

AGENDA FOR A FINANCE COMMITTEE
MEETING, TUESDAY, MARCH 22, 2016
6:30 PM, SMALL CONFERENCE ROOM,
SECOND FLOOR, MUNICIPAL BUILDING

(Councilmen Reed, Bigley, Brown, and Rockhold)

- I. CALL TO ORDER – Councilwoman Nancy Wilcox, Chairman
- II. ROLL CALL
- III. MINUTES – meeting held February 16, 2016
- IV. NEW BUSINESS
 1. Request for budget revision \$5,000.00 for fireworks;
 2. Request for budget revision – inner departments for Finance, Clerk, and Code.
 3. Request for budget revision \$1,149,913.00 for street paving contract.
- V. ADJOURNMENT

The Finance Committee of City Council met Tuesday, February 16, 2016 at 6:30 PM in the small conference room on the second floor of the Municipal Building at One Government Square, Parkersburg, WV 26101.

The meeting was called to order by its Chairman, Councilwoman Nancy Wilcox, who presided over the meeting. Members attending included Jim Reed, Warren Bigley, Roger Brown, John Rockhold, and Nancy Wilcox.

Others attending included Mayor Colombo, Eric Jiles, Rick Lemley, Rickie Yeager, Chief Martin, JR Carpenter, Mike Reynolds, Sharon Lynch.

BUDGET REVISION – the clerk presented a budget revision in the amount of \$1,030,925.00 for the committee's consideration.

MOTION – Mr. Reed moved, seconded by Mr. Rockhold, to approve and refer the revision to City Council.

Councilman Brown asked Mr. Jiles why OPEB line items were in this revision for approximately \$455,000.00.

Finance Director, Eric Jiles, explained in detail that the City is not and has not been on a cash basis method of accounting, but rather modified accrual which means that we recognize assets and liabilities as they are incurred, as opposed to when it is cash. There is nothing that can change that, he said. We operate under the same rules as any other government in the State. The accounting standards are set by a board and that standard requires governments to recognize unpaid liabilities of the OPEB plan in addition to the premium. Under that type of plan, we are required to recognize those expenditures in our fund.

Mr. Jiles said he researched this to find a comparable City in WV. If you are not a member of PEIA, there are different rules. Vienna does not go with OPEB. Charleston is not part of PEIA as they are self-funded. The Fairmont Finance Director told him they handle OPEB expenditures and they budget for it. She also sent Mr. Jiles their current budget which illustrates that they incur the expenses of it throughout the year. It is consistent with the revision before them tonight, and the budget for next year.

Mr. Brown asked if City employees help pay for OPEB, and Mr. Jiles said that OPEB was for retirees.

Mr. Brown asked how Mr. Jiles came up with this number, and Mr. Jiles stated that every billing statement estimates what we are required to pay and it goes into a trust fund. The ARC amount is also on the statement and it changes with the actuary. The \$455,000.00 has been divided between departments, he said.

Mr. Brown asked about an actual study, and Mr. Jiles said that PEIA contracts that and they determine that amount. If we were not part of PEIA we would have to get our own study – similar to Wood County who has Blue Cross/Blue Shield Insurance.

Mr. Brown asked where the money would go, and Mr. Jiles said it is a liability and on the balance sheet and not in a separate fund. It is on the books as a liability, he said.

This is the first time we have seen it on a budget, Mayor Colombo stated, but we have accrued it since 2011. Mr. Jiles added that over the last several years was when this report came out the amounts were large and in 2011 it was \$2,800,000.00 and 2012 it was \$2,800,000.00, which created a deficit. What has happened, because of our other funds that have a positive fund balance, the City has recovered over the last five years to where we have a surplus of \$210,000.00 in the general fund. There was a deficit and we recovered. The huge carryover amounts for 2015/2016 was because of OPEB. By planning for that to happen, it will prevent those uncertainties going forward.

The Board of Education pays monthly, Mr. Brown stated. We could do that, and not this.

Senate Bill 469 allowed Boards of Education to do that and also for the State of West Virginia, but not municipalities, Mr. Jiles stated. The rules are what they are. If we end up paying case, the money will be there. It is up to GASB, but for now that is what is happening whether it is in our budget or not.

Mayor Colombo asked about how this would affect our audit, and Mr. Jiles said if we don't do this, we will have a qualification on the audit report.

If we don't accrue this, and the State calls it and we can pay, Mr. Reed asked what the penalty would be. Mr. Jiles said he did not know - there is no law for it.

Mr. Carpenter said he had received an email just this evening from a comptroller from the retiree trust fund, and it said we have no need or obligation other than what we have been doing. Mr. Jiles said he was not disputing that but we are not on a cash method. These are the rules and we can't decide not to follow them when it is inconvenient.

Mr. Carpenter asked where the money would go, and Mr. Jiles said it is with the other amounts in cash. He wants a trust fund to move it to for its intended purpose.

Mayor Colombo asked how much we have now, and Mr. Jiles said we have \$8,500,000.00 set aside as a liability. The cash side is in our operating account, capital reserve account, worker's comp, unemployment. He is proposing to put together a RFP for a trust. Five years ago the City was cash-strapped, he said, and cash flow was a problem for the City. We don't have cash flow problems now. We have to recognize it, but not pay it. Last quarter he had enough cash to make full contribution to the pension funds so we could state surcharge benefits earlier.

MOTION – Mr. Brown moved to take \$455,000.00 and put it in a trust fund, but there was no second to the motion.

The expense will happen regardless, Mr. Jiles stated. After the information is put together for the RFP for a trust or reserve account, it will be moved out of the operating account.

This seems to be putting the cart before the horse, Mr. Reynolds stated. Mr. Jiles is saying to set it aside, but what will we do with it until the trust is set up. Mr. Jiles said that a trust fund will be a balance sheet transaction. Another example is the bridge fund, which is a balance sheet. This accounts for the expenditure of the liability.

VOTE on resolution – the motion was adopted by majority vote with all members voting “yes” with the exception of Mr. Brown, who voted “no”.

FINANCIAL STABILIZATION FUND – Mr. Rockhold, seconded by Mr. Reed, to recommend that Council adopt the resolution creating the fund.

Mr. Bigley asked what the difference was with this fund and the capital reserve fund.

Mr. Jiles explained the stabilization fund from Chapter 8-37 of WV Code. The benefit of the stabilization fund is what we can do with the money. The capital reserve fund was thought of or assumed to be the stabilization fund in the past. If we don't spend it for two years, money in the CRF has to be sent to the State Sinking Fund. With the stabilization fund, the governing body may manage it long-term with cd's or other investments to earn money with that reserve.

The capital fund is for capital purposes.

The stabilization fund is to support the general fund during times of revenue short fall or unexpected expenditures. Two thirds of our budget is taxation and relies on the grown or shrinkage of the economy, he said, and we have no control over that. If the economy shrinks 10%, that is \$2,000,000.00 out of the budget. This fund will protect against that instead of cutting the workforce or increasing fees. Now, we have \$1,000,000.00 in capital reserve. The idea is to have stabilization to grow and protect us.

Mr. Bigley said he was asked if these funds were to be used as a baseball fund, and Mr. Jiles said it was not. It is a rainy day fund, which the State of WV has exhausted because of coal. The state was protected for several years, but not now.

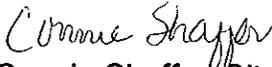
Mr. Rockhold asked if there were other cities with stabilization funds, and Mr. Jiles said they have one in Fairmont and Charleston. This is not new to the larger cities, but it has never been proposed here.

Mr. Carpenter said that he has a problem starting another fund, and if we have to cut services, we have to cut public works, and he sees that as a capital expenditure. Mr. Jiles said that capital has to do with infrastructure and large equipment. Potential layoffs are not a capital issue.

VOTE – the motion was adopted by majority vote with all members voting “yes” with the exception of Mr. Brown, who voted “no”.

The meeting adjourned at 7:05 PM.

Respectfully submitted,


Connie Shaffer, City Clerk

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to request approval from State Auditor's Office for the following budget revision within the General Fund for the Fiscal Years 2015-2016 prior to the expenditure or obligation of funds for which no appropriation or insufficient appropriation currently exists, and to make said budget revisions upon the State Auditor's approval:



GENERAL FUND

Fund	Account	Description	Revenue Increase/ (Decrease)	Expenditure Increase/ (Decrease)	Fund Source / Description
001	409-230-002	CONTRACTUAL SERVICES - MISC		(5,000.00)	4TH OF JULY FIREWORKS
001	424-568-080	CONTRIB - AMERICAN LEGION		5,000.00	4TH OF JULY FIREWORKS

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to revise the Adopted Budget for Fiscal Year 2015-2016 to reflect the following changes:

GENERAL FUND



Fund	Account	Description	Revenue Increase/ (Decrease)	Expenditure Increase/ (Decrease)	Fund Source / Description
001	414-222-000	DUES & SUBSCRIPTIONS		1,010.00	CPA DUES, LIONS CLUB
001	414-214-000	MAINTENANCE & REPAIR EQUIP		(1,010.00)	CPA DUES, LIONS CLUB
001	415-216-000	MAINTENANCE & REPAIR EQUIP		250.00	COPIER OVERAGE
001	415-214-000	TRAVEL EXPENSE		(250.00)	COPIER OVERAGE
001	436-341-000	DEPARTMENTAL SUPPLIES		1,000.00	COMPUTER & MONITOR
001	436-220-000	ADVERTISING & LEGAL PUB		(1,000.00)	COMPUTER & MONITOR

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GENERAL FUND

Fund	Account	Description	Revenue Increase/ (Decrease)	Expenditure Increase/ (Decrease)	Fund Source / Description
001	369-000-000	TRANSFERS IN - CAPITAL RESERVE	1,149,913.00		STREET PAVING CONTRACT
001	750-458-000	CAPITAL IMPROVEMENT		1,149,913.00	STREET PAVING CONTRACT
			<u>1,149,913.00</u>	<u>1,149,913.00</u>	