MINUTES
ORMOND BEACH BUDGET ADVISORY BOARD
HELD AT CITY HALL TRAINING ROOM

March 30, 2016 **5:00 p.m.** **Commission Conference Room**

1. CALL TO ORDER

Chairman Ken Kimble called the meeting to order at 5:05 p.m.

Those present were board members Chairman Ken Kimble, Vice Chairman Bill Harper, Rick Banker, and Scott Cichon, Finance Director Kelly McGuire, Assistant Finance Director Dan Stauffer, City Manager Joyce Shanahan and Jessica Scott of Brown & Brown.

2. APPROVAL OF MINUTES OF JANUARY 27, 2016, MEETING

Mr. Rick Banker moved, seconded by Mr. Bill Harper, to approve the minutes of the January 27, 2016, meeting. The motion passed unanimously.

3. PUBLIC COMMENT

There were no public comments at this time.

4. DISCUSSION OF HEALTHCARE FUNDING

Ms. Jessica Scott of Brown & Brown Insurance stated that the health insurance renewal started with a 30% proposed increase from Florida Health Care (FHC), which was well over the budgeted 15% increase. She stated the increase was a result of a high loss ratio, which averaged about 100% over the year (paid out vs. premium). She stated that some of the drivers were nine large claimants, totaling about $1.2 million, which equaled about 41% of all the claims for the year. She stated that conditions were cancer, Hepatitis C, renal disease and heart disease.

Ms. Scott noted they had had challenges with Florida Health Care in receiving information/details for the prognosis and treatment for the large claimants. She stated that they desired to see what FHC was doing to help those battling these conditions, as well as prevention efforts. She stated that they now had quarterly meetings with FHC, which had been very helpful in getting more information about what was going on with the large claimants.

<u>2016 Plan Selection</u>
Ms. Scott stated they had gone out to market with alternative bids and reviewed bids from other carriers whose increases were between 32%-66%.

She stated that put them back to basically considering what they could do to help FHC to try to bring things within the budget, which ultimately ended up being a High Deductible Health Plan (HDHP). She stated that the HDHP made the most sense for the premium and gave them more options to get creative with the plan design. She noted that if the city had stayed with the HMO they would have continued to look at high increases year after year, where the HSA plan was the trend and provided long-term results.

<u>Financial Impact</u>
Ms. Scott stated that HDHP would cost the city about $1.9 million or a 1.5% premium increase. She stated the city decided to fund an HSA bank account of $1,350 per employee ($421,200 annually) for a total increase of 21.5%. She noted that the HMO plan (30% increase) was renewed on October 1, 2015, through December 31, 2015, and the effective date of the HDHP was January 1, 2016.

Ms. Scott stated that the financial impact to employees with minimal claims on the HMO plan would have paid out $100 and on HDP saved $850. She noted that a family would have paid out $8,702 vs. $6,409. For those with chronic conditions, she stated the financial impact on the HMO would have paid out $780 vs. the HDP at $890, which was a little higher out-of-pocket cost. For the family, she stated it would be $10,742 vs. $10,649, which was a little less out-of-pocket cost.

For catastrophic claims, Ms. Scott stated the HMO would have cost $2,000 vs. the HDP at $1,850 out-of-pocket costs. She stated that family costs would be $12,402 vs. $11,609.

Ms. Scott stated that in 2009 about 10% of government employer health plans had HSAs in place. She noted that as of 2014 it had almost tripled and HSAs were in place for 28% of government employer health plans. She stated that this was a trend on the national level specifically in the public sector.

Ms. Scott showed a graph of local city employer premium contributions for area cities, which was representative of the base plans that each city offered employees. She stated that eight out of 12 of the examples paid 100% still for the base plan. She noted that about a third of the 12 were now charging employees for the base plan and charging anywhere from 4% to 10% of the total premium back to the employee.

<u>2016 Initiatives</u>
Ms. Scott stated that employee education and assistance had been provided for the HDHP and HSA accounts. She noted that they were doing their best to implement tools to help employees become better consumers of their healthcare and lower their own personal healthcare costs. She stated that Workforce Wellness Clinics were in place and that employees paid a $5.00 co-payment to use those. She stated that FHCP was starting a new program

called Doctor on Demand where employees could call in and speak to a physician for a co-payment of $40.

Mr. Rick Banker asked about the current co-pay; whereby, Ms. Scott stated that there was not a co-pay on the HDHP, vs. the charge for a doctor visit or urgent care visit.

Ms. Scott stated that they had also been conducting quarterly meetings with FHCP to try and resolve some of the current issues. She stated that one of the initiatives was lowering medication costs at FHCP pharmacies for high utilization prescriptions. She stated that FHCP was also doing more FHCP staff training so that employees had a good experience when they were using the cost estimator or going to the pharmacies. She noted that FHCP had implemented the explanation of benefit statements. She stated that they were also doing an ongoing review of large claimant detail and employee utilization and would update the city throughout the year.

2017 Objectives

Ms. Scott stated that the current HDHP was a non-embedded deductible so families had to meet a higher deductible upfront. She stated they had concerns about the cost for family coverage and FHC was currently looking at an embedded deductible, which would most likely have a higher rate than the non-embedded deductible.

Ms. Scott stated that another consideration was an HMO Buy-Up Plan, which would be a traditional plan with co-payments and be slightly more expensive than the HDHP but would still be less expensive than the POS plan, in order to give employees another option for a plan design.

Mr. Bill Harper asked if the PPO was eliminated; whereby, Ms. Scott stated that the PPO was still in the mix of plans, which they could keep, but the HMO Buy-up Plan was really a third plan option.

Ms. Shanahan asked Ms. Scott the additional cost of the POS plan; whereby, Ms. Scott stated that it was about $125 per pay to the employee to buy up their coverage.

Ms. Shanahan stated that there were about five people on the POS plan, and prior to that there were only about 10-12. She noted that this was the old default plan, which showed how plan designs had changed to accommodate what the cost could afford. She stated the HDHP had been a pretty radical change, but she felt the majority would be satisfied with the high deductible plan. She stated that probably most of the employees had money left in their HSA account, which would roll over from year to year. She noted that the employees still received their wellness type visits at no cost.

Ms. Scott stated that other considerations were the city's contribution to the HSAs, the implementation of a prescription discount program, the implementation of an employee clinic, designing a comprehensive employee wellness plan, and reviewing fully and self-insured renewal proposals.

Mr. Harper asked if there was flexibility in collective bargaining to bargain a salary deduction plan for extra contributions to something like the HSA; whereby, Ms. Shanahan stated that the collective bargaining language provided for employee-only coverage and trying to secure low-cost family coverage. She stated they worked with the unions when the bids came in so that everything was transparent and they helped narrow the selection choices based on affordability. She stated that the $1,350 was not something that was negotiated with the unions.

Mr. Harper suggested that the HSA could be increased along with a salary deduction, as the city and employee would come out a little better that way; whereby, Ms. Shanahan stated that she did not believe the employees would see it that way.

Mr. Scott Cichon asked if the number of employees made a difference in the premium; whereby, Ms. Scott stated that as far as participation on the plan, it did.

Mr. Cichon asked if there was strength in numbers; whereby, Ms. Scott stated that the majority were on the city's HDHP.

Mr. Cichon suggested that if cities bargained together in order to come up with a lower premium; whereby, Ms. Scott stated that they had had that specific conversation with FHC regarding the government entities that they insured, but FHC had not gotten to the point where they could do something like this. She stated that cities getting together to buy insurance was considered a multiple employer welfare agreement, which was illegal in Florida when they were self-funded.

Ms. Scott stated that with fully insured organizations it was up to the carrier, but FHC and most insurance carriers were not willing to say they would lump in multiple cities and have them all buy insurance together. She stated that Brown & Brown had gotten a CPA out of state to write a program on a self-funded platform, which pooled in specific public entities to buy cell blocks in order to reduce the rates. She stated this was something they looked at every year.

Mr. Shanahan stated the whole objective of starting dialogues with the Budget Advisory Board (BAB) and City Commission was making sure everyone was on the same education level about what the issues were, and the reinsurance was not at a level that was financially acceptable because of those nine large claimants. She stated that they viewed the HDHP as a mid-range step and maybe in two or three years when those high dollar claims fell off, we would be more attractive to reinsurance firms. She stated that was the whole purpose of this strategic discussion so we knew where we were going. She stated she did not believe we could get there in one hop and could not get there last year because it was not affordable.

Ms. Shanahan stated that they were looking for creative ways to deal with chronic issues so they did not become high dollar claims and were trying to think outside the box.

Mr. Banker asked if employees were required to buy prescription drugs at the FHC pharmacy; whereby, Ms. Scott stated that it was not required as some of the prescriptions were less expensive elsewhere.

Ms. Shanahan stated that there was an app called goodrx (goodrx.com) which listed area pharmacies and the cost of the drug, as well as discount coupons. She stated that this had been the biggest education and disgruntlement with the new HDHP, because the employees now have to shop for the best price.

Ms. Shanahan predicted that the city would have some sort of self-funding health care in the next three to five years.

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***What are the most important factors in selecting an employee health insurance plan? (Place in order of importance)***
    1. Lowest cost to taxpayers
    2. Financial impact to employees
    3. High level of coverage and quality care
    4. Dependent cost considerations

Ms. McGuire stated that the board was able to select multiple responses on their keypads for this question and each selection was weighted. She stated that 75% of the board selected option #1—lowest cost to taxpayers, 100% selected option #2—financial impact to employees, 75% selected option #3—high level of coverage and quality care, and 75% selected option #4—dependent cost considerations.

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***Assuming an HDHP plan is available in 2017, should the city continue to fund $1,350 to employee health savings accounts? (Select all that apply)***
    1. Maintain $1,350 ($250 deductible)
    2. Increase amount to match $1,600 deductible
    3. Decrease amount
    4. Provide opportunities for additional matching funds

Ms. McGuire stated that the board was able to select multiple responses on their keypads for this question and each selection was weighted. She stated that 75% of the board selected option #1—maintain $1,350 ($250 deductible), 50% selected option #2—increase amount to match $1,600 deductible, 25% selected option #3—decrease amount, and 50% selected option #4—provide opportunities for additional matching funds.

Mr. Cichon asked about a competitive facility; whereby, Ms. Shanahan noted that the city had bid out a health clinic last year and the bids received were unaffordable. She noted that FHC did not bid and neither did Halifax Health, or any local hospitals. She noted the City of Deland had an employee clinic and used Florida Memorial.

Mr. Cichon expressed his frustration in the increase in rates; whereby, Ms. Shanahan stated they were beyond shocked at a 33% increase.

5. DISCUSSION OF FINANCIAL TRENDS

Long-term Financial Plan

Ms. Kelly McGuire, Finance Director, stated that they would bring to the board at the next meeting the Long-term Financial Plan for discussion, which would include the long-term forecast, trend analysis, and a funding model. She stated that they intended on bringing it before the Commission in May.

Short-term Financial Issues

Ms. McGuire stated that the short-term financial issues were to maintain an affordable tax rate, to develop a healthcare funding plan which included expanded choices, to address the need to increase Vehicle & Equipment Replacement Fund dedicated millage from 0.0372 mills to 0.0880 mills. She stated that the dedicated millage needed to be increased in order to fund the Vehicle & Equipment Replacement Fund to the level needed on an annual basis.

Ms. Shanahan stated that this was not an additional millage, but an increase in an already dedicated millage within the general millage. She noted that the city had five dedicated millages (Facilities R&R, Vehicle & Equipment Replacement, CIP, and Transportation).

Mr. Harper asked about the different millages within the General Fund. He suggested it be expressed as one fund rather than separate little slots; whereby, Ms. Shanahan stated that this was done by Commission direction.

Mr. Harper suggested that being expressed as mills meant the taxpayers carried the burden for this; whereby, Ms. Shanahan stated that millage was dedicated coming from the tax revenue received.

Ms. Shanahan stated that the money was earmarked for specific funding purposes. She noted that over time the valuations decreased and the dollars collected through the millage rate system also declined. She noted that they cut staff and were able to continue doing needed projects.

Mr. Cichon asked what that meant in dollars; whereby, Ms. McGuire stated that it was $100,000 now and the specific millage rate would be about $300,000. She noted in the past the annual contribution was $500,000, which was not expressed in mills until 2007.

Ms. Shanahan stated that the Commission was comfortable with it being expressed in mills.

Long-Term Outlook – Other Major Revenue

Ms. McGuire stated that they projected a four percent increase next year for franchise fees and sales tax, no increase in utility tax, and a one percent decrease in the communications services tax. She stated that she was not counting on anything significant with the communications services tax.

Ms. Shanahan noted that the state had made comments about cutting the communications services tax for several years, which would be a big hit to the city's budget of about $2 million or 25% of the General Fund revenue. She noted that the state had complete control over them and set the rate for each local government. She stated that she believed the city's rate was a little over 5% and noted that there had been no change in that rate.

Mr. Kimble asked if the franchises could be reenacted; whereby, Ms. Shanahan stated that the law had been changed so there would have to be enabling legislation to allow franchise fees again and negotiate them back with the providers.

Long-Term Outlook Taxable Value

Ms. McGuire stated that they projected a five percent taxable value increase next year and a four percent annual increase projected thereafter, which did not include annexations.

Mr. Banker stated that they were forecasting the taxable value based on appreciation on existing properties and new construction; whereby, Ms. McGuire stated that annexations were not included to fund the current budget because they wanted to give the City Commission the opportunity to set the additional revenue aside.

Ms. Shanahan noted that eventually the city would need to create new police cells to cover the property on North US1 because it was so far away from the incorporated area. She stated that they would need at least five officers to do that and had applied for a COPS grant in October 2015. She stated in the short term they would need the additional revenue generated by the annexations to fund the police officers (about $133,000).

Long-Term Outlook - General Fund Budget Estimates

Ms. McGuire stated that using the taxable value projections, there would be a slight increase in the city's revenue, but they would start out with a shortfall of $353,332 for the fiscal year 2016-17 budget, adding $200,000 to $300,000 each year thereafter to the shortfall. She stated the projection was based on the assumption there was a 5% increase in the taxable value keeping the tax rate the same. She noted that they balanced the current year's budget (FY 2015-16) with use of Fund Balance for primarily one-time expenditures, except for the health saving account funding.

Ms. McGuire stated that one of the ways to cover the shortfall for next year was to use the remaining $110,000 in the Revenue Stabilization Fund. She noted that the fund was set up in 2009 for the purpose of using it in future years.

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***Should we consider the remaining revenue stabilization of $110,000 as an available resource to balance the budget next fiscal year?***
    1. Yes
    2. No

Ms. McGuire noted that 100% of the board selected option #1 – yes; indicating that the city should consider the remaining revenue stabilization of $110,000 as an available resource to balance the budget for the next fiscal year.

Ms. McGuire stated that the City Commission had set a benchmark for the General Fund reserve at 15%, which was currently at 17.81% or $950,000 above the benchmark. She stated that they had polled the Commission to see if they had particular project(s) they would like to use those funds for, whereby one was the dog park partnership with the YMCA and another for personnel costs for a new patrol unit.

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***Should the $950,000 above the general reserves policy of 15% be set aside for any of the following?***
    1. Dog park partnership
    2. Personnel costs including new patrol
    3. Both
    4. Neither

Ms. McGuire noted that 50% of the board selected option #2 – personnel costs including new patrol, while 25% of the board selected option #3 – both, and 25% selected option #4 – neither.

Long-Term Outlook – Facilities Renewal & Replacement Budget Estimates
Ms. McGuire stated that in 2007-2008 the City Commission set aside a millage to generate approximately $500,000 for Renewal & Replacement (R&R) of the city's buildings. For next year, based on what had been spent recently, they may only need about $313,000, so there would be a surplus for that year.

Long-Term Outlook – General Vehicle and Equipment Replacement Budget Estimates
Ms. McGuire stated this fund had been funded in prior years at $500,000 per year, and now only $100,000 based upon dedicated millage approved by the Commission for the current year. She stated there was $411,000 budget for this year. She stated that $100,000 would be revenue from property taxes and the remainder to be transferred from the General Fund.

Ms. McGuire stated that in 2007 and 2008 there was a reserve in this fund of $1,000,000, which they had been utilizing to continue replacement of vehicles, but now they needed to start adding money back into this fund.

Long-Term Outlook – General Capital Improvement Budget Estimates
Ms. McGuire stated that they were going to reduce the position in the reserve of $700,000, which the projects would be carried forward and using the reserve to fund them. She stated that this fund was pretty safe.

Long-Term Outlook – Transportation Budget Estimates
Ms. McGuire stated that they had been building up the reserve here and there should not be any issues for the next several years. She stated the projects in this fund totaled around $2 million.

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***What tax rate should the city use for budget development?***
    1. Increase tax rate
    2. Maintain current tax rate (Estimated revenue increase of 5%)
    3. Rollback tax rate (Revenue neutral, increase shortfall by $620,000)

Ms. McGuire noted that 100% of the board selected option #2 – maintain current tax rate (estimated revenue increase of 5%).

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***How should the vehicle replacement funding be addressed?***
    1. Continue to phase in dedicated millage and increase millage by 0.035 mills
    2. Reallocate 0.035 mills from Facilities R&R millage

Mr. Cichon asked about the impact of reducing the Facilities R&R reserve; whereby, Ms. McGuire stated that it would reduce their funding by about $100,000.

Ms. McGuire noted that 25% of the board selected option #1 – continue to phase in dedicated millage and increase millage by 0.035 mills; and 75% selected option #2 – reallocate 0.035 mills from Facilities R&R millage.

Leisure Services Fees Adjustment

Ms. McGuire stated that the Leisure Services fees were currently being adjusted, in order to stabilize the fee increase structure.

Mr. Cichon asked if our fees were compared to other communities; whereby, Ms. Shanahan stated that the fees funded about 25% of the costs, which was about average as compared to other cities.

Ms. McGuire asked the board the following question and instructed them to select their answers by pressing the corresponding numbers on their handheld keypads:

- ***Should the 3% annual adjustment to leisure services fees be continued?***
    1. Yes
    2. No

Ms. McGuire noted that 100% of the board selected option #1 – yes.

Long-Term Outlook Stormwater Budget Estimates

Ms. McGuire stated that the current fee was $8.00 and they were not looking for any type of increase this year.

Long-Term Outlook – Water & Wastewater Operating Budget Estimates

Ms. McGuire stated that there was a rate increase already approved to September 30, 2016, which would be sufficient to cover the fund.

Long-Term Outlook – Solid Waste Budget Estimates

Ms. McGuire stated that the rate increase last year would be sufficient to cover the new contract with Waste Pro. She stated they were assuming for budget purposes a 2% increase in contractual services beginning in FY 2017-18. She stated they planned for an increase close to the CPI each year.

Ms. Shanahan noted that Waste Management cost had been well below the market cost for services and when it was bid out the cost was much higher.

6. DISCUSSION OF ENTERPRISE RESOURCE SYSTEM

Ms. McGuire stated that the current system was very antiquated, as it was not windows based, did not integrate with Microsoft products, data extraction was very difficult, time consuming and cumbersome, had minimal disaster recovery, and too many screens and steps. She stated it also lacked financial transparency reporting and had limited citizen online service options

Ms. McGuire stated the city issued a Request for Proposal (RFP) and the RFP committee unanimously chose Tyler Technology for a full-system Enterprise Resource System (ERS), including accounting, budgeting, preparing the audit, and so forth. She stated that the system would be integrated and used by a number of other departments. She noted that a special counsel was on board that helped to develop a contract to include benchmarks and safeguards.

Ms. McGuire stated that they would now be able to produce reports and spreadsheets. She noted that the citizen transparency portal provided real time financial data from the city and was interactive. In addition, there was citizen self service where citizens could pay their utility bills purchase animal licenses and permits, schedule inspections, and make requests for service. She stated the system also used EnterGov that was used in the Planning Department (Projectdox) allowing inspectors to view, schedule and modify inspections and providing quick access to owner, applicant and contractor information.

Ms. McGuire stated that the implementation schedule would begin in May 2016 with completion in about four years. She stated the system would cost $3.5 million, excluding project management. She stated there would be an annual cost of $353,000 for software as a service.

Mr. Cichon asked if the IT Manager, Ned Huhta, was involved in this project and if it was in the cloud; whereby, Ms. McGuire stated that Mr. Huhta was very involved and it was in the cloud.

Mr. Harper stated that the cloud would be the standard within five years, as data hosting would be phased out.

Ms. McGuire stated that the financing for the ERS was not an issue, as the funds were already budgeted.

Ms. McGuire stated that the project manager would document staff roles and ensure projects were timely completed by assigned staff, as well as help ensure that Tyler was on task. She stated that the city was currently putting together an RFP for an independent contractor during this four-year period at an estimated cost of $50,000-$75,000 per year.

Ms. McGuire stated that staff would still be doing their day-to-day work, in addition to working toward implementation of the ERS.

Mr. Harper asked about other ERS installations; whereby, Mr. Dan Stauffer, Assistant Finance Director, stated that Tyler was the number one company that had taken over for Sungard/HTE. Ms. McGuire stated that they had had discussions with Tyler for four year now, exploring all aspects of the ERS.

Mr. Bill Harper moved, seconded by Mr. Scott Cichon, to approve award to Tyler Technology and to approve budgeting of the Enterprise Resource System. The motion passed unanimously.

7. DISCUSSION OF AUDIT RESULTS

Mr. Dan Stauffer, Assistant Finance Director, stated he had distributed a copy of the city's Comprehensive Financial Report (CAFR) to each of the board members, which was presented to the City Commission by James Moore & Company on February 16, 2016. He stated that it was a 211-page document, whereby the auditors prepared about 11 pages and the rest was prepared by them. He suggested that the board read the Management's Discussion and Analysis section, which started on page 25, and was a summary/overview of the financial year.

Mr. Stauffer noted that the auditor's prepared six reports:

1. Independent Auditor's Report – the city received an unmodified opinion, which was the highest that could be received, that said the city had a clean audit and everything was presented fairly;
2. Schedule of Findings & Questioned Costs – whereby the auditors did special testing on grants, and found no issues;
3. Independent Auditors' Report on Compliance for Each Major Federal Program and State Project – to determine the city's compliance and

internal controls on the grants. They found no issues of non-compliance or internal control;

4. Independent Auditors' Report on Government Auditing Standards – for internal controls and compliance, finding no issues of compliance or internal controls;
5. Management Letter of Independent Auditors required by the Rules of the Auditor General – on financial conditions, whereby there was one comment regarding a fire truck purchase. He stated the purchase and capital leasing were approved by the City Commission, but not correctly shown in the budget and a budget amendment was not done to correct the budget for that. He stated it was ruled a minor irregularity, as the net effect was zero, but for budgetary purposes we were required to show it;
6. Independent Accountants' Examination Report – Mr. Stauffer stated that the auditors proposed no journal entries this year and had no other management comments or issues.

Mr. Stauffer stated that there were two reporting changes this year of:

- One new accounting standard implemented – GASB 68, which was the recording of net pension (unfunded) liability;
- Major Fund Reclassification – which determined what was considered a major fund or non-major fund. He stated a major fund was recorded separately. He stated the Stormwater Drainage Utility was classified as a non-major fund.

General Fund Fund Balance

Mr. Stauffer stated that the General Fund total Fund Balance was almost $7.4 million (17.81%) of which $5.3 million was unassigned. He stated the nonspendable, restricted and assigned amounts were restricted for different uses. He noted that the assigned amount for mostly for Economic Development/Airport projects.

Mr. Stauffer stated that they had budgeted to decrease the General Fund Fund Balance by $200,000, but actually increased it by $1.2 million, mainly because of additional franchise fees and vacancy savings in the police and fire departments.

Ms. McGuire stated that recruiting police officers or firefighters was a long process. She stated that they assumed some vacancies every year and only budgeted 96% of personnel costs.

Water & Sewer Fund

Mr. Stauffer stated that the total new position in this fund was about $82.4 million. He stated that the net change in position of $1.5 million was due to the top tier deterioration in revenues (people were conserving water) and capital expenditures.

Solid Waste

Mr. Stauffer stated that they had been using the unrestricted fund balance for the past two years to subsidize rates.

Pension Funds

Mr. Stauffer stated that GASB 68 required them to record on the face of the statement of net position the pension unfunded liability, whereby in the past it was recorded as a footnote. He stated that there was also a change in the liability calculation, whereby in the past it was called “unfunded liability” and now the new term was “net pension liability.” He stated it looked at the market at the end of the year, whereby in the past the actuary used a smoothed actuarial value.

Mr. Stauffer stated that the new method made the pension liability at September 30, 2015, at $35,294,000 and going forward that number would be very volatile based on the market.

Mr. Stauffer stated that the statement of net position now showed a negative unrestricted fund balance, because now they had to book that $35 million on the face of the statement.

8. OTHER BUSINESS

9. ADJOURNMENT

The meeting was adjourned at 7:03 p.m.

Respectfully submitted,

____

Lois Towey, Recording Secretary

Attest:

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Ken Kimble, Chairman