

CITY FINANCE COMMITTEE
Minutes
August 1, 2017
2321 N Loop Drive
CPMI Board Room – 2nd Floor, west end
Ames, Iowa

The August 1, 2017 City Finance Committee Meeting was called to order at 1:00 PM by Chairperson Kevin Jacobson.

Committee members present: Kevin Jacobson, Kent Anderson, Thomas Dryg, Carrie Kruse, Andy Nielsen, Randy Cook and Michelle Weidner (phone) . Absent: Denise Hoy

Others present: Ted Nellesen, Department of Management; Cindy Kendall, ISU Extension; Janon Douglas, Data Technologies; Carroll Last, Citizen of Tipton, IA

Minutes: Dryg moved, Nielsen seconded, to approve the CFC minutes from 10/10/2016 as presented; unanimously approved.

GASB Update: Andy Nielsen reviewed GASB Statements 74-87 with members.

Utility Surplus Transfer Rules: Ted Nellesen presented issues with the Utility Surplus Transfer that have been brought forward by Carroll Last, citizen of Tipton, Iowa. Mr. Last presented the Committee with comment and documents about how the City of Tipton has been using the surplus transfers as outlined under Administrative Rules Code 545-2.5(5) without declaring a surplus or sufficiently explaining the reasoning.

Weidner moved that a subcommittee be established to study the issue of utility surplus transfers and provide recommendations to the full committee on ways to update the process. Cook seconded; the committee moved unanimously to create the subcommittee. Weidner, Nielsen, Kruse, and Cook volunteered to serve as the members of the subcommittee.

FY2017-18 City Budget Amendment Forms Changes: Nellesen stated that no changes were made to the city budget amendment forms for FY2018

FY2018-19 City Budget Forms Changes: Nellesen stated that no major structural changes will be made to the city budget forms for FY2019. Nellesen advised that he is interested in adding an warning to the budget form that would let a city know that not enough debt service has been budgeted. Jacobson commented that keeping this warning off of the error page would be best, as many cities intentionally have unbalanced debt service payments.

Discussion of City Revenues, Expenditures, and Fund Balances & AFR changes: Nellesen reviewed revenues, expenditure and fund balances from FY2016 AFR's. CFC members discussed the trends concerns in the number of cities that carry negative fund balances. Nellesen tracked the number of cities that are currently at the maximum asking for general fund and emergency levies. Charts show some growth from FY2005 to FY2018; In FY2018 366 are collecting the maximum emergency fund, reflecting that the negatives are not necessarily an issue of running up against tax levy limitations.

The FY2016 AFR data showed that four cities have reported finishing the year with a negative balance in total. Nellesen advised that 3 of these four cities had been contacted, and that he believed it was incorrect accounting in these cases.

Other Business: Nellesen requested that committee members give some thought to creating separate budget form for small cities. Cindy Kendall advised that this has been considered in the past and will carry the potential for mix-ups and administrative burden.

Meeting was adjourned at 2:45 PM, motion by Dryg, second by Nielsen.

Respectfully submitted,

Ted Nellesen, CFC Facilitator