

**DUBLIN CITY COUNCIL  
FINANCE COMMITTEE MEETING  
Monday, October 13, 2014  
Council Chambers**

Minutes of Meeting

Ms. Chinnici-Zuercher, Chair, called the meeting to order at 6:00 p.m.

Finance Committee members present: Ms. Chinnici-Zuercher, Vice Mayor Gerber and Mr. Lecklider.

Staff present: Ms. Grigsby, Ms. Mumma, Mr. Thurman, Mr. O'Brien, Ms. Crandall.

- **Consent Agenda**

- Approval of Finance Committee Minutes of August 11, 2014

Vice Mayor Gerber moved approval of the consent agenda.

Mr. Lecklider seconded the motion.

Vote on the motion: Ms. Chinnici-Zuercher, yes; Vice Mayor Gerber, yes. Mr. Lecklider, yes.

- **Financial Update – Third Quarter 2014**

Ms. Mumma stated the City experienced another excellent quarter.

**General Fund Revenue**

The General Fund revenue was \$59.7 million. Excluding advances, that total is \$56.7 million – more than eight percent over the same period of time last year. This is driven by income tax collection revenue, which through September was up 9.4%, or \$4.4 million. Of the nearly \$68.7 million collected to date in income tax revenue, the majority comes from withholdings, which is up 10.5%. Net profits from businesses is up 13.9%, and net profits make up about 15.5% of the overall income tax revenue. Individual tax revenues are down 7.5%, but that makes up a relatively small percentage of the City's income tax revenue. Some of that is attributable to timing. There are a number of people who file for extensions. They make estimated payments throughout the course of the year and file extensions, which are not due until October. In other General Fund Revenue, the charges for Services was up 44%, as a result of the City's sale of CNG fuel to other entities. As expected, the Intergovernmental Revenue has continued to decline, as a result of the elimination of the Estate Tax and the reduction of the Local Government Funds.

**General Fund Expenditures**

The total expenditures for the quarter was \$54.4 million. Excluding transfers to other operating funds, such as the Pools, Safety Funds, and Street Maintenance, as well as advances made to other funds, which will be repaid, the General Fund Expenses were down about .6% over the same period of time last year, or \$190,000. The impact of the Income Tax Revenues in the General Fund increasing over the Expenditures for the quarter resulted in the City's Fund balance growing to \$61.4 million, which is 99.5 percent of the anticipated 2014 Expenditures.

There is additional information in the packet regarding City Property Taxes and Service Payments. The Service Payments were up substantially, particularly for the Perimeter West TIF, the Shamrock Boulevard TIF, and the Bridge and High TIF, in comparison with last year's values. One TIF experienced a substantial decrease – the River Ridge TIF.

Through September, Hotel-Motel Tax Revenues were up 5.9% over 2013, which is consistent with Mr. Dring's previous reports to Council.

In summary, the City continues to be in a very strong financial position.

Vice Mayor Gerber stated that this report reflects Council's goal to increase business revenues, and he appreciates staff's efforts to achieve that goal.

Ms. Chinnici-Zuercher stated that she concurs. The key is the diversity of businesses that exist in Dublin. That diversity is in high-level, high income jobs. That reflects the overall quality of this community, and businesses want to be located in and identified with Dublin. The City offers amenities for their employees and their families. The Dublin School District's excellent rating certainly is a factor, as well. It is always a challenge when a business decides to leave Dublin, and that is the reason this type of diversity is so important -- it makes it possible to "weather" those losses. The diversity of businesses has really been the foundational strength that Dublin has enjoyed for 30 years. Every Council has seen this as a priority goal and has supported staff by authorizing the necessary resources to achieve that goal. The City has also had excellent Finance staff to manage the revenues.

Ms. Mumma noted that two large employers decided to leave Dublin, one of which has already departed. Those two companies are no longer included in the numbers for the City's Top 10 Employers. Without any revenue from these two companies for the year, the income from the Top 10 Employers would be down 3.9%. With the Top 50 Employers, it would be down 1.4%. However, with the Top 100 Employers, the revenue returns to a positive position. That does reflect the strength of the business diversity that exists.

Ms. Chinnici-Zuercher stated that she is concerned that there are a sufficient number of staff in the Economic Development department, who can continue this outreach and maintain a continuous contact with employers -- letting them know that we appreciate their presence in Dublin and our availability to provide any services to encourage their retention and expansion in Dublin. She is concerned with the ability of three staff members to do that.

Ms. Grigsby responded that is the type of discussion that occurs in the development of the Operating Budget every year for all the City departments -- making sure that there are sufficient employees to provide all the necessary services, yet not so many that it would create a problem during an economic downturn. Economic Development also uses the services of a number of consultants to provide assistance, such as with the operation of the DEC. Consultants have a more expansive reach than an employee. The City itself is the biggest economic development tool, which is a reflection of the many amenities and services provided. During conversations with interested businesses, when issues are identified that need to be addressed, the City is in a position to be able to take the necessary action to address them. Staff continually evaluates what is needed to maintain the level of service.

Mr. Lecklider stated that not long ago, the City was criticized for the size of its reserves. However, that is no accident. Perhaps the City was extra cautious during the previous downturn in the economy, but it certainly has positioned the City well with respect to the current opportunities, primarily with infrastructure. The City is in an enviable financial position that not

many other communities enjoy, which has been one factor in this community being moved up on ODOT's transportation priority list. With respect to the amenities Dublin provides – he has heard those comments frequently within the business community. We should continuously make an effort to educate the community with respect to the City's financial position; in particular, that the income tax revenue is the main revenue source. Recently, he read information on the City's website that provides an explanation of where property taxes go. It is a great document for sharing with the public. It is a reminder that it is the corporate community that is providing the revenue source, which finances that great infrastructure, parks and bikepaths within this community.

### **2013 CAFR (Comprehensive Annual Financial Report) and Audit**

Mr. O'Brien stated:

- Dublin requested a 30-day extension on the filing of the CAFR this year due to changes in staff in the Finance Department. The audit report was filed in a timely manner with the Auditor of State's office and the GFOA. The Auditor of State reviewed, approved and officially released the audit on September 23, 2014. The CAFR will be available on the City's website and a copy will be given to the Dublin branch library for the public's view.
- The City again received a clean audit, and no material weaknesses were found in the internal controls. Clark, Schaffer and Hackett performed the audit again this year, and reported that the audit process went smoothly. Staff looks forward to working with them again one more year, when the auditing firm will change as required.
- Although there were no adjustments identified in the audit report, there were two recommendations in the Management Letter. The first was a recommendation that a Policy and Procedures Manual be in place. Such a manual would be beneficial when there is an extended leave of a Finance staff member, or in the training of new staff. The Finance Department is now in the process of compiling a Policy and Procedures manual. However, because staff is in the process of implementing a new accounting system that will change many processes, we may not have a complete manual finalized by the next audit. We do expect to make significant progress and be able to demonstrate compliance with that recommendation.
- The second recommendation concerned internal control procedures at the City pools. The auditors recommended more segregation of duties in the cash collection process and the management oversight of those processes, specifically at the end of the shift. The Recreation Center is in the process of creating a formal policy to address that issue, and anticipates implementing that policy by the beginning of the 2015 pool season.
- Also, in the packet was information regarding some audit adjustments that were considered immaterial, not required by the auditors. The first related to receivables for the Homestead Rollback, which is revenue received from the State for tax exemption. The amount is recorded on the amended certificate, but the full amount for 2014 is shown on the face of the certificate, and picked up as receivables for 2013. The full amount was picked up; only half the amount should have been picked up.
- The second comment reflected a service payment receipted into a TIF fund. Initially, it was receipted into an incorrect fund and later corrected into the correct fund. However, in the meantime, the report for the TIF fund receivables had been printed, which reflected

the incorrect amount. Again, those comments were considered immaterial and did not require any adjustments to the statements.

- The CAFR is submitted to the GFOA for their "Excellence in Financial Reporting" program. The City has received that award for 24 years, and anticipates receiving it for the 25<sup>th</sup> year.

Ms. Chinnici-Zuercher thanked staff for the report.

She noted that the 2015 Operating Budget workshops will be held November 5 and November 12, and the Hotel/Motel Tax Grant applications will be reviewed by the Finance Committee on November 24, 2014.

The meeting was adjourned at 6:20 p.m.

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Clerk of Council