

**CITY OF DELAWARE
FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
1 SOUTH SANDUSKY STREET
4:45 P.M.**

AGENDA

September 10, 2015

1. Roll Call
2. Approval of the Motion Summary for the meeting held July 27, 2015 as recorded and transcribed.
3. Financial Management Policies Review and Amendment
4. Financial Management Software Acquisition
5. Update on HB5 Adoption
6. 2016 Budget Discussion
7. Old Business
8. Next Meeting Date
9. Adjournment

**FINANCE COMMITTEE
MOTION SUMMARY
July 27, 2015**

ITEM 1. Roll Call

Chairman Brush called the meeting to order at 4:11 p.m.

Members Present: Vice-Mayor George Hellinger and Chairman Andrew Brush

Members Absent: Vice-Chairman DiGenova

Staff Present: Dean Stelzer, Finance Director, and Tom Homan, City Manager

ITEM 2. Approval of the Motion Summary for February 12, 2015 as recorded and transcribed.

Motion: Vice Mayor Hellinger moved to approve the Motion Summary for February 12, 2015, as recorded and transcribed, seconded by Chairman Brush. Motion approved by a 2-0 vote.

ITEM 3. Motion to Excuse-Joe DiGenova

Motion: Vice-Mayor Hellinger moved to excuse Vice-Chairman DiGenova, seconded by Chairman Brush. Motion approved by a 2-0 vote.

ITEM 4. Review of 2014 Audit

- A. Audit Management Letter
- B. 2014 Single Audit Report

PRESENTOR:

Jason Carr
Wilson, Shannon & Snow, Inc.
10 West Locust Street
Newark, Ohio 43055

Mr. Carr reviewed the Audit Management Letter and the purpose of the letter which included significant audit findings. Mr. Carr provided a summary of the auditor's results. Also, reviewed were the negative cash balance funds in the Community Development Block Grant Fund and the FAA Airport Allocation/Improvement.

Motion: Vice-Mayor Hellinger moved to acknowledge and accept the review of the 2014 Single Audit Report and Audit Management Letter, seconded by Chairman Brush. Motion approved by a 2-0 vote.

ITEM 5. Discussion of HB5-Municipal Tax Reform

Mr. Stelzer discussed the new specific requirements to create a Tax Board of Appeal. Mr. Stelzer reviewed the changes that will need to be implemented with House Bill 5, including the establishment of the Board of Appeal and what the restrictions and requirements for the three-member Board. Mr. Stelzer plans to begin the establishment of the required Board of Appeal.

ITEM 6. Discussion of potential purchase of Time Card and Attendance Software

Mr. Stelzer provided an update of two vendors and the start up cost for the software and the yearly cost. Mr. Stelzer discussed the benefits of the software to department heads and can be used to schedule time off and to collect necessary data. Mr. Stelzer discussed that each vendor's software seems to be comparable in service but there is a cost difference.

A discussion was held on the cost difference between the vendors and the Finance Committee recommends focusing on the vendor with the lower startup and annual cost.

Motion: Chairman Brush moved to recommend to Council to direct staff to implement timecard software in 2016, seconded by Vice-Mayor Hellinger. Motion approved by a 2-0 vote.

ITEM 7. Discussion of Transparency Ohio participation

Mr. Stelzer provided an update on the status of the software and that staff is looking at what info is accessible and is shared externally. Mr. Stelzer will notify Council prior to the software being accessible to the public.

ITEM 8. Discussion of Performance Audit Status

Mr. Homan recommended scheduling a meeting with the State Auditor to determine the next course of action. The members were in agreement to this recommendation.

ITEM 9. Next Meeting Date

The next meeting date to be determined.

ITEM 10. Adjournment

Motion: Vice Mayor Hellinger moved to adjourn the Finance Committee meeting. The Finance Committee meeting adjourned at 5:06 p.m.

Andrew Brush, Chairman

Elaine McCloskey, Clerk

CITY OF DELAWARE

FINANCIAL MANAGEMENT POLICIES

(Updated April 14, 2014)

OPERATING BUDGET POLICIES

- The City will pay for all current expenditures with current revenues and fund balances. The City will avoid budgetary procedures that balance current expenditures at the expense of future years, such as postponing expenditures, underestimating expenditures, overestimating revenues, or utilizing short-term borrowing to balance the budget.
- The budget will provide for adequate maintenance and repair of capital assets and for their orderly replacement.
- The city will protect against catastrophic losses through a combination of insurance and self-insurance funded programs.
- The City will maintain a budgetary control system to help it adhere to the budget.
- Financial reports, which compare actual performance with the budget, are available on the City's network for budgetary review by the departments and divisions.

RESERVE POLICIES

- The City will maintain a targeted fund balance of seventeen percent (17%) of estimated annual expenditures in the General Fund as a reserve to address unforeseen contingencies or to be able to take advantage of opportunities that may arise.
- The City shall maintain a Reserve Account Fund at an amount of money equal to five percent (5%) of the revenue credited to the General Fund in the preceding fiscal year. The Reserve Account Fund shall be used to stabilize the City's General Fund against cyclical changes in revenues and expenditures. The Reserve Account Fund shall not be appropriated to provide for ongoing general operations of the City, but rather may be utilized to cover, in a given budget year, revenue shortfalls and expenditures that exceed projected amounts. In the event that it becomes necessary to utilize the Reserve Account Fund to stabilize the General Fund, the Reserve Account Fund shall, within three years, be re-established to a level representing five percent (5%) of the revenue credited to the General Fund in the preceding fiscal year. The year-end fund balance in the Reserve Account shall not be considered part of the unencumbered balance in the General Fund for purposes of determining the City's Estimated Revenue Available for Expenditure as certified by the County Budget Commission.

- The City shall maintain a minimum unencumbered reserve balance in the City's self-insured Health Insurance Fund at an amount equaling the sum of the outstanding claims liability as determined according to GASB Statement No. 10 and an amount representing twenty-five percent (25%) of the preceding year net administration, claims, and insurance costs.
- The City shall maintain a minimum unencumbered reserve balance in the City's self-insured retrospective Workers Compensation Fund at an amount equaling the sum of the projected ten-year future claim cost liability and an amount representing fifty percent (50%) of the average of the five preceding years net workers compensation claim cost.
- The City will at all times maintain a balance in the Recreation Improvement Income Tax Fund and the Recreation Income Tax Bond Fund such that when added together the resulting fund balance will exceed the maximum annual debt service on the Series 2009 Parks and Recreation Income Tax Special Obligation Bonds. In the event that the total fund balance of the combined funds does not exceed the maximum annual debt service on the Series 2009 Parks and Recreation Income Tax Special Obligation Bonds, then the General Fund reserve balance will be increased above the 17% reserve by an amount when added to the reserve balances in the Recreation Improvement Income Tax Fund and the Recreation Income Tax Bond Fund will exceed the maximum annual debt service on the Series 2009 Parks and Recreation Income Tax Special Obligation Bonds.
- The City will maintain fund balances in the Enterprise Funds of a sufficient amount to provide for effective ongoing operations or in accordance with any revenue bond covenants. Typical reserve balances will be in the 20 - 25% of annual operating expenses range.
- The City has created a Development Reserve Fund for the purpose of stabilizing future budgets by setting aside funds for potential debt service obligations related to the Glenn Road area and for seed-money for economic development opportunities that may arise in the future.

CAPITAL IMPROVEMENT PROGRAM POLICIES

- The City will develop a five-year Capital Improvements Program on an annual basis.
- The City will enact an annual capital improvement budget based on the multi-year Capital Improvements Program.
- The City will coordinate development of the capital improvement budget with development of the operating budget.

- 15% of the City's 1.0% General Fund income tax revenue shall be made available to fund non-utility fund capital improvements.
- Of the 15% of the income tax revenues which are to be utilized for capital improvements, a maximum of 35% will be allocated to fund long-term debt, and the balance will be allocated to fund annual projects and capital expenses on a cash basis.

DEBT MANAGEMENT POLICIES

- The City will confine long-term borrowing to capital improvement projects.
- When the City finances capital projects by issuing debt, it will repay the debt within a period not to exceed the expected useful life of the project.
- The City will evaluate issuing debt and pay-as-you-go financing to maintain flexibility for the future.
- The City will continually seek to maintain and improve our current bond rating to minimize borrowing costs and to ensure that access to credit is preserved.
- The City will follow a policy of full disclosure on financial reports and official statements.

REVENUE POLICIES

- The City will estimate its annual revenues by a conservative, objective, and analytical process.
- Non-recurring revenues will be used only to fund non-recurring expenditures.
- The City will encourage a diversified and stable local economy to avoid excessive reliance on any one industry or business for income tax purposes.
- The City will update the Cost of Services Study on an annual basis to calculate the costs of providing services and consider such information when establishing user charges.

PURCHASING POLICIES

- Purchases will be made in accordance with federal, state, and municipal requirements.
- Purchases will be made in an impartial, economical, competitive, and efficient manner.
- Purchases will be made from the lowest priced and most responsive vendor. Qualitative factors such as vendor reputation and financial condition will be considered, as well as price.