

**COMMON COUNCIL
FINANCE COMMITTEE
JANUARY 9, 2019**

The City of Noblesville Council Finance Committee met at 8:16 a.m. on Wednesday, January 9, 2019. Megan Wiles, Greg O'Connor, and Rick Taylor were present. Christopher Jensen was absent.

Also present were City Clerk Evelyn Lees, Controller Jeff Spalding, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson.

Internal Control Standards, Policies, Procedures, Reporting, and Monitoring

Mr. Spalding stated while this project has not been on the agenda, he has been working on it for some time. He stated the State Board of Accounts (SBoA) includes internal controls as a part of their audits. He stated the SBoA's main objective is to prevent theft, but there are many facets to internal controls; they can also ensure that financial information is correct. He stated he would like to professionalize our internal controls, including reports and procedures. He stated he has issued an informal Request for Proposals to three firms that are not currently connected with the City but have strong internal controls knowledge. He noted this process will also expand the financial resources available to the City. He stated the process has been more of an interview; he will inform the committee as the process proceeds. Ms. Wiles asked what the timeline is for the project. Mr. Spalding replied he did not set a deadline for the proposals in order to see how quickly the firms would respond. He noted the legislature began focusing on internal controls a few years ago, and he anticipates the State will begin to hold local government units more and more accountable in the future. Mr. O'Connor regarded it as another unfunded mandate.

Disposition of Expired Warrants Pursuant to IC 5-11-10.5

Mr. Spalding stated State statute requires that a list of checks issued by the City that are over two years old must be voided and reported to the Council. He stated the City has voided the expired checks for years, but did not report them. Ms. Trexler noted that if any of the expired checks had been issued to current City employees, she has voided and reissued the checks. She stated she called any current vendors on the list and asked if there were any open payables for the City, and if there are, the check will be reissued. She noted that money for any voided checks will be returned to the originating funds. Mr. Spalding noted this is merely a report to the Council, so no action will be required; however, it is on the agenda so that there will be a record in the minutes. He stated the amount is relatively small. Ms. Wiles asked if the list of payees will be made public before the meeting. Ms. Trexler replied yes, and if someone claims a check and provides documentation, it can be reissued. Mr. O'Connor agreed this process is more transparent.

Upcoming 2019 Routine Fiscal Actions

- *Report YE Appropriation Transfers executed pursuant to RC-20-2018*

Mr. Spalding stated a report of year-end transfers will be presented to the Council in January as required by resolution RC-20-2018.

- *Re-appropriate/re-establish adopted budget levels*

Mr. Spalding stated the Department of Local Government Finance (DLGF) cut appropriations in the Motor Vehicle Highway (MVH) fund and the Parks fund, so once the City certifies that those funds are available and were not spent, the original budget can be re-appropriated. He noted the same action was taken last year.

- *Re-set CCD tax rate for 2020*

Mr. Spalding stated the CCD tax rate must be reset each year to keep it at the level the Council intends. He noted the tax rate will automatically decline each year unless the Council resets it. Mr. O'Connor stated he will reach out to State Representative Chuck Goodrich to see if the law can be changed. Mr. Spalding observed the law was based on flawed logic.

- *Reallocation of appropriations for 2019 general salary increase*

Mr. Spalding stated he did not reallocate appropriations for the general salary increase last year, but he will this year. He noted most departments underspend their budget for the 100 series due to turnover. He noted if a variable raise structure based on performance is adopted in the future, then he will allocate funds from a central reserve. There was a discussion regarding a performance-based raise structure and how that amount would be determined for budgeting purposes.

- *Reallocation of appropriations for proper 2019 budget alignment under new chart-of-accounts*

Mr. Spalding stated some departments have continued to include travel and training in the 100 series, when they should be budgeted in the 300 series. He noted these will be routine transfers and are part of the adjustment to the new chart of accounts.

TIF Fund Reconciliation – YE 2018

Mr. Spalding referred to two reports: cash balances in the various TIF funds; and TIF fund cash balance corrections for 2018. Mr. Spalding explained that in the past, sometimes cash was “borrowed” from a TIF fund to finance a project, but the same fund did not always receive the reimbursement when the project was complete, resulting in inaccurate fund balances. He noted Jim Hellmann in the Engineering Department has tracked individual project funding and worked with O.W. Krohn & Associates to complete the Comprehensive Annual Financial Report

(CAFR). He stated the Finance office will eventually take over this accounting, and Mr. Hellmann is in agreement. He stated the funds now have their proper balances. Ms. Wiles stated she would like to see the impact on a TIF district when a sub district is formed within it. Mr. Spalding stated the Hamilton Town Center sub district was taken from the Corporate Campus East district, and those amounts have been tracked. There was a brief discussion about allowable uses of TIF funds for projects and who has the authority to direct the funds.

Mr. O'Connor left the meeting at 9:20 a.m.

Ms. Wiles stated she is still interested in seeing the pledges on TIF funds so that they can see how much cash is truly available. Mr. Spalding replied the table includes paying debt service on bonds, but he will work on additional pledges.

Fiscal Actions on January 15 Council Agenda

Mr. Spalding stated the expired warrants discussed earlier are the only finance item on the Council agenda.

Other Pending 2019 Ordinances/Resolutions on Fiscal Matters

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

Ms. Wiles stated she would like a legal opinion concerning who has appropriation authority for the Parks budget. Mr. Taylor agreed. Mr. Spalding stated his view is that the Council appropriates funding while the Parks Board approves expenditures, much as the Board of Public Works and Safety does. He stated the Board of Public Works and Safety and the Park Board are both functions of the executive branch. Ms. Trexler noted the Council does not appropriate the non-reverting Parks fund. Mr. Spalding stated a resolution could be passed to automatically appropriate the fund.

City Code Revision (OFA Matters) – On Hold

This item was not discussed.

Updates of Ongoing and Planned Financial Initiatives and/or Process Improvements

Revise Travel Reimbursement Policy

Mr. Spalding stated the travel reimbursement policy still is being revised by Jacqueline Thompson.

OpenGov Budget Builder & Personnel Cost Forecasting Module
OFA Staff Structure
Cash Advisory Service – On Hold
Key Purchase Card Program & Centralized Purchasing – On Hold

These items were not discussed.

Claims Docket Review

The committee could not make a recommendation due to lack of a quorum.

Other Business at Discretion of Chairman

The committee reviewed a meeting schedule for 2019. Where the regular meeting date is a holiday, the meeting will be moved to the day before. Ms. Lees will advertise the schedule.

The meeting adjourned at 9:30 a.m.


MEGAN G. WILES, COMMITTEE CHAIR


EVELYN L. LEES, CITY CLERK