

City of Rome
FINANCE COMMITTEE MEETING
June 17th, 2015

PRESENT:

Committee Chairman, Evie McNiece
City Commissioner Milton Slack
City Commissioner Bill Irmscher
City Manager, Sammy Rich
Assistant City Manager Patrick Eidson
Assistant Finance Director Toni Rhinehart
Finance Director Sheree Shore

Guests: News Media

Joe Smith, City Clerk
Christopher McKellar, Mauldin & Jenkins
Commissioner Sue Lee
Commissioner Jamie Doss
Commissioner Buzz Wachsteter
School Board Superintendent Dr. Mike Buck
Louis Byars
Cheryl Huffman
Bruce Jones
Faith Collins
Richard Dixon

Chairman McNiece called the meeting to order, and the minutes of the April 15th, 2015 meeting were approved. She welcomed all of the guests, especially our school board members, and welcomed Dr. Buck back to the Rome community. Ms. McNiece then turned the floor over to Dr. Buck for the first order of business.

REVIEW PROPOSED 2016 ROME BOARD OF EDUCATION BUDGET.

Dr. Buck distributed to the committee and other members, the proposed budget for the next fiscal year. His first notes were to emphasize the outlined goals of the school system, the two main ones being to increase the high school graduation rate and improve student achievement. Commissioner Irmscher asked what the current graduation rate for the high school was. Dr. Buck said that he was hesitant to put the number out there because the state still had not confirmed all of the subgroup calculations, but if they have everything calculated properly, it should slip in right at 90% which is outstanding on all levels.

Dr. Buck then reviewed the budget summary line items noting that add ons for this fiscal year included an increase in retirement costs, step increases for teachers, additional transportation costs due to additional bus routes, and an increase in health insurance costs due to picking up the costs for non-certified employees which he felt was necessary. The main additions in this year's budget are the increase in classroom teachers (10.5), Counselors (2) and

(4) Assistant Principals. With the exception of personnel at the Freshman Academy, these positions are actual re-instatement of previous assistant principals' positions that were phased out several years ago. Dr. Buck spent a few minutes explaining the new Freshman Academy that will be implemented this fall at the high school. The proposed budget reflects a full 180 student days and no furlough days for teachers.

With all of those expense additions noted, Dr. Buck did comment that the proposed budget also does not anticipate an increase in the tax millage rate. The school board did see an increase in the digest this year, and so do anticipate some \$587,000 additional monies there as well as an overall increase of state revenues of \$1,146,122. This is also due to the fact that the overall enrollment for the system is increasing from 5940 to 6157 anticipated students for the next school year. And with additional students comes the need for more teachers, counselors, and transportation, reflected in the budget. Commissioner Slack asked the board about how they were attempting to generate more parent involvement at the school level. Board member Bruce Jones briefly reviewed some of the projects including home visits, and more PTO involvement. Dr. Buck did make the committee aware that one of their technology initiatives this year is to try to put electronic devices in the hands of the freshman academy. Technology will soon play a bigger role in standardized testing, and they will be a beta group to figure out all of the logistics of how this will work, before they look at this system wide. Of course, Dr. Buck noted that this will be funded with ELOST funds. Mayor Doss asked about the increase in enrollment. Dr. Buck commented that the school system has so much to offer from athletics to academics to diversity of extra-curricular that they usually see an increase in students because of this. After some further discussion on school operations, Mr. Byars was given the floor to briefly go through the line item budget to discuss the ups and downs of the proposals. He reviewed this making note that as expected the main increase in the budget numbers comes under the Instruction category with the hiring of additional teachers. The total amount of the budget dedicated to Instruction is at 71.79% which is considerably higher than the state mandated 65%. The City appropriations request is increasing \$587,033, but this should be covered by the overall digest increase. Mr. Byars did comment that this increase is the first overall increase in the request since 2011.

Chairman McNiece thanked the school board for all they do for the students and the community. The budget will be presented at the next City Commission meeting for acceptance.

REVIEW OF DRAFT OF OPERATIONS AND MAINTENANCE AGREEMENT FOR CERTAIN FACILITIES:

Mr. Rich distributed to the committee the draft operations and maintenance agreement between the City of Rome and the School Board to operate "Barron Stadium", Legion Field, and the Throws Center. This agreement would transfer that responsibility as of July 1st, in order to give the Board time to set up everything by the beginning of football season. The agreement basically lays out that the school board will collect all negotiated rentals and revenues for the facilities, but will be responsible for all operation costs, and all maintenance costs up to \$5,000. The School Board will also forward to the City \$7,000 per year to be deposited into a capital maintenance account for future capital needs. Chairman McNiece questioned the amount of that transfer, noting she thought it was very low. Mr. Rich noted that they thought this was a good starting point since currently none was being set aside. Discussion was held concerning the possibility of adding surcharges to other out of the county rentals to also go into the fund. Ms. Shore also noted that the City may divert some of the prior Recreation maintenance capital monies to this account as well. Most all agreed that all of this may need to be revisited after the first year once the School Board gets a better feel for what possible other rentals are available and actual costs incurred. With that discussion, Commissioner Irmischer made a motion to accept the agreement and Commissioner Slack seconded. The agreement will now go before the full Commission Monday night.

The School Board administration and members were dismissed.

REVIEW OF 2014 CITY OF ROME AUDIT AND FINANCIAL REPORT:

Chairman McNiece thanked Mr. McKellar for coming and waiting through the other business and gave him the floor to present the audit. Mr. McKellar thanked the committee and the City of Rome for allowing Mauldin/Jenkins the opportunity to work with the City. He complimented the Finance Department for their hard work that certainly makes their jobs as auditors much easier. Mr. McKellar did refer the committee to the CAFR distributed to each member which is the official Annual Financial report generated by the City of Rome. He pointed the committee to the Management Discussion and Analysis portion, which because it is generated by management of the City of Rome, is like "Cliff notes" to the rest of the document. It is a good narrative of the numbers in the document but also the why behind the numbers. He next reviewed the Statement of Net Assets (balance sheet) of the City noting that the City held 169 million in net assets which is an eleven million increase from last year. Most of this is invested in capital assets which show that the City does reinvest in itself. The City is in good financial health. Mr. McKellar also reviewed the statement of activities for the overall government noting that it did have over an eleven million increase for that year. Ms. Shore did note that although the City did have a good operational increase, most of that increase came from the 9.4 million in ELOST monies for the year at Annie K. Davie School. Mr. McKellar next reviewed the General Fund, noting the increase to fund balance of \$811,000 for the year. Fund Balance is at 51% of operating expenses at the end of 2014. Commissioner Irscher asked what the required amount should be. Mr. McKellar commented that they like to see 30 to 40% coverage. Ms. Shore did note that the fund balance is at its highest point at the end of the year, and we do carry that fund balance to help us in funding the school board throughout the year. Mr. McKellar did point out the Water/Sewer fund activity for the year since it is the second largest fund, noting it had an increase to net position for the year and a good point to note was that it had an unrestricted net position of 60%. As noted, the City is reducing the overall debt by 5 to 7 million per year and still had very strong bond coverage for the year. The committee did review the Pension footnote in the CAFR, with Mr. McKellar noting that the City was in a good position in pension funding, but would see the estimated unfunded liability of some 10 million move directly to the financial statements in next year's reports. Although the liability has always been disclosed and noted, the new GASB change will put that liability directly on the profit/loss statements. In some communities those changes could flip the net assets from positive into the negative. Mr. McKellar did point out the back statistical section of the CAFR, noting that this information is useful in looking at trends for certain financial information and balances, as most of the information are recorded for the last ten years. He did note that the City received a clean unqualified opinion and that there were no findings in the Single Audit report of the City's federal expenditures. This was an admirable achievement for the year. Mr. McKellar then completed the audit agenda review that is attached, noting the required compliance reports and opinions for these.

Again, he thanked the Finance Department for their hard work, and the City for the continued opportunity. Chairman McNiece thanked him for coming to report on these good things, and allowed Mr. McKellar to be dismissed.

REVIEW OF PROPOSED 2015 TAX MILLAGE RATES:

Ms. Shore distributed to the committee the tax calculation sheets for the staff recommended tax millage rates for 2015. She noted that after the final tax digest calculations, the City of Rome had a 2.16% increase and the School Board a 2.41%. As previously noted, this did allow the school board to generate some extra tax dollars, even keeping the millage rate the

same. The proposal leaves the City M/O at 6.80, the School M/O at 17.45, and reduces slightly the capital millage from 1.9 to 1.886. However, because the City is not reducing all of the rates to the calculated roll back rates, the City will be required to have the additional three public hearings on the proposed millage rates. City Manager Rich did emphasize that a taxpayer whose property did not increase in assessment will actually have a slight decrease in taxes with all other things being equal. As shown in the tax calculations, this will still generate a shortfall from the anticipated tax budget for 2015. It is hoped that a higher tax collection rate will help mitigate that shortfall. After some discussion, the committee will present these proposed rates to the full Commission at Monday's night meeting. The first public hearing on the proposed rates will occur at the July 13th meeting. The commission will have to have a called meeting between the two regular July meetings for the second public hearing since that meeting will need to be held during the daytime hours. That will be announced as soon as the date and time is determined.

The Finance Committee will have a called meeting at 4:30 p.m. on Monday, right before the caucus to review the TAN bids which are due Monday morning.

With no further business to discuss, the meeting was adjourned.



Respectfully Submitted

Sheree T. Shore

ROME BOARD OF EDUCATION
PROPOSED GOALS
2015-2016

OUR MISSION

**All students will graduate from Rome High School
prepared for college or work.**

1. Increase the high school graduation rate of all subgroups
2. Improve student achievement in Grades K-12
3. Continue implementation of the 2020 Vision Strategic Plan
4. Successfully meet the AdvancED Accreditation Standards for Quality School Systems
5. Successfully develop IE² contract
6. Successfully open Anna K. Davie Elementary School
7. Successfully implement Ninth Grade Academy at Rome High School
8. Successfully implement management of Barron Stadium and Legion Field
9. Successfully implement Positive Behavioral Interventions and Supports (PBIS) in all schools
10. Expand use of technology to increase student engagement and achievement

Rome City Schools FY 16 Budget Summary

1. The budget reflects an overall increase in State Revenues of \$1,146,122 when compared to the Initial FY14 State Revenues. QBE funds increased due to an increase in full time equivalent (fte) students of 217 (3.7%). This increase in funding was accompanied by a reduction in "Austerity" of \$993,480.
2. Health insurance costs for certified personnel will remain the same for FY16. However, the employer health insurance cost for non-certified personnel will increase by \$150 per month for each covered employee (\$1,800 per year).
3. The employer portion for the Teacher Retirement System (TRS) will increase from its current rate 13.15% to 14.27% for FY16. This equates to an 8.5% increase in the employer's TRS costs.
4. The budget for FY16 reflects an increase in the following positions:
 - a. 9.5 Additional Classroom Teachers
 - b. 1 Additional Music Teacher split between Main and North Heights
 - c. 1 Additional Elementary Counselor
 - d. 3 Additional Elementary Assistant Principals
 - e. Creation of a Freshman Academy
 - i. 1 New Assistant Principal
 - ii. 1 New Counselor
 - iii. 1 New Clerical Position
5. This budget reflects a full calendar for FY16 with 180 student days and 190 teacher days. There are no furlough days scheduled for FY16.
6. For FY16, Rome City Schools is requesting \$18,374,623 in local property tax funds. The school millage rate will remain at 17.45 mills.

Proposed FY-16 Budget

FY-16 REVENUES					
LOCAL REVENUE					
ACCOUNT #	ACCOUNT TITLE	FY 16	FY 15	\$DIFF	% CHANGE
1191	Title Ad Valorem Tax	250,000	250,000	-	0.0%
1310	Regular Tuition	70,000	70,000	-	0.0%
1920	Contributions	3,000	3,000	-	0.0%
1950	Services Provided		3,500	(3,500)	-100.0%
1990	Federal Indirect Cost	165,000	165,000	-	0.0%
1995	Other Local Sources	130,000	127,102	2,898	2.3%
	TOTAL	618,000	618,602	(602)	-0.1%
STATE REVENUE					
ACCOUNT #	ACCOUNT TITLE	FY 16	FY 15	\$DIFF	% CHANGE
3120	State Allotment	34,553,934	33,258,464	1,295,470	3.9%
3125	State Categorical	368,000	358,779	9,221	2.6%
3140	State Contra	(5,710,236)	(5,551,667)	(158,569)	2.9%
3200	Equalization	-	-	-	0.0%
	Austerity Reduction	(1,700,599)	(2,694,079)	993,480	-36.9%
3800	State Grants	151,413	151,413	-	0.0%
	TOTAL	27,662,512	25,522,910	2,139,602	8.4%
FEDERAL REVENUE					
ACCOUNT #	ACCOUNT TITLE	FY 16	FY 15	\$DIFF	% CHANGE
4520	Medicaid Reimbursement	315,000	315,000	-	0.0%
	TOTAL	315,000	315,000	-	0.0%
OTHER REVENUE					
ACCOUNT #	ACCOUNT TITLE	FY 16	FY 15	\$DIFF	% CHANGE
5300	Comp/Loss of Assets	300	300	-	0.0%
	TOTAL	300	300	-	0.0%
Calculation of City Appropriations					
	Beginning Balance 7/1/15	3,200,000	3,200,000	-	0.0%
	Total Revenues (LESS CITY)	28,595,812	26,456,812	2,139,000	8.1%
	City Appropriation	18,374,623	17,787,590	587,033	3.3%
	Total Expenditures	48,885,923	46,280,399	2,605,524	5.6%
	Ending Balance 6/30/16	1,284,512	1,164,003	120,509	10.4%
	City Appropriations	18,374,623	17,787,590	587,033	3.3%

City Appropriation History

Fiscal Year	Appropriation	\$ Difference	Percent Change	M & O Millage	Bond Millage	Total Millage
95-96	\$ 8,703,795.00	\$ 419,989.00	5.07%	14.61	1.38	15.99
96-97	\$ 9,132,022.00	\$ 428,227.00	4.92%	14.91	1.34	16.25
97-98	\$ 9,744,493.00	\$ 612,471.00	6.71%	14.55	1.25	15.80
98-99	\$ 10,125,508.00	\$ 381,015.00	3.91%	15.04	1.25	16.29
99-00	\$ 10,629,853.00	\$ 504,345.00	4.98%	14.98	1.17	16.15
00-01	\$ 11,300,517.00	\$ 670,664.00	6.31%	14.98	0	14.98
01-02	\$ 11,870,210.00	\$ 569,693.00	5.04%	14.98	0	14.98
02-03	\$ 12,440,994.00	\$ 570,784.00	4.81%	15.54	0	15.54
03-04	\$ 12,962,271.00	\$ 521,277.00	4.19%	15.93	0	15.93
04-05	\$ 13,689,597.00	\$ 727,326.00	5.61%	16.04	0	16.04
05-06	\$ 14,915,265.00	\$ 1,225,668.00	8.95%	16.00	0	16.00
06-07	\$ 15,937,722.00	\$ 1,022,457.00	6.86%	16.00	0	16.00
07-08	\$ 16,565,231.00	\$ 627,509.00	3.94%	15.95	0	15.95
08-09	\$ 17,194,710.00	\$ 629,479.00	3.80%	15.95	0	15.95
09-10	\$ 16,787,100.00	\$ (407,610.00)	-2.37%	15.90	0	15.90
10-11	\$ 17,786,449.00	\$ 999,349.00	5.95%	17.45	0	17.45
11-12	\$ 17,787,590.00	\$ 1,141.00	0.01%	17.45	0	17.45
12-13	\$ 17,787,590.00	\$ -	0.00%	17.45	0	17.45
13-14	\$ 18,087,590.00	\$ 300,000.00	1.69%	17.45	0	17.45
14-15	\$ 17,787,590.00	\$ (300,000.00)	-1.66%	17.45	0	17.45
15-16	\$ 18,374,623.00	\$ 587,033.00	3.30%	17.45	0	17.45

CITY OF ROME
TAX MILLAGE RATES

F. Y. 2015- Rates -USING PRIOR YEAR RATES

				2015 ORIGINAL BUDGET	2015 REVISED BUDGET	2015 ESTIMATED ACTUAL
CITY M&O						
Real, Personal Property & Public Utilities				\$ 6,835,000	\$ 6,835,000	\$ 6,609,788
6.800	\$1,056,551,714	X	92%			
Motor Vehicles & Mobile Homes (estimates)				325,000	325,000	325,000
TOTAL CITY M&O				<u>5</u>	<u>7,160,000</u>	<u>6,934,788</u>
					(225,212)	
CAPITAL TAX						
Real, Personal & Public Utilities				\$ 1,880,000	1,880,000	1,833,244
1.886	\$1,056,551,714	X	92%			
TOTAL CAPITAL TAX					<u>1,880,000</u>	<u>1,833,244</u>
					(46,756)	
SCHOOL M&O						
Real, Personal Property & Public Utilities					2015-prior year 15,878,312	16,338,823
17.450	\$1,006,798,123	X	93%			
Motor Vehicles & Mobile Homes (estimates)					1,100,000	1,100,000
Real Estate Transfer tax (estimates)					15,000	15,000
Payment in Lieu of Taxes					444,278	420,800
Prior Year Tax Allocation-estimated 2015					350,000	500,000
					0	0
TOTAL SCHOOL M&O					<u>17,787,590</u>	<u>18,374,623</u>
					587,033	

CITY OF ROME
 SCHEDULE OF MILLAGE RATES
 1995 - 2015

Year	City M&O	City Capital	City Bonds	School Bonds	School M&O and Capital	Total Millage Rate
1995	6.65	1.68	0.00	1.54	14.75	24.62
1996	-1.5% < *** 6.55	-2.4% < 1.64	0.0% < 0.00	-10.4% < 1.38	-0.9% < 14.61	-1.8% < 24.18
1997	-0.3% < 6.53	1.2% < 1.66	0.0% < 0.00	-2.9% < 1.34	2.1% < 14.91	1.1% < 24.44
1998	-2.5% < 6.37	0.0% < 1.66	0.0% < 0.00	-6.7% < 1.25	-2.4% < 14.55	-2.5% < 23.83
1999	1.6% < 6.47	3.0% < 1.71	0.0% < 0.00	0.0% < 1.25	3.4% < 15.04	2.7% < **** 24.47
2000	-2.6% < 6.30	-3.5% < 1.65	0.0% < 0.00	-6.4% < 1.17	-0.4% < 14.98	-1.5% < **** 24.10
2001	6.3% < 6.70	0.0% < 1.65	0.0% < 0.00	0.0% < 0.00	0.0% < 14.98	-3.2% < 23.33
2002	1.5% < 6.80	-0.6% < 1.64	0.0% < 0.00	0.0% < 0.00	3.7% < 15.54	2.8% < 23.98
2003	0.0% < 6.80	14.0% < 1.87	0.0% < 0.00	0.0% < 0.00	2.5% < 15.93	2.6% < 24.60
2004	-0.1% < 6.79	0.0% < 1.87	0.0% < 0.00	0.0% < 0.00	0.7% < 16.04	0.4% < 24.70
2005	-1.6% 6.68	1.6% 1.90	0.0% 0.00	0.0% 0.00	-0.2% 16.00	-0.5% 24.58
2006	-1.2% 6.60	-2.6% 1.85	0.0% 0.00	0.0% 0.00	0.0% 16.00	-0.5% 24.45
2007	-0.3% 6.58	2.7% 1.90	0.0% 0.00	0.0% 0.00	-0.3% 15.95	-0.1% 24.43
2008	0.8% 6.63	-2.6% 1.85	0.0% 0.00	0.0% 0.00	0.0% 15.95	0.0% 24.43
2009	0.6% 6.67	0.0% 1.85	0.0% 0.00	0.0% 0.00	-0.3% 15.90	0.0% 24.42
2010	1.9% 6.80	2.7% 1.90	0.0% 0.00	0.0% 0.00	9.7% 17.45	7.1% 26.15
2011	0.0% 6.80	0.0% 1.90	0.0% 0.00	0.0% 0.00	0.0% 17.45	0.0% 26.15
2012	0.0% 6.80	0.0% 1.90	0.0% 0.00	0.0% 0.00	0.0% 17.45	0.0% 26.15
2013	0.0% 6.80	0.0% 1.90	0.0% 0.00	0.0% 0.00	0.0% 17.45	0.0% 26.15
2014	0.0% 6.80	0.0% 1.90	0.0% 0.00	0.0% 0.00	0.0% 17.45	0.0% 26.15
2015-Prel	0.0% 6.80	-0.7% 1.886	0.0% 0.00	0.0% 0.00	0.0% 17.45	-0.1% 26.136

Year	City	School	Totals
2014	8.700	17.45	26.15
2015	8.686	17.45	26.136

**CITY OF ROME
2015 TAX DIGEST ANALYSIS**

REAL PROPERTY	850,002,663	
PERSONAL PROPERTY	251,169,921	
PUBLIC UTILITIES--98%	32,520,350	
TOTAL GROSS DIGEST	<u>1,133,692,934</u>	
Exemptions:		
HOMESTEAD FREEZE	(13,347,425)	
FREEPORT	(50,780,140)	
OTHER	<u>(3,267,782)</u>	
	<u>(67,395,347)</u>	
NET DIGEST	1,066,297,587	
TAD 1	(7,635,308)	
TAD 2	(2,110,565)	
DIGEST AVAILABLE FOR TAXES	1,056,551,714	
2014 DIGEST	1,034,214,005	
CHANGE	<u>22,337,709</u>	2.16%

**ROME BOARD OF EDUCATION
2015 TAX DIGEST ANALYSIS**

REAL PROPERTY	853,011,891	
Less PILOT Abatements		
Dermatran	(2,733,572)	
Syntec	(275,656)	
Net REAL PROPERTY	<u>850,002,663</u>	
PERSONAL PROPERTY	272,275,323	
Less PILOT Abatments		
Keebler	(12,890,389)	
Profile Extrusion	(1,948,407)	
Stemco	(1,801,920)	
Syntec	(4,464,686)	
Net Personal Property	<u>251,169,921</u>	
PUBLIC UTILITIES---98%	32,520,350	
TOTAL GROSS DIGEST	<u>1,133,692,934</u>	
Exemptions:		
SCHOOL EXEMPTION	(70,736,324)	
FREEPORT	(50,780,140)	
OTHER	(3,267,782)	
	<u>(124,784,246)</u>	
NET DIGEST	1,008,908,688	
TAD 2	(2,110,565)	
DIGEST AVAILABLE FOR TAXES	1,006,798,123	
2014 Digest	983,077,469	
CHANGE	<u>23,720,654</u>	2.41%
Total PILOT Digest	24,114,630	
2015 millage rate	<u>17.45</u>	
PILOT payments	420,800	