

The Finance/Judiciary Committee for the City of Junction City met at 6:30 P.M. on Thursday, June 6, 2019, in City Hall, 680 Greenwood Street, Junction City, Oregon.

**PRESENT WERE:** Chair Bill DiMarco, Councilor Sandie Thomas, Councilor Dale Rowe, City Administrator Jason Knope, Finance Director Mike Crocker and HR Manager Stephanie Moran.

Councilor Robb Stott was in the audience.

### **1. Call to Order**

Committee Chair DiMarco called the meeting to order at 6:30 p.m.

### **2. Approval of Minutes for April 4, 2019.**

**Consensus:** By a consensus of the Committee, the April 4, 2019 minutes were approved.

### **3. Other Business / Changes to the Agenda**

#### **Water Quality System Improvement Project**

City Administrator Knope requested that the Committee discuss the Water Quality System Improvement Project which was referred by the Public Works Committee to discuss funding options for the project to enable the completion of the project within one year. A copy of the Water Quality System Improvement Project was distributed to the Committee and public in attendance. The request is for any funds that may be available in the budget in the amount of \$150,000 that could be used to get the projects done within 1 year? Approximately 30,000 is available in the Water Capital Projects Fund of the \$180,000 total. The State Revenue Sharing Fund and General Fund general contingency were discussed. Councilor Rowe asked City Administrator Knope if these sources would be a good fiscal move. City Administrator Knope responded that he would recommend using \$75,000 from State Revenue Sharing and \$75,000 from the General Fund general contingency each.

Councilor DiMarco asked Councilor Stott if he is in agreement with this approach and Councilor Stott agreed with this approach as recommended by the City Administrator.

The Committee directed staff to bring a worksheet summarizing the recommendation to the Council meeting on June 11<sup>th</sup>.

#### **4. Accumulated Fund Balance Policy Discussion**

Finance Director Crocker presented the draft Accumulated Fund Balance Policy. The Committee is asked to review and discuss a potential policy for accumulated general and departmental accumulated fund balances. Following the adoption of the departmental sub-funds within the General Fund, it has become apparent that a discussion regarding a policy to give direction on the fund balances that may potentially build up in the department funds may be needed.

The draft policy allows for departments to budget prior year excess funds and limits transfers to capital project funds. Alternate language expands policy to specify budgeted for CEP or non-CEP projects. The transfers can only be amounts that are over the minimum fund balance requirement for that department or fund. Prior adopted fund balance requirements are 15% for Community services, 35% for General Fund and 25% for enterprise funds.

For non-departmental excess funds, the transfer process is the same. The appropriations are done by Council. The minimum fund balance requirement for non-departmental is 35% of all General Fund personnel and materials and services budgeted appropriations for the following year. The concept of a growth factor was also discussed. Director Crocker noted that there is growth already built into the minimum fund balance since personnel services and materials and services will increase each year.

One-time midyear unexpected revenues are generally handled with supplemental budgets and appropriated by Council.

The Committee directed staff to delete the reference to a growth factor since the fund balance requirement will grow each year with expenditures.

The Committee directed staff to make changes as noted by the Committee and forward the draft fiscal policy for an accumulated fund balance policy to Council.

#### **5. FY18/19 Audit Arrangement Letter**

Director Crocker presented the audit arrangement letter from Isler CPAs for the annual financial audit. Isler CPAs has forwarded to the City the audit arrangement letter for the City's financial audit for the fiscal year 2018/19. The audit preparation work will typically begin in early summer and be completed in November. We expect the auditors to schedule their field work at the City in September. The audit arrangement letter is forwarded to the City each year prior to the onsite field work.

Our audit partner, Gary Iskra has retired. The new partner assigned to Junction City is Gatlin Hawkins. The projected cost is \$28,800 for FY18/19 and the prior year cost was \$28,000. The last RFP for this contract was in the Spring of 2016. The auditor's annual planning letter to Council is also attached.

The Committee directed staff to forward the audit arrangement letter to Council.

## 6. Agenda Forecaster Review & Discussion

A template was included for review and a list provided by staff of various contracts that are up for review. A list of city contracts that are due for review was also included with the agenda item summary and was discussed. The contracts will be reviewed a few at a time during the upcoming Committee meetings.

The Committee asked staff to add legal services to the list of contracts. Legal services and the City Prosecutor contract will be reviewed at the July Committee meeting and the US Bank contract and probation services at the September Committee meeting.

The Committee scheduled the next meeting for Thursday July 11<sup>th</sup>.

## 7. Adjournment

As there was no further business, the meeting was adjourned at 7:39 p.m.

Respectfully Submitted:



---

Mike Crocker, Finance Director