

## **Expenditure Descriptions**

### **Personnel Services**

The Personnel Services category consists of salaries and wages, pension expenses and fringe benefits. Salaries and wages are (a) paid by police union contracts, (b) paid by public service/parks maintenance union contract, or (c) set by City Manager and City Council. Pension expenses are where the employees belong to one of two mandatory public retirement systems. Police officers belong to the Ohio Police and Fire Pension Fund and remaining employees belong to the Ohio Public Employee Retirement System. Fringe benefits include health and dental care insurance, life insurance, Medicare, worker's compensation insurance and direct unemployment costs.

The salary ranges for employees, including the unions, can be found in the appendix. The union ranges are based on negotiated three-year contracts. The current contract periods for a police officer and a sergeant are July 1, 2017 – December 31, 2020 and the public service/parks maintenance contract period ends October 15, 2017 and is currently being negotiated for future years. The non-union or general employees' salary range is adjusted based on the Department of Labor, Bureau of Labor Statistics, and July to July change in salaries, while their actual raises are based on performance and recommendations by the City Manager.

The City Council's and Mayor's salaries are tied to the minimum earnable salary for full credit at the Ohio Public Employee Retirement System (OPERS). OPERS has increased their minimum earnable salary to \$660 per month from \$600 per month.

The City offers health and dental care insurance plans for both the employee and his or her family. The cost of the plan varies by four distinct groups: employee only; employee plus child(ren); employee plus spouse; and family for employee, spouse and child(ren). The City implemented a high-deductible health savings account plan in 2010, with the City contributing a portion of the employee's deductible.

The City offers life insurance at one-time the employee's salary, up to \$75,000, with the employee having the option to purchase additional life insurance for themselves and their spouse or children. Many cities in Ohio still have employees that do not belong to Medicare; however, all of the City's employees belong to Medicare. As an employer, the City has worker's compensation insurance for employees injured on the job, and unemployment coverage is based on an as-needed basis or at actual cost when it occurs.

The City also offers flexible benefit plans for limited medical and dependent care expenses. The employee has the option of participating in several annuity plans such as Ohio Deferred Compensation, ING or ICMA. Other employee-optional coverage or deductions includes Vision Insurance, AFLAC, College Advantage and United Way.

### **Operating Expenditures**

This category is the catch-all category. If it isn't personnel services, debt service, transfer or capital, then it has to be an operating expenditure. This is where you will find the supplies, reference materials, travel, utilities, contractual services, audit fees, maintenance and other various expenditures. The following are the major operating expenditures that are used in the budget and a brief description of each.

- ▶Supplies: The City budgets for generic office supplies in two places – other charges and police departments. Other charges pay for the office supplies for all departments except the police department. Copier-related supplies are budgeted for in the administrative department while specialized supplies are budgeted in the related department needing the specialized supply. Example: a chain saw would be in parks.
  
- ▶Utilities: The City budgets for utility expenses in three places – lands and buildings, public service and park maintenance. Utilities consist of electricity, sewer, water, natural gas and telephone service. Gasoline for vehicles and equipment is budgeted separately under gasoline.
  
- ▶Maintenance: The City budgets for maintenance in each department that needs specialized maintenance, but for overall general maintenance of property it uses Lands and Buildings. Vehicle or cruiser maintenance is budgeted separately in departments that have vehicles.
  
- ▶Contracted Services: The City utilizes multiple companies to assist in maintaining a high level of services without adding additional personnel. It budgets for contracted services in each department that needs assistance. Some of the services contracted include: architecture; legal; street sweeping; audit; insurances; income tax collection; storm water planning; and inspections.
  
- ▶Travel/  
Seminars/Mileage: The City budgets for travel, seminars, training, mileage and other related travel costs in each department under one line item.
  
- ▶Dues/Subscriptions: Both the City's membership dues and employee's professional organization dues are budgeted under this line item, along with subscriptions to publications and reports. Each department will have its related dues and/or subscriptions.
  
- ▶Uniforms/Gear: The City provides the clothing and related accessories worn by the police officers and parks and public service workers. Each department has a budget line item for this cost.
  
- ▶Programs: The City has a 'Sidewalk Repair Program' and a 'Share-the-cost Tree Program'. These programs are budgeted in the public service and parks department. All revenue or reimbursements for these programs are accounted for in a separate revenue account.
  
- ▶Agency: The City is responsible for maintaining other companies' and individuals' monies for certain functions, such as plumbing inspections, escrowed deposits, employees' flexible benefit plans, fingerprinting and unclaimed funds.
  
- ▶Contingency: The City budgets an amount to add to the general fund reserve each year and two separate contingency lines for miscellaneous increases in costs and unanticipated costs. The City Council has a line item of \$75,000 and the City Manager has a line item of \$25,000 to move around the general fund.

### Capital Outlay

There are two types of capital outlay: equipment and improvements. The capital equipment budget, adopted annually, is composed of any additional or replacement equipment needed in the City's fleet, office and technology areas, along with other miscellaneous tools and equipment. Details of capital equipment planning are discussed in the capital section. The capital improvements budget is also adopted annually with the assistance of the Capital Improvement Plan. Details of capital improvement planning are discussed in the capital section.

Capital equipment is budgeted in the department requesting the equipment, except for information technology equipment. Capital improvements are budgeted by the funding source that will be paying for and/or supporting the improvements. A detailed list of all capital equipment and improvements can be found in the capital section of the budget book.

The City of Powell has two definitions for “capital outlay.” The first is the definition for the Comprehensive Annual Financial Report (CAFR):

*All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The City maintains a capitalization threshold of five thousand (\$5,000) dollars. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.*

The second is the definition for budgeting purposes:

*Equipment costing less than \$1,000 is assumed to be an operating supply or a specialized supply. Equipment costing more than \$1,000 is budgeted in the capital equipment budget to allow for management, committees and City Council to review and approve the concept of the purchase. The City’s budget is still small enough that monitoring at this level is still valid and an important tool. However, you will find instances of equipment that costs, between \$250 - \$1000, listed in the capital equipment line, because the department needs one-time assistance in purchasing the needed item.*

All Other Categories

Debt Service

This category is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. The State of Ohio limits the amount of debt that can be issued by the City regardless of the source of revenue used to pay the debt. Debt issued without the vote of the people is limited to 5.5% of the City’s net assessed valuation. The limitation for total debt voted and unvoted is 10.5% of the assessed valuation. The state does have some exemptions from the 5.5% unvoted limitation, such as general obligation debt (to the extent that such debt is “self-supporting”) and revenue bonds.

Issue Name	Description	Type	Maturity Date	Original Principal Amount	Outstanding Principal Amount
2010 Series	Road Construction*	V	12/1/2020	\$ 3,155,000	\$ 315,000
2013 Series	Capital Improvement Bonds	V	12/1/2020	\$ 4,100,000	\$ 1,510,000
2017 Series	Capital Improvement Bank Loan	V	12/1/2022	\$ 2,700,000	\$ 2,400,000
2006 Series	Police Facility Construction	UVE	12/1/2024	\$ 2,750,000	\$ 1,190,000
2008 Series	LCIFA Bonds #2	UVE	12/1/2029	\$ 6,900,000	\$ 4,405,000
2011 Series	LCIFA Bonds #1**	UVE	12/1/2032	\$ 9,015,000	\$ 7,395,000
2012 Series	LCIFA Bonds #3	UVE	12/1/2036	\$ 6,785,000	\$ 6,050,000
2012 Series	PCIFA Bonds	UVE	12/1/2036	\$ 3,130,000	\$ 2,615,000
2017 Series	Seldom Seen TIF Note	UVE	8/8/2018	\$ 2,265,000	\$ 2,265,000
	Totals			\$40,800,000	\$28,145,000

V = voted debt

UV = unvoted debt

UVE = unvoted debt and exempt from 5.5% limitation

\*Refinancing the 1995 (or 1997-A) and 1999 Series Bonds

\*\*Refinancing of the 2002 Golf Village Bond

Additional information on debt limitations, levies and debt margins can be found in the All Other Funds section.

#### Additions to the Reserve

This is one of the methods the City utilizes for contingency funding to assist with liquidity, unpredictability of revenues, and unanticipated or rising costs that are immediate or over a short-period of time. The goal for the 'General Fund' reserve is 15 – 20% of the General Fund personnel and operating expenditures. This is calculated and monitored yearly.

#### Advances and Transfers

The City transfers money from one fund to another for a variety of reasons. Some of reoccurring reasons are:

1. The City issued debt but did not go to the voters to request additional taxes. The general fund pays for this debt by transferring funds to the appropriate debt service fund.
2. The City has a Parks and Recreation program that works on being self-sufficient; however, that is not always possible. Occasionally, the general fund transfers money to assist the program.
3. The City has multiple restricted funds for street improvements. Revenue collected in the Municipal Income Tax Fund is transferred to the Street Maintenance Fund to assist in paying for street improvements.
4. The City decides to fund the Community Improvement Corporation (CIC) limited revenue-sharing program.

The difference between an advance and a transfer is an "advance" is to be repaid.

### Historical Look at the City of Powell's Expenditures

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Personnel	5,092,733.15	4,771,748.61	4,718,693.75	4,145,791.43	4,035,516.88	4,034,299.98	4,108,722.88	4,003,115.82	3,618,595.80
Operating expenses	1,331,222.85	1,486,986.98	1,392,474.46	1,188,008.77	1,228,389.74	1,148,100.30	1,232,151.21	1,334,880.31	1,500,173.32
CORMA transfer	80,000.00	80,000.00	78,500.00	74,000.00	67,500.00		80,000.00		
Capital equipment	301,283.73	301,408.03	353,691.08	371,736.08	294,182.15	296,784.90	250,434.04	229,898.58	294,748.71
Debt Service	263,300.00	202,500.00	203,000.00	202,500.00	202,500.00	202,500.00	280,849.79	279,000.00	277,550.00
Other	61,311.36	41,607.70	276,920.62	33,780.33	66,993.25	1,083,110.67	86,500.00	91,160.00	522,509.54
Subtotal of Expenses	7,129,851.09	6,884,251.32	7,023,279.91	6,015,816.61	5,895,082.02	6,764,795.85	6,038,657.92	5,938,054.71	6,213,577.37
Additional Reserve	32,500.00	30,000.00	25,000.00	25,000.00	7,500.00	80,000.00		50,000.00	50,000.00
Advances	3,480,102.63	-	850,000.00	100,000.00	12,108.00				
Additional CompRes	35,846.50	33,338.50							
Additional 27th Payroll	14,876.93	14,050.72		28,055.03					
Total of Expenses & Additions to Reserves/Advances	10,693,177.15	6,961,640.54	7,898,279.91	6,168,871.64	5,914,690.02	6,844,795.85	6,038,657.92	5,988,054.71	6,263,577.37