

Audit/Finance Committee Meeting
February 19, 2016
7:45 AM City Commission Chambers

- Approval of December 18, 2015 minutes

- New Business
 - January 2016 Financial Report
 - 2015 Issue 8 Recap
 - 2016 General Fund Budget Update
 - Next meeting is March 18, 2016

- Public Participation

- Executive Session (motion and roll call vote if any)

General Fund –January 31, 2016 Report (Cash Basis Information)

Revenues:

Total 2016 YTD actual General Fund revenues are \$1,362,595, compared with \$826,555 at January 2015. Here are a few items of note:

- **Income taxes** – The 2016 YTD amount is \$1,116,840 and the 2015 YTD amount was \$581,743.
- **Admissions taxes** – The 2016 YTD amount is \$3,137 and the 2015 YTD amount was \$2,596.
- **Hotel/motel taxes** - The 2016 YTD amount is \$10,310 and the 2015 YTD amount was \$8,988.

Expenses:

Total 2016 YTD actual General Fund expenses are up about 9.3% compared to actual amounts at January 2015.

Cash Balance:

The ending cash balance in the General Fund is \$4,261,014. The cash balance history page attached to this report contains further information on cash balance trends in the General Fund.

Full-Time Employees (does not include elected officials):

January 2016 – 227	December 2015- 225	December 2014 - 211	December 2013 - 212	December 2012 - 215	December 2011 - 220
December 2010 - 216	December 2009 - 241	December 2008 - 252	December 2007 - 253	December 2006 - 260	December 2005 - 266
December 2004 - 280	December 2003 - 291				

Assumptions Used on Monthly and YTD Budget Amounts:

No amounts were used for YTD or MTD budgeted expenditures since the original appropriations have not been passed by the City Commission. Deadline for passage is March 31, 2016.

**General Fund
January 31, 2016**

2016 Monthly Budget Amount	2016 Monthly Actual Amount
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2016 YTD Budget	2016 YTD Actual
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2015 YTD Actual	2014 YTD Actual	2013 YTD Actual	2012 YTD Actual	2011 YTD Actual
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Beginning Balance, 1/1/16

\$ 4,170,024

Revenues

General Revenues

Property Tax	-	-	-	-	-	-	188	-
Income Tax	-	1,116,840	-	1,116,840	581,743	584,953	442,322	403,285
Admissions Tax	-	3,137	-	3,137	2,596	1,706	2,856	2,650
Hotel/Motel Tax	-	10,310	-	10,310	8,988	9,303	7,615	7,606
Local Government Funds	-	33,523	-	33,523	31,911	35,186	58,163	70,891
Other State Levied Monies	-	1,504	-	1,504	-	1,595	-	-
Liquor/Beer Permits	-	-	-	-	-	795	-	18
State Patrol Fines	-	-	-	-	-	1,079	1,293	932
Tax Abatement Monitoring Fees	-	-	-	-	-	-	-	-
Sale of Property	-	1	-	1	1,854	-	1,580	-
Interest	-	1,228	-	1,228	5,542	-	18,282	20,342
Rental Income	-	-	-	-	-	-	100	-
Donations	-	25	-	25	-	-	-	40
Refunds / Reimbursements	-	3	-	3	12,381	11,843	10,014	19,382
	-	1,166,571	-	1,166,571	645,015	646,460	568,401	525,145

Division / Department Revenues

Police Department	-	23,932	-	23,932	2,844	18,668	19,230	23,610	11,997
Police/Fire Marine Patrol	-	425	-	425	5,125	704	350	1,225	1,400
Fire Department	-	83,598	-	83,598	81,077	71,867	66,678	43,807	60,613
Oakland Cemetery	-	10,573	-	10,573	7,253	5,840	2,585	2,760	10,900
Community Development	-	17,165	-	17,165	41,140	125	220	150	245
Building Division	-	21,644	-	21,644	34,132	14,556	60,461	22,385	28,995
Horticultural Services	-	6,992	-	6,992	5,480	6,942	5,840	3,466	4,926
City Manager/Finance/HR	-	538	-	538	654	-	1,251	604	5
Data Processing Center	-	3,020	-	3,020	1,815	43,372	3,957	3,939	3,899
Law Department	-	-	-	-	-	-	9,238	-	-
City Commission	-	-	-	-	-	-	180	55	-
Municipal Court	-	25,402	-	25,402	265	84,407	81,618	58,451	64,713
Building Maintenance	-	-	-	-	-	-	-	-	261
Engineering	-	1,270	-	1,270	205	585	588	185	1,771
Mechanic Department	-	1,465	-	1,465	1,551	1,008	2,007	-	490
	-	196,025	-	196,025	181,540	248,072	254,203	160,637	190,214
Total General Fund Revenues	-	1,362,595	-	1,362,595	826,555	894,532	822,604	701,469	715,360

General Fund Expenses

Wages/Fringes	-	858,894	-	858,894	767,975	876,565	726,268	984,513	914,708
Travel & Training	-	5,412	-	5,412	576	2,510	3,147	1,751	1,910
Contractual Services	-	219,719	-	219,719	221,498	268,872	301,390	177,841	173,073
Supplies & Materials	-	31,113	-	31,113	28,895	40,296	37,154	25,010	31,876
Major Expendable	-	1,276	-	1,276	-	6,655	5,796	64	7,616
Transfers / Other	-	155,192	-	155,192	144,802	91,055	87,877	6,386	16,157
Total General Fund Expenses	-	1,271,605	-	1,271,605	1,163,747	1,285,954	1,161,632	1,195,564	1,145,340
Net Gain / (Loss)	-	90,990	-	90,990	(337,192)	(391,422)	(339,028)	(494,095)	(429,980)

Ending Cash Balance, 1/31/16

\$ 4,261,014

GENERAL FUND UNEXPENDED BALANCE
(does not include outstanding encumbrances at month end)

	2016	2015	2014	2013	2012	2011	2010	2009
January	4,261,014	3,867,093	3,836,274	3,367,344	3,123,288	3,046,316	2,263,742	2,770,970
February		2,965,660	3,303,250	2,606,577	2,641,057	2,609,479	1,652,114	1,975,623
March		3,665,316	3,937,644	2,960,539	3,274,537	3,033,098	2,348,394	2,467,294
April		3,023,451	3,665,480	3,113,209	2,895,689	2,985,718	2,084,694	2,416,542
May		2,899,190	3,172,343	2,584,626	2,731,142	2,629,714	1,781,557	2,092,685
June		3,012,283	3,238,672	2,886,615	2,226,701	2,525,712	1,520,587	1,808,282
July		3,401,724	3,564,211	3,301,788	2,501,314	2,244,085	1,360,622	1,459,626
August		5,109,586	5,393,377	5,092,355	4,298,200	3,964,579	3,180,790	3,229,171
September		6,280,075	5,741,499	5,716,864	5,056,663	5,086,799	4,457,984	3,703,882
October		6,193,657	5,301,930	5,965,413	4,922,533	4,923,072	4,243,543	3,475,800
November		5,766,373	5,137,943	5,622,682	4,247,075	4,812,198	4,541,618	4,099,607
December		4,170,024	4,204,284	4,227,678	3,706,372	3,617,383	3,476,296	2,847,621

WATER FUND - 2013

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	7,081,017	264,935	6,816,082
February	6,962,843	320,219	6,642,624
March	7,250,075	263,089	6,986,986
April	7,112,629	286,762	6,825,867
May	7,210,278	284,278	6,925,999
June	7,288,226	254,863	7,033,363
July	6,783,783	252,455	6,531,328
August	7,043,005	242,255	6,800,750
September	7,190,616	177,730	7,012,886
October	7,418,826	178,262	7,240,564
November	7,512,497	233,484	7,279,012
December	7,472,242	60,332	7,411,910

SEWER FUND - 2013

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	5,682,572	143,795	5,538,778
February	5,548,368	159,318	5,389,050
March	5,678,024	152,633	5,525,392
April	5,640,326	238,043	5,402,283
May	6,133,007	227,599	5,905,408
June	6,267,087	211,776	6,055,311
July	5,362,845	224,059	5,138,786
August	5,723,370	221,794	5,501,576
September	5,917,698	237,203	5,680,496
October	6,223,976	261,783	5,962,193
November	6,410,836	233,400	6,177,436
December	6,159,738	5,630	6,154,107

WATER FUND - 2014

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	6,514,890	226,330	6,288,561
February	6,544,755	207,220	6,337,535
March	6,584,678	149,759	6,434,920
April	6,638,447	244,273	6,394,174
May	6,627,337	241,741	6,385,596
June	6,739,778	213,743	6,526,034
July	5,994,711	299,753	5,694,958
August	6,114,443	257,921	5,856,522
September	6,135,282	331,319	5,803,963
October	5,998,258	261,293	5,736,965
November	6,106,198	256,679	5,849,519
December	6,001,891	7,337	5,994,554

SEWER FUND - 2014

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	4,898,525	77,893	4,820,632
February	4,986,105	86,601	4,899,504
March	4,972,784	266,521	4,706,263
April	4,942,670	266,956	4,675,715
May	4,779,600	258,970	4,520,630
June	4,850,299	298,028	4,552,272
July	3,568,800	270,753	3,298,047
August	3,806,237	288,027	3,518,211
September	4,142,704	272,104	3,870,600
October	4,404,400	302,105	4,102,295
November	4,434,903	199,355	4,235,548
December	4,184,649	5,874	4,178,774

WATER FUND - 2015

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	4,952,242	108,924	4,843,318
February	5,057,109	89,653	4,967,456
March	5,066,118	105,301	4,960,818
April	5,009,168	155,603	4,853,565
May	4,839,034	195,272	4,643,763
June	5,106,261	147,540	4,958,721
July	4,260,600	127,987	4,132,613
August	4,449,277	138,575	4,310,701
September	4,651,709	121,260	4,530,449
October	4,598,771	127,948	4,470,823
November	4,712,122	129,996	4,582,126
December	4,656,198	22,244	4,633,954

SEWER FUND - 2015

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	2,843,787	179,511	2,664,276
February	2,731,995	171,595	2,560,401
March	2,824,899	254,163	2,570,736
April	2,725,420	331,911	2,393,509
May	2,712,465	366,032	2,346,433
June	2,892,884	325,462	2,567,422
July	1,949,867	345,292	1,604,574
August	1,829,068	329,465	1,499,602
September	2,233,605	327,409	1,906,196
October	2,503,027	310,666	2,192,362
November	2,702,944	274,065	2,428,879
December	2,437,511	6,980	2,430,531

WATER FUND - 2016

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	3,653,934	101,485	3,552,449
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

SEWER FUND - 2016

	Unexpended Balance	Outstanding Encumbrances	Ending Balance
January	1,056,800	271,223	785,577
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

FULL-TIME EMPLOYEES

	Jan-16	Dec-15	Nov-15	Oct-15	Sep-15	Aug-15	Jul-15	Jun-15	May-15	Apr-15	Mar-15	Feb-15	Jan-15
Police Patrol	47	47	47	46	46	44	44	45	45	45	45	45	45
Police Records	2	2	2	2	2	2	2	2	1	1	1	1	1
Fire	48	48	48	47	47	48	48	48	48	48	48	48	48
Cemetery	2	2	2	2	2	2	2	2	2	2	2	2	2
Recreation	1	1	1	1	1	1	1	1	1	1	1	1	1
Community Dev	11	10	9	9	9	9	9	9	7	7	7	6	6
Building Div (includes Poulos)	4	4	4	4	4	4	4	4	4	4	4	4	4
Hort Services	8	8	8	8	8	8	8	8	8	8	7	7	7
Customer Acct Office	3	3	3	2	3	3	3	3	3	3	3	3	3
BIWW	12	12	12	12	11	13	13	12	12	11	12	12	13
Water Distribution	10	10	10	10	10	10	10	10	10	9	9	9	9
Water Pollution Control Plant	16	16	16	17	17	17	16	16	17	17	17	17	16
Sewer Maintenance	10	10	10	10	9	9	9	9	9	9	9	9	9
Street Dept	11	11	11	11	11	10	10	10	10	11	11	11	11
City Manager	2	2	2	2	2	2	2	2	2	2	2	2	2
HR / IT	3	3	3	3	3	2	2	2	2	2	2	2	2
Finance / Tax	3	3	3	3	3	3	3	3	3	3	3	3	3
Law	5	4	4	4	4	4	4	4	4	4	4	4	4
Commissioners / Clerk	1	1	1	1	1	1	1	1	1	1	1	1	1
Courts (not including Judge)	13	13	12	12	12	12	13	13	13	13	13	13	13
Building Maintenance/Pub Srv	4	4	4	4	4	4	3	3	3	3	3	3	2
Engineer	5	5	5	5	5	5	4	4	4	4	4	4	4
Traffic	2	2	2	2	2	2	2	2	2	2	2	2	2
Fleet Maintenance	4	4	4	4	4	4	4	4	4	4	4	4	4
	227	225	223	221	220	219	217	217	215	214	214	213	212

Audit/Finance Committee Meeting Minutes
December 18, 2015
7:45 AM City Commission Chambers

Committee Attendees: Nickles, Stahl, Ruthsatz, Solowiej, Wobser, Murray (alternate for Brady)

Chairman Nickles opened the meeting at 7:53 AM by wishing everyone happy holidays. He expressed his happiness of being in a better place this year than we have been in the past few years. He asked for a motion to approve the October 23, 2015 minutes. Ruthsatz made a motion to approve the minutes and it was seconded by Stahl. There was no further discussion. **All ayes – motion carried.** Nickles thanked everyone for being at the meeting and for all their help this year.

November Monthly Report:

Solowiej advised the committee by saying that the year-end numbers were looking good, even though they had started out the year a little slow. It looks like the income tax revenue will end up better than what we had budgeted. We had predicted to come in at \$9.2 million and as of today we were at \$9.362 million. Nickles reminded the committee that many companies will be paying at year-end which will also boost it up. Solowiej did remind everyone that there was one more payroll to process before year-end and another batch of checks to be processed. He anticipates the ending balance to be around \$4.0 million (20% range). He explained with this budget, we were able to get a lot accomplished. We were able to fund the Issue 8 line items with the projected amounts. He advised that we haven't spent all the Issue 8 funds, but it's all there to be spent and would be carried over into the next year to fund the various items in the Strategic Plan. Nickles agreed that the numbers looked a whole lot better than they have in the past. Nickles then asked if anyone had any additional questions on the November report. There was no further discussion. Ruthsatz then made a motion to accept the Standard Report and Stahl seconded the motion. There was no further discussion. **All ayes – motion carried.**

New Business:

Nickles then took a moment to congratulate Solowiej and his team on their GFOA award for the 2014 CAFR. He reminded the committee that it has been 24 years in a row that the Finance Department has received this award and that it was a great accomplishment. Murray agreed. Solowiej told the committee that it was not just the Finance Department that deserved the recognition, but all of the City's departments for helping earn the award. He also explained that this award is meaningful when Moody's and other investors rate the City. It allows us to borrow money at very low rates. Solowiej advised that he is excited to speak with Moody's this year with all of the positives the City has going on right now. Nickles reminded the committee of prior years when we only had 1 or no bidders on our borrowing and now we have 5 or 6. Solowiej agreed and advised that he's had several calls from companies who want to bid in the future, which is a stark difference from the panic of no bidders calling in the past. Solowiej thanked the committee members for all of their kind words and all of their support over the past years. Nickles asked if the Register had picked up the news yet and Murray advised that a press release had gone out to them but nothing had been printed as of yet.

Nickles then asked the committee to review the proposed meeting dates for 2016. The next meeting is scheduled for 2/19, but he believed two or three members might not be able to make it that day due to a meeting at the hospital. He wondered if we might move it to 2/26/16. Nickles then asked if 3/25/16 was Good Friday and if it was, would we maybe want to move the meeting back to 3/18/16 instead. Solowiej agreed that we should amend those dates and make changes as necessary throughout the year. Nickles asked what we would have in March. Would the Auditor's come and would the budget be done? Murray explained that Commission hadn't set a date yet for the budgets to be approved. He wasn't sure if it would be the meeting of the 8th or the 22nd, but he thought they would have something for the committee to review on 3/18/16.

Stahl then asked if we had an update on the Health Insurance Review. Solowiej explained that the City had signed a commitment with the Ashley Group to help the City with their insurance needs. He advised them that they had already amended the Ordinance for non-bargaining employees to change the amount of employee contribution to be made to the plan in the next three years. In 2016, the contributions will be \$90 for family coverage and \$36 for single coverage. In 2017, the contribution will be \$100 for family coverage and \$50 for single coverage. In 2018, the contributions will be \$110 for family coverage and \$60 for single coverage. Benefits for 2016 will be provided by Mutual Health Services. The Ashley Group is going to help us to have a more active health insurance committee going forward to develop plan design changes. We are looking to have a lot of dialogue with the unions regarding the benefits offered to our employees.

Solowiej also advised the committee that they were still working on union negotiations and hoped to have them wrapped up in the next couple of months. Nickles recommended that we review our insurance options every few years, instead of waiting 15 years. Solowiej agreed going forward we would monitor it regularly. Solowiej explained to the committee that he had setup a new Internal Service Fund to account for the health insurance program. Claims would be paid out weekly from this fund. Ruthsatz then asked if the employees were paying a percentage or flat rate. Solowiej advised that originally they had discussed a % rate in negotiations, but the union was not comfortable with a percentage rate. They preferred a set flat rate going forward. Solowiej reminded the committee that plan changes may be necessary if premiums increase rapidly with the flat rate in place. Solowiej also explained that the plan was very similar to what we have now. The one main change of the program would be that Kroger Prescription Plan will be handling our pharmacy plan instead of CVS/Caremark. There also may be small savings in our life insurance costs.

Departments are now updating their budgets with the new updated factors. Solowiej also wanted to mention that BORMA has been very nice about us leaving and welcomed us back if things did not work with this new plan. Nickles asked if BORMA would be able to sustain themselves with so many cities leaving the pool. Solowiej believed they might have some long term problems ahead of them, since they have many cities in the pool with very generous plans. He thought they would probably need a big rate increase if the plan stayed the way it was. Wobser thought Solowiej and Human Resources Department had done a good job throughout this process and advised they would continue to work with the employees to reduce health care costs. He believes we have made some small gains with the premium contribution increases and believes additional gains can be made with more dialogue with the Ashley Group and the health insurance committee. Murray asked if the property casualty policy was almost up. Nickles thought it might be close and suggested reviewing that policy in the near future. Stahl believes that this open, honest communication from Solowiej has been a big part of us seeing the savings in our insurance costs.

Wobser then gave the committee an update on Issue 8 for the year. He handed out a spreadsheet that summarizes the projects that funds have been committed to for 2015. He explained that Solowiej will be tracking the actual expenditures made with Issue 8 funds. There will be a timing difference between the two reports. He reminded the committee that any funds for 2015 that was not spent will be carried over into 2016. Initially we were cautious with our projections of Issue 8 funds coming in because we were unsure of how quickly we would see the return. He assured the committee that the money would be spent, because they have several projects on deck. He explained that this year was kind of a pilot year to allow us to get with staff to develop a larger plan. For budgeting purposes we have \$1 million going to new infrastructure, and City Engineer Klein has provided about \$1.8 million in projects that could be done. Wobser plans on meeting with Klein when he gets back to finalize the list. Nickles asked if Wobser could give us a plan for the 2016 funds and a summary of where we ended up in 2015 at the next meeting and Wobser agreed.

Nickles then opened the meeting up for public participation.

Public Participation:

Sharon Johnson began with a question on why there is such a big difference between what has been committed and what has been actually paid. She is concerned that we might spend money that has already been committed. Solowiej explained that there are separate accounts for each section of the plan and that purchase orders are done to encumber the money. Wobser assured Johnson that they are making sure they do not over commit and that all expenses are approved by him in the end. Wobser also reminded Johnson that there will be revolving numbers in these line items also. For example, San Bay – we purchased this property with Issue 8 funds and intend on selling the property at some point. When that sale is complete, the funds will be deposited back into the Issue 8 line items. It is our hope these funds will grow significantly over time.

Johnson then asked of the 14 new people, how much of their salaries come out of the Issue 8 line item. It was explained that no salaries are paid directly out of the Issue 8 accounts. Wobser reminded Johnson that three new accounts were set up for Issue 8 funds. The additional cost of health insurance, general fund safety budget (police/fire) wages were adjusted to help here. The police department has hired two additional officers and the fire department has needed to use more hours to keep station 3 open. Johnson then asked if the beginning of the year \$1.3 million insurance cost was included in the deficit subsidy. It was explained that those insurance costs did cause some of the deficit. Johnson asked again if they would provide a final balance for 2015 at the February 2016 meeting and it was agreed they would. She was concerned it may get confusing as the years rolled over.

Stahl then took a moment to welcome the new City Commission members (Waddington, Lloyd, Lockhart) and asked them to introduce themselves to the committee.

Motion to adjourn made by Stahl and seconded by Solowiej. There was no further discussion.
All ayes – motion carried.

Adjourned at 8:30 A.M.