

City of Rome
FINANCE COMMITTEE MEETING
July 20, 2022

PRESENT:

Committee Chairman Mark Cochran
City Commissioner Bill Collins
City Commissioner Randy Quick
Assistant City Manager Meredith Ulmer
Finance Director Toni Rhinehart
Assistant Finance Director Kraig Ingalsbe
Vicki Blair, Recording Secretary

Guests: Will Derzis, Senior Manager, Mauldin & Jenkins CPA Firm
Kelley Parker, Administrative Assistant to City Manager
Doug Walker, Public Relations

Absent: City Manager Sammy Rich

Committee Chairman Mark Cochran called the meeting to order and approved the minutes from the June 30th meeting by common consent.

Will Derzis, Senior Manager with Mauldin & Jenkins CPA Firm, began the meeting stating he will work through the Auditor's Discussion and Analysis to provide a consolidated view of the financial audit. He gave a brief explanation of his role with Mauldin & Jenkins as well as the company itself. He went on to explain that the City provides an Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association to determine whether the report will merit the receipt of the Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form for excellence in state and local government financing and is valid for a period of one year. It was awarded for the year ending December 31, 2020 and we are anticipating the same result for the 2021 year.

Mr. Derzis went on to break down the report into three sections including the Introductory Section, Financial Section and Statistical Section. The Introductory Section provides general information on the City's structure and the services it provides. The Financial Section includes basic statements, footnotes and required supplementary information along with the auditor's report. Finally, the Statistical Section is a broad range of financial, demographic information useful in assessing the City's economic condition.

Mr. Derzis then discussed the General Fund and stated the total revenues for 2021 were approximately \$32,640,000 in comparison to \$32,040,000 for 2020. The most significant variances were an increase in taxes of approximately \$2,000,000 that in part offset by a decrease in intergovernmental revenue which would be the CARES COVID-19 relief funding for 2020. Total expenditures were approximately \$24,600,000 in comparison to \$22,300,000 for 2020. The most significant variances were an increase in general government expenditures of approximately \$1,500,000 and an increase in public safety expenditures of approximately \$535,000. He pointed out that Fund Balance of General Fund at the end of 2021 was approximately \$29,300,000 which is an increase from 2021 of approximately \$2,000,000.

Approximately 95% of fund balance is considered unassigned and is available for spending. Fund balance is considered nonequitable so portions of the balance are considered nonspendable and other portions are considered restricted for specific use. Other Governmental Funds includes seven special revenue funds. These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities. Capital projects funds are used to account for revenues and expenditures related to the renovation and/or construction of major capital assets. Three capital projects funds are maintained by the City. Also included are Business-Type Funds of which the City maintains 9 enterprise funds currently used for operations in a manner similar to private business enterprise. The enterprise funds maintained are Water and Sewer System Fund, the Fire Fund, the Solid Waste Commission Fund, the Building Inspection Fund, the Solid Waste Management Fund, the Municipal Golf Fund, the Tennis Center Fund and the Public Facilities Fund. The City also has two internal service funds which include the Health Insurance Fund and the Workers' Compensation Fund. Lastly, there is the Fiduciary Fund where the City maintains a Private-Purpose Fund – Flexible Spending Fund—that is used to account for assets held by the City.

Mr. Derzis then went on to explain that the financial report package contains 2 compliance reports. The Yellow Book Report is the auditor's opinion in accordance with government auditing standards. The Single Audit Report is generated in years in which the City spends more than \$750,000 of federal expenditures and this provides a report of internal controls and certain laws and regulations.

Mr. Derzis mentioned the responsibilities of management for appropriateness of the accounting policies used by the City. There are several new standards that will be required to be implemented. There will be workshops and other tools provided to help with this implementation. There were no disagreements with management during the audit and there were no other issues. The auditor proposed and passed on one audit adjustment which is considered an uncorrected misstatement and that adjustment was in reference to how OPEB is being reported.

Discussion then began regarding four accounting recommendations that were noted for improvements that include Manual Journal Entry Approvals, Cybersecurity, OPEB and Inventory Count. Each of these recommendations along with proactive thoughts and communications are presented in the report. Committee Chairman Cochran asked for a more in-depth discussion of the inventory count findings and Ms. Rhinehart along with Mr. Ingalsbe provided more information as to how the process is being improved going forward. Commissioner Quick then began a discussion regarding the Cybersecurity recommendation and Ms. Rhinehart stated this is mentioned to every business now due to constant issues with possible internet compromise.

Mr. Derzis wrapped up his presentation with discussion regarding new Governmental Accounting Standards Board pronouncements that will be effective in future years. These include Statement No. 87, Leases that is effective for the first reporting period beginning after June 15, 2021 as well as Statement No. 91, Conduit Debt Obligations that is effective for reporting periods beginning after December 31, 2021. Statement No. 92, Omnibus 2020 and Statement 93, Replacement of Interbank Offered Rates are requirements for reporting periods beginning after June 15, 2020. Other various changes were discussed as well.

Ms. Rhinehart then began a brief discussion regarding the mid-year financial statements.

GENERAL FUND:

Title Tax Fee Revenue continues to stay consistent. Intangible taxes appear to be up but are in line with budget after removing the 63% due to the school board. Discussion was then had regarding what the 63% is comprised of. Local Option Sales Tax is up for the month and above budget YTD by over \$400,000. Real Estate Transfer tax is up from last year and above budget. Police fines are down from 2021 but they are slightly over budget year to date. RedSpeed revenue totals \$126,555 for the year and continues to be consistent each month. Interest on investments is rising due to higher investment interest rates.

Due to time constraints, Ms. Rhinehart closed and asked that if anyone has any questions, please let finance know and they will be happy to answer. There will not be a finance meeting next month. With no further discussion, the meeting was adjourned.

Respectfully Submitted

Vicki Blair