1. Call To Order

2. Roll Call

3. Pledge of Allegiance

4. Public Hearings on Legislation

4.A. **Ordinance No. 36-2018** Appropriation - Fire Station and Municipal Building Roof Projects

Amending Ordinance No. 41-2017 (As Amended) to Adjust the Annual Budget by Providing for an Appropriation from the Capital Improvements Fund Unappropriated Balance to Pay the Costs of the Municipal Building Roof Project (680-18) and the Fire Station Roof Project (648-17) and all Related Expenses and Determining to Proceed with said Projects.

**Executive Summary:** This Ordinance appropriates funds for the replacement of the roofs at the Fire Station and Municipal Building

**Recommendation:** Motion to Remove from the Table, Amend and Approve as Amended

**Legislative History:** Introduced June 18, 2018; Public Hearing July 2, 2018; Tabled
5. Reports of City Officials

5.A. Discussion Item(s)

5.B. Regulation of Massage Establishments

Executive Summary: This agenda item will focus on consideration of a new program to regulate massage establishments.

5.C. Transmittal of Proposed Carryover Fund Balance Policy and Investment Policy

Executive Summary: Staff has conducted research and drafted a new Proposed Carryover Fund Balance Policy and a new Proposed Investment Policy.

5.D. Information Item(s)

5.E. Financial Report - July and August 2018

Executive Summary: The Finance Director will present the Financial Reports for the months of July and August, which are attached.

Recommendation: Motion to Approve as Presented

6. Reports of Council Members

7. Other

8. Executive Session

9. Adjournment
Date: September 7, 2018

To: Matthew H. Greeson

From: Rob Chandler, Assistant to the Director of Service & Engineering

Subject: Ordinance No. 36-2018 Appropriation - Fire Station and Municipal Building Roof Projects

EXECUTIVE SUMMARY
This Ordinance appropriates funds for the replacement of the roofs at the Fire Station and Municipal Building.

RECOMMENDATION
Staff recommends a motion to remove the item from the table, amend to insert the amount and the contractor, and approve as amended.

BACKGROUND/DESCRIPTION
This Ordinance was originally introduced on June 18, 2018 with the public hearing scheduled for July 2, 2018. The Ordinance was tabled on July 2nd because no bids were received for the project. The project has since been rebid. On August 21st staff opened four bids for the roofing projects to be funded by this ordinance. Of the four, E Lee Construction submitted the lowest base bid of $369,990. The bid documents also asked for pricing for replacement of ALL the wood siding (which is original to the buildings) with either painted cedar, or more durable fiber cementious siding made to match the current look of the wood siding. If we opt for the wood siding, the total cost for the roof replacement and siding replacement would be $423,810. If we opt for the cementious siding, the total cost for the project would be $439,040. The original engineering estimate for the project without the siding was $427,000. Staff recommends awarding the contract to E Lee Construction for $439,040 to include the siding replacement with cementious siding. Staff is requesting an appropriation in the amount of $483,000 which includes an 10% contingency in case of unexpected issues during construction.
FINANCIAL IMPLICATIONS/FUNDING SOURCES (if applicable)
The 2018 Capital Improvements Program includes $330,400 for the Fire Station Roof and $138,000 for windows and doors at the Municipal Building which will be re-allocated to the Municipal Building Roof.

ATTACHMENTS
Resolution No. 36-2018
ORDINANCE NO. 36-2018

Amending Ordinance No. 41-2017 (As Amended) to Adjust the Annual Budget by Providing for an Appropriation from the Capital Improvements Fund Unappropriated Balance to Pay the Costs of the Municipal Building Roof Project (680-18) and the Fire Station Roof Project (648-17) and all Related Expenses and Determining to Proceed with said Projects.

WHEREAS, the Charter of the City of Worthington, Ohio, provides that City Council may at any time amend or revise the Budget by Ordinance, providing that such amendment does not authorize the expenditure of more revenue than will be available;

NOW, THEREFORE, BE IT ORDAINED by the Council of the Municipality of Worthington, County of Franklin, State of Ohio:

SECTION 1. That there be and hereby is appropriated from the Capital Improvements Fund Unappropriated Balance to Account No. 308.8130.533409 an amount not to exceed ___________________ ($________) to pay the cost of the Municipal Building Roof Project and all related expenses (Project No. 680-18).

SECTION 2. That there be and hereby is appropriated from the Capital Improvements Fund Unappropriated Balance to Account No. 308.8130.533378 an amount not to exceed ___________________ ($________) to pay the cost of the Fire Station Roof Project and all related expenses (Project No. 648-17).

SECTION 3. That the City Manager be and hereby is authorized and directed to enter into an agreement with the firm of _____________ for the provision of the aforementioned services.

SECTION 4. For the purposes of Section 2.21 of the Charter of the City, this ordinance shall be considered an “Ordinance Determining to Proceed” with the Project, notwithstanding future actions of this Council, which may be necessary or appropriate in order to comply with other requirements of law.

SECTION 5. That notice of passage of this Ordinance shall be posted in the Municipal Administration Building, the Worthington Library, the Griswold Center and the Worthington Community Center and shall set forth the title and effective date of the Ordinance and a statement that the Ordinance is on file in the office of the Clerk of Council. This Ordinance shall take effect and be in force from and after the earliest period allowed by law and by the Charter of the City of Worthington, Ohio.

Passed ___________

_________________________________
President of Council

Attest:

_________________________________
Clerk of Council
Date: September 7, 2018
To: City Council
From: Matthew H. Greeson, City Manager
Subject: Regulation of Massage Establishments

EXECUTIVE SUMMARY
This agenda item will focus on consideration of a new program to regulate massage establishments.

BACKGROUND/DESCRIPTION
This discussion follows a memorandum that was distributed to City Council in August regarding the regulation of massage establishments. Staff researched this issue after the Division of Police exercised a search warrant at a massage establishment that is being investigated for prostitution and human trafficking. This is the second time in less than ten years the Police have found likely human trafficking victims at a business presenting itself as a massage establishment in Worthington.

Three Central Ohio cities have ordinances related to massage establishments, Westerville, Columbus and Hilliard. They have slightly different approaches. The Westerville ordinance prohibits all relaxation massage establishments. The Columbus and Hilliard ordinances license and regulate relaxation massage establishments.

Additionally, the Columbus City Attorney's office has pursued nuisance actions in the Franklin County Environmental Court against massage establishments engaging in prostitution. The actions seek a permanent injunction as to the sexual activity and a one-year closure of the business.

ATTACHMENTS
Memorandum dated August 17, 2018 with additional background information
Columbus Ordinance
Hilliard Ordinance
Westerville Ordinance
August 17, 2018

TO:            Worthington City Council
FROM:          Matt Greeson  
                City Manager

SUBJECT: Regulating Massage Establishments

Earlier this week, the City’s Division of Police exercised a search warrant at a massage establishment that is being investigated for prostitution and human trafficking in the Linworth area of Worthington. This was part of a many month, multi-jurisdictional investigatory effort.

This is the second time in the last 10 years that we have found likely victims of human trafficking at a business presenting itself as a massage establishment in Worthington.

As a result, staff began researching how to better regulate massage establishments. We have looked at regulations adopted by the cities of Westerville, Hilliard and Columbus and plan to prepare and propose an ordinance that would regulate massage establishments in Worthington. I have consulted with the Council President and we plan to place discussion of this issue on the agenda in September when the City Council is back from its August recess of meetings.

Below is a summary of other jurisdictions ordinances and the type of regulations that could be established.

The City of Westerville adopted a massage ordinance in June of this year. The primary requirements of the ordinance are as follows:

1. Massage Establishments must register with the City.
3. Massages may only be performed by individuals licensed or exempted by the State of Ohio.
4. Tables must be clean and disinfected.
5. No employee or therapist may appear or provide a massage in a state of Nudity or Semi-Nudity.
6. Advertising material may not use sexual or provocative words or images.
7. Compliance with regulations issued by the Franklin County Board of Health and applicable state law.
The Westerville ordinance is similar, but not identical, to the Columbus Codified Ordinance Chapter 540 and Hilliard Codified Ordinance Chapter 755. The Columbus and Hilliard ordinances include the following additional requirements:

1. The person providing the massage must also be registered with the city.
2. The registration process for the person includes physical description, recent photograph, certified copy of birth certificate, and current criminal history.
3. The registration process for the establishment includes fingerprints, certified criminal history, and recent photograph of the applicant.
4. The person providing the massage is specifically prohibited from touching, fondling, or massaging the sexual or genital area of themselves or the other person.

As we work on this issue and prepare legislation, please do not hesitate to contact Mr. Lindsey or me with any questions or concerns you may have.

Thank you for your consideration of this important issue.
Chapter 540 - MASSAGE AND BATH ESTABLISHMENTS

Sections:

Chapter 540 Massage and Bath Establishments

540.01 - Definitions.

For the purposes of enforcing this chapter, the following words are defined and shall have the meaning ascribed to them as hereafter set forth:

(A) "Massage" means any method of pressure on or friction against or stroking, kneading, rubbing, tapping, pounding, vibrating, moving, touching or stimulating of soft tissues of the body with the hands or with the aid of any mechanical or electrical apparatus or appliance, with or without such supplementary aids as rubbing alcohol, liniments, antiseptics, oils, powder, creams, lotions, ointments or other similar preparations commonly used in this practice for a purpose other than the licensed practice of the limited branches of medicine, as defined in O.R.C. Section 4731.15 under the jurisdiction of the State Medical Board of Ohio, including but not limited to therapeutic and relaxation massage.

(B) "Massage establishment" means any establishment having a fixed place of business where any person, firm, association or corporation engages in, or carries on, or permits to be engaged in or carried on any of the activities mentioned in subsection (A) above for any consideration whatsoever.

(C) "Bath establishment" means any establishment having a fixed place of business where any person, firm, association or corporation engages in, or carries on, or permits to be engaged in or carried on any activity involving any type of physical contact between a patron and an employee or operator, as defined in this section, when that contact is related to providing any form of sauna, shower, steam bath, electric light bath, shower bath, tub bath, hot tub bath, sponge bath, sun bath, mineral bath, Finnish, Swedish or Turkish bath, giving salt glows, administration of fomentation or public bathing in any form for any consideration whatsoever.

(D)
"Out-call massage service" means any business, the function of which is to engage in or carry on massages at a location other than a massage establishment registered pursuant to this section.

(E) "Registered masseuse" or "registered masseur" means any person who, for any consideration whatsoever, engages in the practice of massage as defined in subsection (A) above.

(F) "Employee" means any and all persons, other than the registered masseuse or masseur, who render any service to the operator and who receive compensation directly from the operator.

(G) "Person" means any individual, partnership, firm, association, joint stock company, corporation or combination of individuals of whatever form or character.

(H) "Operator" means the permit operator of a massage or bath establishment.

(I) "Sexual or genital area" means the genitals, pubic area, buttocks, anus or perineum of any person, or the vulva or breasts of a female.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part)).

540.02 - Registration required.

(A) No person shall engage in, conduct or carry on, or permit to be engaged in, conducted or carried on, in or upon any premises in the city of Columbus, the operation of a massage or bath establishment as herein defined without first being properly registered with the city of Columbus in accordance with this chapter.

(B) No person shall engage in the business of or be employed as a registered masseuse or masseur in the city of Columbus unless he or she has registered with the city of Columbus, Licensing Section.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part)).

540.03 - Exemptions.

(A) The provisions of this chapter shall not apply to the following:

(1) Hospitals, nursing homes and public health centers licensed by the state of Ohio;

(2)
The offices of a person who is licensed or registered by the state of Ohio Medical Board that are used while performing the licensed or registered profession:

(3) A licensed barber shop, beauty salon, school of cosmetology, or barber school while used to perform the licensed vocation;

(4) The offices of a licensed chiropractor or physical therapist while used to perform the licensed profession.

(5) Any establishment where all massage services are provided by persons exempted by this section.

(B) The provisions of this chapter shall not apply to the following:

(1) A person licensed or registered by the State Medical Board of Ohio while performing the licensed or registered profession;

(2) Licensed cosmetologists, registered barbers, registered barber apprentices, licensed chiropractors, licensed practical nurses, registered nurses, licensed physical therapists, licensed physical therapist assistants while performing the said profession or vocation;

(3) A person working under the direction or supervision of individuals mentioned in subsections (B)(1) and (2) hereof while performing the said profession or vocation.

(Ord. 2088-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.04 - Application for massage or bath establishment registration; fee.

(A) Application for a registration to operate a massage or bath establishment including a renewal registration as required by Section 540.02(A) shall be made pursuant to this chapter and Chapter 501 of the Columbus City Codes at the office of the Section of Licenses on a form provided. Each application shall include a filling fee of one hundred fifty dollars ($150.00) which shall not be refundable.

(B) The application for a registration to operate a massage or bath establishment shall specify the services to be administered, the identity of any person who will be directly or indirectly engaged in managing or operating the establishment, and the proposed place of business therefor.

(C)
In addition to the foregoing, the registrant, including any partner of a partnership, and any officer or director of a corporate applicant and any stockholder holding more than ten (10) percent of the stock of a corporate applicant, shall furnish the following information:

(1) Name, address and social security number;
(2) A certified copy of the applicant's birth certificate which evidences that the applicant is at least eighteen (18) years of age;
(3) All residential addresses for the past three (3) years;
(4) The applicant's physical description, including height, weight, color of eyes and hair;
(5) The business, occupation or employment of the applicant for the three (3) years immediately preceding the date of application;
(6) The business history of the applicant regarding previous licenses or registrations obtained or refused from any governmental agency including revocations and suspensions and the reasons therefor;
(7) A set of fingerprints and a certified copy of applicant's criminal history information, including date, time and place of convictions for all violations except traffic offenses as obtained from any local or state law enforcement agency;
(8) A recent two (2) inch by two (2) inch color photograph of the applicant;
(9) If the applicant is a corporation, or a partner of a partnership which is incorporated, the name of the corporation shall be set forth exactly as shown on its articles of incorporation.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 868-03 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.05 - Issuance of registration for massage or bath establishment.

(A) The Section of Licenses, pursuant to the terms of this chapter and Chapter 501 of the Columbus City Codes, shall issue the registration to an applicant to operate a massage or bath establishment at a specified location, unless the Section of Licenses finds:

(1)
That the operation, as proposed by the applicant, if permitted, would not be in compliance with applicable laws, including, but not limited to, the building, health, planning, housing, zoning and fire codes of the city of Columbus, as well as the provisions of this chapter.

(2) That the application does not contain all the required information or the application contains a material misrepresentation;

(B) The Section of Licenses may refuse to register in accordance with this chapter any applicant, who has been convicted of any violation of Chapter 2907 and/or Section 2905.32, 2925.02, or 2925.03 of the Ohio Revised Code or similar state or local law, or who has been convicted of any crime related to the operation of any massage or bath establishment in any jurisdiction.

(C) A massage or bath establishment certificate of registration issued pursuant to this chapter shall terminate at the expiration of one (1) year from the date of its issuance unless subject to suspension or revocation.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part); Ord. No. 2769-2015, § 1, 11-23-2015)

540.06 - Revocation or suspension of establishment registration.

(A) The Section of Licenses may revoke or suspend a massage or bath establishment registration where it finds:

(1) A section of this chapter or Chapter 501 of the Columbus City Codes was violated upon the establishment premises;

(2) A violation of the Ohio Revised Code or Columbus City Codes was committed upon the establishment premises, and was reasonably related to the management or operation of the establishment;

(3) A material misrepresentation was made upon the application for an establishment registration;

(4) An operator, or employee or agent of the operator, hindered, obstructed or prevented any inspection of the establishment authorized by this chapter or Chapter 501 of the Columbus City Codes;

(5) A person who is not a registered masseuse or masseur has administered a massage at the premises of the massage establishment.
The suspension or revocation of a massage or bath establishment registration shall be made pursuant to the provisions of this chapter and Chapter 501 of the Columbus City Codes and the appeal of any such order shall be pursuant to the provisions of Chapter 505 of the Columbus City Codes.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.07 - Application for masseuse or masseur registration; fee.

(A) Application for the masseuse or masseur registration required by Section 540.02(B) including a renewal masseuse or masseur registration shall be made pursuant to the terms of this chapter and Chapter 501 of the Columbus City Codes at the office of the Section of Licenses on a form provided. Each application shall include a filing fee of seventy-five dollars ($75.00) which shall not be refundable.

(B) The application for a registration to operate as a registered masseuse or masseur shall contain the following information:

(1) Applicant’s name, residence address and social security number;

(2) A physical description setting forth the applicant’s weight, height, hair color and color of eyes;

(3) A recent two (2) inch by two (2) inch color photograph of the applicant;

(4) A certified copy of the applicant’s birth certificate which evidences that the applicant is at least eighteen (18) years of age;

(5) A copy of applicant’s state of Ohio and nationwide current criminal history information, including date, time and place of convictions for all violations except traffic offenses. Current criminal history must be obtained by the applicant from the Columbus Division of Police or the Franklin County Sheriff’s Office and sent to the City of Columbus, License Section. Any costs associated with obtaining the required criminal history shall be incurred by the applicant.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 868-03 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.08 - Issuance of registration for a masseuse/masseur.

(A)
The Section of Licenses pursuant to this chapter and Chapter 501 of the Columbus City Codes shall register the applicant to engage in the business of or be employed as a registered masseuse or masseur in the city of Columbus, unless the Section of Licenses finds:

(A) That the application does not contain all the required information or the application contains material misrepresentations.

(B) The Section of Licenses may refuse to issue a certificate of registration to an applicant to engage in the business of, or be employed as, a registered masseuse or masseur if the applicant has been convicted of any violation of Chapter 2907 of the Ohio Revised Code or any similar state or local law or has been convicted of any crime related to the operation of any massage or bath establishment in any jurisdiction.

(C) A certificate of registration issued pursuant to this chapter shall terminate at the expiration of one (1) year from the date of its issuance unless subject to suspension or revocation.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.09 - Revocation or suspension of massage registration.

(A) The Section of Licenses may revoke or suspend a massage registration where it finds that the registrant has been convicted of any violation of Chapter 2907 of the Ohio Revised Code or any similar state or local law or has been convicted of any crime related to the operation of any massage or bath establishment.

(B) The suspension or revocation of a massage registration shall be pursuant to the provisions of this chapter and Chapter 501 of the Columbus City Codes and the appeal of any such order shall be pursuant to the provisions of Chapter 505 of the Columbus.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.10 - Required facilities.

No registration to operate a massage or bath establishment shall be issued, renewed or continued unless an inspection discloses that the establishment complies with each of the following minimum requirements:

(A)
A readable sign shall be displayed at the main entrance identifying the establishment as a massage establishment, provided also that all such signs shall be in compliance with the city of Columbus Graphics Code;

(B) Adequate equipment for disinfecting and sterilizing any instruments or apparatus used for massage or bath services is provided;

(C) Hot and cold running water is provided;

(D) Closed cabinets are utilized for the storage of clean linen;

(E) Adequate dressing and toilet facilities are provided for patrons' use;

(F) All walls, ceilings, floors, steam or vapor rooms and all other physical facilities for the establishment are kept in good repair and maintained in a clean and sanitary condition.

(G) Clean and sanitary towels and linen are provided for patrons receiving massage or bath services. No common use of towels or linen shall be permitted.

(Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.11 - Prohibitions.

(A) No owner or operator of a massage or bath establishment shall recklessly do any of the following:

(1) Employ an un-registered masseur or masseuse;

(2) Employ any person under the age of eighteen; or

(3) Fail to post at the massage or bath establishment the current massage or bath establishment certificate or registration as well as the registrations of all masseuses or masseurs working at the establishment.

(B) No registered masseuse or masseur shall fail to display his or her certificate of registration in a conspicuous place where the massage is being administered and where it is visible to the patron.

(C) No person shall recklessly do any of the following while administering a massage to another individual:

(1) Place his or her hand upon, touch with any part of his or her body, fondle in any manner, or massage the sexual or genital area of themselves or of any other person;

(2) Perform, offer, or agree to perform any act which would require the touching of the sexual or genital area of themselves or of any other person;
(3) Touch, offer, or agree to touch the sexual or genital area of themselves or of any other person with any mechanical or electrical apparatus or appliance; or

(4) Wear unclean clothing, no clothing, transparent clothing, or clothing that otherwise reveals the sexual or genital areas of the masseur or masseuse.

(D) No registered masseur or masseuse shall perform massage at a massage or bath establishment that does not have a current, valid certificate of registration issued by the city of Columbus.

(E) No registered masseuse or masseur shall use the title "Licensed Massage Therapist" or the initials "L.M.T." or hold him or herself out to be so licensed unless licensed by the State Medical Board of Ohio.

(F) No massage or bath establishment shall permit any registered masseuse or masseur while employed by the establishment to use the title "Licensed Massage Therapist" or the initials "L.M.T." or hold him or herself out to be so licensed unless licensed by the State Medical Board of Ohio.

(Ord. 1489-2006 § 1 (part.))

540.12 - Authority to conduct inspections.

(A) Upon display of the proper credentials, any license officer or any other law enforcement officer authorized to enforce this chapter shall be granted entry to a massage or bath establishment at any time the establishment is open for business for the purpose of conducting an inspection to ensure compliance with this chapter.

(B) No person shall deny access to or in any way impede any license officer or any other law enforcement officer authorized to enforce this chapter conducting an inspection of a registered massage or bath establishment, or any portion thereof, or fail to cooperate with the inspecting officials.

(C) No registered masseuse or masseur shall fail to provide their current city registration upon request by any license officer or any other law enforcement officer authorized to enforce this chapter.

(D) No massage or bath establishment operator shall fail to provide a current massage or bath establishment registration upon request by any license officer or any other law enforcement officer authorized to enforce this chapter.

(Ord. 1489-2006 § 1 (part.))
540.13 - Out-call massage service.

   No registered masseuse or masseur or massage or bath establishment shall provide "out-call massage services."

   (Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.14 - Transfer of registrations.

   (A) No registration issued under this chapter shall be transferable to another person or location.

   (B) The change of ownership or location of a massage or bath establishment shall require the submission of a new application and the issuance of a new registration.

   (Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.15 - Rules and regulations.

   The Section of Licenses may make and enforce reasonable rules and regulations to carry out the intent of this chapter in accordance with Sections 501.05 and 501.06 of the Columbus City Codes.

   (Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.16 - Severability.

   In the event any section or provision of this chapter shall be declared by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of this chapter as a whole or any part thereof other than the part so declared to be invalid or unconstitutional.

   (Ord. 1682-77; Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)

540.99 - Penalty.

   Whoever violates any provision of this chapter shall be guilty of a misdemeanor of the first degree.

   (Ord. 973-02 § 1 (part); Ord. 1489-2006 § 1 (part).)
CHAPTER 755
Massage and Bath Establishments

755.01 Definitions.
755.02 Registration required.
755.03 Exemptions.
755.04 Application for massage or bath establishment registration; fee.
755.05 Issuance of registration for massage or bath establishment.
755.06 Revocation or suspension of establishment registration.
755.07 Application for masseuse or masseur registration; fee.
755.08 Issuance of registration for a masseuse/masseur.
755.09 Revocation or suspension of massage registration.
755.10 Required facilities.
755.11 Prohibitions.
755.12 Authority to conduct inspections.
755.13 Appeals.
755.14 Out-call massage service.
755.15 Transfer of registrations.
755.16 Rules and regulations.
755.17 Severability.
755.99 Penalty.

CROSS REFERENCES
Unlawful advertising of massage - see GEN. OFF. 533.16

755.01 DEFINITIONS.
For the purposes of enforcing this chapter, the following words are defined and shall have the meaning ascribed to them as hereafter set forth:

(a) "Massage" means any method of pressure on or friction against or stroking, kneading, rubbing, tapping, pounding, vibrating, moving, touching or stimulating of soft tissues of the body with the hands or with the aid of any mechanical or electrical apparatus or appliance, with or without such supplementary aids as rubbing alcohol, liniments, antiseptics, oils, powder, creams, lotions, ointments or other similar preparations commonly used in this practice for a purpose other than the licensed practice of the limited branches of medicine, as defined in Ohio R.C. 4731.15 under the jurisdiction of the State Medical Board of Ohio, including but not limited to therapeutic and relaxation massage.

(b) "Massage establishment" means any establishment having a fixed place of business where any person, firm, association or corporation engages in, or carries on, or permits to be engaged in or carried on any of the activities mentioned in subsection (a) above for any consideration whatsoever.

(c) "Bath establishment" means any establishment having a fixed place of business where any person, firm, association or corporation engages in, or carries on, or permits to be engaged in or carried on any activity involving any type of physical contact between a patron and an employee or operator, as defined in this section, when that contact is related to providing any form of sauna, shower, steam bath, electric light bath, shower bath, tub bath, hot tub bath, sponge bath, sun bath, mineral bath, Finnish, Swedish or Turkish bath, giving salt glows, administration of fomentation or public bathing in any form for any consideration whatsoever.

(d) "Out-call massage service" means any business, the function of which is to engage in or carry on massages at a location other than at a massage establishment registered pursuant to this section.

(e) "Registered masseuse" or "registered masseur" means any person who, for any consideration whatsoever, engages in the practice of massage as defined in subsection (A) above.
(f) "Employee" means any and all persons, other than the registered masseuse or masseur, who render any service to the operator and who receive compensation directly from the operator.

(g) "Person" means any individual, partnership, firm, association, joint stock company, corporation or combination of individuals of whatever form or character.

(h) "Operator" means the permit operator of a massage or bath establishment.

(i) "Sexual or genital area" means the genitals, pubic area, buttocks, anus or perineum of any person, or the vulva or breasts of a female.

(Ord. 15-36. Passed 10-26-15.)

755.02 REGISTRATION REQUIRED.

(a) No person shall engage in, conduct or carry on, or permit to be engaged in, conducted or carried on, in or upon any premises in the City of Hilliard, the operation of a massage or bath establishment as herein defined without first being properly registered with the City of Hilliard in accordance with this chapter.

(b) No person shall engage in the business of or be employed as a registered masseuse or masseur in the City of Hilliard unless he/she has registered with the City of Hilliard.

(Ord. 15-36. Passed 10-26-15.)

755.03 EXEMPTIONS.

(a) The provisions of this chapter shall not apply to the following:

(1) Hospitals, nursing homes and public health centers licensed by the State of Ohio;

(2) The offices of a person who is licensed or registered by the State of Ohio Medical Board that are used while performing the licensed or registered profession;

(3) A licensed barber shop, beauty salon, school of cosmetology, or barber school while used to perform the licensed vocation;

(4) The offices of a licensed chiropractor or physical therapist while used to perform the licensed profession.

(5) Any establishment where all massage services are provided by persons exempted by this section.

(b) The provisions of this chapter shall not apply to the following:

(1) A person licensed or registered by the State Medical Board of Ohio while performing the licensed or registered profession;

(2) Licensed cosmetologists, registered barbers, registered barber apprentices, licensed chiropractors, licensed practical nurses, registered nurses, licensed physical therapists, licensed physical therapist assistants while performing the said profession or vocation;

(3) A person working under the direction or supervision of individuals mentioned in subsections (b)(1) and (2) hereof while performing the said profession or vocation.

(Ord. 15-36. Passed 10-26-15.)

755.04 APPLICATION FOR MASSAGE OR BATH ESTABLISHMENT REGISTRATION; FEE.

(a) Application for a registration to operate a massage or bath establishment including a renewal registration as required by Section 755.02(a) shall be made pursuant to this chapter to the Chief of Police on a form provided. Each application shall include a filing fee of one hundred fifty dollars ($150.00), or as set forth in Chapter 190 of the City's Codified Ordinances, whichever fee is most recent in time, which fee shall not be refundable.

(b) The application for a registration to operate a massage or bath establishment shall specify the services to be administered, the identity of any person who will be directly or indirectly engaged in managing or operating the establishment, and the proposed place of business therefor.

(c) In addition to the foregoing, the registrant, including any partner of a partnership, and any officer or director of a corporate applicant and any stockholder holding more than ten (10) percent of the stock of a corporate applicant, shall furnish the following information:
(1) Name, address and social security number;
(2) A certified copy of the applicant's birth certificate which evidences that the applicant is at least eighteen (18) years of age;
(3) All residential addresses for the past three (3) years;
(4) The applicant's physical description, including height, weight, color of eyes and hair;
(5) The business, occupation or employment of the applicant for the three (3) years immediately preceding the date of application;
(6) The business history of the applicant regarding previous licenses or registrations obtained or refused from any governmental agency including revocations and suspensions and the reasons therefor;
(7) A set of fingerprints and a certified copy of applicant's State of Ohio and nationwide current criminal history information, including date, time and place of convictions for all violations except traffic offenses. The applicant shall furnish this background check with the application, at his/her own expense.;
(8) A recent color photograph of the applicant that is a minimum two inches by two inches, not to exceed three inches by five inches;
(9) If the applicant is a corporation, or a partner of a partnership which is incorporated, the name of the corporation shall be set forth exactly as shown on its articles of incorporation.
(Ord. 15-36. Passed 10-26-15.)

755.05 ISSUANCE OF REGISTRATION FOR MASSAGE OR BATH ESTABLISHMENT.

(a) The Chief of Police, pursuant to the terms of this chapter, shall issue the registration to an applicant to operate a massage or bath establishment at a specified location, unless he/she finds:
   (1) That the operation, as proposed by the applicant, if permitted, would not be in compliance with applicable laws, including, but not limited to, the building, health, planning, housing, zoning and fire codes of the City of Hilliard, as well as the provisions of this chapter.
   (2) That the application does not contain all the required information or the application contains a material misrepresentation;
(b) The Chief of Police may refuse to register in accordance with this chapter any applicant, who has been convicted of any violation of Chapter 2907 of the Ohio Revised Code or similar state or local law, or who has been convicted of any crime related to the operation of any massage or bath establishment in any jurisdiction.
(c) A massage or bath establishment certificate of registration issued pursuant to this chapter shall terminate at the expiration of one (1) year from the date of its issuance unless subject to suspension or revocation.
(Ord. 15-36. Passed 10-26-15.)

755.06 REVOCATION OR SUSPENSION OF ESTABLISHMENT REGISTRATION.

(a) The Chief of Police may revoke or suspend a massage or bath establishment registration where he/she finds:
   (1) A section of this chapter was violated upon the establishment premises;
   (2) A violation of the Ohio Revised Code or Hilliard City Codes was committed upon the establishment premises, and was reasonably related to the management or operation of the establishment;
   (3) A material misrepresentation was made upon the application for an establishment registration;
   (4) An operator, or employee or agent of the operator, hindered, obstructed or prevented any inspection of the establishment authorized by this chapter;
(5) A person who is not a registered masseuse or masseur has administered a massage at the premises of the massage establishment.

(b) The suspension or revocation of a massage or bath establishment registration shall be made pursuant to the provisions of this chapter and the appeal of any such order shall be pursuant to Section 755.13 of this Chapter.

(Ord. 15-36. Passed 10-26-15.)

755.07 APPLICATION FOR MASSEUSE OR MASSEUR REGISTRATION; FEE.

(a) Application for the masseuse or masseur registration required by Section 755.02(b) including a renewal masseuse or masseur registration shall be made pursuant to the terms of this chapter to the Chief of Police on a form provided. Each application shall include a filing fee of seventy-five dollars ($75.00) or as set forth in Chapter 190 of the City's Codified Ordinances, whichever fee is most recent in time, which fee shall not be refundable.

(b) The application for a registration to operate as a registered masseuse or masseur shall contain the following information:

1. Applicant’s name, residence address and social security number;

2. A physical description setting forth the applicant’s weight, height, hair color and color of eyes;

3. A recent color photograph of the applicant that is a minimum two inches by two inches, not to exceed three inches by five inches;

4. A certified copy of the applicant’s birth certificate which evidences that the applicant is at least eighteen (18) years of age;

5. A copy of applicant’s State of Ohio and nationwide current criminal history information, including date, time and place of convictions for all violations except traffic offenses. Any costs associated with obtaining the required criminal history shall be incurred by the applicant.

(Ord. 15-36. Passed 10-26-15.)

755.08 ISSUANCE OF REGISTRATION FOR A MASSEUSE/MASSEUR.

(a) The Chief of Police pursuant to this chapter shall register the applicant to engage in the business of or be employed as a registered masseuse or masseur in the City of Hilliard, unless he/she finds:

1. That the application does not contain all the required information or the application contains material misrepresentations.

(b) The Chief of Police may refuse to issue a certificate of registration to an applicant to engage in the business of, or be employed as, a registered masseuse or masseur if the applicant has been convicted of any violation of Chapter 2907 of the Ohio Revised Code or any similar state or local law or has been convicted of any crime related to the operation of any massage or bath establishment in any jurisdiction.

(c) A certificate of registration issued pursuant to this chapter shall terminate at the expiration of one (1) year from the date of its issuance unless subject to suspension or revocation.

(Ord. 15-36. Passed 10-26-15.)

755.09 REVOCATION OR SUSPENSION OF MASSAGE REGISTRATION.

(a) The Chief of Police may revoke or suspend a massage registration where it finds that the registrant has been convicted of any violation of Chapter 2907 of the Ohio Revised Code or any similar state or local law or has been convicted of any crime related to the operation of any massage or bath establishment.

(b) The suspension or revocation of a massage registration shall be pursuant to the provisions of this chapter and the appeal of any such order shall be pursuant to Section 755.13 of this Chapter.

(Ord. 15-36. Passed 10-26-15.)

755.10 REQUIRED FACILITIES.
A City Zoning Code Enforcement Officer, or his/her designee, shall inspect the applicant's facility prior to a registration to operate being issued by the Chief of Police to ensure compliance with the requirements below. No registration to operate a massage or bath establishment shall be issued, renewed or continued unless an inspection discloses that the establishment complies with each of the following minimum requirements:

(a) A readable sign shall be displayed at the main entrance identifying the establishment as a massage establishment, provided also that all such signs shall be in compliance with the City of Hilliard Graphics Code;

(b) Adequate equipment for disinfecting and sterilizing any instruments or apparatus used for massage or bath services is provided;

c) Hot and cold running water is provided;

d) Closed cabinets are utilized for the storage of clean linen;

e) Adequate dressing and toilet facilities are provided for patrons' use;

(f) All walls, ceilings, floors, steam or vapor rooms and all other physical facilities for the establishment are kept in good repair and maintained in a clean and sanitary condition.

(g) Clean and sanitary towels and linen are provided for patrons receiving massage or bath services. No common use of towels or linen shall be permitted.

(Ord. 15-36. Passed 10-26-15.)

755.11 PROHIBITIONS.

(a) No owner or operator of a massage or bath establishment shall recklessly do any of the following:

(1) Employ an un-registered masseur or masseuse;

(2) Employ any person under the age of eighteen; or

(3) Fail to post at the massage or bath establishment the current massage or bath establishment certificate of registration as well as the registrations of all masseuses or masseurs working at the establishment.

(b) No registered masseuse or masseur shall fail to display his or her certificate of registration in a conspicuous place where the massage is being administered and where it is visible to the patron.

(c) No person shall recklessly do any of the following while administering a massage to another individual:

(1) Place his or her hand upon, touch with any part of his or her body, fondle in any manner, or massage the sexual or genital area of themselves or of any other person;

(2) Perform, offer, or agree to perform any act which would require the touching of the sexual or genital area of themselves or of any other person;

(3) Touch, offer, or agree to touch the sexual or genital area of themselves or of any other person with any mechanical or electrical apparatus or appliance;

(4) Wear unclean clothing, no clothing, transparent clothing, or clothing that otherwise reveals the sexual or genital areas of the masseur or masseuse.

(d) No registered masseur or masseuse shall perform massage at a massage or bath establishment that does not have a current, valid certificate of registration issued by the City of Hilliard.

(e) No registered masseuse or masseur shall use the title "Licensed Massage Therapist" or the initials "L.M.T." or hold him or herself out to be so licensed unless licensed by the State Medical Board of Ohio.

(f) No massage or bath establishment shall permit any registered masseuse or masseur while employed by the establishment to use the title "Licensed Massage Therapist" or the initials "L.M.T." or hold him or herself out to be so licensed unless licensed by the State Medical Board of Ohio.
5.B. - Regulation of Massage Establishments

(Ord. 15-36. Passed 10-26-15.)

755.12 AUTHORITY TO CONDUCT INSPECTIONS.

(a) Upon display of the proper credentials, any City of Hilliard law enforcement officer authorized to enforce this chapter shall be granted entry to a massage or bath establishment at any time the establishment is open for business for the purpose of conducting an inspection to ensure compliance with this chapter.

(b) No person shall deny access to or in any way impede any law enforcement officer authorized to enforce this chapter conducting an inspection of a registered massage or bath establishment, or any portion thereof, or fail to cooperate with the inspecting officials.

(c) No registered masseuse or masseur shall fail to provide their current City registration upon request by any law enforcement officer authorized to enforce this chapter.

(d) No massage or bath establishment operator shall fail to provide a current massage or bath establishment registration upon request by any law enforcement officer authorized to enforce this chapter. (Ord. 15-36. Passed 10-26-15.)

755.13 APPEALS.

Any establishment or person who has a registration certificate revoked or suspended may appeal that decision to the City's Director of Public Safety. Notice of such appeal shall be filed with the Director of Public Safety within five (5) days after the revocation or suspension by the Chief of Police. Such appeal shall be heard by the Director of Public Safety or his/her designee if the Director of Public Safety is not available, within five (5) days of submitting the appeal. His/her decision shall be final.

(Ord. 15-36. Passed 10-26-15.)

755.14 OUT-CALL MASSAGE SERVICE.

No registered masseuse or masseur or massage or bath establishment shall provide "out-call massage services."

(Ord. 15-36. Passed 10-26-15.)

755.15 TRANSFER OF REGISTRATIONS.

(a) No registration issued under this chapter shall be transferable to another person or location.

(b) The change of ownership or location of a massage or bath establishment shall require the submission of a new application and the issuance of a new registration.

(Ord. 15-36. Passed 10-26-15.)

755.16 RULES AND REGULATIONS.

The Chief of Police may make and enforce reasonable rules and regulations to carry out the intent of this chapter.

(Ord. 15-36. Passed 10-26-15.)

755.17 SEVERABILITY.

In the event any section or provision of this chapter shall be declared by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of this chapter as a whole or any part thereof other than the part so declared to be invalid or unconstitutional.

(Ord. 15-36. Passed 10-26-15.)

755.99 PENALTY.

Whoever violates any provision of this chapter shall be guilty of a misdemeanor of the first degree. (Ord. 15-36. Passed 10-26-15.)

CODIFIED ORDINANCES OF HILLIARD
ORDINANCE 2018 - 13

TO ENACT CHAPTER 759 OF THE CODIFIED ORDINANCES TO REGULATE MASSAGE ESTABLISHMENTS, TO AMEND THE PLANNING AND ZONING CODE TO BE CONSISTENT THEREWITH, AND TO AMEND THE MASSAGE SERVICES MORATORIUM.

WHEREAS, by Ordinance 2017-25, the City amended various provisions of the Codified Ordinances in Part Eleven – Planning and Zoning Code to define “Licensed Massage” and clarify the zoning requirements applicable thereto;

WHEREAS, by Ordinances 2018-02 and 2018-10, the City adopted and extended a moratorium on the issuance of zoning certificates to businesses offering massage services in order to provide sufficient time to discuss the health, safety, and public welfare risks of massage services in the City; and

WHEREAS, the City has expended considerable time and effort to investigate and pursue regulatory options, including substantial conversations with professional massage industry representatives, relevant criminal investigators, local business owners and professionals and legislators who have implemented new statewide legislation, and Staff has conducted detailed research, review, and analysis of similar legislation and the effectiveness thereof; and

WHEREAS, multiple divisions of the State of Ohio already provide comprehensive health and safety requirements as part of occupational licenses that are relevant to massage services, including (but not limited to) the state medical board’s licensing and regulation of massage therapy in accordance with Revised Code Section 4731.15 and related sections; and

WHEREAS, pursuant to Revised Code Section 715.61, “Any municipal corporation may regulate and license ... all persons engaged in the trade, business, or profession of... massaging”; and

WHEREAS, massage services are offered independently or as part of medical or cosmetological services which require appropriate regulations to insure the health, safety, and welfare of citizens and avoid nuisances; and

WHEREAS, Council has determined it to be in the best interest of the health, safety, and welfare of the community to regulate and/or license businesses that offer massage services and similar uses.
NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF WESTERVILLE, OHIO:

Section 1: That Chapter 759 of the Codified Ordinances be enacted to read as follows:

“CHAPTER 759
MASSAGE ESTABLISHMENTS

759.01 DEFINITIONS

For the purposes of this Chapter, the words and phrases defined in the sections hereunder shall have the meanings respectively ascribed to them herein unless a different meaning is clearly indicated by the context:

(a) “Client” means a person who receives a Massage Treatment for a fee or any consideration whatsoever.

(b) “Director” means the Westerville Director of Planning and Development or designee.

(c) “Draping” means non-transparent linen, towel, or other opaque cloth which securely covers a Client’s Specified Anatomical Areas by folding, tucking or fastening.

(d) “Employee” means any person who is employed by, or renders any service at, a Massage Establishment for compensation. “Employee” includes a contract employee, freelance employee, temporary employee, or an independent contractor.

(e) “Exempt” means a person who provides a Massage as a portion of and incidental to services in accordance with a license issued by any of the following:

(1) The Ohio State Cosmetology and Barber Board or its predecessors pursuant to Ohio Revised Code Chapter 4709 or 4713;

(2) The State of Ohio Board of Nursing pursuant to Ohio Revised Code Chapter 4723;

(3) The Ohio Occupational Therapy, Physical Therapy, and Athletic Trainers Board pursuant to Ohio Revised Code Chapter 4755;

(4) The Ohio State Chiropractic Board pursuant to Ohio Revised Code Chapter 4734;

(5) The State Medical Board of Ohio pursuant to Ohio Revised Code Chapters 4730 or Chapter 4762;

(6) The State Medical Board of Ohio pursuant to Ohio Revised Code Chapters 4731 except those licensed pursuant to Revised Code Section 4731.15 to practice “massage therapy.”

(e) “Licensed” means a person who holds a current license issued by the State Medical Board of Ohio to practice “massage therapy” pursuant to and in accordance with Revised Code Section 4731.15.

(f) “Massage” means the use of any method on, or friction against, or stroking, kneading, rubbing, tapping, pounding, vibrating, pressing, compressing, percussing, stretching,
rotating, heating, cooling, or stimulating of, the external soft parts of a living human body, which may be performed with direct or indirect human contact, or with the aid of an apparatus, appliance, or other tool or object.

(h)(g) “Massage Establishment” means any establishment having a fixed place of business where a person or entity advertises the availability of, offers, provides, or permits to be carried on, any activity related to or including the provision of a Massage Treatment. A “Massage Establishment” does not include an establishment where all persons who provide a Massage are either Exempt, or Licensed and operating under the authority of a person who is Exempt.

(i)(h) “Massage Treatment” means providing for a fee or any consideration whatsoever any of the following services:

(7) Massage;
(8) the application of liniments, antiseptics, oils, powders, creams, lotions, ointments, hot or cold liquids or solid objects, or other similar types of treatments.

(j)(i) “Registration Certificate” means a certificate of registration issued by the City of Westerville to a Massage Establishment.

(k)(j) “Specified Anatomical Area,” “State of Nudity,” and “State of Semi-nudity” shall have the meaning ascribed to them in Chapter 763 of the Codified Ordinances.

(l)(k) “Therapist” means a person who is Licensed to provide a Massage Treatment.

759.02 LICENSE AND REGISTRATION REQUIRED

(a) No person shall operate a Massage Establishment:

(1) Without a Registration Certificate for a Massage Establishment;
(2) Where a Massage Treatment is offered or performed by a person who is not Exempt or Licensed;

(b) No person shall offer or perform a Massage Treatment:

(1) Unless such person is either Exempt or Licensed;
(2) In a Massage Establishment that does not have a Registration Certificate;

759.03 REGISTRATION PROCESS AND FEE

(a) A person who wishes to obtain a Registration Certificate for a Massage Establishment shall submit a registration application to the Director and pay a reasonable registration fee in an amount set by the Director and determined to be sufficient to pay the cost of administering this Chapter.
(b) The registration application shall be in a form designated by the Director and shall include all the following:

1. Full legal name and current residential address of the applicant;
2. The address of the proposed Massage Establishment;
3. A list of services to be offered at the Massage Establishment;
4. The full name of any person who will provide Massage Treatments at the Massage Establishment;
5. Sufficient information to identify the License for each Therapist.

(c) The Director shall issue a Registration Certificate unless the Director finds:

1. The registration application is incomplete or contains inaccurate or fraudulent information;
2. The License of a Therapist cannot be verified;
3. Within two years before the date the application is submitted, the applicant, or any Therapist listed on the registration application, was the applicant for a Registration Certificate that was revoked or denied. Nothing herein prohibits the Director from issuing a Registration Certificate for a previously-denied application that has been substantially modified.
4. Both a Zoning Certificate and Certificate of Occupancy have not been issued for the Massage Establishment.

(d) The Director shall send, by First Class U.S. Mail addressed to the applicant, either a Registration Certificate or a written statement that the application was denied and the reason therefor.

(e) Any person who has been denied a Registration Certificate may appeal such denial in accordance with Section 759.08.

759.04 REGISTRATION EXPIRATION, RENEWAL, AND DUTY TO UPDATE

(a) Each Registration Certificate shall be signed by the Director and shall contain the following information:

1. The name of the applicant to whom the Registration Certificate is issued
2. The name and address of the Massage Establishment
3. The full name of each Therapist identified in the Application
4. The effective date of the Registration Certificate

(b) Each Registration Certificate shall be valid for two years from the date it is issued.
(c) A person who operates a Massage Establishment shall notify the Director when a new Therapist begins working at the Massage Establishment. The notice shall be received by the Director no more than fifteen (15) days after the first day the Therapist provides a Massage Treatment in the Massage Establishment.

(d) No more than ninety (90) nor less than seven (7) days before expiration of the Registration Certificate, the applicant shall submit a new registration application and pay the fee in accordance with Section 759.03.

(e) A Registration Certificate shall not be transferrable. If ownership or operation of Massage Establishment transfers, the Registration Certificate shall automatically expire.

759.05 REQUIREMENTS FOR MASSAGE ESTABLISHMENT

Every person who owns, operates, manages, or supervises a Massage Establishment, or who otherwise causes a Massage Establishment to be operated, shall assure all the following:

(a) The Registration Certificate is displayed in a conspicuous location readily visible to a person entering the Massage Establishment through a public entrance;

(b) Compliance with all the following:

1. Applicable regulations issued by the Franklin County Public Health, whether the Massage Establishment is in Franklin County or Delaware County;

2. Applicable provisions of Revised Code Sections 4713.08, 4731.15, and 4734.10;

3. The Codified Ordinances of the City of Westerville.

(c) All tables and surfaces in the Massage Establishment are clean and disinfected;

(d) Clean linen, towels, and other materials are provided in connection with any Massage Treatment;

(e) Massage Treatments provided in the Massage Establishment are provided only by Therapists.

(f) Employees permit and cooperate in any inspections provided for in this Chapter.

759.06 PROHIBITIONS

(a) No person who owns, operates, manages or supervises the operation of a Massage Establishment shall do any of the following:

1. Employ an individual under the age of eighteen (18) years of age in a Massage Establishment;

2. ——Allow any Employee or any Therapist to appear in any state of undress, to wear transparent clothing, or clothing that otherwise reveals a Specified Anatomical Area;
(3)(2) Allow any Employee or Therapist to provide a Massage Treatment to a Client who is in a State of Nudity, a State of Semi-nudity, or who reveals a Specified Anatomical Area;

(b) No person shall do any of the following:

(1) Advertise or offer Massage Treatments or a related service unless they are Exempt or are Licensed to provide such Massage Treatments;

(2) Appear in a Massage Establishment in any state of undress, transparent clothing, or clothing that otherwise reveals a Specified Anatomical Area;

(3) Provide a Massage Treatment to a Client who is in a State of Nudity, a State of Semi-nudity, or who reveals a Specified Anatomical Area.

(c) No person shall place, publish, distribute, or cause to be placed, published, or distributed any advertising material using sexual or provocative words or images.

(d) No person shall advertise Massage Treatment services with the suggestion or promise of a sexual service or activity.

(e) Nothing in this section shall prohibit a Massage Technician Therapist from providing a Massage Treatment to a Client who is in a state of undress or who reveals a Specified Anatomical Area provided that the Massage Therapist shall not engage in Sexual Misconduct as defined in Ohio Administrative Code 4731-26-01(H) covered only by Draping, or prohibiting a Massage Technician from removing such Draping as necessary upon the Client’s explicit consent.

759.07 INSPECTIONS

(a) Any person having jurisdiction to enforce the provisions of this Chapter may enter the public entrance of a Massage Establishment without notice during all hours of operation for the purpose of verifying that a valid Registration Certificate is displayed in accordance with this Chapter.

(b) In accordance with constitutional provisions governing searches, the Code Enforcement Officer shall have the authority to enter all Massage Establishments within the City during all hours of operation to conduct an inspection, to investigate, or to perform the duties imposed upon the Code Enforcement Officer by this Chapter. The Code Enforcement Officer shall present credentials and request entry. If entry is refused, the Code Enforcement Officer may obtain a search warrant in accordance with section 2933.21 of the Ohio Revised Code.

759.08 ADMINISTRATIVE APPEAL

(a) A person who has filed a completed registration application and has been denied a Registration Certificate, or who has had a Registration Certificate revoked, may appeal that denial or revocation within fifteen (15) days of the denial or revocation thereof by filing a written statement with the City Manager’s office. The written statement shall include the applicant’s full name and contact information (including mailing address, phone number, and e-mail addresses),
and shall state the basis for such appeal, including a summary of all relevant facts and circumstances.

(b) The City Manager or designee shall review the written statement, shall set a time and a place for an administrative hearing, shall provide reasonable notice prior to such hearing, and shall establish the reasonable procedures therefor. The City Manager or designee shall determine whether to grant or deny the Registration Certificate and shall issue a final determination in writing.

759.99 PENALTY

(a) Whoever violates any provision of Section 759.02 or Section 759.04 shall be guilty of a minor misdemeanor.

(b) Except as otherwise provided in section (a), whoever violates any provision of this Chapter is guilty of a misdemeanor of the fourth degree.

(c) If the offender previously was convicted of any provision of this Chapter within the past three years, the offense is a misdemeanor of the first degree.

(d) In addition to any penalty set forth in subsections (a) – (c) above, the Director may revoke a Registration Certificate of a Massage Establishment for a violation of any provision of this Chapter.”

Section 2: That Chapter 759 – “Massage Establishments” shall take effect and be in force from and after the earliest period allowed by law, except that no person shall be prosecuted or otherwise penalized pursuant to Section 759.99 for conduct occurring on or before June 30, 2019 January 1, 2020.

Section 3: That Section 1105.5350 – “Licensed Massage” of the Codified Ordinances be repealed and deleted in its entirety from the Codified Ordinances.

Section 4: That Section 1105.9775 – “Massage Establishment” of the Codified Ordinances be enacted to read as follows:

“1105.9775 MASSAGE ESTABLISHMENT

‘Massage Establishment” has the same meaning as defined in Chapter 759 of the Codified Ordinances.”

Section 5: That Section 1105.7700 “Personal Services” of the Codified Ordinances be amended as follows:

“1105.7700 PERSONAL SERVICES.

‘Personal services” means any enterprise conducted for gain which primarily offers services to the general public such as shoe repair, watch repair, barber shops, beauty shops, licensed massage Massage Establishments, and similar activities.”
Section 6: That Section 1156.03 “Conditional Uses” [in the Office Institutional District] of the Codified Ordinances be amended as follows:

“1156.03 CONDITIONAL USES.

Those uses conditionally permitted within the Planned Office District include those uses that are conditionally permitted in the Office Institutional District and the following additional uses:

(a) Public indoor recreation.
(b) Membership sports and recreation clubs.
(c) Outdoor recreation.
(d) Personal service Services as part of the principally permitted use and with no exterior signage or direct outside access (beauty and barber shops, shoe repair, photo finishing, tailoring, watch, clock and jewelry repair, licensed massage and other services performed for persons and/or their apparel).
(e) Mixed warehouse and office uses (with less than 50% of the gross floor area as warehouse.”

Section 7: That the moratorium on the issuance of zoning certificates to businesses offering massage services adopted by Ordinance 2018-02 and extended by Ordinance 2018-10 be and hereby is further amended to dissolve, expire, and be of no effect on July 21, 2018.

Section 8: That except as specified in Section 2 above, this Ordinance shall take effect and be in force from and after the earliest period allowed by law.

PASSED:  

June 19, 2018  

Michael Heyeck  
Chair of Council

APPROVED:  

Bruce E. Bailey  
Director of Law

Mary J. Johnston, MMC  
Clerk of Council

8
STAFF MEMORANDUM  
City Council Meeting – September 10, 2018

Date: September 7, 2018
To: Worthington City Council
From: Matt Greeson, City Manager

Subject: Transmittal of Proposed General Fund Carryover Balance Policy and Investment Policy

EXECUTIVE SUMMARY
Staff has conducted research and drafted a new Proposed General Fund Carryover Balance Policy and a new Proposed Investment Policy.

RECOMMENDATION
No action is required at this meeting. Staff will discuss a process for review and future adoption of the proposed policies.

BACKGROUND/DESCRIPTION
The City has several important policies that help ensure the effective long-term management of its fiscal resources. Periodically, these policies are reviewed and updated. The Finance Director led a review of the policies that included evaluating the City's fiscal history, researching best practices and comparisons to other Ohio cities.

Staff has drafted a Proposed General Fund Carryover Balance Policy and a Proposed Investment Policy for review by the City Council.

ATTACHMENTS
Memorandum from Finance Director regarding Proposed Investment Policy
Proposed Investment Policy
Current Investment Policy
Ohio Revised Code 135.14
Memorandum from Finance Director regarding Proposed General Fund Carryover Balance Policy
Proposed General Fund Carryover Balance Policy
AAA rated communities research
Current General Fund Carryover Balance Policy
TO: Matthew Greeson, City Manager

FROM: Scott F. Barter, Finance Director

DATE: September 6, 2018

SUBJECT: Investment Policy Update

Under the City of Worthington Charter § 2.07 the Council shall have the authority to “Adopt, and review at least annually, a policy on the investment of funds held by the City”. Administrative Regulation 4.8 titled “Investment Policy for City Funds” is reviewed annually during the budget process, however, this regulation has not been updated since 1997. Staff is recommending that the investment policy be removed from the administrative regulations and instead be a stand-alone policy adopted by Council.

The most significant change from the previous investment policy is that the revised policy references Ohio Revised Code (ORC) Chapter 135, the old policy copied much of the language from ORC 135 into the policy. The result is that as the ORC 135 is modified, so too will the Worthington investment policy.

Objective and Guidelines

The updated investment policy reiterates that the primary objective of all investment activity shall be the preservation and protection of principal. This objective remains unchanged from the previous policy. The investment portfolio remains diversified between allowable investments, including certificates of deposit bought in denominations less than $250,000, agency bonds, money market accounts, and the state treasury asset reserve account (Star Ohio).

Bank account relationships was added to the revised investment policy as it relates to the investment of funds. Every five (5) years the City issues a request for proposals (RFP) from local banks seeking to provide banking services to the City. This RFP was last issued in 2015, Park National Bank was selected, and the agreement runs until 2020.

Authorized Financial Institutions and Dealers

The City currently utilizes Huntington Bank and Fifth Third bank to purchase securities. An authorized list of institutions and dealers is currently maintained by the Finance Department, local banks can be added to this list by written request.

Maturity

This section limits investments to securities that mature within five (5) years from the date of purchase.
Allowable Investment

Under ORC Section 135, allowable investments generally include:

- A security issued by the United States treasury and guaranteed as to principal and interest by the United States;
- Bonds or securities issued by any federal government agency, including federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation;
- Bonds and other obligations of the State of Ohio, or political subdivisions of the state, with restrictions as outlined in ORC 135.14(4)(a) through 135.14(4)(d);
- The Ohio subdivision’s fund (STAR Ohio).

Reporting

The Finance Department has created the attached investment report that is updated monthly and will be included in the quarterly report to Council.
City of Worthington, Ohio
Investment and Depository Policy (Fall 2018)

SCOPE: The Worthington City Council hereby directs that the investing authority of the City shall reside with the Director of Finance in accordance with this investment and depository policy. This policy is designed to cover all monies under the control of the City of Worthington and those that comprise the core investment portfolio. Notwithstanding the policies detailed below, Chapter 135 of the Ohio Revised Code (O.R.C.) will be adhered to at all times.

I. Objective and Guidelines: The following investment objectives will be applied in the management of the City of Worthington funds:

A. The primary objective shall be the preservation of capital and protection of principal while earning investment interest.

B. The investment portfolio shall remain sufficiently liquid to enable the city to meet reasonable anticipated operating requirements.

C. In investing public funds in those investments allowed by state law and the city investment policy, the Director of Finance will strive to achieve a reasonable rate of return on the investment portfolio over the course of budgetary and economic cycles taking into account cash flow requirements.

D. The investment portfolio should be diversified in order to avoid incurring potential losses regarding individual securities which may not be held to maturity, whether by erosion of market value or change in market conditions.

E. Bank account relationships will be managed in order to secure adequate services, while minimizing costs.

II. Authorized Financial Institutions and Dealers: U.S. Treasury and Agency securities purchased outright shall be purchased only through financial institutions located within the State of Ohio or through "primary securities dealers" as designated by the Federal Reserve Board.

Certificates of Deposit shall be transacted through commercial banks or savings and loans with FDIC or FSLIC coverage which qualify as eligible financial institutions under O.R.C., Chapter 135.

A list of authorized institutions and dealers shall be maintained with the Director of Finance. Additions and deletions to this list shall be made when deemed in the best interest of the City of Worthington by the Director of Finance.

III. Maturity: To the extent possible, the Director of Finance will attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Director of Finance will not directly invest in securities maturing more than five (5) years from the date of purchase.

IV. Allowable Investments: The Director of Finance may invest in any instrument or security authorized in O.R.C. Chapter 135 as amended. A copy of the appropriate O.R.C. section will be kept with this policy.

V. Collateral: All deposits shall be collateralized pursuant to O.R.C. Chapter 135.

VI. Reporting: The Director of Finance shall establish and maintain an inventory of all obligations and securities acquired. The inventory shall include the description of the security, type, cost, par value, maturity date, settlement date, and coupon rate. The Director of Finance shall review the monthly portfolio report detailing the current inventory of all obligations and securities, sign and date the summary, and place in audit file.
Pursuant to O.R.C. Chapter 135, all brokers, dealers and financial institutions initiating transactions with the City of Worthington by giving advice or making investment policy, or executing transactions initiated by the City of Worthington, must acknowledge their agreement to abide by the contents of this Investment Policy.

The Institution, by signing below, submits that it has read and acknowledges this Investment Policy and agrees to abide by its content.

Name of Institution

Authorized Officer

Date
135.14 Investing interim moneys of public subdivisions.

(A) As used in this section:

(1) "Treasurer" does not include the treasurer of state, and "governing board" does not include the state board of deposit.

(2) "Other obligations" includes notes whether or not issued in anticipation of the issuance of bonds.

(B) The treasurer or governing board may invest or deposit any part or all of the interim moneys. The following classifications of obligations shall be eligible for such investment or deposit:

(1) United States treasury bills, notes, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.

Nothing in the classification of eligible obligations set forth in division (B)(1) of this section or in the classifications of eligible obligations set forth in divisions (B)(2) to (7) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations.

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, and government national mortgage association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

(3) Interim deposits in the eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though the institution had not applied for such interim deposit.

(4) Bonds and other obligations of this state, or the political subdivisions of this state, provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:

(a) The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision.

(b) The bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer.

(c) The aggregate value of the bonds or other obligations does not exceed twenty per cent of interim moneys available for investment at the time of purchase.

(d) The treasurer or governing board is not the sole purchaser of the bonds or other obligations at original issuance.

No investment shall be made under division (B)(4) of this section unless the treasurer or governing board has completed additional training for making the investments authorized by division (B)(4) of this section. The type and amount of additional training shall be approved by the treasurer of state and may be conducted by or provided under the supervision of the treasurer of state.

(5) No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.03 of the Revised Code;
(6) The Ohio subdivision's fund as provided in section 135.45 of the Revised Code;

(7) Up to forty per cent of interim moneys available for investment in either of the following:

(a) Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:

(i) The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.

(ii) The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation.

(iii) The notes mature not later than two hundred seventy days after purchase.

(iv) The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five per cent of interim moneys available for investment at the time of purchase.

(b) Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than one hundred eighty days after purchase.

No investment shall be made pursuant to division (B)(7) of this section unless the treasurer or governing board has completed additional training for making the investments authorized by division (B)(7) of this section. The type and amount of additional training shall be approved by the treasurer of state and may be conducted by or provided under the supervision of the treasurer of state.

(C) Nothing in the classifications of eligible obligations set forth in divisions (B)(1) to (7) of this section shall be construed to authorize any investment in a derivative, and no treasurer or governing board shall invest in a derivative. For purposes of this division, "derivative" means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Any security, obligation, trust account, or other instrument that is created from an issue of the United States treasury or is created from an obligation of a federal agency or instrumentality or is created from both is considered a derivative instrument. An eligible investment described in this section with a variable interest rate payment, based upon a single interest payment or single index comprised of other eligible investments provided for in division (B)(1) or (2) of this section, is not a derivative, provided that such variable rate investment has a maximum maturity of two years.

(D) Except as provided in division (E) of this section, any investment made pursuant to this section must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

(E) The treasurer or governing board may also enter into a written repurchase agreement with any eligible institution mentioned in section 135.03 of the Revised Code or any eligible dealer pursuant to division (M) of this section, under the terms of which agreement the treasurer or governing board purchases, and such institution or dealer agrees unconditionally to repurchase any of the securities listed in divisions (D)(1) to (5), except letters of credit described in division (D)(2), of section 135.18 of the Revised Code. The market value of securities subject to an overnight written repurchase agreement must exceed the principal value of the overnight written repurchase agreement by at least two per cent. A written repurchase agreement shall not exceed thirty days and the market value of securities subject to a written repurchase agreement must exceed the principal value of the written repurchase agreement by at least two per cent and be marked to market daily. All securities purchased pursuant to this division shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board. A written repurchase agreement with an eligible securities dealer shall be transacted on a delivery versus payment basis. The agreement shall contain the requirement that for each transaction pursuant to the agreement the participating institution or dealer shall provide all of the following information:

(1) The par value of the securities;
(2) The type, rate, and maturity date of the securities;

(3) A numerical identifier generally accepted in the securities industry that designates the securities.

No treasurer or governing board shall enter into a written repurchase agreement under the terms of which the treasurer or governing board agrees to sell securities owned by the subdivision to a purchaser and agrees with that purchaser to unconditionally repurchase those securities.

(F) No treasurer or governing board shall make an investment under this section, unless the treasurer or governing board, at the time of making the investment, reasonably expects that the investment can be held until its maturity.

(G) No treasurer or governing board shall pay interim moneys into a fund established by another subdivision, treasurer, governing board, or investing authority, if that fund was established for the purpose of investing the public moneys of other subdivisions. This division does not apply to the payment of public moneys into either of the following:

(1) The Ohio subdivision's fund pursuant to division (B)(6) of this section;

(2) A fund created solely for the purpose of acquiring, constructing, owning, leasing, or operating municipal utilities pursuant to the authority provided under section 715.02 of the Revised Code or Section 4 of Article XVIII, Ohio Constitution.

For purposes of division (G) of this section, "subdivision" includes a county.

(H) The use of leverage, in which the treasurer or governing board uses its current investment assets as collateral for the purpose of purchasing other assets, is prohibited. The issuance of taxable notes for the purpose of arbitrage is prohibited. Contracting to sell securities that have not yet been acquired by the treasurer or governing board, for the purpose of purchasing such securities on the speculation that bond prices will decline, is prohibited.

(I) Whenever, during a period of designation, the treasurer classifies public moneys as interim moneys, the treasurer shall notify the governing board of such action. The notification shall be given within thirty days after such classification and in the event the governing board does not concur in such classification or in the investments or deposits made under this section, the governing board may order the treasurer to sell or liquidate any of such investments or deposits, and any such order shall specifically describe the investments or deposits and fix the date upon which they are to be sold or liquidated. Investments or deposits so ordered to be sold or liquidated shall be sold or liquidated for cash by the treasurer on the date fixed in such order at the then current market price. Neither the treasurer nor the members of the board shall be held accountable for any loss occasioned by sales or liquidations of investments or deposits at prices lower than their cost. Any loss or expense incurred in making such sales or liquidations is payable as other expenses of the treasurer's office.

(J) If any investments or deposits purchased under the authority of this section are issuable to a designated payee or to the order of a designated payee, the name of the treasurer and the title of the treasurer's office shall be so designated. If any such securities are registrable either as to principal or interest, or both, then such securities shall be registered in the name of the treasurer as such.

(K) The treasurer is responsible for the safekeeping of all documents evidencing a deposit or investment acquired by the treasurer under this section. Any securities may be deposited for safekeeping with a qualified trustee as provided in section 135.18 of the Revised Code, except the delivery of securities acquired under any repurchase agreement under this section shall be made to a qualified trustee, provided, however, that the qualified trustee shall be required to report to the treasurer, governing board, auditor of state, or an authorized outside auditor at any time upon request as to the identity, market value, and location of the document evidencing each security, and that if the participating institution is a designated depository of the subdivision for the current period of designation, the securities that are the subject of the repurchase agreement may be delivered to the treasurer or held in trust by the participating institution on behalf of the subdivision. Interest earned on any investments or
deposits authorized by this section shall be collected by the treasurer and credited by the treasurer to the proper
fund of the subdivision.

Upon the expiration of the term of office of a treasurer or in the event of a vacancy in the office of treasurer by
reason of death, resignation, removal from office, or otherwise, the treasurer or the treasurer's legal
representative shall transfer and deliver to the treasurer's successor all documents evidencing a deposit or
investment held by the treasurer. For the investments and deposits so transferred and delivered, such treasurer
shall be credited with and the treasurer's successor shall be charged with the amount of money held in such
investments and deposits.

(L) Whenever investments or deposits acquired under this section mature and become due and payable, the
treasurer shall present them for payment according to their tenor, and shall collect the moneys payable thereon.
The moneys so collected shall be treated as public moneys subject to sections 135.01 to 135.21 of the Revised
Code.

(M)

(1) All investments, except for investments in securities described in divisions (B)(5) and (6) of this section and
for investments by a municipal corporation in the issues of such municipal corporation, shall be made only
through a member of the financial industry regulatory authority (FINRA), through a bank, savings bank, or
savings and loan association regulated by the superintendent of financial institutions, or through an institution
regulated by the comptroller of the currency, federal deposit insurance corporation, or board of governors of the
federal reserve system.

(2) Payment for investments shall be made only upon the delivery of securities representing such investments to
the treasurer, governing board, or qualified trustee. If the securities transferred are not represented by a
certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the
treasurer, governing board, or qualified trustee.

(N) In making investments authorized by this section, a treasurer or governing board may retain the services of
an investment advisor, provided the advisor is licensed by the division of securities under section 1707.141 of the
Revised Code or is registered with the securities and exchange commission, and possesses experience in public
funds investment management, specifically in the area of state and local government investment portfolios, or
the advisor is an eligible institution mentioned in section 135.03 of the Revised Code.

(O)

(1) Except as otherwise provided in divisions (O)(2) and (3) of this section, no treasurer or governing board shall
make an investment or deposit under this section, unless there is on file with the auditor of state a written
investment policy approved by the treasurer or governing board. The policy shall require that all entities
conducting investment business with the treasurer or governing board shall sign the investment policy of that
subdivision. All brokers, dealers, and financial institutions, described in division (M)(1) of this section, initiating
transactions with the treasurer or governing board by giving advice or making investment recommendations shall
sign the treasurer's or governing board's investment policy thereby acknowledging their agreement to abide by
the policy's contents. All brokers, dealers, and financial institutions, described in division (M)(1) of this section,
executing transactions initiated by the treasurer or governing board, having read the policy's contents, shall sign
the investment policy thereby acknowledging their comprehension and receipt.

(2) If a written investment policy described in division (O)(1) of this section is not filed on behalf of the
subdivision with the auditor of state, the treasurer or governing board of that subdivision shall invest the
subdivision's interim moneys only in interim deposits pursuant to division (B)(3) of this section or interim deposits
pursuant to section 135.145 of the Revised Code and approved by the treasurer of state, no-load money market
mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision's fund pursuant to division (B)(6)
of this section.

(3) Divisions (O)(1) and (2) of this section do not apply to a treasurer or governing board of a subdivision whose
average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less,
provided that the treasurer or governing board certifies, on a form prescribed by the auditor of state, that the
treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of
the Revised Code.

(P) A treasurer or governing board may enter into a written investment or deposit agreement that includes a
provision under which the parties agree to submit to nonbinding arbitration to settle any controversy that may
arise out of the agreement, including any controversy pertaining to losses of public moneys resulting from
investment or deposit. The arbitration provision shall be set forth entirely in the agreement, and the agreement
shall include a conspicuous notice to the parties that any party to the arbitration may apply to the court of
common pleas of the county in which the arbitration was held for an order to vacate, modify, or correct the
award. Any such party may also apply to the court for an order to change venue to a court of common pleas
located more than one hundred miles from the county in which the treasurer or governing board is located.

For purposes of this division, "investment or deposit agreement" means any agreement between a treasurer or
governing board and a person, under which agreement the person agrees to invest, deposit, or otherwise manage
a subdivision's interim moneys on behalf of the treasurer or governing board, or agrees to provide investment
advice to the treasurer or governing board.

(Q) An investment made by the treasurer or governing board pursuant to this section prior to September 27,
1996, that was a legal investment under the law as it existed before September 27, 1996, may be held until
maturity.

Cite as R.C. § 135.14

Amended by 131st General Assembly File No. TBD, HB 64, §101.01, eff. 9/29/2015.

Amended by 130th General Assembly File No. TBD, SB 287, §1, eff. 9/4/2014.

Effective Date: 09-14-2000.
ADMINISTRATIVE REGULATION:  4.8

Subject:  Investment Policy for City Funds

Section 1.  Purpose

a.  To establish investment and deposit objectives for the management of City funds.

Section 2.  Authority

a.  Resolution No. 16-88

“Adopting Administrative Regulation 4.8 to Provide for an Investment Policy for the City of Worthington.”

b.  Amended Administrative Regulation 4.8 by Ordinance No.  87-97

Section 3.  Procedure

I.  Objectives and Guidelines

The following investment and deposit objectives will be applied in the management of City funds.

A.  The primary objective of the City’s investment activities is the preservation of capital and the protection of investment principal.

B.  In investing public funds, the City will strive to maximize the return on the portfolio but will avoid assuming investment risks.

C.  The City’s investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements which might be reasonably anticipated.

D.  The City will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

II.  Maturity

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.  Funds determined to be available which are not anticipated to be utilized for current fiscal year cash flow requirements may be invested in securities maturing more than one (1) year from the date of purchase.
III. Diversity

A. The City’s investment with any individual financial institution shall not constitute more than 30% of the City’s investable funds.

IV. Authorized Financial Institutions

Securities shall be purchased only through financial institutions located within the United States. A list of these authorized financial institutions will be maintained by the Director of Finance. The Director of Finance:

A. May make additions to the authorized list when the investment and deposit policy requirements are met;

B. Shall make deletions from the list (1) if and as directed by ordinance of City Council, (2) upon failure of the financial institution to meet foregoing investment and deposit policy requirements or (3) upon request of the financial institution and

C. May make deletions from the list based on the following criteria or circumstances:

1. Perceived financial difficulties of the financial institution;

2. Consistent lack of competitiveness by the financial institution;

3. Lack of experience or familiarity of the account representative in providing service to large institutional accounts; or

4. When deemed in the best interest of the City.

V. Instruments Authorized

The Director of Finance may invest on behalf of and in the name of the City in the following instruments at a price not exceeding their fair market value:

A. Government Securities

1. Negotiable direct obligations of the United States or obligations issued by Federal agencies the principal and interest of which are unconditionally guaranteed by the United States, and bonds, notes, debentures, or other obligations or securities issued by any federal government agency, whether or not they are guaranteed by the United States, including but not limited to, the following:

   Direct Obligations:

   Treasury bills
   Treasury notes
Obligations of Federal Agencies:

Government National Mortgage Association (GNMA)
Small Business Association (SBA)
Federal Housing Administration (FHA)
Farmer’s Home Administration (FmHA)
General Services Administration (GSA)

B. Interest Bearing Time Certificates of Deposit and Savings Accounts

Interest Bearing Time Certificates of Deposits and savings accounts in banks organized under the laws of this State, national banks organized under the laws of the United States or doing business and situated in this State, savings and loan associations located in this state and organized under Federal law and under Federal supervision, provided that any such deposits and savings accounts are secured by collateral as prescribed herein.

C. Repurchase Agreements

Repurchase Agreements of a bank or savings and loan association organized under the laws of the U.S. or any state thereof for negotiable direct obligations of the U.S., Federal agencies, and Federal instrumentalities of the following types:

1. U.S. Treasury bills and notes,
2. Government National Mortgage Association (GNMA),
3. Federal Farm Credit Bank obligations,

D. Money Market Funds

Money Market funds whose portfolios consist of the foregoing (A-C).

E. Now Accounts

Now Accounts, Super Now Accounts or any other similar account authorized by the Federal Reserve’s Depository Institutions’ Deregulation Committee.

VI. Collateralization of Interest Bearing Time Certificates of Deposit and Savings Accounts

A. All deposits of City funds in interest bearing time certificates of deposit made by the City and all savings accounts or Now Accounts of the City shall be secured by pledged collateral in an amount equal to at least 100% of the deposit less an amount insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. All securities shall be pledged at market value.
The following securities shall be eligible to be placed as collateral for purposes of this section:

1. Bonds, notes, or other obligations of the United States; or bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by language appearing in the instruments specifically providing such guarantee or pledge and not merely by interpretation or otherwise;

2. Bonds, notes, debentures, or other obligations or securities issued by any Federal Government agency, or the Export-Import Bank of Washington, bonds, notes, or other obligations guaranteed as to the principal and interest by the United States or those for which the faith of the United States is pledged for the payment of principal and interest thereon, by interpretation or otherwise and not by language appearing in the instruments specifically providing such guarantee or pledge;

3. Bonds and other obligations of this State;

4. Bonds and other obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of this State, which is not at the time of such deposit, in default in the payment of principal or interest or on any of its bonds or other obligations, for which the full faith and credit of the issuing subdivision is pledged;

5. Bonds of other states of the United States which have not during the ten years immediately preceding the time of such deposit defaulted in payments or either interest or principal on any of their bonds.

Any and all securities pledged as collateral by any institution where City investments have been made shall be delivered either to the Director of Finance as security for the repayment of public monies or to an independent third party financial institution approved by the Director of Finance serving as trustee (the trustee) under a trust agreement. Fees and expenses of the trustee shall be paid by the depository.

If the depository fails to pay over any part of a deposit due the City, the Director of Finance shall sell in the manner provided for by Ohio law any of the bonds or other securities deposited with him pursuant to the provisions of this policy. If the bonds or other securities are on deposit with a trustee, the Director of Finance shall request the trustee to deliver to the Director of Finance any of the bonds or other securities on deposit with the trustee and the Director of Finance shall sell such bonds or other securities in the manner determined by the Director of Finance. When a sale of bonds or other securities has been made and upon payment to the Director of Finance of the purchase money, the Director of Finance shall
transfer such bonds or securities whereupon the absolute ownership of such bonds or securities shall pass to the purchasers, and any surplus remaining after deducting the amount due the City and expenses of the sale shall be paid to the depository.

B. When the depository has deposited eligible securities as described in this policy with a trustee for safekeeping, the depository may at any time substitute or exchange eligible securities having a current market value equal to or greater than the current market value of the securities then on deposit and for which they are to be substituted or exchanged only:

1. If the Director of Finance has authorized the depository to make such substitution or exchange on a continuing basis during a specified period without prior approval of each substitution or exchange. Such authorization may be effected by the Director of Finance by sending to the trustee a written notice stating that substitution may be effected on a continuing basis during a specified period which shall not extend beyond the end of a period of designation during which the notice is given. The trustee may rely upon such notice, and upon the period of authorization stated therein;

2. If no continuing authorization for substitution or exchange has been given by the Director of Finance, the depository notifies the Director of Finance and the trustee of an intended substitution or exchange, and the Director of Finance fails to object to the trustee within ten business days after the date appearing on the notice of proposed substitution. The notice to the Director of Finance and to the trustee shall be given in writing and delivered personally or by certified or registered mail with a return receipt requested. The trustee may assume in such case that the notice has been delivered to the Director of Finance;

3. If the Director of Finance gives written authorization for a substitution or exchange of specific securities:

   The depository shall notify the Director of Finance of any substitution or exchange of securities authorized by this policy. Upon request from the Director of Finance, the depository and/or the trustee shall furnish a detailed statement of the securities pledged to the funds of the City. The detailed statement will provide the value of all securities pledged at face value and the then current market value.

C. At its option, a depository may provide collateral for deposits of City funds in interest bearing time certificates of deposit and for savings accounts or now accounts of the City through a single pool of securities pledged toward all deposits of public funds held by the depository.

The “pooled collateral” option is subject to the following conditions:

1. Securities committed to the pool must have a market value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal deposit insurance.

2. The securities eligible for deposit in the pool shall be those described in Paragraph A of this section.
3. The securities constituting the pool shall be delivered to a trustee as described in Paragraph A of this section. Fees and expenses of the trustee shall be paid by the depository.

4. If the depository fails to pay over any part of the deposits due the City, the Director of Finance shall request the trustee to deliver to the Director of Finance any of the securities on deposit with the trustee, not to exceed the amount necessary to produce an amount equal to the deposits made by the Director of Finance and not paid over to the City, less the portions of the deposits covered by federal deposit insurance, plus any accrued interest due on the deposits; and in any event, not to exceed the City’s proportional security interest in the market value of the pool as of the date of the depository’s failure to pay over the deposits as such interest and value are determined by the trustee. The Director of Finance shall sell such securities in the manner provided for by Ohio law. Any surplus remaining after deducting the amount due the City and expenses of the sale shall be paid to the depository.

5. The institution will provide a detailed quarterly statement of the face and market value of all securities pledged to the pool within 30 days of the end of each quarter.

The institution will also disclose the total amount of public funds in deposit in each quarterly statement.

6. If at any time the market value of the pool is less than 100% of all public deposits held by the trustee, it is the responsibility of the depository to immediately add sufficient securities to the pool in an amount that will bring the market value of the pool to at least 110% of all public funds on deposit with the trustee.

7. Failure of the institution to abide by any of the provisions of this section is cause for immediate suspension of the institution as a qualified depository for any City funds.

VII. Competitive Bidding

The purpose of competitive bidding is to strengthen the investment program in terms of level and consistency of performance. All sales of securities will be bid competitively and to the extent practical, all investments will be placed with vendors yielding the highest returns to the City. The right is reserved to reject the bid yielding the highest return of interest on any investments if inconsistent with the City investment strategy, i.e., maturity, risk, liquidity, etc.

Price and rate quotations may be obtained from sources within and outside the City. In the case of the sale of securities or the purchase of securities where all other factors are considered by the Director of Finance to be equal, placement will be made in favor of the banking institution situated within the City if two bids or more are the same.

No financial institution will be given deposits of monies needed for operations without going through an open and fair competitive process.
VIII. Pooling of Funds

The Director of Finance is authorized to pool cash balances from the several different funds of the City for investment purposes.

XI. Policy Changes

The policies as stated herein may be changed only with the approval of City Council.

Section 4. Effective Date

This Administrative Regulation shall be effective on and after 1-1-98.

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David B. Elder
City Manager
MEMORANDUM

TO: Matthew Greeson, City Manager
FROM: Scott F. Bartter, Finance Director
DATE: September 7, 2018
SUBJECT: Carryover Fund Balance Policy

Financial policies are central to a strategic, long-term approach to financial management. The adequacy of the City’s fund balance depends upon an accurate assessment of what fiscal uncertainty the City faces from time to time. The primary reason for the fund balance is to alleviate unanticipated short-term budgetary problems and have the resources available to effectively manage a disaster or emergency event. However, the City’s fund balance is also an important factor in the City’s credit rating and is a factor in the amount of interest earned on investments.

The City’s current General Fund Balance Policy was adopted in 2014 and notes that the policy shall be reviewed at least once every five years to “determine if it is consistent with the financial needs of the City of Worthington”. The City’s updated General Fund Balance Policy should address how fund balances should be utilized and under what circumstances resources would be used. The most difficult task with this type of policy update is determining the appropriate fund balance size. As Council weighs the options available it is important to consider the City’s reliance on a single volatile source of revenue in conjunction with the City’s inability to quickly scale down expenses or create new revenue.

Definitions

It may be helpful to briefly cover the definitions for terms that will be utilized throughout the discussion of the carryover fund balance policy.

Fund: The use of public resources typically is constrained by legal restrictions and other limitations. Funds can be established to segregate financial resources for specific purposes which allows for application of constraints to those resources. Some of these constraints are imposed by outside parties (State law); others reflect limitations that the City itself has placed upon the use of resources (Capital Improvement Fund). The City has established separate funds to help ensure and demonstrate compliance with applicable constraints.
General Fund (GF): All activity that has not been assigned to a specific individual fund is accounted for in the General Fund. This is the fund that contains uncommitted resources that may be used for general purposes. For the City of Worthington, the General Fund is the primary operating fund accounting for approximately 70% of all City expenses.

Fund Balance: Fund balance is intended to serve as a measure of the financial resources available. How the fund balance is calculated will be described as part of the adopted policy.

Encumbrance: An encumbrance is a reservation of appropriated funds for a specific purchase. When a requisition is processed, funds are placed aside for that transaction. Those funds are no longer available for use in other transactions, but a payment has not yet been generated.

Cash Balance: The net cash available after all revenues have been deposited and all expenses have been paid is the cash balance.


History

This is not the first time that the City of Worthington has held a strong General Fund balance. As of December 31, 2001, the City of Worthington had a General Fund cash balance of $10,102,890 or 72.3% of prior year expenditures. By December 31, 2006 that balance had dropped to $1,390,969 or 7.3% of prior year expenditures. In the years from 2002-2004, expenses in the General Fund exceeded revenue by $7,861,141. The decline in fund balance was driven largely an expansion of services, which increased parks and recreation spending by 74% from 2001 – 2004 and increased utility costs 105% during that same time period. While some additional revenue was created in the form of parks and recreation programming and membership, the City saw a precipitous decline in both interest earnings and estate tax. In 2004, only three years after having a $10,000,000 fund balance, the City was forced to increase the income tax rate from 1.65% to 2.0% and in 2007 the property tax rate was increased from 3.0 mills to 5.0 mills. Even with the increase in both property and income tax, the City struggled to re-build the fund balance between 2007 and 2010. In 2010, the City again increased the income tax from 2.0% to 2.5% and in 2011, the first full year of the 2.5% income tax, the City started to see consistent growth in the General Fund fund balance.
In 2008, the City adopted its first General Fund Reserve policy, stipulating that the General Fund Balance should be a minimum of 15% of the previous year’s operating expense. In conjunction with the adoption of the General Fund Balance policy, a re-allocation of income tax was approved in December 2008, with ordinance 52-2008, whereby an additional 6.4% of the income tax was allocated to the General Fund (86.4% GF and 13.6% CIP split). In 2014, the income tax allocation returned to an 80/20 split, and City Council amended the General Fund Balance policy to equal or exceed 25% of the previous years’ operating expense.

**Current Fund Balance**

As of January 1, 2018 the General Fund cash balance was $13,491,664. 2017 General Fund actual expenditures were $25,979,951. As shown below, we began 2018 approximately $7,000,000 over the policy floor.

<table>
<thead>
<tr>
<th>January 2018 Fund Balance</th>
<th>$ 13,491,664.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Operating Expenditures</td>
<td>$ 25,979,951.00</td>
</tr>
<tr>
<td>25% of Prior year (Floor)</td>
<td>$ 6,494,987.75</td>
</tr>
</tbody>
</table>

Amount over policy floor $ 6,996,676.25

Since 2007, the City has re-built the fund balance through the utilization of many one-time revenue sources. As shown below, from 2007 to 2016, $11,056,225 in revenue was generated from a revenue source that doesn’t exist in 2018.

<table>
<thead>
<tr>
<th>Source</th>
<th>Revenue (2007-2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Re-allocation of income tax (6.4%)</td>
<td>$ 6,015,606.00</td>
</tr>
<tr>
<td>Tangible Personal Property Tax</td>
<td>$ 607,069.00</td>
</tr>
<tr>
<td>Estate Tax</td>
<td>$ 4,433,550.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 11,056,225.00</strong></td>
</tr>
</tbody>
</table>

Additionally, the City’s actual expenditures have tracked at about 94% of budgeted levels, creating a positive net cash position over the past three years – and thus increasing the fund balance. The primary source of savings against budgeted expenses comes in the form of position vacancies and the utilization of a compensation system based upon step increases.
If an employee leaves, that position can sit vacant while a hiring process is conducted. At the end of that process the new employee is hired at a Step A and is therefore compensated less than the employee who vacated the position. In the five year period from 2008 – 2012 the City had a total of 30 full-time employees leave service with the City of Worthington. In the five year period from 2013-2017 the City had a total of 59 full-time employees leave. The number of employees who leave service is cyclical and can’t be relied upon to generate future savings.

The chart below shows both the percentage of budgeted appropriations spent between 2015 and 2017 and a comparison of forecasted revenue to actual revenue received during the same time frame.

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>% Spent</th>
<th>Revenue</th>
<th>Forecast</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$28,271,711.00</td>
<td>$25,979,951.00</td>
<td>$2,291,760.00</td>
<td>91.89%</td>
<td>$27,070,242.00</td>
<td>$27,843,418.00</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$27,556,074.00</td>
<td>$26,056,158.00</td>
<td>$1,499,916.00</td>
<td>94.56%</td>
<td>$26,380,846.00</td>
<td>$26,434,268.00</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$25,972,168.00</td>
<td>$24,526,693.00</td>
<td>$1,445,475.00</td>
<td>94.43%</td>
<td>$25,588,095.00</td>
<td>$25,529,026.00</td>
<td></td>
</tr>
</tbody>
</table>

General Fund Risk Factors

As noted earlier, the City’s level of fund balance should be relative to the risks the City is exposed to. These risks include:

- **Vulnerability to extreme events and public safety concerns**: This could include both natural and man-made events. While the City has extensive insurance coverages, cash would need to be available to immediately respond to many emergency situations.

- **Revenue Source Stability**: The primary source of revenue for the City continues to be the municipal income tax, accounting for approximately 75% of all General Fund revenue. 2011 was the first full year of the City’s income tax at the current rate of 2.5%. Since 2011 income tax revenue has grown by 24.12%, while all other General Fund revenue has dropped by 7.23%. In 2017, the top five (5) taxpayers in the City of Worthington accounted for approximately $5,725,000 or 21% of all income tax revenue. In 2017, the top three (3) taxpayers in the City of Worthington accounted for approximately $4,500,000 or 17% of all income tax revenue. Utilizing the 80/20 split of income tax revenue, the top three income tax payers account for 13% of all General Fund revenue. The City’s extreme reliance upon not just one revenue source, but a small subset of businesses within the City is one of the primary reasons for maintaining a healthy fund balance.

- **Expenditure Volatility**: Recurring sources of expenditure volatility could include health insurance costs or fuel costs. It is important to consider that the City of Worthington is a service organization, utilizing employees or contractors to deliver a service. The City does not have the ability to stop or slow production during an economic
downturn. General Fund expenses are 75% personnel costs, which means the most effective way to reduce expenditures is to reduce personnel, and any reduction in personnel would impact service levels.

- **Liquidity**: If budgeted resources are not relatively liquid (i.e. a significant delay exists before revenues are received and available for expenditure) a higher fund balance may be required. This is not an issue with Worthington as our most significant revenue is received consistently on a bi-monthly basis.

- **Other Funds’ Dependency**: Multiple other funds are dependent upon the General Fund for a transfer to ensure solvency. The other funds dependent upon the General Fund for revenue include: Street Maintenance and Repair Fund, State Highway Improvement Fund, Water Fund, Sanitary Sewer Fund, Police Pension Fund and the Economic Development Fund.

- **Leverage**: As of July 31, 2018 the City had outstanding debt of $7,424,848 with plans to issue another $4,460,000 in September of 2018. In 2018, the City will have $1,092,013 in debt service payments. The Debt Service Fund receives approximately $100,000 in property tax revenue annually. Other revenue is received through a transfer from the Capital Improvement Fund. Ultimately, the General Fund serves as the “backstop” to make required debt service payments.

**Benefits of Strong Fund Balances**

The City’s bond rating is impacted by the level of fund balance as a percentage of revenues. For Moody’s, one of the major credit rating agencies, fund balance accounts for 30% of the total credit score (bond rating). To receive a very strong (Aaa) rating, fund balance would need to be in excess of 30% of revenues, 15% - 30% for a strong (Aa) rating, and 5% - 15% for moderate (A) rating. Interestingly, the median General Fund balance as a percentage of revenues for all Ohio Aaa rated cities is 85.8%. Three Aaa rated cities in Central Ohio (Dublin, Powell and Grandview Heights) have a fund balance between 62% - 79% of prior year expenditures. The City plans to be re-rated prior to the planned issuance of debt in 2019 or 2020.

The higher the City’s fund balance, the more cash the City has available to invest, compounding to create a viable source of revenue in interest proceeds. A higher fund balance may also allow the City to serve as its own lender. The City of Dublin does not issue Bond Anticipation Notes, instead borrowing against the General Fund Balance until a time when the bond issuance occurs. In order to accomplish this, the City of Dublin has an adopted Fund Balance Policy of a minimum of 50% of prior year expenditures. In years when the General Fund fund balance is in excess of 75% of prior year expenditures, 25% of the excess is transferred to the Capital Improvement Tax Fund.

**Policy Update**

Please find attached to this memo a draft policy that makes multiple changes to the current policy. Below I have highlighted the changes and the reasoning behind the changes.

---

**Minimum Fund Balance**

---
Current: 25% of previous year’s operating expense (cash balance)

Proposed: 35% - 50% of previous year’s operating expense (unencumbered balance)

Rationale: The City’s heavy reliance on the income tax has necessitated an increase to the minimum fund balance. Staff felt that establishing a range was the best way to balance concerns that the City was holding too large of a fund balance against maintaining an adequate balance. In reviewing the policy of other cities, Dublin (Aaa) is at 50% of prior year expenses, Westerville is at 50% of prior year expenses, Grandview Heights (Aaa) is at 28% of prior year expenses. Fifty percent of prior year expenses would be difficult for the City of Worthington to maintain over an extended period of time. If revenues generally equal expenditures, 35% of prior year expenses puts us comfortably over Moody’s Aaa rating minimum for fund balance as a percentage of revenue (30%). Based upon 2017 expenditure levels, a range of 35% to 50% would equate to a fund balance of approximately $9,000,000 - $13,000,000.

Because encumbrances represent a commitment to pay an expense, staff felt that the unencumbered balance more fairly represented the uncommitted fund balance and should be utilized in lieu of the cash balance. Using the unencumbered balance changes the 12/31/2017 fund balance calculation from 51.93% ($13,491,664) of prior year expenses to 45.59% ($11,843,694) of prior year expenses.

With the 2019 Operating Budget, the City intends to fund a sub-fund for the purpose of setting aside funds for the year (2021) in which we anticipate 27 pays, instead of the normal 26. The 27th pay occurs approximately every eleven (11) years – instead of having of having $550,000 of unfunded liability, staff believes we should be setting aside an amount every year to pay for the year in which there is a 27th pay. The General Fund fund balance calculation would exclude this amount.

**Transfer**

Current: No Transfer

Proposed: 50% of the amount over 50% may be re-directed to the Capital Improvement Fund

Rationale: The addition of a transfer mechanism prevents the City from holding what some might consider an excessive fund balance. Re-directing funds to the CIP allows for more funding for additional capital projects if the General Fund balance exceeds the established top of the range. The remaining balance over 50% would remain in the General Fund.

**Financial Action Plan**

Current: No Action Plan

Proposed: Detailed action plan based upon reserves dropping below certain thresholds

Rationale: It is important for the policy to consider “if then what” for both the top end and bottom of the prescribed range. The financial action plan details the steps that will be followed should reserves drop to varying
levels. This is useful both for consistency and to have a clear actionable plan established if fund balances begin to decline.

**Conclusion**

The Carryover Fund Balance Policy is one of a number of policies that form an institutionalization of sound financial management practices. It is important to remember that it has taken the City three (3) tax increases, the diversion of capital funds, unexpected one-time estate tax revenue, and a Fortune 500 Company moving their corporate headquarters into Worthington to build the City’s fund balance to current levels. The attached revised Carryover Fund Balance Policy addresses the long-term financial health of the City by increasing the minimum carry-over balance, outlining an actionable plan when reserves drop below the policy floor, and incorporating a plan if reserves exceed the City's cap.
City of Worthington, Ohio
General Fund Carryover Balance Policy (Fall 2018)

PURPOSE

A minimum fund balance policy assists the City of Worthington (the “City”) in maintaining the security of major operating funds and contributes to the financial stability of the City by maintaining adequate financial reserves. The minimum fund balance provides financial resources for the City in the event of an emergency or the loss or reduction of a major revenue source. The minimum fund balance policy will allow the Administration and Council to recognize and react to warning indicators of financial stress and set guidelines for proactive measures.

POLICY

At the time of budget preparation, planned appropriations shall be adjusted to ensure that the projected beginning fund balances are consistent with the established amounts as described in this policy.

GENERAL FUND

The minimum unencumbered cash balance in the General Fund will be an amount not less than 35% of prior year General Fund operating expenditures. The City intends to maintain a target unencumbered cash balance of between 35%-50% of prior year General Fund operating expenditures. This calculation shall be made to exclude any balance in a sub-fund utilized for the purpose of accounting for a 27th pay.

MONITORING

Fund balances will be monitored on a month-to-month basis. Monitoring projections will be based upon trend data. The fund balances may drop temporarily below the minimum level due to current operations or emergencies. Additional monitoring and reports will be done per the Financial Action Plan when required.

COMPLIANCE

If it is determined that the City cannot meet the requirements of this policy, the City Manager will include a concise statement in the City Manager’s proposed budget explaining the recommendation to waive the policy. The statement should include the present financial status of the City, a specified timetable for returning to the policy, and reason(s) given for overriding the policy. Should it be determined that the City will not be able to fall within conformance within one year, the Financial Action Plan will be implemented.

TRANSFERS

If, at year end, unencumbered cash balance in the General Fund is over 50% of prior year operating expenditures, City Council may direct 50% of the balance over 50% of the prior year operating expenses to be transferred to the City’s Capital Improvement Fund.

FINANCIAL ACTION PLAN

If it is determined that the General Fund will not be able to meet the required reserve, the financial action plan shall be implemented in various stages:

General Fund:

   A. Step I - Projected reserves drop between 25% and 35%.
       1. If the reserves drop in this range because of a one-time capital purchase, no action will be needed on the assumption that the reserves will be met within one year.
2. If the reserves fall into this range due to recurring expenses, city officials shall during the budget process, reduce all possible appropriations. If this process brings the budget within the required 35% reserve, no further action is required.

B. Step 2 - Projected reserves drop between 15% and 25%.

1. If the reserves drop into this range, the City must take additional measures to limit expenditures and increase revenues.
2. The City Manager and his/her designees shall review all charges and fees and seek additional revenue sources.
3. The use of contractual employees and/or consultants will be closely scrutinized and discouraged.
4. Purchase of capital items shall only be made if absolutely necessary, provided that those purchases do not increase future operating costs.
5. The City will enact a hiring freeze for any additional personnel who are funded through this fund, unless there is a revenue generating program to pay for the individual(s), or if the hire will relieve unmanageable overtime.

C. Step 3 - Projected reserves drop below 15%.

1. Discuss revenue enhancements, tax levies, and reductions in programs and personnel.
2. All nonessential expenditures shall cease.
3. All nonunion wages may be frozen; a request for wage concessions from union employees may be made.
4. The Administration shall prepare a two-year budget projection to determine the long-term financial plan for recovery.
5. The Administration will evaluate and recommend the proposed action plan and present to the full Council for approval.
<table>
<thead>
<tr>
<th>City of Beachwood</th>
<th>Aaa</th>
<th>50%</th>
<th>68%</th>
<th>50% of Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Chardon</td>
<td>Aaa</td>
<td>37%</td>
<td>74%</td>
<td>25% of Expenditures</td>
</tr>
<tr>
<td>City of Columbus</td>
<td>Aaa</td>
<td>77%</td>
<td></td>
<td>Rainy day target of $80M (Currently $73.9M)</td>
</tr>
<tr>
<td>City of Dublin</td>
<td>Aaa</td>
<td>76%</td>
<td>90%</td>
<td>50% of Expenditures No property tax revenue in GF</td>
</tr>
<tr>
<td>City of Grandview Heights</td>
<td>Aaa</td>
<td>62.68%</td>
<td>64%</td>
<td>28% of Expenditures</td>
</tr>
<tr>
<td>City of Powell</td>
<td>Aaa</td>
<td>66%</td>
<td>70%</td>
<td>Varies - Step system</td>
</tr>
<tr>
<td>City of Upper Arlington</td>
<td>Aaa</td>
<td>48%</td>
<td>60%</td>
<td>30% of Expenditures</td>
</tr>
<tr>
<td>City of Westerville</td>
<td>Aaa</td>
<td>66%</td>
<td>75%</td>
<td>50% of Expenditures</td>
</tr>
<tr>
<td>City of Westlake</td>
<td>Aaa</td>
<td>148%</td>
<td>53%</td>
<td>25% of Expenditures Significant property tax revenue</td>
</tr>
<tr>
<td>City of Worthington</td>
<td>N/A</td>
<td>52%</td>
<td>74%</td>
<td>25% of Expenditures</td>
</tr>
<tr>
<td>Village of New Albany</td>
<td>Aaa</td>
<td>68%</td>
<td>85%</td>
<td>30-35% of Expenditures Management target of 65% of Expenditures</td>
</tr>
<tr>
<td>City of Montgomery</td>
<td>Aaa</td>
<td>140% *</td>
<td>64%</td>
<td>Property tax is 25% of GF revenue</td>
</tr>
</tbody>
</table>

Source: City of Worthington Finance Department

These figures are approximate and each City should be contacted directly for information.
CITY OF WORTHINGTON, OHIO
GENERAL FUND
CARRYOVER BALANCE POLICY
As Revised April 2014

A. Purpose

The purpose of this policy is to ensure the financial stability and security of the General Fund of the City of Worthington and to guard against cyclical changes in revenue and expenditures by taking a proactive approach to the financial management of the City.

B. Policy

The City’s General Fund Carryover Balance shall equal or exceed twenty-five percent (25%) of the previous year’s operating expense.

C. Definitions

1. General Fund Carryover Balance – The amount of money left in the primary operating fund of the City (the General Fund) at the end of the fiscal year after the revenue has been received and the expenditures have been paid.

2. Estimated Beginning Fund Balance – The estimated unencumbered fund balance for the beginning of the fiscal year. This is calculated at the time the annual budget is prepared.

3. Anticipated Revenues – The amount of revenue the City of Worthington expects to receive in the upcoming fiscal year to fund annual appropriations.


5. Estimated Ending Fund Balance – An amount equal to the Estimated Beginning Fund Balance plus Anticipated Revenues less Appropriations. The estimated ending fund balance is calculated at the time the budget is prepared and presented to City Council.

D. Scope

This policy applies to the General Fund, which is the primary operating fund for the City of Worthington.
E. **Application**

The estimated ending fund balance will be calculated at the time of annual budget preparation. Estimated ending fund balance will be calculated by taking the budget year’s projected beginning fund balance, plus anticipated revenues, less appropriations. As necessary, annual appropriations shall be adjusted or additional revenue sources identified to ensure that the estimated ending fund balance complies with the General Fund Carryover Balance established in Section B of this policy.

F. **Monitoring**

The General Fund Balance will be monitored and reported to City Council on a quarterly basis. When appropriate, revised revenue and expenditure projections will be included.

G. **Compliance**

There may be circumstances where the fund balance falls below the minimum level due to unforeseen emergencies. Corrective action will be taken in the next annual budget to reduce appropriations or increase revenue to bring the fund balance into compliance with this policy.

If during the annual budget discussions the Administration and/or City Council determine that the City cannot meet the requirements of this policy, then they will include in the annual appropriations ordinance a concise statement explaining the decision to waive the policy. The statement should include the present financial status of the City, a specified timetable for returning to compliance with the policy, and the reason(s) given for overriding the policy.

This policy shall be reviewed at least once every five (5) years with the City Council to determine if it is consistent with the financial needs of the City of Worthington.
Department of Finance
July 2018 Financial Report

Quick Facts

All Funds

<table>
<thead>
<tr>
<th>07/31/2018 Balances</th>
<th>$29,202,268</th>
</tr>
</thead>
<tbody>
<tr>
<td>(January 1, 2018 balance: $26,697,378)</td>
<td></td>
</tr>
</tbody>
</table>

Expenditures

<table>
<thead>
<tr>
<th>07/31/2018 Balance</th>
<th>$15,319,364</th>
</tr>
</thead>
<tbody>
<tr>
<td>(January 1, 2018 balance: $13,491,664)</td>
<td></td>
</tr>
</tbody>
</table>

Highlights & Trends for July 2018

Income Tax Collections

- Income tax revenues are above July 2017 collections by $134,464 or 6.08%; year to date collections are below 2017 year to date by $147,044 or -0.93%.
- Income tax collections are above estimates by $8,030 or 0.05% as of July 31, 2018.
- Refunds issued in July totaled $89,960 with year to date refunds totaling $376,274.

Income Tax Revenue by Account Type

For July of 2018:
- Withholding Accounts – 68.88% of collections
- Individual Accounts – 15.30% of collections
- Net Profit Accounts – 15.82% of collections

For July of 2017:
- Withholding Accounts – 66.31% of collections
- Individual Accounts – 17.49% of collections
- Net Profit Accounts – 16.20% of collections

Expenditures

<table>
<thead>
<tr>
<th>07/31/2018 Balance</th>
<th>$15,319,364</th>
</tr>
</thead>
<tbody>
<tr>
<td>(January 1, 2018 balance: $13,491,664)</td>
<td></td>
</tr>
</tbody>
</table>

Income Tax Refunds as of July

- Expenditures 70.62% of appropriations.
- Revenues above expenditures by $2,504,889.

- Expenditures 89.01% of appropriations.
- Revenues above expenditures by $1,827,700.

Income Tax Year to Date

- Expenditures 70.62% of appropriations.
- Revenues above expenditures by $2,504,889.

- Expenditures 89.01% of appropriations.
- Revenues above expenditures by $1,827,700.
Notable Initiatives & Activities

- Fund balances for all funds increased from $26,697,378 on January 1, 2018 to $29,202,268 as of July 31, 2018, with year to date revenues exceeding expenditures for all funds by $2,504,889.

- For the month of July, fund balances for all funds increased from $28,835,665 as of July 1, 2018 to $29,202,268 as of July 31, 2018, with revenues exceeding expenditures by $366,603.

- Expenditures for all funds tracked at 70.62% of anticipated expenditure levels for the month of July. This percentage is going down as the City appropriates additional funds from the CIP that to date have not been expended.

- The General Fund balance increased from $13,491,664 as of January 1, 2018 to $15,319,364 as of July 31, 2018, with revenues exceeding expenditures by $1,827,700.

- For the month of July, the General Fund balance increased from $15,009,283 on July 1, 2018 to $15,319,364 as of July 31, 2018, with revenues exceeding expenditures by $310,081.

- General Fund revenues are above 2017 revenues by $357,843 and above estimates by $705,277 or 4.28%.
Financial Tracking

July Year to Date
Revenue to Expenditures
All Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$17,903,144</td>
<td>$17,161,619</td>
<td>$741,525</td>
</tr>
<tr>
<td>2010</td>
<td>$14,690,964</td>
<td>$15,233,186</td>
<td>-$542,222</td>
</tr>
<tr>
<td>2011</td>
<td>$19,073,330</td>
<td>$17,482,518</td>
<td>$1,590,812</td>
</tr>
<tr>
<td>2012</td>
<td>$19,950,893</td>
<td>$17,881,579</td>
<td>$2,069,314</td>
</tr>
<tr>
<td>2013</td>
<td>$21,533,456</td>
<td>$19,357,478</td>
<td>$2,175,978</td>
</tr>
<tr>
<td>2014</td>
<td>$21,855,984</td>
<td>$19,798,145</td>
<td>$2,057,839</td>
</tr>
<tr>
<td>2015</td>
<td>$21,439,644</td>
<td>$20,263,465</td>
<td>$1,176,179</td>
</tr>
<tr>
<td>2016</td>
<td>$23,373,717</td>
<td>$20,197,882</td>
<td>$3,175,835</td>
</tr>
<tr>
<td>2017</td>
<td>$25,961,174</td>
<td>$21,290,611</td>
<td>$4,670,563</td>
</tr>
<tr>
<td>2018</td>
<td>$22,736,926</td>
<td>$20,232,037</td>
<td>$2,504,889</td>
</tr>
</tbody>
</table>

July Year to Date
General Fund
Cash Position

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$13,794,215</td>
<td>$13,350,138</td>
<td>$444,077</td>
</tr>
<tr>
<td>2010</td>
<td>$12,078,576</td>
<td>$12,724,482</td>
<td>-$645,906</td>
</tr>
<tr>
<td>2011</td>
<td>$14,226,169</td>
<td>$13,438,912</td>
<td>$787,257</td>
</tr>
<tr>
<td>2012</td>
<td>$14,911,845</td>
<td>$13,772,820</td>
<td>$1,139,025</td>
</tr>
<tr>
<td>2013</td>
<td>$15,898,570</td>
<td>$14,166,555</td>
<td>$1,731,965</td>
</tr>
<tr>
<td>2014</td>
<td>$14,831,184</td>
<td>$14,148,512</td>
<td>$682,672</td>
</tr>
<tr>
<td>2015</td>
<td>$15,163,876</td>
<td>$14,377,905</td>
<td>$785,971</td>
</tr>
<tr>
<td>2016</td>
<td>$15,322,439</td>
<td>$15,201,931</td>
<td>$1,307,508</td>
</tr>
<tr>
<td>2017</td>
<td>$16,813,973</td>
<td>$15,192,083</td>
<td>$1,621,890</td>
</tr>
<tr>
<td>2018</td>
<td>$17,171,816</td>
<td>$15,344,115</td>
<td>$1,827,701</td>
</tr>
</tbody>
</table>
July 2018
Cash Reconciliation

Total Fund Balances: $29,202,267.80

Depository Balances:
General Account: $9,385,601.06

Total Bank Balances: $9,385,601.06

Investment Accounts:
Certificates of Deposits: $6,912,977.16
Certificates of Deposits (EMS) 2,094,000.00
Star Ohio/Star Plus 3,254,409.09
Fifth Third MMKT/CDs 7,482,667.65
Bicentennial Fund CD 71,022.84

Total Investment Accounts: $19,815,076.74

Petty Cash/Change Fund: 1,590.00

Total Treasury Balance as of July 31, 2018 $29,202,267.80

Total Interest Earnings as of July 31, 2018 $201,194.77

Average Interest Earnings 1.71%

Debt Statement

<table>
<thead>
<tr>
<th>Issuance</th>
<th>Purpose</th>
<th>Maturity</th>
<th>Rate</th>
<th>Principal Balance</th>
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<tbody>
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<td>2015</td>
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<td>$561,747.96</td>
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<td>Total Principal Debt Balance</td>
<td></td>
<td></td>
<td>$7,424,848.46</td>
</tr>
</tbody>
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### City of Worthington

**Fund Summary Report**

as of July 31, 2018

<table>
<thead>
<tr>
<th>FUND</th>
<th>Beginning Balance</th>
<th>Year to Date Revenue</th>
<th>Year to Date Actual Expenses</th>
<th>7/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>General Fund</td>
<td>$13,491,664</td>
<td>$17,171,814.80</td>
<td>$15,319,363.21</td>
</tr>
<tr>
<td>202</td>
<td>Street M&amp;R</td>
<td>3,573</td>
<td>$528,966.31</td>
<td>$33,663.21</td>
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<tr>
<td>203</td>
<td>State Highway</td>
<td>14,156</td>
<td>$55,722.61</td>
<td>$5,303.91</td>
</tr>
<tr>
<td>204</td>
<td>Water</td>
<td>87,817</td>
<td>$105,830.91</td>
<td>$30,190.50</td>
</tr>
<tr>
<td>205</td>
<td>Sewer</td>
<td>66,268</td>
<td>$26,077.44</td>
<td>$40,406.85</td>
</tr>
<tr>
<td>212</td>
<td>Police Pension</td>
<td>596,983</td>
<td>$108,234.86</td>
<td>$355,891.89</td>
</tr>
<tr>
<td>214</td>
<td>Law Enforcement Trust</td>
<td>71,890</td>
<td>$5,947.68</td>
<td>$2,200.00</td>
</tr>
<tr>
<td>215</td>
<td>Municipal MV License Tax</td>
<td>167,714</td>
<td>$72,762.20</td>
<td>$240,476.00</td>
</tr>
<tr>
<td>216</td>
<td>Enforcement/Education</td>
<td>48,817</td>
<td>$352.50</td>
<td>$49,169.92</td>
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<tr>
<td>217</td>
<td>Community Technology</td>
<td>80,000</td>
<td>$0.00</td>
<td>$26,004.00</td>
</tr>
<tr>
<td>218</td>
<td>Court Clerk Computer</td>
<td>234,893</td>
<td>$7,572.00</td>
<td>$240,511.69</td>
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<td>219</td>
<td>Economic Development</td>
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<td>220</td>
<td>FEMA Grant</td>
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<td>$0.00</td>
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<td>221</td>
<td>Law Enf CED</td>
<td>7,480</td>
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<td>224</td>
<td>Parks &amp; Rec Revolving</td>
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<td>$642,804.13</td>
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<td>229</td>
<td>Special Parks</td>
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<td>2003 Bicentennial</td>
<td>71,536</td>
<td>$516.31</td>
<td>$72,052.63</td>
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<td>306</td>
<td>Trunk Sewer</td>
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<td>308</td>
<td>Capital Improvements</td>
<td>8,606,289</td>
<td>$3,636,126.25</td>
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<td>313</td>
<td>County Permissive Tax</td>
<td>-</td>
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<td>$0.00</td>
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<td>409</td>
<td>General Bond Retirement</td>
<td>1,063,223</td>
<td>$61,318.71</td>
<td>$1,059,275.83</td>
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<td>410</td>
<td>Special Assessment Bond</td>
<td>278,448</td>
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<td>825</td>
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<td>82,141</td>
<td>$2,160.55</td>
<td>$2,087.48</td>
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<tr>
<td>830</td>
<td>OBBS</td>
<td>2,074</td>
<td>$0.00</td>
<td>$0.00</td>
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<tr>
<td>838</td>
<td>Petty Cash</td>
<td>1,530</td>
<td>$60.00</td>
<td>$1,590.00</td>
</tr>
<tr>
<td>910</td>
<td>Worthington Sta TIF</td>
<td>11,705</td>
<td>$15,632.36</td>
<td>$27,160.58</td>
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<tr>
<td>920</td>
<td>Worthington Place (The Heights) TIF</td>
<td>285,098</td>
<td>$85,422.60</td>
<td>$357,685.03</td>
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<tr>
<td>930</td>
<td>933 High St. MPI TIF Fund</td>
<td>16,460</td>
<td>$0.00</td>
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<tr>
<td>935</td>
<td>Downtown Worthington MPI TIF</td>
<td>-</td>
<td>$76,541.96</td>
<td>$76,541.96</td>
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<tr>
<td>940</td>
<td>Worthington Square TIF</td>
<td>-</td>
<td>$13,936.52</td>
<td>$13,936.52</td>
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<tr>
<td>945</td>
<td>W Dublin Granville Rd. MPI TIF</td>
<td>-</td>
<td>$48,545.50</td>
<td>$48,545.50</td>
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<tr>
<td>999</td>
<td>PACE Fund</td>
<td>-</td>
<td>$16,488.37</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**Total All Funds**

$26,697,378.45  $22,736,924.97  $20,232,036.62  $29,202,267.80
## City of Worthington, Ohio
### General Fund Overview
#### as of July 31, 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Income Tax</td>
<td>$21,006,562</td>
<td>$20,635,497</td>
<td>$20,635,497</td>
<td>$12,578,516</td>
<td>$12,584,940</td>
<td>6,424</td>
<td>0.05%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$2,628,416</td>
<td>$2,783,850</td>
<td>$2,783,850</td>
<td>$1,391,925</td>
<td>$1,634,333</td>
<td>242,408</td>
<td>17.42%</td>
</tr>
<tr>
<td>Local Government</td>
<td>*351,928</td>
<td>350,000</td>
<td>350,000</td>
<td>204,167</td>
<td>209,279</td>
<td>5,113</td>
<td>2.50%</td>
</tr>
<tr>
<td>Inheritance Tax</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00%</td>
</tr>
<tr>
<td>Interest Income</td>
<td>*157,159</td>
<td>200,000</td>
<td>200,000</td>
<td>116,667</td>
<td>90,520</td>
<td>(26,147)</td>
<td>-22.41%</td>
</tr>
<tr>
<td>Township Fire Service</td>
<td>*1,263,448</td>
<td>1,455,500</td>
<td>1,455,500</td>
<td>849,042</td>
<td>865,031</td>
<td>15,989</td>
<td>1.88%</td>
</tr>
<tr>
<td>Community Center Membership/Progr</td>
<td>*671,816</td>
<td>675,000</td>
<td>675,000</td>
<td>393,750</td>
<td>349,285</td>
<td>(44,465)</td>
<td>-11.29%</td>
</tr>
<tr>
<td>EMS Transport</td>
<td>*1,243,865</td>
<td>1,203,794</td>
<td>1,203,794</td>
<td>572,472</td>
<td>826,568</td>
<td>256,096</td>
<td>44.74%</td>
</tr>
</tbody>
</table>

**Total Revenues**

$27,843,417

$27,988,642

$27,988,642

$16,466,538

$17,171,815

$705,277

4.28%

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning &amp; Building</td>
<td>$658,913</td>
<td>$777,207</td>
<td>$855,210</td>
<td>$498,873</td>
<td>$380,719</td>
<td>(118,154)</td>
<td>76.32%</td>
</tr>
<tr>
<td>General Government</td>
<td>6,639,741</td>
<td>7,155,413</td>
<td>7,167,413</td>
<td>3,966,794</td>
<td>3,631,462</td>
<td>(335,332)</td>
<td>91.55%</td>
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<tr>
<td>Fire Operations</td>
<td>6,068,468</td>
<td>6,788,356</td>
<td>6,788,356</td>
<td>3,958,709</td>
<td>3,365,355</td>
<td>(593,353)</td>
<td>85.01%</td>
</tr>
<tr>
<td>Parks &amp; Recreation</td>
<td>4,444,601</td>
<td>4,893,143</td>
<td>4,893,143</td>
<td>2,654,333</td>
<td>2,066,998</td>
<td>(587,335)</td>
<td>91.33%</td>
</tr>
<tr>
<td>Police Operations</td>
<td>5,589,964</td>
<td>6,102,395</td>
<td>6,102,395</td>
<td>3,599,730</td>
<td>3,271,667</td>
<td>(328,063)</td>
<td>91.91%</td>
</tr>
<tr>
<td>Service/Engineering Department</td>
<td>2,087,607</td>
<td>2,679,803</td>
<td>2,679,803</td>
<td>1,563,218</td>
<td>1,342,696</td>
<td>(220,522)</td>
<td>85.89%</td>
</tr>
</tbody>
</table>

**Total Expenditures**

$25,487,293

$28,394,316

$28,484,317

$16,401,657

$14,598,898

$1,802,758

89.01%

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance at Beginning of Year</td>
<td>$11,628,193</td>
<td>$13,491,663</td>
<td>$13,491,663</td>
<td>$13,491,663</td>
<td>$13,491,663</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Unexpended Appropriations (98.0%)</td>
<td>567,866</td>
<td>569,668</td>
<td>332,317</td>
<td>1 - Income Tax budget based on individual monthly projections.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures versus Prior Year Enc</td>
<td>492,655</td>
<td>1,647,970</td>
<td>1,647,970</td>
<td>961,315</td>
<td>745,216</td>
<td>2 - These revenue budgets are based on semi-annual payments.</td>
<td></td>
</tr>
<tr>
<td>General Fund Balance</td>
<td>$13,491,663</td>
<td>$12,005,905</td>
<td>$11,917,704</td>
<td>$12,927,546</td>
<td>$15,319,364</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 - Income Tax budget based on individual monthly projections.

2 - These revenue budgets are based on semi-annual payments.

* - All other revenue budgets are spread equally over each month.

**Fund Balance at End of Year includes the General Fund Reserve.**

Revised Budget includes all revenue amendments and supplemental appropriation ordinances approved to date.

All expenditure budgets are spread equally over each month.

---

Department of Finance – July 2018
Quick Facts

**Highlights & Trends for August 2018**

**Income Tax Collections**
- Income tax revenues are below August 2017 collections by $-92,227 or -3.59%; year to date collections are below 2017 year to date by $-239,272.10 or -1.30%.
- Income tax collections are below estimates by $-83,204.58 or 0.45% as of August 31, 2018.
- Refunds issued in August totaled $59,062 with year to date refunds totaling $435,336.

**Income Tax Revenue by Account Type**

- For August of 2018:
  - Withholding Accounts – 89.65% of collections
  - Individual Accounts – 5.31% of collections
  - Net Profit Accounts – 5.04% of collections

- For August of 2017:
  - Withholding Accounts – 88.00% of collections
  - Individual Accounts – 7.57% of collections
  - Net Profit Accounts – 4.43% of collections
## Highlights & Trends for August 2018 (continued)

### General Fund Revenue

- Municipal Income Tax: 69.87%
- Property Tax: 4.61%
- Local Government: 1.93%
- Interest Income: 1.13%
- Fines & Forfeitures: 1.11%
- Township Fire Service: 0.49%
- Community Center Membership/Programs: 2.21%
- EMS Transport: 4.55%
- All Other Revenue: 106.21%

### General Fund Expenses

- Planning & Building: 2.65%
- General Government: 24.14%
- Fire Operations: 22.57%
- Parks & Recreation: 9.17%
- Police Operations: 23.23%
- Service/Engineering Department: 18.24%

## Notable Initiatives & Activities

- **Fund balances for all funds increased from $26,697,378 on January 1, 2018 to $29,413,909 as of August 31, 2018, with year to date revenues exceeding expenditures for all funds by $2,716,530.**

- For the month of August, fund balances for all funds increased from $29,202,268 as of August 1, 2018 to $29,413,909 as of August 31, 2018, with revenues exceeding expenditures by $211,641.

- Expenditures for all funds tracked at 76.12% of anticipated expenditure levels for the month of August.

- The General Fund balance increased from $13,491,664 as of January 1, 2018 to $16,036,017 as of August 31, 2018, with revenues exceeding expenditures by $2,544,353.51.

- For the month of August, the General Fund balance increased from $15,319,364 on August 1, 2018 to $16,036,017 as of August 31, 2018, with revenues exceeding expenditures by $716,653. It should be noted that the City received the 2nd half property tax distribution in August, which is the final distribution for 2018.

- General Fund revenues are above 2017 revenues by $629,751 and above estimates by $379,611 or 1.85%. 
Financial Tracking

August Year to Date Revenue to Expenditures
All Funds

August Year to Date General Fund Cash Position
June 2018
Cash Reconciliation

Total Fund Balances: $29,413,909.24

Depository Balances:

General Account: $9,582,408.94

Total Bank Balances: $9,582,408.94

Investment Accounts:

Certificates of Deposits: $6,912,977.16
Certificates of Deposits (EMS) 2,094,000.00
Star Ohio/Star Plus 3,260,117.10
Fifth Third MMKT/CDs 7,491,793.20
Bicentennial Fund CD 71,022.84

Total Investment Accounts: $19,829,910.30

Petty Cash/Change Fund: 1,590.00

Total Treasury Balance as of August 31, 2018 $29,413,909.24

Total Interest Earnings as of August 31, 2018 $231,228.02

Average Interest Earnings 1.71%

Debt Statement

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<th>Maturity</th>
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<th>Principal Balance</th>
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<td>2008</td>
<td>OPWC 0% Loan – ADA Ramps</td>
<td>December 2028</td>
<td>0%</td>
<td>$ 78,100.50</td>
</tr>
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<td>2015</td>
<td>OPWC 0% Loan – Kenyonbrook</td>
<td>December 2045</td>
<td>0%</td>
<td>$ 561,747.96</td>
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<td></td>
<td>Total Principal Debt Balance</td>
<td></td>
<td></td>
<td>$7,424,848.46</td>
</tr>
</tbody>
</table>
City of Worthington  
Fund Summary Report  
as of August 31, 2018

<table>
<thead>
<tr>
<th>FUND</th>
<th>1/1/2018 Beginning Balance</th>
<th>Year to Date Actual Revenue</th>
<th>Year to Date Actual Expenses</th>
<th>8/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>$13,491,664</td>
<td>$20,845,416.84</td>
<td>$18,301,063.33</td>
<td>$16,036,017.27</td>
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<tr>
<td>202</td>
<td>3,573</td>
<td>$588,160.76</td>
<td>$584,353.39</td>
<td>$7,380.25</td>
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<tr>
<td>203</td>
<td>14,156</td>
<td>$60,522.16</td>
<td>$75,863.98</td>
<td>-$1,185.39</td>
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<tr>
<td>204</td>
<td>87,817</td>
<td>$110,191.01</td>
<td>$172,688.16</td>
<td>$25,320.02</td>
</tr>
<tr>
<td>205</td>
<td>66,268</td>
<td>$30,063.92</td>
<td>$58,077.20</td>
<td>$38,254.26</td>
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<tr>
<td>212</td>
<td>596,983</td>
<td>$195,390.72</td>
<td>$427,467.27</td>
<td>$364,906.73</td>
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<tr>
<td>214</td>
<td>71,890</td>
<td>$5,947.68</td>
<td>$2,500.00</td>
<td>$75,338.17</td>
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<tr>
<td>215</td>
<td>167,714</td>
<td>$83,209.70</td>
<td>$0.00</td>
<td>$250,923.50</td>
</tr>
<tr>
<td>216</td>
<td>48,817</td>
<td>$377.50</td>
<td>$0.00</td>
<td>$49,194.92</td>
</tr>
<tr>
<td>217</td>
<td>80,000</td>
<td>$0.00</td>
<td>$56,591.00</td>
<td>$23,409.00</td>
</tr>
<tr>
<td>218</td>
<td>234,893</td>
<td>$8,604.00</td>
<td>$7,312.82</td>
<td>$236,183.69</td>
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<tr>
<td>219</td>
<td>561,016</td>
<td>$16,756.42</td>
<td>$255,658.31</td>
<td>$322,114.01</td>
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<tr>
<td>220</td>
<td>15,884</td>
<td>$15,883.50</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>221</td>
<td>7,480</td>
<td>$12,880.00</td>
<td>$0.00</td>
<td>$20,360.00</td>
</tr>
<tr>
<td>224</td>
<td>427,916</td>
<td>$741,619.52</td>
<td>$635,775.50</td>
<td>$346,878.60</td>
</tr>
<tr>
<td>229</td>
<td>27,654</td>
<td>$7,033.50</td>
<td>$0.00</td>
<td>$72,052.63</td>
</tr>
<tr>
<td>253</td>
<td>71,536</td>
<td>$516.31</td>
<td>$0.00</td>
<td>$725,148.75</td>
</tr>
<tr>
<td>306</td>
<td>375,149</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$375,148.75</td>
</tr>
<tr>
<td>308</td>
<td>8,604,289</td>
<td>$4,134,622.50</td>
<td>$4,039,173.63</td>
<td>$8,701,737.68</td>
</tr>
<tr>
<td>313</td>
<td>-</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>409</td>
<td>1,063,223</td>
<td>$110,695.36</td>
<td>$1,108,652.48</td>
<td>$47,638.93</td>
</tr>
<tr>
<td>410</td>
<td>278,448</td>
<td>$0.00</td>
<td>$278,447.93</td>
<td>$0.00</td>
</tr>
<tr>
<td>825</td>
<td>82,141</td>
<td>$42,619.00</td>
<td>$77,121.00</td>
<td>$47,638.93</td>
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<tr>
<td>830</td>
<td>2,074</td>
<td>$3,139.81</td>
<td>$2,670.76</td>
<td>$0.00</td>
</tr>
<tr>
<td>838</td>
<td>1,530</td>
<td>$60.00</td>
<td>$1,590.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>910</td>
<td>11,705</td>
<td>$26,131.44</td>
<td>$295,660</td>
<td>$37,540.69</td>
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<tr>
<td>920</td>
<td>285,098</td>
<td>$173,438.66</td>
<td>$432,863.14</td>
<td>$0.00</td>
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<tr>
<td>930</td>
<td>16,460</td>
<td>$81,047.49</td>
<td>$96,589.43</td>
<td>$0.00</td>
</tr>
<tr>
<td>935</td>
<td>-</td>
<td>$138,648.40</td>
<td>$0.00</td>
<td>$138,648.40</td>
</tr>
<tr>
<td>940</td>
<td>-</td>
<td>$27,873.04</td>
<td>$557.60</td>
<td>$0.00</td>
</tr>
<tr>
<td>945</td>
<td>-</td>
<td>$97,091.00</td>
<td>$1,091.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>999</td>
<td>-</td>
<td>$32,976.74</td>
<td>$32,976.74</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Total All Funds  | $26,697,378.45  | $27,575,033.48  | $24,858,502.69  | $29,413,909.24  |
### General Fund Overview as of August 31, 2018

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year End</td>
<td>Original Budget</td>
<td>Revised Budget</td>
<td>Y-T-D Estimates</td>
<td>August Actual</td>
<td>as % of</td>
<td>Over/(Under) Budget</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Budget</td>
<td>Amount</td>
</tr>
<tr>
<td>Municipal Income Tax</td>
<td>$21,006,562</td>
<td>$20,635,497</td>
<td>$20,635,497</td>
<td>$14,631,227</td>
<td>$14,564,663</td>
<td>-0.45%</td>
<td>$(66,564)</td>
</tr>
<tr>
<td>Property Tax</td>
<td>2,628,416</td>
<td>$2,783,850</td>
<td>$2,783,850</td>
<td>$2,783,850</td>
<td>$2,939,140</td>
<td>5.58%</td>
<td>$155,290</td>
</tr>
<tr>
<td>Local Government</td>
<td>* 351,928</td>
<td>350,000</td>
<td>350,000</td>
<td>233,333</td>
<td>235,807</td>
<td>1.06%</td>
<td>$2,473</td>
</tr>
<tr>
<td>Inheritance Tax</td>
<td>2 * 157,159</td>
<td>200,000</td>
<td>200,000</td>
<td>133,333</td>
<td>102,715</td>
<td>-23.96%</td>
<td>$(30,619)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>* 215,776</td>
<td>210,000</td>
<td>210,000</td>
<td>140,000</td>
<td>231,228</td>
<td>65.16%</td>
<td>$(91,228)</td>
</tr>
<tr>
<td>Township Fire Service</td>
<td>2 304,448</td>
<td>475,000</td>
<td>475,000</td>
<td>475,000</td>
<td>461,164</td>
<td>-2.91%</td>
<td>$(13,836)</td>
</tr>
<tr>
<td>Community Center Membership/Program</td>
<td>* 1,263,448</td>
<td>1,455,500</td>
<td>1,455,500</td>
<td>970,333</td>
<td>948,987</td>
<td>-2.20%</td>
<td>$(16,346)</td>
</tr>
<tr>
<td>EMS Transport</td>
<td>* 671,816</td>
<td>675,000</td>
<td>675,000</td>
<td>450,000</td>
<td>401,315</td>
<td>-10.82%</td>
<td>$(48,685)</td>
</tr>
<tr>
<td>All Other Revenue</td>
<td>* 1,243,865</td>
<td>1,203,794</td>
<td>1,203,794</td>
<td>648,729</td>
<td>960,399</td>
<td>48.04%</td>
<td>$(311,669)</td>
</tr>
</tbody>
</table>

**Total Revenues**

$27,843,417 | $27,988,642 | $27,988,642 | $20,465,806 | $20,845,417 | $379,611 | 1.85% |

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning &amp; Building</td>
<td>658,913</td>
<td>777,207</td>
<td>855,210</td>
<td>570,140</td>
<td>457,457</td>
<td>(112,683)</td>
</tr>
<tr>
<td></td>
<td>General Government</td>
<td>6,639,741</td>
<td>7,155,413</td>
<td>7,167,413</td>
<td>4,463,219</td>
<td>4,174,418</td>
<td>(288,800)</td>
</tr>
<tr>
<td></td>
<td>Fire Operations</td>
<td>6,066,466</td>
<td>6,786,356</td>
<td>6,786,356</td>
<td>4,524,237</td>
<td>4,017,170</td>
<td>(507,068)</td>
</tr>
<tr>
<td></td>
<td>Parks &amp; Recreation</td>
<td>4,444,601</td>
<td>4,893,143</td>
<td>4,893,143</td>
<td>3,262,095</td>
<td>3,154,458</td>
<td>(107,638)</td>
</tr>
<tr>
<td></td>
<td>Police Operations</td>
<td>5,589,964</td>
<td>6,102,395</td>
<td>6,102,395</td>
<td>4,068,263</td>
<td>3,903,509</td>
<td>(164,755)</td>
</tr>
<tr>
<td></td>
<td>Service/Engineering Department</td>
<td>2,087,807</td>
<td>2,679,803</td>
<td>2,679,803</td>
<td>1,786,535</td>
<td>1,586,607</td>
<td>(199,928)</td>
</tr>
</tbody>
</table>

**Total Expenditures**

$25,487,293 | $28,394,316 | $28,484,317 | $18,674,490 | $17,293,619 | $(1,380,871) | 92.61% |

**Excess of Revenues Over (Under) Expenditures**

$2,356,125 | $(405,674) | $(496,675) | $1,791,316 | $3,551,798 |

**Fund Balance at Beginning of Year**

$11,628,193 | $13,491,663 | $13,491,663 | $13,491,663 | $13,491,663 |

Unexpended Appropriations (98.0%)

1 - Income Tax budget based on individual monthly projections.

2 - These revenue budgets are based on semi-annual payments.

Expenditures versus Prior Year Enc

492,655 | 1,647,970 | 1,647,970 | 961,315.75 | 1,007,445

* - All other revenue budgets are spread equally over each month.