

**AGENDA FOR A FINANCE COMMITTEE
MEETING FOR WEDNESDAY, JUNE 3, 2015
5:00 PM, SMALL CONFERENCE ROOM, SECOND FLOOR
MUNICIPAL BUILDING**

(Councilmen Reed, Reynolds, Carpenter, and Read)

- I. CALL TO ORDER – Councilwoman Kim Coram, Chairman
- II. ROLL CALL
- III. MINUTES – meeting held May 26, 2015
- IV. NEW BUSINESS
 - 1. Budget revisions, final for 2014/2015.
- V. ADJOURNMENT

The Finance Committee of City Council met Tuesday, May 26, 2015, at 6:30 PM in the executive conference room on the second floor of the Municipal Building at One Government Square, Parkersburg, WV 26101.

The meeting was called to order by its Chairman, Councilwoman Kim Coram, who presided over the meeting. The Clerk noted those members attending as Councilmen Jim Reed, Mike Reynolds, JR Carpenter, and Kim Coram. Councilman Read was absent due to military responsibilities.

Others present included Rickie Yeager, Pam Salvage, Chief Taylor, Roger Brown, Sharon Lynch, Nancy Wilcox, John Rockhold, and Georgiana Atkinson, and others in the audience.

MINUTES – the clerk presented the minutes from the meeting held May 12, 2015. Ms. Coram amended the minutes by adding “Ms. Coram quoted minutes from January 14, 2014 where it stated that rates could be reduced, by Mr. Bennett”. This amendment was on page one, fourth paragraph from the bottom.

On page two, Ms. Coram added “, including what” to this sentence: Ms. Coram said that was like the \$127,000.00 (, including what) we were not expecting for the new phone system.

On page three, fifth paragraph, to add “, and Ms. Coram explained this was unspent budgeted salary money – not future”...

On page three

, after the sentence “Ms. Coram said they could discuss it at the next meeting.” Add “after having time to review the letters.”

MOTION – Mr. Reed moved, seconded by Mr. Carpenter, to accept the minutes from May 12th, as amended four times, and the motion was adopted by unanimous vote.

DEFINITION OF CAPITAL – Ms. Coram presented two papers with definitions for capital – one offered by Ms. Kristie Waybright of the Parkersburg Finance Club, and the other from Councilwoman Lynch.

Ms. Waybright called several WV cities to seek their explanation of ‘Capital’, attached, and Ms. Lynch got her information from Section 179 of the IRS Code.

After several minutes of discussion Mr. Carpenter moved, seconded by Mr. Reed, to recommend that the City use \$500.00 or more for inventory purposes, and \$5,000.00 or more for the Capital Improvement Plan. The definition will be “in general, capital is accumulated assets or something owned that provides ongoing services; made up of durable investment goods; and broadly, it is land plus physical structures plus equipment. An expense expected to last longer than one year.”

The motion was adopted by unanimous vote.

A resolution will be drafted to refer to City Council with this definition.

BUDGET REVISIONS – Personnel Director, Pam Salvage, explained that the first two pages of the proposed budget revisions were mostly 25%, or the first quarter of the year, as requested by Councilman Roger Brown. Two travel amounts requested by the City Clerk were not 25%, but estimates for travel to the WV Municipal League meeting in Wheeling in August for up to five Councilpersons, since we have not decided who will go at this time.

Ms. Salvage was asking to take those funds out of the contingency line item, and move them to the requested departments for travel, training, capital equipment, and auto and liability insurance. She was asking to take the first half out for the insurance payment, since two payments will be due before the end of the first quarter.

Councilman Reed stated that he thought the purpose for the contingency line item was for more control, and we are just putting the money back into the requested accounts. Ms. Coram said she wanted more information, and Mr. Reynolds said he wanted to see invoices, and wanted to know more about the liability insurance. He doesn't just want to approve it when we don't know what it is costing.

Ms. Salvage explained that we have not received the insurance invoice yet. Mr. Reynolds said he wanted more detail statements on the auto and liability insurance, and said this revision doesn't tell them what they need to know. This committee does need to track the money better, he said, and we could meet again tomorrow if necessary.

Georgiana Atkinson from District #3 said we had to be careful about how we spent our money, but did not think the committee's job was to manage what we pay out for each check.

Ms. Coram stated that she wanted more detail, as did Mr. Reynolds who said they should have more oversight and they should have more information.

MOTION – Mr. Carpenter moved, seconded by Mr. Reynolds, to reduce the amount for the insurance bill to 25%, or \$144,200.00 for the first quarter, pending the detailed information being given to them. The motion was adopted by unanimous vote.

For Police Department training, Mr. Carpenter moved, seconded by Mr. Reynolds, to authorize \$3,750.00 in line item 700-221, plus 25% of the auto and liability insurance, and the motion was adopted by unanimous vote.

For other expenses, Ms. Coram stated that the Parkersburg Utility Board (PUB) uses \$750.00 as a cut-off to approve expenses.

MOTION – Mr. Reynolds moved, seconded by Mr. Carpenter, that the committee review amounts of City expenditures for \$500.00 or more with detailed explanations, and the motion was adopted by unanimous vote.

Mr. Reynolds stated the he is asking for the name of who is traveling, where they are going, the itinerary and amount.

For the Development Department, Mr. Yeager explained that they were requesting in this year's budget (14/15) to move \$2,500 from legal and advertising, and \$2,000.00 from contractual services, mostly to fund a shortage in travel \$1,804, training

\$1,100, \$600 for dues and subscriptions and \$700 for capital equipment, and a few other minor amounts.

MOTION – Mr. Reed moved, seconded by Mr. Carpenter, to approve the revisions for the Development Department for fiscal year 2014/2015, and the motion was adopted by majority vote with all members voting “yes” with the exception of Ms. Coram, who voted “no”.

The meeting adjourned at 7:25 PM.

Respectfully submitted,

Connie Shaffer, City Clerk

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Capital Definition

In general, capital is accumulated assets or something owned that provides ongoing services; made up of durable investment goods; and broadly, it is land plus physical structures plus equipment. An expense expected to last longer than one year.

Capital Budget reflects anticipated expenditures on needed infrastructure projects that will have a useful life that extends into the future. Capital Budget is the result of a major planning exercise that can be extensive and shows the amount of spending that will occur on capital items during the upcoming year and the revenues that will be used to finance these expenditures.

The process in which a business determines whether projects such as a building, a new plant or investing in a long term venture is worth pursuing. Business/Government should pursue all projects and opportunities that enhance value, creates accountability and measurability. A capital budget includes planned outlays for capital assets with long expected lives and which are designed to produce income or support operations. It can include but not limited to land, buildings, machinery, office equipment, furniture and fixtures, and vehicles. Capital expenses are payments for fixed assets like buildings and equipment and are not used for ordinary daily day to day operating.

Buying office supplies is an **Operating Expense** because supplies don't last more than 1 year.

** Information and definitions obtained from Section 179 of IRS Code

Sharon Lynch

Defining Capital in the City of Parkersburg

May 25, 2015

A DISCUSSION PAPER FOR THE FINANCE COMMITTEE

The Administration has asked City Council to assist in the development of the definition of capital. This definition is to be used in the creation, implementation and management of the city's budget. To that end, items defined as capital for budgeting purposes will also be included in the Capital Plan required by the City Charter.

Examples of other cities definitions in West Virginia*

Huntington - \$5000 or above, item with extended useful life. per Aaron Fin Dir.

Romney - Permanent structure or improvement greater than \$5000. per City Clerk no Fin Dir.

Belington - Above \$5000 goes in capital per Susan City Clerk. Under \$5000 purchase goes in supply. They have no finance director however they have an advanced Accufund software system and outside CPA..

Charleston - Larger ticket items that last longer time that meet 2 things 1. 5000 or greater 2. have a useful life. per Mr Estep Finance Director

Wheeling - Items greater than \$5000 are capital. Items less than \$5000 are supply. City Council can vote to lower the amount and it can vary by department. per City Clerk

Fairmont: Capital is based on the amount of 5000 and greater and is an item that is used over extended time. This is applicable in budget. Inventory is another definition. Per Kathy Yost Assistant Fin Director.

Our definition

Capital is defined as:

*Kristie Waybright of the Parkersburg Finance Club provided the following information for our consideration. Thank you Kristie for her work and assistance.