

**Mount Vernon City Council
Finance Committee
Minutes
March 23, 2016**

Present: Councilmembers Fiedler, Hulst, Hudson, Lindquist, Molenaar, Quam, Ragan,

Staff present: Finance Director Huschka, CED Director Hyde, Senior Planner Lowell

1. Minutes were approved.
2. Alicia shared some information regarding the 281 cities that are located in the State of Washington and their revenue contributions and impacts on the State.
3. Financial Update:
 - Sales tax – the January and February 2016 collections are up 4.8% over the same period in 2015 excluding the sales tax generated from the jail construction project. The 2015 collections were \$5,843,000 or 5.5% higher than 2014. When compared to 2007, the 2015 total sales tax revenue is still 6% less than 2007.
 - Sales tax generated by construction represents 7% of the total for both 2014 and 2015.
 - 8030 businesses reported sales tax to the City in 2015 while the top 100 sales tax producers accounted for 58% of all revenue.
4. Parks and Recreation Software – The Parks Department needs to implement software since their current software is outdated and will no longer be supported. Active Net is offering a significant discount if the contract is approved before April 30, 2016. There is no license fee or annual fee, instead there are 'per transaction' fees. Staff will bring this forward for Council action at the April 13th meeting.
5. Debt Capacity -
 - Current general obligation debt and maturities: The City has \$2,195,000 in outstanding general obligation debt. This is made up of voted General Obligation (GO) Bond, Councilmanic Bonds, a Public Works Trust Fund Loan and a HUD Section 108 Loan. The voted GO bonds and Councilmanic bonds will fully mature in 2017. The Public Works Trust Fund debt will be paid off in 2021 and the HUD Section 108 Loan will mature in 2022.
 - Future debt funding and debt service scenarios: According to State law the City's general purpose debt limit as of Dec. 31, 2014 is \$61,400,000, and the City's actual general obligation debt is \$1,185,000. The debt limit calculation is 1% of AV for voted debt and 1.5% AV of non-voted debt. The City was awarded a LIFT by the State in 2008 and there are requirements and timelines that must be met to utilize this financing tool. Alicia will review these in detail with the Council at a future committee meeting.
6. GASB 68 – Alicia updated the Committee on the new financial reporting statement that the City will need to comply with, GASB 68. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time on their 2015 annual financial report.
7. Subarea Plan for Alf Christianson property and budget impact – Rebecca Lowell presented information on this topic that will be further addressed during the Council meeting.

Adjourned at 7:00 p.m.

Submitted by
Rebecca J. Wade