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Council Audit & Finance Committee
Minutes
9/16/12
10:00 to 12:00
CIC Room

Council Attendees: Mayor Karen Weitkunat (entered at 10:30), Mayor Pro Tem Kelly Ohlson, Ben Manvel

Staff: Darin Atteberry, John Voss, Mike Beckstead, Harold Hall, Chris Donegon, Jessica Ping-Small, Angelina Sanchez-Sprague, Greg Tempel, Heather Shepherd

Others:

Approval of the Minutes
Ben Manvel moved to approve the August, 2012 minutes and Kelly Ohlson seconded the motion. The minutes were approved unanimously.

Auditor Response Follow-Up
John Voss reviewed the City staff responses and follow-up actions to any items the auditors recommended. Overall, the Committee agrees with what staff has presented.

Budget Clean-Up
The information that will be presented to City Council in October on the Annual Clean-Up Ordinance was reviewed and staff responded to any questions from the Committee. The annual Clean-Up Ordinance allows for the appropriation of expenses related to unanticipated revenue, grants and unforeseen costs that had not previously been budgeted.
Committee members requested that all use of prior year reserves be highlighted for presentation to City Council, and also to include any changes not seen by this Committee.

General Employee's Retirement Plan –Supplemental Option
This topic is in response to a question asked at a previous Council Finance Committee meeting. What would the financial impact be on GERP funds if active employees contributed a specific dollar amount or percentage going forward?

Currently there are 155 active employees in the plan.

Comparison of other City savings plans:

	401/457 Programs		GERP & 401		GERP & 457	
Contributor:	City	Staff	City	Staff	City	Staff
Pre 2010	6.5 to 7.5%	3%*	7.5%**	3% #	7.5%**	Discretionary
Post 2010	6.5 to 7.5%	3%*	10.5%***	3% #	10.5%***	Discretionary

* Required 401 contribution by staff.
\# GERP members who voluntarily elected to also participate in the City 401 program during the 90's are also required to contribute 3% to the 401. 87% of GERP participants are in the 401 program.
** 4.5% to GERP and 3% to 401 or match up to 3% for 457 only members.
*** 10.5% to GERP.

As of last year, there is an unfunded liability amount of $13.8 million in the GERP portfolio. The City owns the investment return risk for the plan. Any deviation from the assumed 6.8% return will have an impact on future Supplemental contribution requirements.

Mayor Karen Weitkunat has a concern that this issue is not highlighted or called out in the Budget now, and it could have a large impact.

Revenue Diversification
The presentation defines the City's current revenue and how Fort Collins compares to other jurisdictions in Colorado and nationally. There may be some alternatives to pursue.

Currently Fort Collins revenue is obtained as follows: Sales and Use tax 45%, Other Revenue 42%, and Property Tax 11%.

The Committee members requested some further information that show an explanation of each category in "Other revenue". Additionally, the Mayor would like to see a breakdown of Sales Tax and Use Tax revenue separately.

The city compared revenue diversification among some other, similar cities and concluded the following:

- Only three Colorado communities analyzed achieve revenue diversity
- Revenue diversification in Fort Collins would require a three-fold increase in the property tax rate…*the mill levy would need to be raised to 31.162.*
- Issue – How to reduce dependency on tax rates that sunset and carry the risk of non-renewal.

Committee members suggest that a Revenue taxation strategy should be developed so that further discussion can be had on this topic, and potentially presented at a work session in early 2013.