



MUNICIPAL BUILDING
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To: Mayor and Members of Council

From: Jason Carr, Finance Director

Date: 11/21/2019

RE: Report to Mayor and Members of Council

Purchasing and Financial Policy Update

Codified Ordinance Section 126.05(a), as attached to Ordinance 12-041, was adopted by Council and provides the City Administrator, upon recommendation for the Director of Finance, to make any amendments without approval from Council as long as they do not conflict with City Charter.

A revised Purchasing and Financial Policy was distributed to department heads as well as any employee who is responsible for financial transactions (i.e. handles cash, enters requisitions, is reimbursed for expenses, or utilizes the City's credit cards). The Purchasing and Financial Policy will also be posted to the City's website and shared drive.

The policy addresses several of the 2018 audit recommendations regarding policies, procedures and best practices. Specific to Council and our operating budget, the following are the most significant:

Termination Fund

Establishes the methodology for funding the Termination Fund (i.e. severance payable fund) which will require the City Administrator, in conjunction with the Finance Director and the Personnel Director, shall be responsible for determining the annual allocation payable to the Termination Fund while preparing the City's annual operating budget.

The Personnel Director shall provide a list of City employees who are currently eligible to retire and those employees who will be eligible to retire within five (5) years, by fund and department. This list shall be provided to the Finance Director who will then project the estimated payouts of those employees, including the City's share of Medicare taxes. The Finance Director will then determine, based on the employee's identified, the fund/department's proportionate cost which shall be transferred to the Termination Fund. The accumulation of fund balance will then be used to pay the employee's severance upon retirement or termination.

This will be implemented for the 2020 budget and appropriation amendments will be brought before Council in February 2020.

Purchasing and Financial Policy Update (Continued)

General Fund Balance Reserve Calculation

The City Council requires the Administration to set-aside 20% of fund balance as “contingency” funds. The Policy memorializes the budget procedures to be implemented in calculating this reserve as well as unrestricted funds. The City has determined that unrestricted fund balance in the General Fund shall be no less than two months of regular General Fund operating expenditures. Furthermore, for purposes of determining a methodology related to calculating unrestricted fund balance within the General Fund, each year the Administration shall calculate the amount of unrestricted carryover not subject to appropriation, calculated as follows:

Unrestricted 20% Carryover Balance – Prior Year			\$X,XXX,XXX
Projected/Actual Carryover Year-End		\$Y,YYY,YYY	
X 20% Carryover		X 20%	
Projected/Estimated Carryover		Y,YYY,YYY	Y,YYY,YYY
Unrestricted 20% Carryover Balance – Current Year			\$Z,ZZZ,ZZZ

City of Groveport Website

The Finance Department has made changes to the Finance Department’s section of the website to include operating budgets, the Purchasing and Financial Policy, and a brief guide in understanding City taxes. We will continue to provide updated information and any suggestions would be appreciated.