

**September 11, 2019  
Work Session  
City of Gaston**

**Present:** Mayor David **Meeker**, Andrew **Sewall**, Mario **DePiero**, Bill **Martin**, Sarah **Branch**, Suzy **Carver**, and Don **Richter**. Others present are represented on the sign-up sheet (*attached*)  
**Absent:** None.

**Staff:** City Recorder Wenonah **Blanchette**, Washington County Deputy Rob **Richards**, and City Accountant Mike **Marr**.

Mayor David **Meeker** called this meeting to order at 6:00 PM.

Roll Call: City Recorder **Blanchette** conducted the roll call:

Councilor Andrew **Sewall**: present

Councilor Mario **DePiero**: present

Councilor Bill **Martin**: present

Mayor David **Meeker**: present

Councilor Sarah **Branch**: present

Councilor Suzy **Carver**: present

Councilor Don **Richter**: present

**Financial Statement Review:**

*(verbatim at this time)*

Mayor **Meeker**: We'll call this work session to order at six-o'clock. Mr. **Marr** is here to the financial statements. Mr. **Marr** you have the floor.

Mike **Marr**: I'm up huh?

Mayor **Meeker**: Yes sir.

Mike **Marr**: Okay, Wenonah did you get a chance to give them the July—

Recorder **Blanchette**: Hopefully you guys (*referring to Council*) the statement that says "Financial Statement 7-31-2019" that was printed for everyone? Okay. I just printed it out. I didn't get a chance to email it to you guys, but I did print it out for everybody.

Mike **Marr**: First of all, I want to take a couple of moments to just review what the financial statements are. It'd be an error on my part to presume that everybody I speak to about a financial statement has a clear understanding of what it represents. First of all, the balance sheet goes where the City is at any certain date. In terms, it's got, assets; it's got liabilities and the assets less than liabilities is the fund balance. The amount that you're either in the positive or negative. The revenue and expenditure statements show how the City got to where it's at as of that date. Assets are shown on the balance sheet as a positive. Liabilities are shown as a negative. That is, they are a liability against those assets—

Councilor **Sewall**: Would those be shown in the parenthesis?

Mike **Marr**: I'm sorry—

Andrew **Sewall**: Would those be shown in the parenthesis?

Mike **Marr**: Yes. It's old school accounting if you look at a lot of today's investments statements that come out for your 401K, you own some stock, or mutual funds, they should show everything as positives, which is very misleading in many cases because people are not able to see that net difference between the two. With these kinds of statements anybody with a 10-key, if they're not numerically proactive, they can take a 10-key and see one less the other and come up with the difference shown in the fund balance. Revenues and expenditures are just the opposite in double-entry bookkeeping. Your revenues are shown as a negative in parenthesis and how that works is when you put money into your bank account; you're adding increasing that amount. The opposing accounting entry is a negative to the revenue. On the opposite direction, expenditures are taking money out of your bank account. They're removing the money in the double-entry bookkeeping system they're shown as a positive on the expenditure statement. So, when you're looking at your balance sheet the good things are your positives, your liabilities are negatives, your fund balances is the difference. And the assets; less the

liability should equal what's shown in the fund balance. That's why it's called a balance sheet. On your revenue and expenditure statement, your revenues are negatives-brackets, your expenditures are positives-debits and the amount of the revenues offset by the expenditures equal the change to your fund balance and it explains as I said, how you got where you are as shown on the balance sheet. Any questions on what I just went through? It can be a little confusing to somebody that doesn't do this every day and I understand that that's why at the moment I'm here to help clarify that. And what I'd like to focus primarily on the General Fund. Your other funds may have some things we can talk about, but your General Fund is the one that's in trouble right now and that's the one we need to talk about. Any questions on what I just gone through? Okay, in regard to the General Fund, I'm going to speak here for a moment about the question Wenonah said was asked is how did we get where were at? For fiscal year 2018-19 your opening fund balance was budget at \$140,000 but the actual opening balance at the beginning of that year was \$69,000. That's a shortage of almost \$71,000. Your revenues were budgeted at \$344,000. Your actual revenues received were \$298,000. That's an additional shortage of revenues of \$46,000. Your expenditures were underbudget by \$88,800 so that's a good thing. You held the expenses down but not enough because you didn't take in enough money. The overall shortage for the ending of the fiscal year 2018-19 was a little over by \$28,000.

**Councilor Branch:** Mike?

**Mike Marr:** Yes

**Councilor Branch:** Can I ask you a question?

**Mike Marr:** Yeah,

**Councilor Branch:** Uhm, I'm trying to remember back and trying to understand how would we have known that we started our fiscal year in the negative and—

**Mike Marr:** You didn't start it in the negative. You started it significantly below budget and we—I don't generally encourage doing a supplemental budget until after we get past halfway through the year to see where things are going and what kinds of trends you're going to have as far as expenditures or plans that you're trying to follow through with so starting the year with a bad budget—for example, in the new year you have a bad budget figure for your opening balance. I'm okay with just leaving where it is unless you want to do a supplemental budget until January or February. Where we can kind of see where things are going because that's the not the only balance item to be changed. The problem is for the last fiscal year that we just completed while there were plans talked of for doing a supplemental budget there were some interruptions to the overall scheme of things throughout the last half of the year and we didn't get to that one. We would of done a supplemental budget which might of changed some of the decisions in the last couple months.

**Councilor Branch:** Okay, and was that recommended by you or was that something Council should of known about, I mean how would that of happened?

**Mike Marr:** It was something I was initiating in the conversations in the emails because I saw it happen.

**Councilor Branch:** And you're talking like October through December of this last year, is that what you're talking about?

**Mike Marr:** No, I wouldn't have been making a big point about it until January—

**Councilor Sewall:** So, is there a point when it just can't happen anymore?

**Mike Marr:** Pardon?

**Councilor Sewall:** Is there a point in which it can't be fixed anymore because we went from January until now and it never happened?

**Mike Marr:** I'm not sure what? —

**Councilor Sewall:** The supplemental budget.

**Mike Marr:** As far as last fiscal year, that's a closed year. Right, but you said when you get to December-January and maybe you would recommend doing a supplemental budget things happened that couldn't be done, they kept getting pushed back. Or is there a point in March, April, May, where it's just too late where you—I'm just wondering what happened between January—

**Councilor Branch:** Yeah—

Councilor **Sewall**: --and June 30<sup>th</sup>—

Mike **Marr**: You want to go there?

Councilor **Sewall**: Yeah, I think we need to—

Mike **Marr**: Well, taking Wenonah out of the sequence of operations for a month set us way back. It wasn't until end of May when I was able to start completing the—what would of it been, March financials? Not to mention April and then May because there's no point in doing a supplemental budget based on information of a February or March financial statement not knowing—knowing we need to do one. Trying to anticipate the changes might be occurring during April, May and June. I have one client in particular thinking of, it's a City bigger than yours, they do probably four supplemental budgets a year.

Councilor **Richter**: But we don't need to do that though, or do we?

Mike **Marr**: No. I wouldn't recommend have at least one done sometime in the March or April timeframe, but we weren't able to get the financial information to determine what kind of supplemental budget adjustments needed to be made.

Councilor **Martin**: That was this year?

Mike **Marr**: Fiscal year 2018-19. So in that last fiscal year, how you got where you're at is explained by the fact that you didn't take in the revenues you were expecting and you had expenditures that were within budget but below the offset due to lost revenues that you didn't collect. In terms of specific areas of your personal services, this is your employees, the payroll taxes, the medical, benefits, the retirement benefits you were—and I'm saying this advisedly, you're only over budget by \$26,045. Had we done a supplemental budget it would have been a little adjustment and you would have been home free, but the auditors are going to note that you're overbudget in that one category. Your compensation is reasonable, I won't say it's excessive or above board but it's reasonable, it could be higher. You provide health benefits but unlike most other jurisdictions you don't have retirement benefits to speak of. So you could see when things improve increasing your personal services budget to include better retirement benefits. There's virtually none there right now except what the employees fund by themselves. In the materials and services category of the big hit is incurred with the engineering, is it Fir—

Councilor **DePiero**: Firwood Design Group.

Recorder **Blanchette**: We don't have them we have AKS.

Mike **Marr**: AKS.

Councilor **DePiero**: But wasn't Firwood Design Group who grossly underbudget

Councilor **Carver**: Firwood's the one we had—

Councilor **DePiero**: the projects we're working on that cost us a lot more money than we projected?

Recorder **Blanchette**: Well we had the money budgeted for and we worked with through that with Tony being here for 3<sup>rd</sup> Street. Aside from that we have E. Main Street that we did the hydrology study that we don't have the funds to actually follow through, but we have the plan that we have for putting seven culverts under the road—

Mike **Marr**: I'm speaking of General Fund and you're talking Street Fund projects.

Recorder **Blanchette**: I would say E. Main Street is going to be General Fund.

Mike **Marr**: Pardon?

Recorder **Blanchette**: E. Main Street has been General Fund.

Mike **Marr**: The other two items are police services and here I'm just speaking by the fact that what you budgeted and what was actual; your police services were overbudget by about \$4,500 and your legal and audit services were overbudget by \$8,400 and you had an investigation cost of \$4,300 that wasn't budget for.

Councilor **Sewall**: You were just talking Firwood and AKS, would that be planning and zoning services?

Recorder **Blanchette**: And engineering, a lot of that was engineering as well.

Councilor **Sewall**: So, where's that? Because I am seeing planning and zoning as \$17,000 budget only \$10,000—

Mike **Marr**: Okay, what you're looking at right there the July Financial. I'm talking last fiscal year. This is for this—I think this is dated?

Mike **Marr**: Okay, have they got both Wenonah? July and the last one?

Councilor **Branch**: Can we get copies of it?

Recorder **Blanchette**: You want June?

Councilor **Branch**: Yes.

Recorder **Blanchette**: I'll go print that.

Councilor **Branch**: Thank you.

Mike **Marr**: The June would be the year to date column numbers that I'm talking about.

Councilor **Sewall**: So, planning and zoning \$17,000 was budget but it looks to me that only \$10,500—

Mike **Marr**: There's another account—

Councilor **Sewall**: There's another account?

Mike **Marr**: From the other page, undescribed expense.

Councilor **Sewall**: Yeah, I had questions about those, yeah.

Mike **Marr**: Yeah, most, but for about 12-bucks all of that I could have classified in the planning and zoning section.

Councilor **Sewall**: Are you talking disbursements on unclassified or account not defined?

Mike **Marr**: Let me look here, just a second.

Councilor **Sewall**: That's about \$20,000—Looks like about \$20,000 budgeted—

Mike **Marr**: Account not defined, it's on page two of the General Fund from last fiscal year, it's the very bottom item, \$16,906.59—

Councilor **Sewall**: And what are—

Mike **Marr**: But for twelve dollars, all of that is AKS and Firwood.

Councilor **DePiero**: So why would the road projects be coming out of the General Fund?

Mike **Marr**: 3<sup>rd</sup> Street? I don't have an explanation for that.

Councilor **DePiero**: Because it seems that if we have a Street Fund, it's a Street Fund, see what I mean?

Councilor **Sewall**: Can I ask another question?

Mike **Marr**: Sure.

Councilor **Sewall**: On the next page, page three, how the bottom column is? Unclassified disbursements, \$4,983—what is that? \$4,300 of that was part of the investigation fees.

Councilor **Martin**: There wouldn't be a line item for that one—there's no line item for that one, that's why it's unclassified. That makes sense.

Mike **Marr**: Preferably it's a one-time issue and I don't encourage creating additional line items for things that occur one time. For example, of—

Councilor **DePiero**: Yeah.

Mike **Marr**: One of my clients got a donation of \$50,000 I don't create a—and it was designated for a particular project—well it's a one-time thing and—oh no it wasn't a donation, they were leasing out a, it was a right of way lease for like twenty years and they got all of it up front, they got fifty-grand and there's no purpose to create a new line item on a financial statement that lasts forever just for that item so we put it in miscellaneous. Other questions? We'll talk about the July statement here in just a moment here. You know when your audit is scheduled when they come in to do their visit?

Councilor **DePiero**: I believe it's this month is my understanding.

Mayor **Meeker**: We're supposed to have somebody tonight. I think from the—

Councilor **Branch**: They'll be here for the regular meeting.

Councilor **Martin**: Weren't they supposed to show up today?

Councilor **Carver**: This stuff's so hard to read.

Councilor **Branch**: I know, it needs to be updated, this is why I took a picture, I need the back up for it now might as well do it now since we're not doing anything productive. Don't mind me.

Councilor **Martin**: (inaudible)

Councilor **Branch**: Yep, just taking a picture so I can look at it.

Councilor **Carver**: (inaudible)

Councilor **Branch**: (inaudible)

**Mike Marr:** While we're waiting, I'll add something else that I made note of, your police services are with the County are about 60% of your general fund expenditure budget and one of my comments here that I made notes to myself to suggest to the extent that your citizenry would be receptive to paying a little bit more, you could go out for a police operations levy by which the citizens would be voting on the approval or disapproval of letting you tax them an amount per thousand to go specifically towards assisting you with paying for police services. When you have an item that is 60% of your budget that's a heavy hit, doesn't leave you much else to work with.

**Councilor Branch:** We tried talking about this already.

**Councilor Martin:** Would it cost us more to have our own police officer?

**Mike Marr:** Yes.

**Councilor Martin:** Alright, well that settles that.

**Mike Marr:** When you throw in, I'm cautioning this because you still need to have some backup arraigned for that's going to cost you something. Police officers are going to cost you in round figures \$60,000 for salary. In other jurisdictions, they receive medical benefits which could easily be \$20,000 a year. Retirement 6% of the \$60,000. You'd be looking at another \$4,000 for retirement contribution. You'd be incurring the cost of an operational police car which—

**Councilor DePiero:** All the equipment and what it entails.

**Mike Marr:** So, if you add it up, you might save a few bucks but with the County, or the arraignment you have you've pretty much got 24/7 coverage. Your officer in house could incur a whole lot of overtime because incidents don't occur within a forty-hour structure. So, you're kind of—

**Councilor Branch:** Well—

**Mike Marr:** —in a 6 of one-half a dozen of the other type arraignment. You might save a few bucks but not sure you'd have the coverage that you're currently getting.

**Councilor Branch:** There's also, we'd had discussions brought up to Council as an option, uhm to continue with County services but to decrease our maned hours that we have as a single officer in town. And that was up for discussion, but it did not get passed. And that would actually decrease our out of pocket expense for services, but we would still have 24-hour coverage because that's how the sheriff's department works.

**Mike Marr:** You know, one of my other's jurisdictions that's all just your best judgement call to make on how you want to structure it. That 60% of your budget, one of my other jurisdictions they are on their 3<sup>rd</sup>-5year levy right now where the citizens pay a little extra on their property tax statement; money that goes to the entity specifically designed for it's called; in their budget it's called a local option levy and all of the funds are raised strictly to help subsidize the cost of a five-officer, plus a lieutenant, plus a chief in-house police department . In your case you don't have that, but you are paying a lot of money for the County to help you out. The other option that you might consider to the degree that the water fund is a proprietary and there can be as much interaction as you wish between the water fund and general fund. An increase to your water rate.

**Councilor Sewall:** Didn't we just?

**Councilor Martin:** We just did that.

**Councilor Sewall:** I mean Hillsboro did—

**Councilor DePiero:** We did it to offset the cost—

**Councilor Branch:** It wasn't—Yeah it was only because Hillsboro has increased their costs and we need to be able to pay Hillsboro.

**Councilor DePiero:** Yeah, we just offset our expenditure by passing the Hillsboro's—that's pretty much dollar per dollar.

**Councilor Branch:** Yeah, yup.

**Councilor DePiero:** So, there wasn't any revenue increase, it was just to keep the same rate.

**Mike Marr:** From where I'm coming from is trying to nurture some juices flowing in minds as too where can we increase revenues. I'm not a big tax guy. I'm like everybody. I pay property taxes, I take—from where my office is located, I pay tri-met tax. Which costs me several hundred dollars a year and it just gripes me that every time I write the check because I don't have any clients that use tri-met to come to my office.

Councilor **DePiero**: I think Washington County's part of it. If you're three-hundred yards that way, we'd be out of it.

Mike **Marr**: You don't pay any tri-met tax?

Councilor **Richter**: No

Councilor **DePiero**: No tri-met service.

Councilor **Sewall**: What about that bus that runs to McMinnville—

Councilor **Branch**: That's the Yamhill County's something-or-other—

Councilor **Sewall**: Is that separate?

Councilor **DePiero**: That's provided by our neighboring—

Mike **Marr**: Anyway, I'm not one that wishes to just go out and generate money for the sake of generating money that then a City Council can spend at will. But for the services that you're trying to provide that citizens want park and water and this stuff maybe they're not paying enough for what they've got given that they are out here in an isolated area and you may be getting the benefit of some other lower cost factors for the fact that you're not caught up in the high residential cost of Portland. Portland's housing is just out of sight.

Councilor **Richter**: Well we have to pay for what Washington County that allows for that.

Mike **Marr**: Yeah, I understand.

Councilor **Branch**: (*whispering to Recorder Blanchette*): I know you can listen to that but he's basically giving us ideas of how to increase revenue. I don't know if you can hear in the other room. So that he recommended a potential police operations levy to increase their taxes to help subsidize the City a percent of the general fund to remedy—I don't know if you can hear him in there.

Mike **Marr**: Washington County is part of the metro and sometimes the things—anyway back to the point. If you sense that your citizens might be enjoying enough here that they'd be willing to come up with a little additional money. My note about the police levy is that you don't have to go out and ask the citizens to pay an additional amount that will cover the entire cost; if they were to vote to support a levy for \$75,000 a year that would be half. And that would help you immensely because you're on a tight budget and to the extent that you're—the streets kind of take care of themselves. You're getting grants, you got your tax revenue money and so on. So those will take care of themselves as the money comes in it's restricted money. Your parks, that's a place where you also could cut back a little bit but if the citizens don't wish to contribute some more funds. Parks are there and maintenance is required but the improvements might have to be delayed out sometime and taken smaller bites each year. Okay, there was a question about why is 3<sup>rd</sup> Street—was it 3<sup>rd</sup> Street that's in the general fund. The AKS and Firwood—

Recorder **Blanchette**: It's on 3<sup>rd</sup> Street—oh wait it's not, it's E. Main Street that we started with that.

Mike **Marr**: Why is that not in the Street Fund expenditure?

Recorder **Blanchette**: It was on the whole thing with a recoup thing with insurance money.

There was also the whole grant project for the park that was in the General Fund. I don't know why it's in General fund.

Mike **Marr**: Because your point is valid if there's expenses that are shown in the budget, we can alert the auditors that we're amending with adjusting journal entries. The financial statements before the fiscal year ended June 30<sup>th</sup> and move monies to the Street Fund the expenditures. I'm not going to suggest that we be able to move enough to get it under budget, but it certainly could reduce the amount. There is a gleave of penalty that gets paid to the state of Oregon if you go overbudget. We've got to items that we are overbudget on; the General Fund personal services and the General Fund materials and services categories. So, you're probably going to pay some penalty; I'm not wanting to scare you.

Recorder **Blanchette**: Say the second one again—

Mike **Marr**: Sorry?

Recorder **Blanchette**: Can you say the second one again; you said General Fund personal services and then?

Mike **Marr**: Materials and services.

Councilor **Richter**: How much is it now?

Mike **Marr**: I don't know.

Councilor **Richter**: Whatever they want to charge huh?

Recorder **Blanchette**: Well we did deal with uhm, because we were late in filing the audits a few years ago, we did deal with a withholding of 10% of all our revenues through the state. And then once we got our audit report filed with the state we were able to recoup those costs.

Mike **Marr**: Those were a little different circumstances; we got through that, but—

Recorder **Blanchette**: I didn't know about those penalties.

Mike **Marr**: You have an automatic filing fee every year, I think it's \$250 dollars or \$200 dollars when the audit's done and if you're overbudget on items, it's noted in the audit and there is a penalty that can be assessed by the state and I don't know how that calculation is done. It's not a life changing amount but it is there and—

Councilor **Richter**: Only when you're broke.

Recorder **Blanchette**: —It is a life changing amount.

Councilor **Martin**: Is there anything we can do to get our balance back up. I mean, you know.

Mike **Marr**: As I was speaking about looking for some additional revenues, not grants because grants generally are directed at certain things and there're not things in your general fund.

Increasing taxes, for the sake of like as I brought up the water thing where there's an interaction between your propriety water district and the general fund. If we increase the revenues in the water fund, we could increase the transfers out from the water fund over to the general fund to help the general fund out.

Councilor **Richter**: Now if we did; say from the police service we did come up with a tax like that can we still keep the same Washington county police service?

Mike **Marr**: Oh yeah. This is strictly internally though the City of Gaston residents saying we recognize there's a need for—

Councilor **Richter**: Well we don't need to come up with the whole thing, we come up with half and that would help us out a lot.

Mike **Marr**: If you were to go out for what is known as a local option levy, bear in your restricted from raising your property taxes yourself. 3% per year increase is all you're allowed because there was a law back in 1995. So, your property taxes based on values are locked in. A local option levy is something you can do within yourselves as a community; voters approve it and it becomes a part of the tax statement.

Councilor **Richter**: I think its kind of a good idea.

Councilor **Branch**: How would 75,000 be divided—what would 75,000 be divided by the current—

Councilor **Richter**: 300 houses divided by 75,000 would be 250 a house.

Mike **Marr**: Well it's based on valuation.

Councilor **Richter**: Oh yeah.

Mike **Marr**: If we assume all of the 300 residents, bear in mind every business that has property also contributes to property taxes.

Public Works Director **Worley**: Well I just started here but I we have about a 49% water loss.

Councilor **Martin**: I think I'm going to sell my house

Councilor **Richter**: Yeah that's always been a problem here also.

Public Works Director **Worley**: I'll be working on trying to get that down, but that's something we'll bring up later here also.

Councilor **Martin**: Well basically we have no other options.

Councilor **Branch**: Well none that he's presented and none that we've discussed.

Mike **Marr**: Well we've talked revenues. Now lets talk expenses; of you can look through your laundry list of fund expenditures, cut back on planning and zoning costs. Police costs you can't cut back on. Be very frugal with your legal expenses. I've hit a limit as far as what I can write off anymore. So, your cost for me is going to go up, which you can split between the general fund and the water fund, but none-the-less it's going up. Capital expenditures out of the general fund, cut those back. Transfers of monies from the general fund to any other fund; cut back on those. Let the other funds stand on their own. I'm reminded as I'm talking, Wenonah indicated there was a question about simplifying your financial statements. A mind better than mine might

be able to tell you how to do that, but I don't know what it would be. Some years back you opted to have 13 different funds that we're monitoring, and they all have a purpose as written in your audit report. Your general fund reserve is zero. That account, or that fund we could reduce the 13 to make it 12, by closing that out, but that's not going to simplify what you're looking for. You got a lot going on for a small town. Your financial statement is not quite as large but the one city that I've got is significantly larger than yours, they're probably 4 to 5 times bigger than you in terms of monies raised and monies spent. But their financial packet month is not much bigger than yours.

**Councilor Sewall:** The complexity of the financial statement isn't going to change the numbers, right? I mean, we're still going to be in the same financial—

**Mike Marr:** Yeah—

**Councilor Sewall:** —situation

**Mike Marr:** Simplification is not a solution to your problem—

**Councilor Sewall:** I mean you can have two problems and it's still going to show these numbers.

**Councilor Branch:** Well—

**Mike Marr:** I'm a detail guy and I believe you need to have these numbers so you can see the detail of what's going on.

**Councilor Branch:** Mike I think part of the drive behind wanting to simplify is wanting to have access to actual numbers in real time. So we get a financial statement on a monthly basis of what were spending outright of what checks were writing but we don't well this is how much is left in that fund; or this is how much is being applied toward "XYZ fund" or whatever. So, it's kind of an idea of be able to also bring in—or maybe in addition to bring in real time numbers so we know where were actually at with our spending.

**Mike Marr:** Without having my services in house; real time numbers very difficult to do. The best you can do and what I have set up with my other monthly clients is I have monthly financial statements and for example one small city about your size brought their stuff in today for the month of August and their requesting that they have them back a week from tomorrow and I will have them back. Theirs is a far simpler situation; takes me about six to eight hours to prepare their financial statements so by next Thursday they will mail out the August financials to City Council in preparation for their September Council meeting the next week. If you were to have your Council meeting on at least the third Wednesday of each month, there's a possibility that Wenonah and I together can have you a—for example all things being caught up, you would have your August statements to look at by next Wednesday. That's as close to real time as I can participate.

**Councilor Branch:** And does that incur additional costs or is it the same cost for service?

**Mike Marr:** No, preparing a financial statement is based on how much I'm working with and how much it takes to—you know what's required. Thirteen funds takes a lot more than four funds.

**Councilor Richter:** How can we ever afford something?

**Councilor Branch:** How do we do that?

**Mike Marr:** Two people on staff, they farm out all of their services too including they contract their police services. They pay a higher—the citizens pay a higher property tax rate, but it's all done with two people in house; a manager and an assistant.

**Councilor Martin:** So, would changing our meeting? —

**Mike Marr:** They don't have a water district.

**Recorder Blanchette:** That's a big point.

**Councilor Martin:** I'm just talking about the Council right now; would we have to vote on it then; to move it the third Wednesday of the month?

**Recorder Blanchette:** Well—

**Councilor DePiero:** I think the Citizens would have to vote on it then?

**Recorder Blanchette:** No not necessarily, however you're just required to do it once a month as the charter designates.

**Councilor Branch:** So, when we do it doesn't necessarily matter as long as we have time to announce it and make it happen.



Recorder **Blanchette**: Yup, it's just a regular meeting.

Councilor **Martin**: I guess it would be just up to all of us if we wanted to move it like that.

Councilor **Branch**: Yeah.

Mike **Marr**: It would give you the opportunity to have most often, unless got sick or one of those TriMet buses hit me.

Recorder **Blanchette**: That's not happening.

Mike **Marr**: I'd have a much better opportunity to give you financial statements with—by your next Council meeting or the month just completed.

Councilor **Martin**: Would that work out for you if we did it that way?

Mike **Marr**: I'd do my best to make it work.

Councilor **Carver**: Well talking about that, changing it so that we can have the monthly statements, he's also saying that it would be a whole lot more work for him which would increase our attorneys—

Mike **Marr**: No, it's not a lot more work, it's—but it gives me a better timeframe to get it to you. I can't—by the time Wenonah gets it to me and with other stuff I got going on, I can't get you an August financial statement on September 11<sup>th</sup>. Just won't happen that fast. But if it were September 18<sup>th</sup>, I'd have a much better shot at doing it.

Councilor **Branch**: So, what you're telling me or what I understand you saying is that you could potentially give us real time numbers on a monthly basis without increasing the cost to us for your service.

Mike **Marr**: No, I've been—have you been reading how much I've been writing off for the last five years?

Councilor **Branch**: Yes, Mike I have.

Mike **Marr**: Okay, I can't do that anymore.

Councilor **Branch**: I understand that we have to pay you for services I'm just trying—

Mike **Marr**: My cost is going up.

Councilor **Branch**: Right.

Mike **Marr**: Whether I do it as we've been doing it or I try to hit a third Wednesday won't change that—whatever that cost is going to be.

Councilor **Branch**: Which is what I was saying.

Mike **Marr**: Oh okay. It's strictly a matter of time to get the materials; bank statements, they don't get here on the 31<sup>st</sup>, they're here sometime during that first week to ten days; the payroll reports and so on. I need a couple days to be able to put that all together and just can't be done by the 11<sup>th</sup>.

Councilor **Branch**: Okay.

Councilor **Martin**: It'll be something to kick around.

Councilor **Branch**: Yup. So, it looks like we have ten minutes before general session starts so what else do we need to discuss?

Mike **Marr**: Do you have any questions about your closed fiscal year statements? That's what we've been mostly talking about and I would bring up if we can make some adjustments without having to republish the financials there would be some paperwork involved but for the sake of the audit if those AKS and Firwood fees belong to the street department—street fund, we can make a shift and reduce your overbudget factor.

Councilor **Branch**: I think I would be in favor of that.

Councilor DePiero: I think that seems like it would be a definitely yes. If it's legal and we can do it—

Mike **Marr**: Well let me know—

Recorder **Blanchette**: I will double check what we got E. Main Street.

Mike **Marr**: Oh, I raise a question; when is the field visit from the auditors?

Recorder **Blanchette**: October, I think it's the third or the fourth week. I have them in my calendar.

Mayor **Meeker**: How soon?

Mike **Marr**: So, we would have enough time to adjust financials?

Recorder **Blanchette**: Absolutely. If necessary.

Mike **Marr**: That would be a good thing.

*(hearing emergency sirens)*

Councilor **Branch**: Are they going to 410 Hedin Terrace?

Deputy Richards: Pardon me?

Councilor **Branch**: Can you tell if they're going to 410 Hedin Terrace?

Deputy Richards: Sorry you're talking and I'm deaf, say it one more time?

Recorder **Blanchette**: That's a no.

Councilor **DePiero**: She's asking if they're going to 410 Hedin Terrace.

Deputy Richards: Yeah.

*(laughing at this time)*

Mike **Marr**: Okay, take a couple minutes to just talk about the July statements that I'm almost done with. You've got a draft of the basic statement with help from the preparation of the general ledger of the footnotes that go with it. I can tell right now that we're going to need a supplemental budget because our opening balance for the general fund is budgeted at \$50,000 in reality is at the last fiscal year statements now exist that you're in the hole by \$28,000 which is a difference of 78,000 overbudgeted revenue. So, right there I know that we'll be needing to do a supplemental to correct somethings, so you got better information.

Councilor **Branch**: Yes please.

Mike **Marr**: But we don't need to do that right away; you're informed of it. You don't want to be in a position of having to have four supplemental budgets with four additional budget hearings and meetings and all this, we can wait until the first of the year to look at more than just one-line item. Any other questions?

Councilor **Branch**: Uhm, Mike, there's a lot of community members that we are going bankrupt and that we have no money and there's a lot of concern that these are high attention words that are being utilized and so can you speak to that in general with supplemental budgets and things.

Mike **Marr**: Supplemental budgets are designed to make change to what was originally budgeted. When you're budgeting in February, March, and April for the coming year, it's speculation of a lot of things based on your best information. Some things you know what you're committed to other things are a guess or a wish—

Councilor **Branch**: Right you then--

Mike **Marr**: You go in and change those things that you can change on the budget because the budget it a guide.

Councilor **Branch**: Right

Councilor **Sewall**: Can we get things back on track with the supplemental budget?

Mike **Marr**: Well the budget in itself is a guide; it comes right down to people making appropriate decisions—

Councilor **Sewall**: I'm assuming without any additional revenue sources without—you know because these things can't happen overnight.

Mike **Marr**: No

Councilor **Sewall**: We might be able to do somethings with the expenses but—

Councilor **Martin**: If we keep spending like the way we're spending how are we going to end up?

Will the City end up broke?

Mike **Marr**: The citizens already have it right; you will be broke.

Public Works Director Worley: What about stage two of the housing development? Wouldn't that help out?

Mike **Marr**: It's not something—

Public Works Director Worley: I'm just learning all this stuff—

Councilor **Branch**: It would ultimately but there's no progress really from it.

Councilor **Sewall**: Isn't there a start date from that?

Councilor **Martin**: Will they hang-tar-feather us?

Councilor **Branch**: We're going to talk about that later.

Mike **Marr**: the critical thing I would say is just we're talking here long term stuff; for right now bear in mind you're property tax revenues are coming from the County are your primary source

of expendable funds in the General Fund. You're not going to be getting any those dollars until late October-November-December. So in the meantime you just need—you went in the hole, what was it? \$34,000 dollars in July.

Councilor **Sewall**: How did that happen? Did we ask that?

Councilor **Branch**: Do we understand?

Mike **Marr**: you paid up your insurance costs for the whole year for not just the general fund but for the street fund the water fund, park fund and so on.

Councilor **Sewall**: Is that common practice or can we do it in installments?

Mike **Marr**: It's the way they've been doing it since I came on and it depends on whether the insurance company is receptive to a quarterly payment or not.

Recorder **Blanchette**: They are, we've just always paid it that way so.

Councilor **Sewall**: So, we paid the bill that was due but we couldn't afford to pay it?

Councilor **Richter**: But if you pay it upfront though it's 70% cheaper—

Recorder **Blanchette**: We have the cash amount, but we don't have it in the line item that's in the funds.

Mike **Marr**: I have not seen an interest charge from the other entities that pay quarterly.

Recorder **Blanchette**: No

Councilor **Martin**: Grab it and run

Mike **Marr**: Let me look here see what else there was. Bear in mind that your general fund only took in \$3,200 dollars including interest but, excuse me, your personal services by being employees, taxes insurance so on were over \$10,000. Police department was \$12,500 including the 9-1-1 service. You had \$200 of professional services—I'm trying to remember what that was, I don't have the detail here and you got budgeted which I allocated one-twelfth amount 26,000 to go to the Park fund. The general fund doesn't have 26,000 to give to the park fund so we can cut that out.

Councilor **Martin**: So, you suggest we just quit spending?

Councilor **Branch**: That's too general. I'm sorry I have a hard time with that terminology because it's a very general—

Councilor **Martin**: Well if we keep spending the way we're spending, we're not going to have nothing to spend, general or not.

Councilor **Branch**: It's not that we're just spending money.

Mike **Marr**: I agree with what the both of you are saying. We need to reduce spending; not quit spending but reduce.

Mike **Marr**: Wenonah has to continue to get a paycheck or she's going to have to find another place to work. Your electric bills going to continue to be paid to keep the lights on. I mean there's certain things that you can't get away from. Anything else, I've got a classic car I wanted to get repaired. I've been waiting for several years because I just haven't had the money.

Councilor **Martin**: I didn't mean to come out and to say quit spending, but we'll have to cut back on a lot of things.

Mike **Marr**: Just be real cautious, pay what has to be paid until at least get your property taxes rolling in and then we take a look at the budget and find different ways, then in the meantime, be talking about the increased revenue approach that might be considered.

Councilor **Branch**: Thank you Mike.

Councilor **Sewall**: Thank you.

Councilor **Richter**: Thank you very much sir.

Mike **Marr**: Anything else?

Councilor **Martin**: Have a good afternoon sir.

Mike **Marr**: Actually, if you're saying that—

Recorder **Blanchette**: I do have one question, if you're saying that we're in the hole in the general fund, and they say that I shouldn't be spending money from the general fund, what do we do in lieu of that, like we should be spending the money in the general fund, what do we do?

Because I receive the money in the bank account there's the money in there, what do I do?

Mike **Marr**: The money that comes in is designated. See General Fund, Street Fund, Water Fund, whatever. So you continue to try and put revenues in where they go. Do not go out and contract

with the planning and zoning people for work that you can put off for a couple months. Whatever else you can put off for at least a couple months. Stop trying to feed money over to the park fund that you don't have.

Councilor **Branch**: Is that something that because it's on the books has to happen?

Mike **Marr**: Remember the budget is a guide, not a mandate.


Councilor **Branch**: Right, no, I understand that, it's where things go.

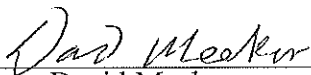
Mike **Marr**: The mandate is the monies come in the street fund or the TDT funds, those are restricted dollars. You can't touch those for anything except the street. Other questions? Okay, have fund.

Recorder **Blanchette**: Thank you Mike.

**ADJOURNMENT**: Mayor **Meeker** asked for any further questions, none heard. Work Session adjourned at 7:02PM.

Attest:

  
\_\_\_\_\_  
City Recorder Wenonah Blanchette

  
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Mayor David Meeker