

**COMMON COUNCIL  
FINANCE COMMITTEE  
MARCH 8, 2018**

The City of Noblesville Council Finance Committee met pursuant to public notice on Thursday, March 8, 2018 at 8:15 a.m. Greg O'Connor, Megan Wiles, and Wil Hampton were present. Roy Johnson participated by telephone.

Also present were City Clerk Evelyn Lees and Chief Accountant Heather Trexler. Controller Jeff Spalding participated by telephone.

**HB 1104, SECTION 40 – Revisions to LIT Allocation in Hamilton County**

Mr. Spalding stated he is attending the meeting remotely because he is testifying to a conference committee today at the General Assembly concerning House Bill 1104. He explained the bill is a local government finance bill that covers a number of topics. He stated one of the provisions in the bill was initiated by Fishers Mayor Scott Fadness and concerns income tax distribution. He stated there are structural flaws in the distribution formula that the county must use for the income tax that is collected, which results in Carmel receiving two times what Fishers receives, even though they are approximately the same size and at the same income level. He stated this is not due to mistakes, which makes the situation untenable. He stated HB 1104 would freeze revenues to Carmel and Clay Township for five years and reallocate the extra revenue to the other county units. He stated it is hoped that the structural flaws resulting in the inequity will be corrected during the freeze period. He stated Noblesville should receive a total of \$5 to 6 million during that time; the first year the City should receive approximately \$500,000.00, with the amounts increasing each year. He noted that statute does not allow particular entities to be singled out by name, so the criteria were crafted to focus the effect. He explained the discrepancy began in 1972 when income taxes were established and were linked to the property tax levy. He stated because Carmel had a bigger tax base at that time, their levy has grown more than levies for Fishers or Noblesville, whose growth has been more recent. He stated because income tax distribution is based on the property tax levy rather than income growth, the disparity has become so large as to require legislative relief. He stated this bill is designed to "stop the bleeding" until the structural flaws in the statute can be corrected. He stated Mayor Fadness hopes to de-link income tax from property tax and align distribution with the people who are paying the tax. He noted that if this bill is adopted, it will help the City and can be used to fund the Capital Plan. He stated Mayor Brainard will argue that it is not fair to change the rules in the middle of the game, but Mr. Spalding plans to testify that it is never bad policy to end a bad policy. Ms. Wiles and Mr. O'Connor agreed that the situation needs to be corrected.

**Appropriation Transfers to Cash-fund Certain NFD Equipment That Was Budgeted for Lease Purchase Financing**

Mr. Spalding stated when the 2018 budget was constructed, the old Chart of Accounts was in use. He stated now that there is a new Chart of Accounts, there is some clean up needed. He stated the Fire Department had planned to purchase their turnout gear through the City's capital lease. He stated the turnout gear costs approximately \$127,000.00 and is replaced on a schedule. He stated because the gear has a shelf life and cannot be resold, he did not think the lease was

appropriate and would rather pay cash. He stated the Fire Department has also planned to purchase loose equipment for the new fire engine through the lease, but this will also be changed to a cash purchase. He stated these changes will require budget transfers, increasing the budget for cash purchases and decreasing the budget for lease purchases. He stated he will wait until he has actual amounts before requesting the transfers. Mr. Hampton asked how much interest is charged on the lease. Mr. Spalding replied the cost has been low, about two or three percent interest. He stated the issue is not so much cost as better accounting; instead of asking, “what did we do last year?” we will define what should be financed and what should not be financed.

### **Other Potential 2018 Ordinances/Resolutions on Fiscal Matters**

**Re-appropriation of Contingency Reserve in CCD Fund (120) – In Process**

**Appropriation Transfer of CCD Contingency Reserve to Fund Purchase of New Ladder Truck and Ambulance – In Process**

**Amend City Code (Ord 69-11-90) to Link Mileage Reimbursement Rate to IRS Rate – On Deck**

**Appropriation Transfer of Personal Services Contingency Reserve –On Deck**

**Appropriation of Park Impact Fee Fund (198) and Road Impact Fee Fund (199) – On Deck**

**Resolution for Prior Authorization of Budget Neutral Appropriation Transfers – On Deck**

**City Code Revision (OFA Matters) – On Hold**

Mr. Spalding stated the committee has been informed about these matters, and they are not urgent. He stated they will be addressed in the near future.

### **Update of Ongoing and Planned Financial Process Improvement Projects**

**Clean Up of Unspent Proceeds from Prior Capital Equipment Lease Purchase Financing**

Mr. Spalding stated this is a cleanup resulting from gaps in the City’s accounting system. He stated the City has used leases for several years, but they were not entered in the accounting system except for the Comprehensive Annual Financial Report (CAFR). He stated because his office did not track the leases, unused monies from the leases have been sitting in escrow. He stated this is a result of purchases that had been planned and not needed or cost less than expected. He stated he would like to close out these accounts and apply them to the principle of the leases. He stated there is approximately \$100,000.00 to \$200,000.00, and he has tasked Dana Fisher with contacting the banks to obtain the actual balances. There was a discussion about using the unspent money for other projects, but it was decided that it was best to clean up and close out the leases at this time. In the future when there is unspent money left from a lease, it

may be used more strategically. Mr. Hampton and Mr. Johnson commended Mr. Spalding for his efforts. Mr. Spalding stated once he has a good tracking system, he will be able to do more.

#### **New Chart of Accounts – Implementation Update**

Mr. Spalding stated they are working through growing pains with the new chart of accounts. He stated he has found that most of the departments are financially illiterate through no fault of their own. He stated the focus has been on paying the bills, and finance was never explained, even to the department directors. He stated he is trying to educate the directors and some employees regarding municipal finance, which will free him up to think more strategically, as he is doing with Fishers regarding the income tax issue with the legislature.

#### **Finance & Accounting Staff Restructure – What's Next?**

Mr. Spalding stated this item is on hold. He stated he can't hire someone until he knows what he needs them to do. He stated there are now extra things to account for in the system, but as the system becomes more efficient it may take less time. He stated a possibility may be to hire someone to help with the budget process.

#### **Fleet Management Advisory Status Update**

Mr. Spalding stated Mr. Cooke will meet with Enterprise and internal staff for a demonstration on March 22<sup>nd</sup>. He stated if Enterprise is hired, he has heard that they can implement a system with very little disruption. He hopes that would be the case.

#### **OpenGov Personnel Cost Forecast Module – ON HOLD OpenGov Budget Builder – ON HOLD**

Mr. Spalding stated he hopes to have these items off of hold and in process for the next meeting.

#### **Key Purchase Card Program & Centralized Purchasing – ON HOLD**

This item was not discussed.

#### **Claims Docket Review**

Ms. Wiles questioned a very large claim and wondered if a decimal was displaced. Ms. Trexler confirmed that was the case and promised to correct it immediately. She noted this entry was an internal accounting transaction and not a payment to be sent out. Ms. Wiles questioned a payment to a Parks employee for grass seed. Ms. Trexler explained the employee attends conferences with silent auctions where he can obtain golf course supplies at large discounts. She stated he used his personal credit card and is being reimbursed by the City. Mr. O'Connor asked if the employee had a city credit card. Ms. Trexler replied he does. She stated the credit card policy will be revised soon to require use of city credit cards except in rare circumstances. The committee recommended approval of the claims.

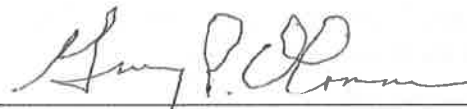
## Other Business

There was a discussion about funding options for upcoming capital projects that will be discussed at the Council retreat on March 17<sup>th</sup>. Mr. Spalding noted that until he has accurate tracking in place for all City finances, the City will have to move forward as it has in the past. He stated in another year he expects to be able to suggest better, more efficient ways to finance projects. He noted that since we are a growing community, the risk is mitigated.

There was a discussion concerning tracking funds already approved for the Pleasant Street project. Mr. Spalding stated under the current accounting system the expenditures must be looked up individually, but a tracking mechanism is needed. Mr. O'Connor replied amen! He stated it is important to have accurate data. Mr. Spalding stated he is working on using a project tracking feature in their accounting software to accurately account for capital projects. He stated it can be used even if funding comes from multiple sources. Ms. Wiles stated she would especially like to see that featured used for the Pleasant Street project and for Finch Creek Park. Mr. Spalding stated he is trying to move from "get it done" to "do it right." He stated the department directors have been great at getting things done, but then they can't answer questions about the project, and it is not their fault. He is working to remedy the problem.

Mr. O'Connor asked Ms. Lees to find out how many vehicles in Noblesville Township are registered with the Bureau of Motor Vehicles. Ms. Lees replied she would find out.

The meeting adjourned at 9:34 a.m.



GREGORY P. O'CONNOR, COMMITTEE CHAIR

---

EVELYN L. LEES, CITY CLERK