City of Fountain Inn
Council Workshop Minutes
February 09, 2016 – 6pm – Council Chambers

MAYOR AND COUNCIL PRESENT:

Phil Clemmer
Matthew King
Mayor, Sam Lee
John Mahony
Andrew Stoddard
Berry Woods, Jr.
Rose Ann Woods

STAFF PRESENT:

Chris Barrineau (Rec)
Eddie Case (City Administrator)
Roger Case (Public Works)
Tammy Finley (Judicial)
Johanna Inman (HR)
David Holmes (City Attorney)
Ronnie Myers (Fire)
Byron Rucker (Community Dev)
Jill Vales (Financial Mgt)
Sandra Woods (Clerk/Treasurer)

VISITORS: 0

CALL TO ORDER

Mayor Lee called the meeting to order.

REVIEW PROCESS FOR GIVING DPARTMENTAL COUNCIL REPORTS AT COUNCIL MEETINGS

Eddie Case commented that in the past Department Heads presented their departmental reports to Council until last year when Council directed Eddie to give a summary report in an effort to save time during the council meetings. Please give us direction on how you would like the reports to be given.

After much discussion it was decided for Department Heads to give the report, summarize the highlights, upcoming events, etc. Keep the report to four minutes or less.

Department Heads: please email the report to Naomi Buckmire by noon on Monday prior to the Council meeting so that the report will be included in the council packet.

REVIEW FY 2016 MID-YEAR PROJECTIONS AND FY 2017 PRELIMINARY PROJECTIONS

Jill Vales reviewed a power point presentation explaining the mid-year projections. (attached)

PROVIDE STRATEGIC DIRECTION TO THE CITY ADMINISTRATOR AND SENIOR STAFF REGARDING:

A. APPROPRIATE LEVEL OF EXPENDITURES IN FY 2017 IN THE "QUALITY OF LIFE" AREAS OF ECONMIC DEVELOPMENT,

PERFORMING ARTS CENTER, AND FARMERS MARKET/COMMERCE PARK;

B. APPROPRIATE LEVEL OF THE NATURAL GAS DEPARTMENTS SUPPORT OF CITY GENERAL OPERATIONS IN FY17 INCLUDING THROUGH FEES, SPONSORSHIPS, ALLOCATED EXPENSES, AND TRANSFERS; AND

C. PRIOIRITIES WITH RESPECT TO HIRING REQUESTED UNBUDGETED EMPLOYEES OR ACQUIRING NEW UNBUDGETED CAPITAL EQUIPMENT IN FY 2016 AND/OR FY2017.

After much discussion concerning the topics listed above, Council would like to be kept in the loop on the budget process, but expect staff to present to them a balanced budget.

Eddie Case commented that Department heads will meet February 29th to review and hear presentations from each department head on the proposed 2017 budget. They will vote as a group on what items are priority and report back to Council.

Mayor Lee commented that keeping Council involved in the budget process helps them understand why budget items were cut and it will be not come as surprise later.

REVIEW PROPOSED FY2016 ACROSS THE BOARD BUDGET AMENDMENT FOR GENERAL FUND #100, AND PROVIDE RECOMMENDATION FOR MODIFICATIONS AND/OR ADOPTION.

Mayor Lee commented that Council has the proposed budget amendment in their packet that was prepared by Jill Vales based on mid-year review. The budget amendment will be proposed for first reading Thursday night.

There being no further business Mayor Lee adjourned the meeting at 8pm.

Respectfully submitted,

Sandra H Woods
City Clerk and Treasurer

Fountain Inn
SOUTH CAROLINA

City of Fountain Inn

City Council Budget Workshop

General Fund # 100 FY 2017

February 9, 2016

CFO Services
On Demand℠

Objectives for Today

- Review Projected FY 16 Results Compared to Original Budget and Projected Unassigned Fund Balance
  - Review Listing of Unfunded Immediate Staffing Needs and Capital Outlay Expenses
  - Council to Make Decisions on Spending Alternatives and Unassigned Fund Balance
  - Council to Make Recommendation for FY 2016 Mid-Year Projections (as Revised) to be Adopted as official Amended FY 16 Budget for General Fund #100 (First Reading February 11)
- Review FY 2017 Pro Forma Budget and Projected Unassigned Fund Balance
- Review FY 2017 Pro Forma Support by Gas Department and Investments in "Quality of Life" Departments
  - Council to Make Decisions on Specific Level of Support by Gas Department and Specific Level of Investment Anticipated for FY 17

Summary FY 16 Original Budget

	FY 2016 Current Year	Funded from Restricted Fund Balance	Total Proposed Budget per GAAP
Revenues (Includes $145K Contingent Transfer: Gas)	**8,257,856**		8,257,856
Expenses	**(8,206,856)**		(8,206,856)
Expenses Funded from Restricted Fund Bal.	**0**	(100,000)	(100,000)
Difference	**$51,000**	(100,000)	**$(49,000)**
	A	**B**	

A: $51,000 to Increase Unassigned Fund Balance Funded Via Special Tax Increase

B: $100,000 for Rec. Center Received FY 2015 and is in Restricted Fund Balance

Transfer in from Gas Fund to City

- \$145,000 One-Time Transfer to Fund 27th Payroll Only
- Actual Amount to be Transferred will be Reduced if:
  - Actual Total Revenues Received are in Excess of Budgeted Total Revenues of \$7.8 million; and
  - Unassigned Fund Balance is Increased by \$51,000

FY 2016 Projection vs. Budget

	FY 2016 Original Budget	FY 2016 Projections	Variance: Fav. (Unfav.)
Revenues	6,737,856	6,872,701	138,845
TAN Proceeds	1,000,000	0	(1,000,000)
Transfers In:			
Hospitality: ED & PAC	52,500	52,500	0
Hospitality: Woodside	0	56,130	56,135
Gas Department: ED	322,500	322,500	0
Gas Dept. 27th Payroll	145,000	0	(145,000)
TAN Repayment	(1,000,000)	0	1,000,000
Expenses: Woodside	0	(52,906)	(52,906)
Expenses: All Other	(7,306,856)	(7,163,623)	143,233
Reserve for Contingency	0	(100,000)	(100,000)
Revenues Less Expenses	**(49,000)**	**(12,699)**	**36,301**

Major Variances: FY 16 Budget vs. Projections

Major Variances	Variance Fav. (Unfav.)
Transfer in from Gas Dept. for 27th Payroll	(145,000)
Transfer In from Hospitality re Woodside	56,000
Increase in "City" Dept. Revenues (e.g. Taxes)	72,000
Positive Variance Other Revenues	62,000
Reduction in Accrued Payroll	90,000
Implementation of Salary Study	(39,000)
Expenses re Woodside Streetscape	(53,000)
Contingency Reserve	(100,000)
Positive Variance Other Expenses	93,000
Total Variances Compared to Budget	**36,000**
Total Variances Impacting Unassigned Fund Balance	**46,000**
INCREASE IN UNASSIGNED FUND BALANCE	**97,000**

Implementation of Salary Survey was approved after FY 16 Budget was approved, even if it would result in a decrease of Unassigned Fund Balance. However, based on Projections, Unassigned Fund Balance will increase enough to cover the $39,000 impact.

$51,000 Budgeted Increase Plus $46,000 Variance Equals $97,000 Projected Increase in Unassigned Fund Balance.

Projected Unassigned Fund Balance FY 2016

- City Financial Policy: 20% of Operating Expenses Equals $1,306,000
- Projected Unassigned Balance 6-30-16 $1,054,000
- Projected Deficiency 6-30-16 $ 251,000

- "Status Quo" Projections for FY 2016 Assume:
  - $100,000 Net Contingency (to cover revenue shortfalls, expense overages, emergencies for remainder of fiscal year)
  - $97,000 Increase in Unassigned Balance ($51,000 from Reserve Millage Increase)
  - No Additional Hiring (But Includes Finance Dept. Reorganization)
  - No New Capital Outlay or Projects

FY 16 Spending Alternatives: Not Recommended

• Approve New Positions or Recent Capital Outlay Requests	($ 185,000)
• Eliminate Contingency	$100,000
• Fund Salary Study From Fund Balance	$ 39,000
• Eliminate Remaining Projected Increase in Unassigned F. Balance	$ 46,000
• City Financial Policy: 20% of Operating Expenses Equals	$1,306,000
• Revised Projected Unassigned Balance	$ 969,000
• Resulting <u>Deficiency</u> 6-30-16	$ 337,000

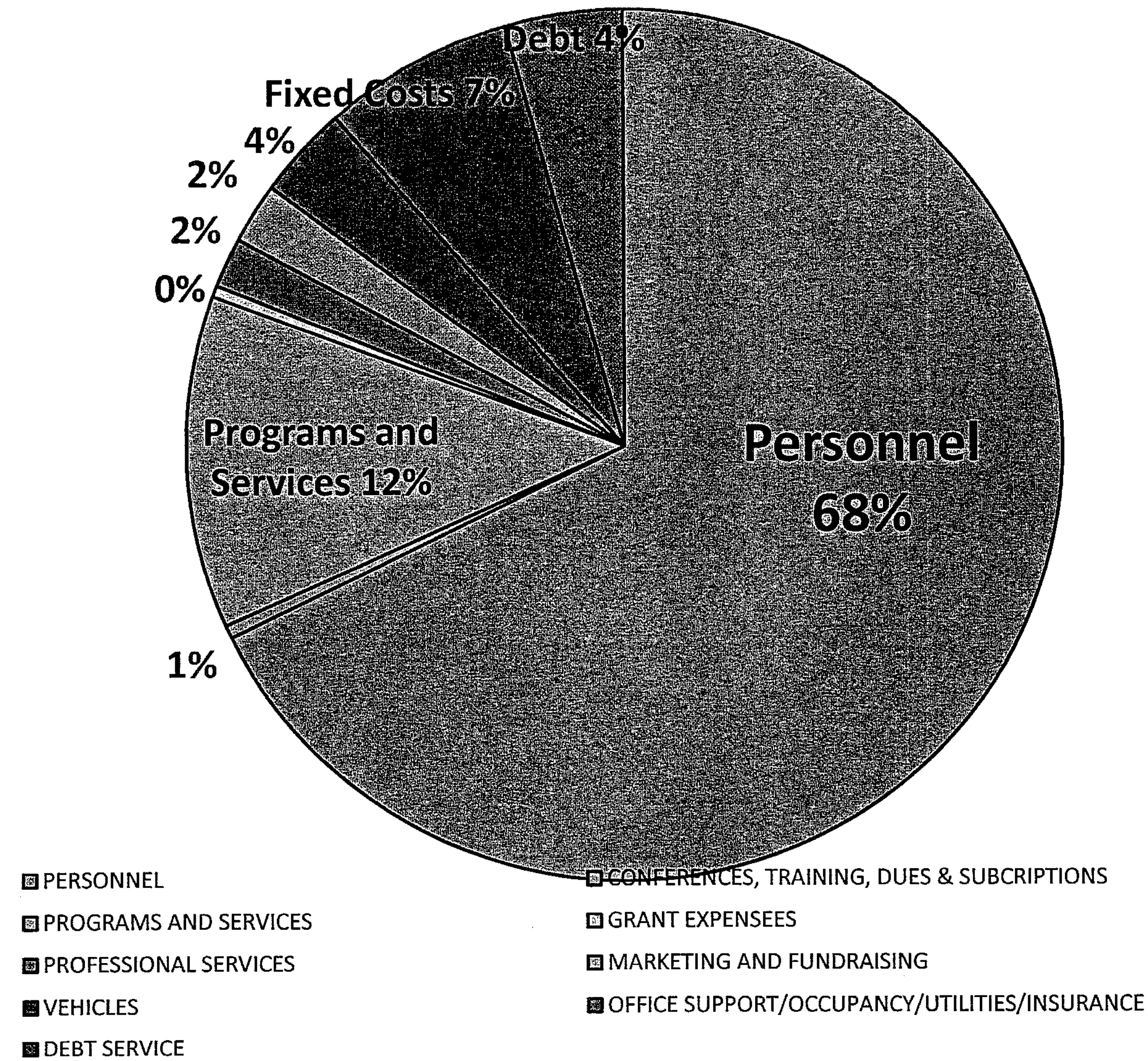
FY 2017 Pro Forma Status Quo Budget Snapshot

	ED/Events, PAC, FM/CP	Recreation	Other Departments	Total
Revenues	456,500	148,000	6,034,500	6,639,000
Transfers from Hosp.	47,500	0	0	47,500
Expenses	(991,500)	(512,000)	(5,452,500)	(6,956,000)
Income (Loss)	(487,500)	(364,000)	582,000	(269,500)
Transfers In Gas	322,500	0	0	322,500
Net Excess (Deficiency)	(165,000)	(364,000)	582,000	53,000

$53,000 is Required Excess re Millage Levied to Increase Unassigned Fund Balance.

FY 17 Pro Forma Status Quo Budget Assumptions

- 5% Increase Greenville County Property Taxes, 0% Laurens County
- 2% Increase FILO Revenues
- 2% Merit Increases
- 14% Increase Health Insurance at Renewal
- Very Few Large Workers Comp Deductible Expenses
- No New Employee (beyond Finance Reorganization)
- No Vacancies (which reduce expenses)
- No New Capital Items
- Quality of Life Investments at Current Level
- Transfers In from Gas Department at FY 16 Level
- Administrative Fees from Gas Department at Current Level


Debt 4%
Fixed Costs 7%
4%
2%
2%
0%
Programs and Services 12%
1%
Personnel 68%
PERSONNEL
PROGRAMS AND SERVICES
PROFESSIONAL SERVICES
VEHICLES
DEBT SERVICE
CONFERENCES, TRAINING, DUES & SUBCRIPTIONS
GRANT EXPENSEES
MARKETING AND FUNDRAISING
OFFICE SUPPORT/OCCUPANCY/UTILITIES/INSURANCE

Projected Unassigned Fund Balance FY 2017

- City Financial Policy: 20% of Operating Expenses Equals $1,331,000
- Projected Unassigned Balance 6-30-17 $1,107,000
- Projected Deficiency 6-30-17 $ 224,000

“Quality of Life ” FY 2017: $1.2 Million 15%

	ED/Events, PAC, FM/CP	Economic Develop./ Events	Performing Arts	Farmers Mkt./ Comm. Park	Recreation
Revenues	538,500	61,000	379,500	16,000	148,000
Transfers from Hosp.	47,500	7,500	40,000	0	0
Expenses	(991,500)	(228,000)	(734,000)	(29,500)	(512,000)
(Loss) = Investment	(487,500)	(159,500)	(314,500)	(13,500)	(364,000)
Transfers In Gas = Investment	(322,500)	(241,500)	(81,0000)	0	0
Total Investment	(810,000)	(401,000)	(399,500)	(13,500)	(364,000)

Gas Dept. Support of Other Departments

Transfers to "Quality of Life" Departments	$ 322,500
Administrative Fees	$ 760,000
Community Support	$ 50,000
Legal Fees Allocation	$ 35,000
Total	$1,167,000

Gas Dept. has incurred substantial Bond Debt. Refer to Presentation provided at Retreat.

Strategic Direction Needed from Council

- Strategic Direction is Imperative re Changes from Status Quo:
  - More or Less Support from Gas Department;
  - Reduced Investment in "Quality of Life" Investments;
  - No New Hiring FY 2017;
  - No Capital Outlay FY 17; or
  - Further Tax Increases
- Senior Staff Budget Workshop February 29 will be counter-productive without this prior Strategic Direction from Council
- Strategic Direction Worksheet