TUESDAY, 7:00 a.m. November 29, 1994

FINANCE COMMITTEE
MINUTES

Cap & Gown Room, George Fox College NEWBERG, OREGON

The meeting was called to order by chair Donna McCain at 7:00 a.m.

ROLL CALL:

Present:	Don Wright Bert Pennock	Barbara Secor Donna McCain
Others Present:	Kathy Tri, Finance Director Diane Padilla, Asst. Fin. Dir. Duane Cole, City Manager Donna Proctor, Mayor Donna Thompson & Neil Erickson	

MINUTES: The minutes of the October 31, 1994 meeting were reviewed. **MOTION:** Wright\Secor moved to approve the minutes of the October 31, 1994 meeting. VOTE ON THE MOTION: Passed by those present.

NEW BUSINESS:

Supplemental Budget #2: Kathy Tri indicated that the Police department has been approved as an enhanced 9-1-1 Center. To implement the enhanced system the City must develop a master street address guide. The Oregon Emergency Management Division will reimburse the City for its employee costs to construct the master street address guide. The police department estimates that this will cost approximately $10,763. Bert Pennock asked how many computers need to be purchased to do this. Kathy Tri responded that none will be needed to be purchased. The only cost will be related to employee costs. She also indicated that this item will be on the January agenda of the City Council.

MOTION: Wright/Pennock moved to approve the supplemental budget #2 for adoption by the City Council in January. VOTE ON THE MOTION: Passed by those present.

1993-94 Financial Report: Kathy Tri presented the 1993-94 Annual Financial statements. She indicated that the City's auditors, Neil Erickson and Donna Thompson, were in attendance to present the financial statements to the finance committee. Kathy indicated that the annual audit process went extremely smooth this year. In fact, due to the birth of a baby, the on-sight audit process began two weeks later and was completed earlier than in previous years. She then reviewed her letter to the citizens. Next, Neil Erickson introduced Donna Thompson and indicated that she did most of the work with regard to preparing the financial statements. He then reviewed the actual statements beginning with the auditor's letter, table of contents, balance sheet, and balance of organization of the financial statements. Mr. Erickson indicated that the annual financial review is done 1) to fulfill state requirements, and 2) to give the City Council confidence that its financial records are materially correct. He also indicated that the City of Newberg has been chosen by the State Division of Audits to audit the City's work papers. He went on to indicate that the financial statements are a compliance with GAAP (Generally Accepted Accounting Principles). They provide for comparability for finding information from place to place within the financial statements and consistency from year to year. He indicated that during the audit process the staff verifies and tests the financial records. They look at internal control systems and structure. He added that there were only fifteen journal entries this year and that is an extremely low amount and complimented the staff. In reviewing the structure of the report, Mr. Erickson indicated that the beginning pages are the most condensed information and that all pages behind that are supplemental information and get more broad and detailed. Behind the financial information are other schedules and ten year statistical information regarding the City.

Don Wright asked a question regarding the City's retirement plan and what was the minimum amount of funding required. Mr. Erickson responded that there is probably a minimum\maximum range and that the City's actuaries recommend a funding range based on present value. He indicated that the actuaries generally look at a thirty year funding period.

In conclusion, Mr. Erickson indicated that the financial statements are the City's and he is making this presentation for information only. There is no actual required action by the Council.

<u>1993-94 Retirement Report</u>: Kathy Tri reviewed the City of Newberg's Police & Firemen and General Employees Retirement Plans Actuarial Evaluation as of July 1, 1994 as prepared by Milliman & Robertson. Kathy Tri indicated that the actuaries changed their assumptions this year which are summarized in their findings on page two. They reduced the future increases in pay from 6% to 5%, revised retirement and disability rates, and revised the annuity election. These adjustments in the assumptions change the contribution rates from those originally projected when the City was determining the effect of PERS transfers on the City's plans. The other factor driving the rates is the election of PERS coverage by both the management and police units. Kathy Tri indicated in pages 23 and 24 reports show demographic information regarding members of the plan between the police and fire plan and general employee plan showing that the plans are male dominated and in the middle age brackets.

<u>Working Capital Balances</u>: Kathy Tri presented a summary of the 1994-95 working capital balances. The balances have been verified since the audit's completion. It shows that City wide, the City's cash balances are $297,000 higher than budgeted. She highlighted the difference in the general fund, ($227,345) which reflects the transfer from the hospital that did not take place at the end of the fiscal year. She reminded the committee that staff budgeted this transfer in case the City had to carry the hospital a few days in July.

<u>Monthly Report</u>: Kathy Tri reviewed the October monthly report. In addition to the above repairs mentioned, she highlighted the purchase of the new fan for the fire department. It was determined to be economically feasible to replace the fan damaged in the Hancock Street fire than to keep repairing it. She indicated that funds from equipment maintenance will be used to replace the fan. Kathy Tri reviewed the rest of the report.

<u>Monthly Transactions</u>: Committee members asked for another copy of the account code breakdown which would help them review the charges. Questions were asked regarding US Bank charge for United Air, which was for Chief Tardiff's trip to Albuquerque; the payroll draws; L. N. Curtis for pay pipe in the fire department.

<u>Adjournment</u>: The committee moved to adjourn at 8:30 a.m.