

**COMMON COUNCIL  
FINANCE COMMITTEE  
DECEMBER 12, 2019**

The City of Noblesville Council Finance Committee met on Thursday, December 12, 2019. Greg O'Connor called the meeting to order at 8:15 a.m. with Rick Taylor present. Megan Wiles and Christopher Jensen were absent.

Also present were City Clerk Evelyn Lees, Street Commissioner Patty Johnson, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson.

**Pay 2020 High AV Growth Levy Appeal - Update**

Mr. Spalding stated the appeal was successful and will provide a permanent increase of more than \$524,000.00 per year to the maximum property tax levy. He explained while this type of appeal is meant to be used by fast-growing communities, it is placed in the statutes with other appeals for relief of financial distress. He stated for that reason, when he submitted the application for appeal, he included the City's need for revenue to fund a new Police headquarters and to construct improvements to Pleasant Street as reasons for financial distress. He stated the Department of Local Government Finance (DLGF) approved the appeal, but only for the financial distress reasons. He stated since the City is expected to appeal the levy for the next few years, he will use the response he received to inform future appeal applications.

**1 Year Bond for Capital Projects - Update**

Mr. Spalding stated now that the levy appeal has been approved, the short term bond will be \$3 million in order to manage the City's tax rate. He stated bids were solicited from 20 banks, from which six or seven bids were received. He stated the bid was awarded to PNC Bank, which was the lowest bidder by 10 basis points and was very accommodating to guarantee a rate before the exact amount of the bond was known. Mr. Spalding stated issuance costs will be included with interest on the bond, which will have a rate of 1.71 percent. He stated closing is expected on December 20. He stated he will report the sources and uses of the bond to the committee after the closing. He noted a small fee will be paid to O.W. Krohn & Associates for their help in the process. Mr. O'Connor observed that since a bond of this sort is expected to be issued routinely every year, over time costs can be lowered and kept to a minimum.

Ms. Thompson left the meeting.

**Pre-Year End Fiscal Transfer Resolutions**

Mr. Beres stated while the Council has authorized the Controller to make year-end transfers to align appropriations with spending, the transfers on the agenda are being presented to Council because they are ready before year end. Mr. Spalding stated these transfers could have been included in the year end process, but he wanted to address them as soon as possible to preserve the integrity of the process and keep the year end transfers to a minimum. Mr. Beres stated he is

currently working with the departments to make sure expenses are posted to the correct budget series.

Ms. Johnson left the meeting.

### **DLGF Review of MVH Fund Additional Appropriation**

Mr. Spalding stated the DLGF has unofficially denied his request for an additional appropriation. He explained in October the Council approved an additional appropriation of \$1.2 million for the design of the Pleasant Street corridor. He stated a cash transfer of \$1 million from the General Fund to the MVH Fund was approved in order to support the additional appropriation, which would then be encumbered to 2020. He stated the State Board of Accounts (SBoA) has taken an unofficial position that money from the General Fund cannot be transferred into the MVH Fund because the MVH Fund is a special revenue fund, receiving most of its revenue from State MVH distributions. He stated State statute does not list a transfer from the General Fund as an allowable deposit, but it also does not exclude it. He noted a portion of the maximum levy may be assigned to the MVH Fund, when that money normally goes into the General Fund. He stated it does not make sense that the maximum levy can be reapportioned to the MVH Fund, but a transfer is not allowed. He stated he feels the DLGF and SBoA are making an overly restrictive judgment, since there is no malicious intent and the Council has taken official action. He stated he is in ongoing discussions with the DLGF and the SBoA; he will wait for an official answer. He stated if the additional appropriation is denied, there are two options: 1) to go ahead with the original plan and receive an audit exception from the SBoA, to which he could write a response explaining why the actions were taken; or 2) follow the order, reapportion the levies in 2020, and complete another additional appropriation in 2020. He stated he has spoken with O.W. Krohn & Associates to see if the audit exception would affect the City's credit rating, and they felt it would not. Mr. O'Connor supported the first option as more transparent and providing better accounting data. He also disagreed with the SBoA's current interpretation, and stated he will work to change the statute.

### **Encumbrance Carry Forward and Routine Budgets Adjustments for 2020**

Mr. Spalding stated Ms. Trexler presented the planned encumbrances to the Council at the last meeting, but actual amounts will not be known until December 31. He stated he plans to bring a resolution to the Council in January with the final encumbered amounts to be ratified. Mr. O'Connor and Mr. Taylor felt the resolution was more transparent and would enter the actual amounts into the public record, rather than just the proposed amounts. Mr. Spalding noted this process will also make the information more accessible to the auditors.

Mr. Spalding stated he also may introduce a resolution that authorizes the Controller to make small appropriation transfers within a department's budget without bringing a transfer resolution before the Council. He noted these transfers would be budget neutral and be small, technical actions, most likely under a threshold of \$50,000.00. He stated he would then report these transfers to the Council periodically, perhaps semi-annually, which would coincide with departmental mid-year budget reviews. He stated he is open to input from the Council. Mr.

O'Connor stated a preference for quarterly rather than semi-annual reporting. Ms. Lees offered that the Wastewater Utility and EMS each present write-offs of unpaid debt to the Board of Works on a quarterly basis. Mr. O'Connor agreed that a \$50,000.00 threshold was a good idea.

Mr. Spalding stated he also plans to immediately encumber funds as soon as a contract is approved by the Board of Works. Mr. Beres stated he is working to interface encumbered funds between the Keystone accounting system and OpenGov. There was a discussion concerning records in OpenGov and those kept by departments.

### **Hamilton County LIT Re-Allocation**

Mr. Spalding stated for some time Carmel has received a disproportionate share of Hamilton County Local Income Tax (LIT). He stated Fishers has been particularly vocal about the inequity, and Carmel now recognizes that the current distribution needs to change. He stated a bill was presented in the legislature last year, but failed to pass in the final days of the session. He stated Carmel has proposed a new solution, but some other municipalities take exception. He stated negotiations are ongoing, and noted Mr. O'Connor has been a participant.

### **Fiscal (and Related) Actions on Council Meeting Agenda – December 17**

- *Ord. #50-11-19 – Additional Appropriation to fund Downtown Streetlight Refurbishment and Painting (Downtown Development Fund)*
- *Appropriation Transfer TA-25-19 – Realignment of appropriations to match actual expenditures for 2019 (General Fund)*
- *Appropriation Transfer TA-26-19 – Realignment of appropriations to match actual expenditures for 2019 (MVH Fund)*
- *Appropriation Transfer TA-27-19 – Realignment of appropriations to match actual expenditures for 2019 (LRS Fund)*

Mr. Spalding stated Transfer TA-27-19 is being withdrawn from the agenda, because it is not necessary. The other items were discussed earlier in the meeting.

### **Claims Docket Review**

There was no recommendation for approval of the claims due to lack of a quorum. There were no questions from those present.

### **Review of Agenda Addendum**

Mr. Spalding stated there were no changes since the last meeting. He stated the addendum will be modified in 2020. He stated the list will still exist, but will not be included on the agenda.

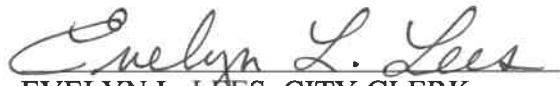
Mr. O'Connor asked if a contract for internal controls has made progress. Mr. Spalding stated he plans to refresh the bids and pursue a contract in 2020.

**Other Business at Discretion of the Chair**

There was no other business.

The meeting adjourned at 9:30 a.m.

  
MEGAN C. WILES, COMMITTEE CHAIR

  
EVELYN L. LEES, CITY CLERK