

FINANCE COMMITTEE MINUTES
MAY 20, 2014

The Finance Committee meeting was held on May 20, 2014 at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:23 p.m.

PRESENT: Committee Members: Chairman Larry Antoskiewicz, Vice Chair Gary Petrusky, Paul Marnecheck; Council: Dan Kasaris, Dan Langshaw, Steve Muller, John Nickell; Administration: Finance Director Eric Dean; Service Director Nick Cinquepalmi, Wastewater Supt. Tim Tigue, Other: Don Harris.

APPROVAL OF MINUTES

Moved by Mr. Petrusky, seconded by Mr. Marnecheck to **approve the April 15, 2014 Finance Committee minutes.** Yeas: 3. Nays: 0. **Motion carried.**

UNFINISHED BUSINESS

1. **Monthly Finance report including tax collections status**

Mr. Dean said that the city ended the month of April with a general fund balance of \$725,000 and overall cash in the bank of \$17 million. He said that the city income tax for the month was down quite a bit compared to last year. He said that he looked into this and sent an email to Council regarding this. He said there are two different numbers when talking about tax collections. There are net collections which is actually the cash you get in the bank at the end of the day, and the gross collections is what was actually earned. He said the difference is that there are some deductions. RITA takes out their 3% for collections, and they take out their legal fees. In 2013 our gross was \$14.12 million and our net was \$13.6 million. He said there is definitely a distinction between net and gross. He prefers to use the net number as the number we look at because at the end of the day that is actually what we receive in the bank and a truer number to use. Mr. Antoskiewicz said that based on the extension that RITA gave to residents for collections, the wise thing to do is to see what happens in June for the May collections because there may be some late money coming in. Mr. Dean said this is correct. He said that our big collection month is May. He said with the extended deadline, those payments were not processed with the monthly collections and it will bleed into the next month's distribution. Discussion ensued regarding the cutoff dates and when money may or may not be distributed. Mr. Kasaris asked how much of an extension RITA gave to the residents. Mr. Dean said it was a one week extension. Mr. Dean reviewed the email he sent to Council, a copy of which is attached to these minutes. He said that rather than looking at it month to month, he feels we would be better off if we looked at a percent collected of the budget vs. where we were last year percentage wise. This would give us a better understanding of where we actually are. These timing issues are going to continue in the future. Mr. Petrusky said that by just showing a percentage instead of actual dollars you may not see the trending of the dollars start to taper. Even though the dollars would taper compared to previous years, the total percentage of income that we are anticipating is still going to increase, so he said we are not getting the whole picture and he feels we still need both scenarios. Mr. Dean said that he doesn't dispute that it can be looked at both ways. Mr. Dean stated that he feels looking at withholding taxes is the most predictable barometer on collections for the year. It is difficult to predict what net profit or individual taxes will be due because everybody's circumstances are different. Mr. Langshaw asked how much we are down for May. Mr. Dean said what we received in May this year was \$1.78 million and what we received in May 2013 was \$2.22 million. May 2013 was our highest collection month and was 95% over our average, so it was a spike.

2. **Overtime**

Mr. Dean reviewed the report sent to Council regarding overtime, a copy of which is attached to these minutes. Mr. Dean said that we are in the middle of a payroll and he knows that this upcoming payroll is going to have high overtime in several departments due to the storm. General discussion ensued regarding the various departmental overtime contained in the report. Mr. Kasaris asked Mr. Tigue how bad the storm effected the plants. Mr. Tigue said they had 4 feet of flowing river water covering 70% of A Plant. We had 3 feet of flowing river water covering 50% of B Plant. We were fortunate that we were able to isolate the electrical gear rooms with sand bags. Every pump ran that needed to run. There were

no power failures at either plant. He said the river mud was 2 feet over the aeration tanks which means we were not doing any treatment at all for about a day. He said that every pump was running in the influent. The plant is designed for 12 million gallons and we were pumping 28 million gallons.

3. **Capital Improvements/City Hall Financing**

Mr. Dean said that the money is in the bank. He said that it is his understanding that construction will begin next Monday.

NEW BUSINESS

No new business.

MISCELLANEOUS

1. Mr. Dean said they are finishing the finalization of the YMCA and he is actually getting the money tomorrow for the bonds and then he will be paying the note back on Thursday. This also includes the street note that we rolled over for one more year. He said that they are also finalizing the refunding of the 2005 bonds that we have. We are able to call the bonds in early if we can refinance them at a better rate. We were able to do that. He said the average rate for 2005 was 4.4% and we can get it down to 2.34% by refinancing. He will have the final numbers for this at the next meeting but it should result in at least \$100,000 savings. Mr. Kasaris asked when we will be getting our first check from the YMCA. Mr. Dean said it will be very shortly. Mr. Kasaris asked if the first payment will be all of the donations, etc. Mr. Dean said that we have already received this and it was \$51,500.

ADJOURNMENT

Moved by Mr. Marnecheck, seconded by Mr. Petrusky **to adjourn the May 20, 2014 meeting.** Yeas: 3.

Nays: 0. **Motion carried.**

Meeting adjourned at 6:46 p.m.