

City of Rome
FINANCE COMMITTEE MEETING
April 25th, 2016

PRESENT:

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

Chairman McNiece called the meeting to order, and the minutes from the March 16th, 2016, meeting were approved.

REVIEW OF PROPOSED SECOND 2015 REVISED BUDGETS:

Ms. Shore was given the floor to discuss the proposed revision. Ms. Shore reminded the committee that a new Governmental Standard issued for this year placed the City's total pension liability on the financial statements as part of the profit/loss statement. Previously this liability was only noted in footnote disclosure. The City has known for some time this was coming and the City's current liability of around \$20 million would only be shown at the entity wide statement, which had a net position of \$154 million in 2014. This proposed decrease was not going to materially impact that number dramatically.

However, as part of the clarification concerning enterprise funds, it was determined that if an enterprise fund contributed directly from the fund to the retirement payment, then that fund would have to post their pro-rata share of that \$20 million liability. This would dramatically impact all of our enterprise funds and put most of them in a substantial negative net position. Ms. Shore distributed to the committee the calculated allocations that these enterprise funds would have to absorb, noting the large amounts for each fund. The remedy for this is to re-classify the retirement payment back to the General Fund and post the entire payment from that fund but cover the payment with transfers in from the enterprise fund.

This does not impact any fund's net position or fund balance since it is simply a reclass of how the retirement contributions are made. However, with this reclass, the General Fund will now show a large expenditure (the net retirement payments for the enterprise funds) that was not previously budgeted. This is the reason that we need to adjust the General Fund budget again. As seen in the proposed revision, the retirement payment is shown under other expenditures while the offsetting contributions show up in transfers in. Again, this does not affect any previously reported changes in fund balance and net position. Ms. Shore did point the committee to the enterprise fund statements after these reclassifications. As noted, Personal services for these funds decreased as the retirement payment was reclassified, but transfers to the General Fund increased to offset the payments. These funds will not require a budget revision because they are not legally required to adopt budgets but the City does so for management purposes.

Commissioner McDaniel asked if this affected the City's retirement plan in any way. Ms. Shore and City Manager Rich did emphasize that this did not affect the City's retirement plan itself or any employee's retirement. Ms. Shore noted that as of the last actuarial report the City was at close to 85% funded on an on-going basis. This is a very healthy funded status. She also

commented that the current year would also have to be reclassified in order to avoid this continuing budget revision, and probably 2017 would see some changes in the budget process in order to comply with this standard. After some additional discussion, Commissioner Slack made a motion to accept this proposed budget revision and to recommend the revision at the subsequent City Commission meeting tonight. Commissioner McDaniel seconded, and the motion carried.

With no further discussion, the meeting was adjourned.

Respectfully Submitted

A handwritten signature in cursive script that reads "Sheree T. Shore". The signature is written in black ink and is positioned above the printed name.

Sheree T. Shore

Governmental Activities	Beginning NPL	Contributions	Pension Expense	Ending NPL
Water Fund	1,159,947.57	864,005.00	806,309.00	7,589,539.00
Building Inspection Fund	509,457.36	275,008.00	349,966.00	2,294,124.00
Fire Fund	146,212.25	108,909.00	101,636.00	956,667.00
Health Insurance Fund	876,473.19	52,855.00	609,260.00	5,773,768.00
Solid Waste Commission (Landfill)	10,596.27	7,893.00	7,365.00	69,333.00
Solid Waste Management	51,105.27	38,067.00	35,536.00	334,382.00
Transit Fund	155,218.23	115,617.00	107,895.00	1,015,594.00
Tourism CU	64,100.04	47,746.00	44,568.00	419,407.00
	38,802.27	28,902.00	26,972.00	253,883.00
	<u>3,005,912.00</u>	<u>2,239,002.00</u>	<u>2,089,487.00</u>	<u>19,667,695.00</u>

General Government	Beginning NPL	Contributions	Pension Expense	Ending NPL
Public Safety	234,554.85	375,008.00	349,966.00	2,294,124.00
Public Works	549,104.25	108,909.00	101,636.00	956,667.00
Public Facilities	310,887.54	52,855.00	609,260.00	5,773,768.00
Community Development	10,925.97	7,893.00	7,365.00	69,333.00
	53,979.96	38,067.00	35,536.00	334,382.00
	<u>1,159,452.57</u>	<u>2,239,002.00</u>	<u>2,089,487.00</u>	<u>19,667,695.00</u>

WATER & SEWER FUND A/E - GASB 68 IMPLEMENTATION

Net Pension Liability	(3,294,124)
Beginning Equity	3,295,548
Retirement Contrib	(169,789)
Deferred Outflows Exp. Diff.	210,848
Deferred Outflows Contributions	385,306
Deferred Inflows - Inv. Earnings	(148,039)
Deferred Inflows - Assumption Cha	(285,751)

FIRE FUND A/E - GASB 68 IMPLEMENTATION

Net Pension Liability	(5,734,768)
Beginning Equity	5,737,248
Retirement Contrib	(285,140)
Deferred Outflows Exp. Diff.	367,058
Deferred Outflows Contributions	670,782
Deferred Inflows - Inv. Earnings	(257,712)
Deferred Inflows - Assumption Cha	(497,468)

SOLID WASTE COMMISSION (LANDFILL) FUND A/E - GASB 68 IMPLEMENTATION

Net Pension Liability	(334,382)
Beginning Equity	334,526
Retirement Contrib	(16,624)
Deferred Outflows Exp. Diff.	21,402
Deferred Outflows Contributions	39,112
Deferred Inflows - Inv. Earnings	(15,027)
Deferred Inflows - Assumption Cha	(29,007)

TRANSIT FUND A/E - GASB 68 IMPLEMENTATION

Net Pension Liability	(419,407)
Beginning Equity	419,588
Retirement Contrib	(20,853)
Deferred Outflows Exp. Diff.	26,844
Deferred Outflows Contributions	49,057
Deferred Inflows - Inv. Earnings	(18,847)
Deferred Inflows - Assumption Cha	(36,382)

154 million
 Net position



**CITY OF ROME
BUDGET COMPARISON
REVENUES AND EXPENDITURES
GENERAL FUND - 01**

	2014 AUDITED	2015 ORIGINAL BUDGET	2015 DECEMBER ACTUAL- CONSOLID	2015 PROPOSED REVISION CONSOLID	% CHG
APPROPRIATION OF FUND BALANCE	\$ -	\$ -	\$ -	\$ -	0.0%
REVENUES:					
Ad Valorem Taxes	9,526,683	8,938,000	9,535,559	9,517,175	6.5%
Other Taxes	12,201,835	12,249,000	11,953,703	12,249,000	0.0%
Total Taxes	<u>21,728,518</u>	<u>21,187,000</u>	<u>21,489,262</u>	<u>21,766,175</u>	2.7%
Licenses, Permits and Fees	1,837,149	1,817,000	1,916,318	1,817,000	0.0%
Intergovernmental	365,459	313,000	283,599	313,000	0.0%
Fines and Forfeitures	1,176,401	1,389,000	1,260,117	1,389,000	0.0%
Other	714,537	616,000	821,368	616,000	0.0%
TOTAL REVENUES	<u>25,822,064</u>	<u>25,322,000</u>	<u>25,770,664</u>	<u>25,901,175</u>	2.3%
EXPENDITURES:					
General Government	3,291,166	3,379,775	3,322,290	3,417,160	1.1%
Public Safety	7,397,207	7,699,560	7,658,695	7,699,560	0.0%
Public Works	5,604,518	5,834,150	5,437,139	5,835,670	0.0%
Public Facilities	486,206	459,680	513,250	520,420	13.2%
Public Services	319,387	323,770	633,500	649,300	100.5%
Intergovernmental	191,732	200,600	180,794	200,600	0.0%
Other	221,843	192,000	2,034,295	2,077,000	981.8%
Contingency	90,910	50,000	40,265	51,000	2.0%
TOTAL EXPENDITURES	<u>17,602,969</u>	<u>18,139,535</u>	<u>19,820,228</u>	<u>20,450,710</u>	12.7%
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,219,095</u>	<u>7,182,465</u>	<u>5,950,436</u>	<u>5,450,465</u>	-24.1%
OPERATING TRANSFERS:					
Operating Transfers In	1,405,406	1,451,000	3,121,462	3,118,000	114.9%
Operating Transfers Out	<u>(8,794,875)</u>	<u>(8,633,465)</u>	<u>(8,517,189)</u>	<u>(8,568,465)</u>	-0.8%
NET OPERATING TRANSFERS	<u>(7,389,469)</u>	<u>(7,182,465)</u>	<u>(5,395,727)</u>	<u>(5,450,465)</u>	-24.1%
INCREASE (DECREASE) TO FUND BALANCE	<u>\$ 829,626</u>	<u>0</u>	<u>\$ 554,709</u>	<u>0</u>	N/A