

MINUTES OF THE NEWBERG FINANCE COMMITTEE
January 17,2007
Newberg Public Safety Building

Members Present: Ernie Amundson Sally Dallas Bob Larson

Members Absent: Ron Staples

Others Present: Elizabeth Carlson, Finance Director
Jim Bennett, City Manager
Janelle Nordyke, Assistant Finance Director

The meeting was called to order at 6:55 p.m. by chair Bob Larson.

The first order of business was to elect a new chair for the Finance Committee, since Bob Larson is now a Council Member. Nominations were for Sally Dallas. Ernie Amundson seconded the motion. Passed unanimously.

Old Business:

1. Minutes of November 1, 2006 were motioned for approval by Bob Larson, seconded by Sally Dallas. Unanimously approved.

New Business:

1. 2006-07 2nd Quarter Report was quickly presented because the main purpose for the meeting was to approve Supplemental Budget #2. Bob Larson asked Elizabeth Comfort to explain the reason why the Revenues percent received for half of the year was greater than 50% and the Expenditures for half of the year was less than 50%. Elizabeth said that we receive most of the property taxes in November, causing the overall percent of Revenues to be higher than 50%, but Expenditures included Capital Projects, which are not spent equally throughout the year.
2. Supplemental Budget #2A: Close Funds 11 and 12. These funds were created to account for Special Assessments many years ago, now completed and paid off by the City. Currently, these funds only collect payments from customers, therefore, the money does not have to be accounted for in separate funds. Neither is the balance in these funds earmarked for any special purpose, nor do they affect utility rates. The closure of these two fund balances will allow the IT server room to be moved to a much larger room and allow for proper air circulation so the servers won't crash. Bob Larson motioned for approval, Sally Dallas seconded the motion. Passed unanimously.
3. Supplemental Budget #2B: Transfer funds from Reserves of the Sewer and Water Replacement Funds and Sewer System Development Fund to the Capital Projects Fund. The Reuse and the WWTP Generator Upgrade Building budgets had been projected to be funded through a bond. The State bonding agency does not bond amounts for design costs, only construction. Therefore, the City needs to find other sources of funding for the

design costs of the Reuse and Generator Upgrade Building projects. Also, the Wastewater Facility Plan and Pretreatment Program Dev projects were under-expended in the prior year causing an over expenditure in the current year. The prior year budget assumed all expenditures in the prior year, the current year assumes the balance of the total project costs. Therefore, prior year was under-expended and the current year is over expended. This transfer corrects the approved total budgets of the projects. Ernie Amundson questioned why we are funding this internally, why not borrow from a bank? Jim Bennett said that was a possibility, although not one we are recommending to the Council. Perhaps the Council will want to do outside funding of the projects. The concern that taking from Reserves will cause rate increases was also expressed. Jim Bennett said that if the Citizens Rate Review Committee wants to increase the Reserves, than the rates will need to be increased. Bob Larson motioned for approval, Sally Dallas seconded the motion. Passed 2 yes, 1 no.

4. Leak Adjustment Policy: Prior policy did not create a paper trail. To correct a comment by the Auditors, this application would create a paper trail. Sally Dallas motioned for approval, seconded by Bob Larson. Passed unanimously.

Next Meeting Date: **Tuesday, May 1, 2007.**

The Finance Committee adjourned at 7:54 p.m.