



## **City of Powell Finance Committee**

### **MINUTES February 9, 2016**

#### Attendees:

Tom Counts, Frank Bertone, Jim Hrivnak, Dan Swartwout, Brendan Newcomb, Steve Lutz, Debra Miller and Jessica Marquez

Call to order at 7:00 p.m.

#### Approval of minutes

Minutes were approved as printed

#### Financial Reports for January 2016

Mr. Lutz asked Ms. Miller to give a brief overview of the reports for the new council members. The review included the Summary of Revenue and Expenditures which gives a brief look of major activity for the month; the executive report where the original budget is the numbers presented in the budget book; the reports sent via email show the cash balances, detail revenue collections and detail fund expenditures. The group also talked about the color listed by each report because when the reports are printed they are printed on that color of paper.

Ms. Marquez discussed the changes that are occurring in the worker's compensation plan billing. BWC is changing from a "look-back" billing method to a "perspective" billing method. BWC is assisting with the change by giving the City a 50% credit for both 2015 and 2016 bills that will be paid in 2016.

#### Finance Projects and Activities Update

Ms. Miller wrote a memo to the committee to give a brief update on a variety of items that didn't have time to be presented and discussed the last few months. She briefly outlined each subject and expanded on some of the areas to give additional background to the new members. Additional background included the auditors – how the Auditor of State is in charge of the City's audit and that they can utilize independent public accountants (IPAs) to assist them in completely all their audits. Mr. Counts also brought up the topic of GASB68 since this will be the first year including the standard in our audit. Ms. Miller and Mr. Counts gave a quick review of what the standard is supposed to do and why it is different in the state of Ohio – liability of the entity versus the state.

Another area that additional background was given was the Financial Institution RFP. RFP stands for Request for Proposal. The City goes out for RFP every five years for their banking.

Ms. Miller stated the City had actually changed banks every time the RFP had come out – Delaware County Bank to Fifth Third to Key. Ms. Miller discussed that various new banking regulations was starting to make a difference in the number of financial institutions that wanted to do business with governments or limit the number of governments as their client. Ms. Marquez talked about the required 102% collateralization that occurs above the FDIC insurance limit that costs the banks money.

#### POWELL CIC

Ms. Miller introduced the topic about where the refund for the non-compliance with a job retention incentive program should go – stay with the CIC or be refunded to the City. Ms. Miller as the CIC's bookkeeper reviews all the agreements yearly for compliance. Mr. Lutz gave a little history of Aeroflex's ownership change and the kind of business the business is in. Mr. Hrivnak (also member of Powell CIC) stated that he felt that the money should be returned to the City since that is who provided the money to pay for the program. The committee discussed and there appeared to be a consensus that the CIC will return the refund.

Ms. Miller brought up the CIC's requirement to file yearly with the IRS. The last few years it was the annual postcard filing which amounted to stating the CIC was still in business and had under \$50,000 in revenue. In 2015, the CIC went over \$50,000 in revenue therefore a 990EZ needs to be filed. Ms. Miller prepared a draft of the tax return but is having an outside party review the return. At this time, it is estimated the CIC will have a tax liability of \$2300 based on the taxable rental income it received.

#### IT Audit Results

Ms. Miller reminded the committee that the IT Committee had asked last year for budget money to hire a firm to conduct an IT Audit. Mr. Lutz stated the IT Committee was comprised of staff – and Ms. Miller listed the members as: herself, Rocky Kambo and Deputy Chief Steve Hrytzik. The City went to this format of administrating IT when a staff member left about 2 ½ years ago and there wasn't any knowledge of the systems internally.

The City utilizes Kirch Technology Group, an outside firm, to handle its IT needs. To assist the IT Committee to double check that everything was being handled properly, the IT Audit conducted a review of the General Controls and Social Engineering. The Social Engineering campaign went very well and the basic recommendation was training for staff due to the phishing email that many employees opened. An IT Security training session was held in January and is now mandatory for all full and part time employees. The training session was recorded so all new employees will also be required to view the session.

The General Controls assessment was handled to similar to the City's annual audit with the IT Committee responding to the recommendations. Basically, there were three types of recommendations. One about policies and documentation, the second about password parameters and the third about disaster recovery testing. The IT Committee plans on putting a plan of action and then working on that plan beginning in April. It is expected to take eighteen to twenty-four months to complete. The company was able to give the IT Committee ideas on how to conduct disaster recovery testing without a large expense. The high expense was one of the reasons the IT Committee had not worked on it before. The password parameters will be resolved by going to a second password requirement through a token/email system.

Ms. Miller stated that she will continue to keep the Finance Committee informed.

### 2016 City Council Goal – Fiscal Sustainability/Capital Funding

Ms. Miller started the conversation by reviewing the action plan goal document that had come out of the planning session. She stated the items in red where the items she added to the document after Mr. Lutz, Ms. Canavan and the consultant.

Mr. Counts led the conversation on the goals and subgoals – including what sustainable funding meant. The Committee had a consensus that the fiscal sustainability was needed to be secured for both operational and capital funding.

Specific Actions to Advance the Goal –pursue grants was already listed so the income began throwing out other sources including the limitations of grants. Examples of sources included: income tax, property taxes, more grants, and TIF (Tax Increment Funding) revenues which have specific time/use restrictions.

The Committee than began listing action ideas:

- List of funding sources – most applicable
- Economic Development tools
- Update Capital List
- Communication of the process
- Blue Ribbon Panel or similar resident participating group
- Developers
- Out-of-Phase with other entities

Mr. Swartwout asked whether only a tax increase was being considered and Mr. Counts stated no that part of the process should be to increase the tax base but that has limitation because of our size and location.

Internal Experts and Resources – the committee read the items listed. Mr. Lutz stated that too many times the committee expects the initiative or project to be led by staff but many times staff time to dedicate is too thin. Ms. Miller handed out a draft proposal of services.

Due to lack of time, Mr. Counts moved on to Other Business.

### Other Business

Ms. Miller stated the City had sold the \$3,000,000 notes today at a rate of 1.375% per annum. Huntington Investment Company purchased the notes.

### Adjourn

Committee adjourned at 8:35 pm.