-19 to full council for a vote. The motion was seconded by Councilwoman George. All members of the committee voted in favor of recommending the ordinance to full council for a vote.

Councilman O'Malley made a motion to adjourn the meeting, which was seconded by Councilmembers Bullock and George.

Meeting adjourned: 7:25 p.m.