COMMITTEE OF THE WHOLE
MARCH 4, 2014
GOVT. CTR – RM 120

PRESENT	Mayor Dorothy Hubbard	
	Mayor Pro Tem Jon Howard	
	City Commissioners:	Bobby Coleman, BJ Fletcher, Roger Marietta, and Tommie Postell (8:34)
	City Manager:	JL Taylor
	City Attorney:	CN Davis

Mayor Hubbard called the meeting to order at 8:30 a.m.

ACCEPTING DONATION OF SPORTS EQUIPMENT

Interim Recreation Director Darrell Smith advised that Good Sports and the Atlanta Falcons offered to donate sports equipment, listed in the Commission package, to the City of Albany and Parks and Recreation. A donation release has been issued to the Board of Commissioners; the request is to authorize the City Manager to accept the agreement.

Mayor Pro Tem Howard moved to approve, seconded by Commissioner Marietta.

In reply to Mayor Hubbard, Mr. Smith stated that the equipment will be primarily used for the Special Olympics.

In response to Commissioner Marietta, Mr. Smith stated that the City put in a request for the equipment.

Hearing no further comments the motion unanimously carried.

DRUG FREE WORKPLACE POLICY

HR Director Henry Cohen advised that the Drug Free Workplace Policy is being updated to exclude testing of all employees and elected/appointed officials on a random basis. The only random testing that the City can do is for safety sensitive employees; the policy is being amended to reflect that change.

Commissioner Marietta asked if the change is driven by court cases; Mr. Davis replied in the affirmative, adding that the bottom of page nine and top of page ten (copy on file) discusses post-accident testing. Commissioner Marietta stated that when he first became a Commissioner, he was drug-tested and asked if that policy will continue. Mr. Taylor asked if he had one within the last year; Commissioner Marietta stated that he thought it was for new people. Mayor Hubbard mentioned that the Board passed the policy to include Commissioners. Commissioner Fletcher noted that 'violation of this policy *may* result' and questioned if someone violates the policy, would disciplinary action be automatic. Mr. Cohen explained that the City has an employee assistance program and at the discretion of the City Manager and department head, the employee may be referred to the program. If they successfully complete the program they will be allowed to continue their employment. Commissioner Fletcher asked the number of times an employee will be allowed into the program; Mr. Cohen said 'one time'.

Mayor Hubbard asked if the policy is being amended or replaced; Mr. Cohen replied that it is being rewritten to update the language.

Mayor Pro Tem Howard moved to approve, seconded by Commissioner Marietta; the motion unanimously carried.

COMMISSION QUARTERLY EXPENSE REPORT

The Assistant Clerk stated that the report had been sent to the Commissioners in their package.

MAULDIN & JENKINS AUDIT REPORT

Meredith Lipson, CPA, distributed the Annual Audit Agenda (copy on file) and stated that she is present to present the results of FY June 30, 2013 audit, which was completed and filed with the State of Georgia on December 31, 2013 – the required deadline. She reported that it is not the actual financial statements. Jo Brophy, CFO, interjected that they should be ready today or tomorrow. Commissioner Postell stated that he would rather wait until the statements are complete so that he has something in hand to review. He said he had previously asked for WG&L's audit, and former Finance Director Kris Newton advised him that she would have to get the information from Mauldin & Jenkins. He stated that he never received the audit and that he needs the information to review.

Mayor Hubbard interjected that there is important information in the Audit Agenda that will let the Commission know if they are following accounting policy/procedures. Commissioner Postell countered that the Commission needs all pertinent information for a true audit report. He mentioned the WG&L audit again, in which Maudlin & Jenkins stated that they could *tell* him some things, but could not show him anything. He moved to table the audit report until the next meeting (March 18) when a complete report is available, seconded by Commissioner Howard; the motion failed 2-4 with Mayor Hubbard and Commissioners Coleman, Fletcher, and Marietta voting no.

Ms. Lipson clarified that both WG&L and the City's audit reports are complete, with the information that she has brought today being complete and solid, adding that the audit reports, which are in the process of being printed, will provide further, detailed information. Reviewing page four, CAFR (Comprehensive Annual Financial Report), she stated that only some governments prepare CAFR and because the City does, it has received a Certificate of Achievement for the past 22 years. Reviewing page six, she stated that the primary interest of commissions/councils is the fund level of the general fund. Page seven discussed revenues as of June 20, 2013 ($60,594,856) and compared it to the previous year ($57,590,460). She explained that intergovernmental revenue, revenue coming from other governments – Federal, State, local, etc.,- decreased $12.7 million with transfers from other funds increasing approximately $15.1 million. This is attributed to mainly one factor – in 2013 the decision was made to make WG&L a 'fund' of the City and revenue transfers from WG&L to the general fund are now considered transfer from other funds, which is basically a reclassification, but comparing them side-by-side will cause the variance to 'jump out' to the viewer. She added that it is more of a change in classification than a variance because WG&L is now considered a department of the City.

Commissioner Postell asked if she indicated that the transfer from WG&L will now be $2.0 million less than previously. Ms. Lipson explained that the reduced amount coming from WG&L in 2013 versus 2012 has nothing to do with the change in classification; it was a fact for that particular year, adding that the amount coming from WG&L varies every year, with there being no set amount. Commissioner Postell countered that it is supposed to be $7.0 million + every year from metered and non-metered revenue. Mr. Taylor interjected that it is 7.5% of total revenue; there is a possibility each year that revenue will decrease/increase, thereby affecting the transfer. Referring to the Sanitary Sewer Fund, Ms. Lipson stated that the amount transferred from that fund varies also based on decisions made by the City for use of the funds, with no set amount to transfer. Reviewing the pie chart on page seven, she stated that the decision to transfer $11,767,000 to the Job Investment Fund caused the big variance from the prior year.

Commissioner Marietta noted that page seven shows the transfer to the Job Investment Fund at $11,767,000, while page eight states the transfer was $9.2 million and $2.1 million was transferred to the Capital Improvement Fund. Ms. Lipson agreed and apologized for the inconsistency, explaining that the $11,767,000 million reflects transfers to the Job Investment Fund and Capital Improvement Fund. Referring to the report Commissioner Marietta stated that he noticed on page ten, that the City has two capital improvement funds; Ms. Lipson explained that SPLOST funds are also considered capital projects. Referring to page seven, she said that almost all departments in the general fund were under-budget this year – a tremendous accomplishment. In reply to Commissioner Marietta regarding the City's health fund, Ms. Lipson explained that funds from 'other funds' to cover the cost of the health plan are not shown in the transfer, but rather is shown as 'charges for services' and as an expense in the appropriate departments. That way the costs are allocated to the departments themselves rather than one large number being transferred in. She briefly reviewed page eight (five-year history of general fund balance), stating that the $7.8 million decrease in 2013 was by design and planned by the City. She added that expenditures were approximately $4.0 million under-budget because of the transfer of funds to the Job Investment Fund and capital improvement fund Commissioner Marietta noted that based on those facts, it could be argued that in 2013 the City Manager increased the general fund. Ms. Lipson agreed stating that this year is a little unusual because of the transfers; it is probably confusing to someone not aware of the reasons behind them. She reviewed page nine regarding the City's business-type activities, in which the City maintains seven enterprise funds.

Commissioner Marietta asked the status of the City's cash flow; is it stable? Ms. Lipson replied that it is stable; adding that during the audit there was no red flags indicating any cash flow issues. She explained that a TAN (Tax Anticipation Note) addresses cash flow problems, which typically surfaces around July/August; the TAN helps until property taxes start coming in. For a number of years, the City of Albany had to take that action, but it has not been necessary in recent years.

In reply to Commissioner Fletcher on whether or not the City is in a healthy situation; Ms. Lipson agreed, adding that things can happen to almost immediately affect a city's status. She reviewed page ten – regarding earmarked funds (i.e. 311, hotel/motel, SPLOST) which cannot be used for general operations of the City; page 11 pertained to compliance reports; pages 12-14 are items auditors are required to disclose regarding standards that guide them; page 15, pertains to compliance violations (with the City having none); however, she explained that Accounts Receivable has no policy in place for approving the write-off of delinquent accounts receivable. In 2013, there were approximately $634,000 of accounts receivable balances that management deemed uncollectable because of being outstanding for a number of years and no reason to continue carrying them on the City's books. The recommendation is that the City implement an internal control procedure for an annual review of all delinquent accounts and adopt a formal collection allowance/write-off policy in account receivable. She added that there is nothing unusual or current that was written-off.

Commissioner Postell asked who authorized writing off these debts, in what year did they occur, and from which department did they originate. Ms. Brophy explained that she looked into the details to see what was written-off; the decision was made by Kris Newton after they reviewed the aging receivable reports. She said she will provide this information.. Commissioner Postell stated that he would like know the years and the Commissioners at that time, as well as who authorized it. Mr. Taylor interjected that he did. Commissioner Postell asked his reason for writing off such an amount. Mr. Taylor replied that they were uncollectible accounts and had been in that status for the past three-four years. He explained that there are many fines that the City has been unable to collect; there are existing warrants on the book from six/seven/eight years ago. He asked how long the Commission wants him to carry them. In response to Mr. Taylor, Code Enforcement Director Mike Tilson advised that there are still outstanding warrants from the 1980's. Commissioner Postell added that the recommendation is to institute a policy, to be put in place this year. Commissioner Fletcher noted that the $634,000 cleans the book; Mr. Taylor agreed, adding that the City's utility writes-off approximately $1.0 million/annually. He stated that all of the debts that were written-off were old, current debts are not.

Discussion followed with Mayor Pro Tem Howard asking if the write-off policy will have a check and balance in place to prevent business operators from flying under the radar and continuing doing business with the City. For example, one year they are known as John Blow and the next year, John Q. Blow. Mr. Taylor explained that that would not be a part of the write-off policy, but rather a part of the City's contract policy. He briefly discussed the City's contract policy in dealing with businesses that have a history of delinquency/non-payment, which would not be included in a write-off policy. Mayor Hubbard asked if 2014 would be affected by a write-off policy. Mr. Taylor replied that based on how the policy is written; it may go back to 2012/2010, adding that the City often uses resources to track down someone for years to no avail. In response to Commissioner Marietta, Mr. Taylor stated that someone does not create a criminal record by walking away from a WG&L debt and once the debt has been written-off, the debt is gone. In response to Commissioner Fletcher, he said that most times, collection of debts is internal, but there are instances of them being turned over to a collection agency.

Ms. Lipson stated that as auditors, Maudlin & Jenkins feels it is important to keep the City abreast of the changes in standards that seem to occur on a more frequent basis. She then discussed Statement No. 67 & 68 regarding Pension Plans, adding that most governments have not fully funded their pension plans pertaining to future liabilities, which are calculated by actuaries. She said that by June 30, 2015, unless something changes, the City must report that liability – the difference between assets of the plan versus the future liability to fund pension benefits, with the current liability being over $45.0 million; adding that the City is actually better off than a lot of governments. She advised that this does not mean that the City will have to come up with that amount on a current basis, but this is to let those who read the City's financial reports know the City's pension plan status, adding that the City cannot circumvent that information being shown as a liability.

Mayor Pro Tem Howard asked if the City is prepared for this. Mr. Taylor replied that if anyone is telling him that they did not know about the City's pension plan's liability, he would insist that no one is listening to him. He said that he made this, along with health care issues, known during the last budget process; the City must now report this. The only impact he said he can foresee is the City's ability to borrow money. Mayor Pro Tem Howard mentioned that Georgia's governor refused Medicare expansion and asked how does this affect the City's retirees?

Public Works Director Phil Roberson (Chairman of the Pension Board of Trustees) reported that the City's pension plan does not fund post-retirement medical, which is covered by the general fund until retirees reach Medicare age of 65; therefore, there would be no liability to the pension plan. The City still funds Medicare Part "B" for retiree's post-65. He stated that the bi-annual valuation is on the City's pension agenda this Thursday. As Ms. Lipson stated, it is not uncommon for plans to be underfunded, which is the norm. Mr. Roberson, stating that the City is 70% funded regarding meeting future liabilities, briefly discussed Annual Required Contributions (ARC), which determines if contributions are adequate, and for Albany, it is. The City puts in 8.9% of salaries to the plan and if that number remains static and employees continue making contributions to the plan, there will be no need to make big changes in what the City must do. He agreed that the City's accrued liability of $140.0 million is huge, but having a Defined Contribution plan results in having the 'book' liability, operating cost to fund it, and another plan to operate. Employees are contributing almost 50% of the cost of the plan and share the cost with the City. He stated that even though it is a big liability, it is being funded annually in the correct amount and is not viewed as a financial problem.

In response to Commissioner Postell, Mr. Roberson stated that when the valuation is presented to the Pension Board Thursday, it will contain all the census status for employees, adding that the City's plan has almost as many active participants as it does retirees or vested employees – those with accrued benefits. He explained that the City is well within GASB funding guidelines, adding that what Mauldin & Jenkins is indicating is that until now, the City has not had to show the total liability on its books. He stated that most pension plans have a large liability, but the City has taken proactive measures to ensure that its minimum ARC and asset performance is adequate to keep the plan funded.

Ms. Lipson concluded the review of the audit agenda by referring to pages 20, 21, which discussed continuing education and invited the Commission to take advantage of the courses, as well as providing an email address to be on the list to receive their government newsletters.

Commissioner Postell stated that he did not intend to be negative to Ms. Lipson. He meant to stress the need for completed data to review along with her. For the information to have value to him, he said he needs to see the numbers regarding the City and WG&L, since coming together. Commissioner Marietta agreed with Commissioner Postell and asked to have the final audit a few days before the meeting before it is reviewed with the Commission. Ms. Lipson stated that the written audit report submitted to the State and GFOA was completed by Maudlin & Jenkins' on December 31st. With all the transition going on within the City, the published book Commissioners are used to receiving did not get to them in a timely manner. She said she does not want the Commission to think that Mauldin & Jenkins has been sitting on the information and not being forthcoming with it. Commissioner Postell commended her presentation and assured her that the problem is within the City and WG&L and the changes going on from within.

ITEMS FOR FUTURE AGENDA

Commissioner Marietta asked if there will be a discussion about a COLA for City employees. Mayor Hubbard stated that this has always been a part of budget discussions. A brief discussion ensued regarding the City Manager's raise, which was made contingent upon employees receiving a 2% COLA, which at Mr. Taylor's insistence was a condition he placed on receiving a raise. Mayor Hubbard interjected that appointed officials were supposed to have been evaluated prior to be being reappointed in January, but the Commission was unable to do evaluations prior to reappointment. Commissioner Fletcher added that Mr. Taylor was adamant about employees receiving a raise and even downsized the raise that was offered to him. Discussion included the extra responsibilities Mr. Taylor assumed as Interim GM for WG&L with no additional pay or time off. Commissioner Postell stated that Mr. Taylor did not negotiate a raise, it was the committee made up of Commissioners who negotiated a raise for him In response to Commissioner Coleman, Mayor Hubbard stated that Mr. Taylor and other appointed officials reporting to the Commission, were rehired/reappointed January 13 for two more years, adding that an evaluation and discussion of raise are forthcoming. Mr. Taylor added for all appointed officials; Mayor Hubbard concurred. Commissioner Marietta apologized if he offended Mr. Taylor; that was not his intent. He said he wanted to bring out that Mr. Taylor insisted on the COLA for employees.. He said this addressed his issue as an item for future agenda. Mayor Hubbard mentioned that the salary comparisons she saw for city managers and city clerks indicate that the City of Albany is not in line with other cities, with Albany being very low based on the number of people served here. Commissioner Fletcher interjected that Albany ranked 11th regarding salaries. Mayor Hubbard mentioned that Mr. Taylor has announced his intentions to leave within a year or so, and it will be impossible to hire a replacement at the salary the City offers. Albany must be competitive, pay-wise, to entice and retain quality employees otherwise; she suggested that the City will lose them to better paying communities;

There being no further discussion, the meeting adjourned at 9:49 a.m.

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SISSY KELLY
ASST. CITY CLERK