

MEMORANDUM

TO: Finance and Administration Committee of City Council
FROM: Jeremy Craig, Director of Finance and Administration
DATE: September 14, 2006
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Wednesday, September 14, 2006. Those in attendance included: Chairperson Bruce Geiger, Ward II, Councilmember Jane Durrell, Ward I, Councilmember Mike Casey, Ward III, Councilmember Mary Brown, Ward IV, and Director of Finance and Administration Jeremy Craig. Also in attendance were Mike Williams and Donna Wallace, Hochschild Bloom & Company LLP, and Executive Secretary Caroline McDowell. The meeting was called to order by Chairperson Geiger at 7:30 a.m.

1. Approval of Minutes—August 15, 2006

Councilmember Casey motioned to approve the minutes from August 15, 2006. Councilmember Brown seconded and the motion passed 4-0.

2. Review of 2005 Audit

Mike Williams introduced himself and Donna Wallace, auditors for Hochschild Bloom & Company LLP, who recently completed an audit of the City for the year ended December 31, 2005. Mr. Williams summarized the documents Hochschild Bloom & Company LLP prepared for the City and also noted that an audit of the CCDC was performed to include in the City's report. Mr. Craig also added that because the CCDC has ceased most of its activity, an audit for that entity will no longer be necessary. Mr. Williams summarized the Comprehensive Annual Financial Report, stating that overall, the City report follows a positive trend.

Mr. Craig said that with the new financial software system the City is installing, it will be even easier for the annual audits because the system will allow the auditors direct access to financial statements. He also said that the three-year audit contract is up for bid and the RFP process will take place within the coming months.

3. Discussion of Five-Year Forecast

Mr. Craig presented the Five-Year Forecast, noting that only small changes were made to the previous draft, including utility revenues. The telecommunications tax bill was amended and then thrown out as unconstitutional. Therefore, the telephone tax has returned to the initial five percent rate and the following trend. Mr. Craig will keep committee members updated on the progress of the appeal.

The forecast includes the financial software system purchase and Sachs Lake construction as part of the 2006 budget. It reflects the \$400K impact to the General Fund upon dissolution of the TIF.

Mr. Craig reiterated the exclusion of new personnel and large capital items from the forecast because of the difficulty in tracking them over a five-year period. The forecast is mainly a status quo budget. Mr.

Craig reminded the Committee that staff would submit a revised forecast after the 2007 budget was approved to reflect the impact of budget decisions.

Councilmember Casey motioned to approve and forward the Five-Year Forecast to Council for final approval. Councilmember Durrell seconded and the motion was passed 4-0.

4. 2007 City Council Meeting Schedule

Councilmember Casey motioned to approve the 2007 City Council meeting schedule. Councilmember Brown seconded and the motion was passed 4-0.

5 August 2006 Financial Results

On a side note, Councilmember Casey said that now that the City is on firm ground, he would like to see some fund reserves used to facilitate practical and/or necessary projects. The policy for fund reserves states that it must be at least 40 percent of the operating budget; currently, there is approximately \$4mil over that amount. All the committee members agreed that a list of potential projects would be worth compiling in terms of allocating funds in the future.

[Councilmember Casey left the meeting at this point (8:30 a.m.)]

Mr. Craig proceeded with the financial results for August 2006, noting that although expenditures were under budget and revenues sources were under one percent, the City should end the year where budgeted. He also pointed out the chart within the memo illustrating the growth in business licenses since 1989.

6. Adjournment/Next Meeting

The next meeting was scheduled at 8:30 a.m. on Saturday, November 4, 2006. The meeting will be with the committee-of-the-whole, preceding the City Council budget workshop.

The meeting was adjourned at 9:00 a.m.