



SHERWOOD BUDGET COMMITTEE MEETING August 13, 2015 MINUTES

1. **CALL TO ORDER – Julie Blums 6:34pm**

2. **ROLL CALL – Julie Blums**

COMMITTEE MEMBERS AND COUNCIL PRESENT: Mayor Clark, Council President Robinson, Councilor Harris, Councilor Kuiper, Councilor Brouse, Andrew McConnell, Paul Mayer, Meerta Meyer and Kurt Studer **COMMITTEE MEMBERS CONFERENCED IN:** Susan Claus

COMMITTEE MEMBERS ABSENT: Andy Jensen, Councilor King, and Councilor Henderson

CITY STAFF PRESENT: City Manager Joe Gall, Finance Director Julie Blums, City Attorney Josh Soper, Administrative Assistant II Kelsey Beilstein

3. **APPROVE MAY 13, 2015 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES**
APPROVE MAY 20, 2015 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 27, 2015 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES
APPROVE MAY 27, 2015 SHERWOOD URA BUDGET COMMITTEE MINUTES

Meerta Meyer motioned to approve all minutes. Seconded by Andy McConnell.

Susan Claus would like more clarification on page 2 of URA minutes under number 4.

It was stated that on page 2 of 10 May 13th section g “ending fun” needs to be corrected to say “ending fund.”

Meerta Meyer amends motion to revise to further explain page 2 of the URA minutes under number 4 and accept the remainder of the minutes. Andy McConnell seconds. Paul Mayer abstains all other members in favor.

4. **NEW BUSINESS**

A. **Introduction of New Committee Members– Julie Blums**

Julie Blums introduces Paul Mayer, Councilor Brouse and new City Attorney Josh Soper

B. **Election of Committee Chair – Julie Blums**

Andy McConnell volunteers for Committee Chair. Seconded by Meerta Meyer. All in favor; Andy McConnell is elected.

C. **Election of Committee Vice Chair – Julie Blums**

Andy McConnell moves to elect Meerta Meyer. Jen Harris seconds. All in favor; Meerta Meyer is elected.

D. **Update on New Finance System – Julie Blums**

Julie Blums reports that the Finance Department is most of the way through the payroll portion and hoping to be going live late in the fall.

Andy McConnell asks if this would give Julie enough time to prepare the next budget with it. **Julie Blums** confirms that it would give her enough time to prepare the next budget with the new system.

Councilor Brouse asks what system was chosen. **Julie Blums** answers that it is called Navigator.

Paul Mayer asks if this system will include Public Works. Julie responds that it will track their contracting.

Meerta Meyer asks if Navigator will have the ability to add more detail to line items. **Julie Blums** says that in certain areas yes, but we will still be limited in character space. **Joe Gall** added that the report features will be much better with the new system.

Susan Claus asks what system we are replacing. **Julie Blums** reports that we are replacing Navision. Both systems are by the same company but Navigator is made for government accounting.

E. CAFR 101 – Julie Blums

Julie Blums presents Exhibit A and explains the difference between budget and CAFR; CAFR is backward looking and budget is forward looking.

Julie Blums reports that the Auditors will be coming on October 5th and will be looking at the financial statements. She will then be sending out a copy of the CAFR to the Budget Committee once the audit is complete.

Andy McConnell asks if the period ending is June 30th. **Julie Blums** responds that it is.

Paul Mayer inquires what we pay for the audit. **Julie Blums** states that we are in the 5th year of the contract, but she is not sure what the cost is off the top of her head, but will get the answer back to the committee. **Joe Gall** adds that the Auditors are hired by City Council and that TKW is more expensive than companies the City has used in the past, but they have done a much better job.

F. Cost Allocation – Julie Blums

Julie Blums presents Exhibit B.

Mayor Clark asks if overhead is the same thing as cost allocation. **Julie Blums** explains that overhead is a component of cost allocation.

Sally Robinson asks if the personal services cost is the TOTAL cost of an employee. **Julie Blums** confirms that it is a “fully loaded” employee.

Susan Claus asks if the numbers presented are actual numbers or budgeted numbers. **Julie Blums** replies that they are budgeted; it is an example based on budget, but actuals are charged throughout the year. Susan Claus asks when those actual numbers are applied. **Julie Blums** states, at the end of every month.

Susan Claus inquires what is included in materials and services. **Julie Blums** answered that examples are utilities, professional services, janitorial and some legal fees as the City transfers over to the City Attorney and as the City has specialized needs. **Joe Gall** adds that it is

everything that is not people. Susan Claus asks if the insurance is not employee insurance, but for building insurance. **Julie Blums** replies that that is correct.

Susan Claus asks where the personal services figure comes from. **Julie Blums** replies that it is the cost of all the departments above.

Joe Gall asks if overhead charge is the same as the allocation charge. **Julie Blums** confirms that it is. **Joe Gall** states that this is how we have done this for over a decade and suggests that we look into doing it a different way; a more sophisticated way. **Julie Blums** adds that the City has looked at how other cities run their model and what all of them say is that they had to hire a consultant to come up with more sophisticated models. It is defiantly where we want to go. **Andy McConnell** requests to see some other models and how they work at the next meeting.

G. Review Financial Policies in the Budget Document– Julie Blums

a. Overview of Financial Policies (pg. 90)

Julie Blums presents Exhibit C and states that the policies were adopted by Council in 2010. All changes to the policies will have to go to Council for resolution change.

b. Policy 1 – Funds (pg. 91)

Julie Blums asks for suggestions or ideas from the committee. **Joe Gall** states that items 4 and 5 jump out to him to look at. **Julie Blums** states that the City is in a good spot with how many funds we have and how we use them. **Andy McConnell** adds that it seems that we allow flexibility with how we do this and he appreciates that.

Counselor Kuiper says that there are some wording that could be changed to make the policy clearer.

c. Policy 2 – Budgeting (pgs. 92-93)

Julie Blums asks for suggestions or ideas from the committee.

Julie Blums has a change on the last page under 13. That she would like the distribution of quarterly reports to go to the budget committee as well. All agree.

Meerta Meyer would like clear trail of outstanding city commitments detailed in a separate section. **Julie Blums** states that there is a section in the CAFR that does just that already.

Joe Gall would like to distribute the CAFR to the committee. **Meerta Meyer** would like to have that incorporated into this policy. **Julie Blums** thinks that would be best suited in policy 4.

Susan Claus inquired on number 13 page 36 of 36 what is the process for reporting to city council; quarterly or monthly? **Julie Blums** answers, quarterly. During the summer it gets difficult because year end and balances are still being worked on.

Meerta Meyer states that on page 92 #3 section b. she would like to establish more detail with the goals.

5. FUTURE BUDGET COMMITTEE MEETINGS:

November 12, 2015 6:30pm

February 11, 2016 6:30pm

6. ADJOURN at 8:08pm

Submitted by: Kelsey Beilstein, Administrative Assistant

Minutes approved on: November 12, 2015