

**FINANCE COMMITTEE MINUTES
FEBRUARY 21, 2017**

The Finance Committee meeting was held on February 21, 2017 at North Royalton City Hall, 14600 State Road. The meeting was called to order at 6:24 p.m.

PRESENT: Committee Members: Chairman Larry Antoskiewicz, Vice Chair Gary Petrusky, Paul Marnecheck; Council: John Nickell, Dan Langshaw, Cheryl Hannan, Dan Kasaris; Administration: Mayor Robert Stefanik, Law Director Thomas Kelly, Finance Director Eric Dean, Fire Chief Robert Chegan, Service Director Nick Cinquepalmi, Asst. Law Director Donna Vozar; Other: Lou Krzepina.

APPROVAL OF MINUTES

Moved by Mr. Marnecheck, seconded by Mr. Petrusky to **approve the January 17, 2017 Finance Committee minutes.** Yeas: 3. Nays: 0. **Motion carried.**

UNFINISHED BUSINESS

1. **Monthly Finance report including tax collections status**
Mr. Dean reviewed this report, a copy of which are attached to these minutes.

2. **Overtime**
Mr. Dean reviewed this report, a copy of which are attached to these minutes.

NEW BUSINESS

1. **Annual Credit Report**

Mr. Antoskiewicz said that we have received our annual report from Moody's and asked Mr. Dean to review this report. Mr. Dean said that Moody's is the largest municipal debt and credit rating agency. When we go to issue debt, we get a rating from Moody's and they let investors know how risky our debt is. The new report reaffirms what our rating is. We are at Aa2 which is the third highest rating and is slightly better than average. He said that there were some nice things in the report and said that we had a good balance of property tax value and slightly increased economic indicators for our residents. The report also stated that we had a slightly lower debt burden compared to other cities our size. Overall, Mr. Dean said that the report was positive and it is good to see that Moody's recognizes that we have a solid economic foundation and there is no action needed regarding our credit rating. Mr. Antoskiewicz asked if we had a Aa2 rating last year as well. Mr. Dean said yes. About 3 years ago Moody's had a negative outlook on us which means that they were predicting that it might get worse. He said that we weathered that storm and we got the negative removed from our report. He said of all the ratings, this is one of the most important for the city because it effects how we can borrow money and how much interest we pay on that. Mr. Marnecheck asked if the lack of a negative outlook is considered a positive outlook. Mr. Dean said that Moody's does issue positive outlooks but we are not at that point. He said a positive outlook would mean that Moody's indicators state that our rating could move up. For this to happen they would want to see a lot more money at the end of the year in our balances, which is debatable if this is something we want to do. He said that if you look at all the city ratings in Ohio, we are at the higher end and this is a positive for the city.

Mr. Kasaris said that he saw an article in the Plain Dealer regarding the state budget for the next two years. He said that it stated that we are getting an increase in state funding and asked Mr. Dean if this was correct. Mr. Dean said that Mr. Kasaris is talking about the local government funds and it comes from the state income tax and the general revenue of the state. They have not really changed it. We did get cut starting in 2011, but this year they are proposing a new formula which will show an increase for the city for the next two years of about \$150,000. He said that the state based this on the fact that we are more of a residential city so they looked at the number of households and divided it up that way. If you look at the cities that received cuts, they are cities that have more businesses and not as many residents. He said percentage wise we were the highest increase in Cuyahoga County. He said that it is hard to say if this will go through on their budget. Mr. Kasaris asked what we used to get compared to what we are proposed to be getting now. Mr. Dean said that between 2004 and 2010 we averaged about \$1.2 million

between the local government and the state tax. Last year we received \$350,000. This is a significant cut and even with the additional \$150,000 it is not anywhere close to what we used to receive. Mr. Kasaris asked how much Mr. Dean includes in our budget from Columbus. Mr. Dean says that the state provides him with an estimate and he uses this estimate for our budget purposes. He said that he is looking at \$280,000 this year from local government funds. He said it varies because it is based on a percentage of tax collections, so it could go up or down based on how much money is collected. Mr. Kasaris asked when we would know if we are getting the additional funds. Mr. Dean said that these additional monies, if approved, would be for 2018 and 2019 and this is what we could expect for the next two year budget cycle. Mr. Langshaw asked if it is true that since 2011 we have lost at least \$5 million in state cuts. Mr. Dean said yes. If you look at the entire time from 2011 through 2016 we have lost over \$5 million which is significant considering our overall operating budget is around \$14 million. Mr. Langshaw asked where the local governments funds come from. Mr. Dean said that it is state sales tax. They have a fund called the General Revenue Fund where all the money goes and it is actually 1.6% of their collections. It used to be double that. There are different ways that the state allocates this money. They give some to the county and they give some directly. Mr. Langshaw asked if the state is looking to increase. Mr. Dean said that he has heard some talk that they are looking at making that fund whole, but that seems to have gone away. Now they are just reallocating it between different cities. Mr. Antoskiewicz said that this is just a proposal and the state has not yet gone through their budget. This is one of those situations where more people are losing than are winning and most of the big cities are losing money. He feels that the odds are stacked against us. Mrs. Hannan asked if there are other revenue streams other than the local government funds that they are perhaps providing us in infrastructure, etc. Mr. Dean said that we actually have a hard time getting this money. Issue 1 funding is something that the state allocates for infrastructure. He said that there is really no infrastructure funding that offsets these cuts. Mr. Dean said that they only other thing that we get from the state is the homestead rollback. The city is made whole with the rollback. Mr. Kasaris asked if there are any strings attached to this increase. Mr. Dean said no and it will be placed in our General Fund. There are no external restrictions on these funds. Mr. Kasaris said then that this effects the city's ability to replace employees, roadwork, etc. Mr. Dean said this is correct.

ADJOURNMENT

Moved by Mr. Petrusky, seconded by Mr. Marnecheck to **adjourn the Finance Committee meeting**. Yeas: 3. Nays: 0. **Motion carried. Finance Committee meeting adjourned at 6:37 p.m.**

CITY OF NORTH ROYALTON
Tuesday, January 31, 2017

CASH ON DEPOSIT

Institution	Account Description	Reconciled Balance
Fifth Third Bank	Operating	\$ 5,215,360.04
Fifth Third Bank	Payroll	\$ 133,125.02
Cash on Hand	Petty Cash	\$ 5,050.00
Total Operating Cash		\$ 5,353,535.06
Fifth Third Bank	Investment account	\$ 5,750,000.00
Star Ohio	Investment account	\$ 1,763,146.01
Total Investments		\$ 7,513,146.01
Total Cash and Investements		\$ 12,866,681.07

**NORTH ROYALTON
CASH POSITION REPORT
1/01/2017 to 1/31/2017**

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All Funds	Beginning Cash Balance 1/01/2017	MTD 1/01/2017 - 1/31/2017 Receipts	MTD 1/01/2017 - 1/31/2017 Expense	1/01/2017 thru 1/31/2017 2017 Receipts	1/01/2017 thru 1/31/2017 2017 Expense	Cash Balance w/o Encumb	Thru 1/31/2017 Encumbrances	Ending Balance
101 General Fund	1,493,357.10	1,326,723.42	1,144,449.02	1,326,723.42	1,144,449.02	1,675,631.50	1,299,653.02	375,978.48
203 DARE Fund	-	0.00	0.00	-	-	0.00	-	0.00
205 Enforcement & Education Fund	49,831.91	835.15	0.00	835.15	-	50,667.06	-	50,667.06
206 Drug Law Enforcement Fund	1,824.66	0.00	0.00	-	-	1,824.66	-	1,824.66
207 Police Facility Operating Fund	17,122.50	89,519.12	82,046.87	89,519.12	82,046.87	24,594.75	48,906.60	-24,311.85
208 Law Enforcement Fund	43,076.45	7,600.00	0.00	7,600.00	-	50,676.45	-	50,676.45
209 EMS Levy Fund	4,551.90	281,150.00	265,041.73	281,150.00	265,041.73	20,660.17	200.00	20,460.17
210 Motor Vehicle License Tax Fund	189,178.62	19,813.88	0.00	19,813.88	-	208,992.50	115,787.71	93,204.79
211 SCMR Fund	272,110.22	265,382.59	266,789.84	265,382.59	266,789.84	270,702.97	248,248.65	22,454.32
212 State Highway Fund	127,911.52	7,927.46	4,949.39	7,927.46	4,949.39	130,889.59	20,050.61	110,838.98
213 City Income Tax Fund	116,405.61	50,605.04	42,415.37	50,605.04	42,415.37	124,595.28	-	124,595.28
215 Police Levy Fund	301,764.05	140,000.00	0.00	140,000.00	-	441,764.05	39,675.21	402,088.84
216 Fire Levy Fund	51,160.23	99,000.00	0.00	99,000.00	-	150,160.23	-	150,160.23
217 Recycling Grant Fund	6,017.19	0.00	0.00	-	-	6,017.19	-	6,017.19
218 FEMA Fund	-	0.00	0.00	-	-	0.00	-	0.00
219 Office on Aging Fund	28,256.14	14,583.33	16,164.45	14,583.33	16,164.45	26,675.02	2,568.58	24,106.44
221 NOPEC Grant Fund	-	0.00	0.00	-	-	0.00	-	0.00
236 Court Computer Services Fund	67,254.12	0.00	1,869.00	-	1,869.00	65,385.12	720.00	64,665.12
237 Community Diversion Fund	37,729.20	100.00	0.00	100.00	-	37,829.20	1,000.00	36,829.20
238 Cemetery Maintenance Fund	22,095.80	200.00	0.00	200.00	-	22,295.80	-	22,295.80
239 Enterprise Zone Fund	15,996.12	0.00	0.00	-	-	15,996.12	500.00	15,496.12
249 YMCA Spcial Revenue Fund	156,348.47	50,036.13	0.00	50,036.13	-	206,384.60	-	206,384.60
260 Accrued Balances Fund	440,149.04	16,026.28	0.00	16,026.28	-	456,175.32	-	456,175.32
261 Police Pension Fund	49,386.33	26,000.00	39,716.53	26,000.00	39,716.53	35,669.80	-	35,669.80
262 Fire Pension Fund	51,533.53	26,000.00	50,599.45	26,000.00	50,599.45	26,934.08	-	26,934.08
321 General Bond Retirement Fund	56,004.39	35,000.00	0.00	35,000.00	-	91,004.39	-	91,004.39
341 Special Assess Bond Rtmt Fund	566,321.62	0.00	0.00	-	-	566,321.62	-	566,321.62
414 Industrial Park Fund	-	0.00	0.00	-	-	0.00	-	0.00
430 Service Capital Fund	11,782.26	6,868.41	0.00	6,868.41	-	18,650.67	-	18,650.67
431 Rec Capital Improvement Fund	65,920.03	0.00	0.00	-	-	65,920.03	-	65,920.03
432 Future Capital Improvem't Fund	2,087,398.38	9,840.06	137,436.02	9,840.06	137,436.02	1,959,802.42	39,039.65	1,920,762.77
433 Storm Sewer & Drainage Fund	837,189.97	83,747.14	2,125.00	83,747.14	2,125.00	918,812.11	161,998.48	756,813.63
434 Fire Capital Improvement Fund	448,009.45	65,632.14	8,864.17	65,632.14	8,864.17	504,777.42	121,179.22	383,598.20
435 Route 82 Fund	348,469.31	0.00	0.00	-	-	348,469.31	-	348,469.31
437 YMCA Capital Reserve	120,142.23	4,578.94	0.00	4,578.94	-	124,721.17	13,476.21	111,244.96
442 Issue 1 - Bennet Road	6,837.02	0.00	0.00	-	-	6,837.02	-	6,837.02
443 Edgerton Road Waterline Fund	-	0.00	0.00	-	-	0.00	-	0.00
444 Excessive Load Fund	40,607.00	0.00	0.00	-	-	40,607.00	-	40,607.00
445 Water Main Fund	163,539.73	0.00	13,900.00	-	13,900.00	149,639.73	98,183.87	51,455.86

**NORTH ROYALTON
CASH POSITION REPORT
1/01/2017 to 1/31/2017**

2/20/2017
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All Funds	Beginning Cash Balance 1/01/2017	MTD 1/01/2017 - 1/31/2017 Receipts	MTD 1/01/2017 - 1/31/2017 Expense	1/01/2017 thru 1/31/2017 2017 Receipts	1/01/2017 thru 1/31/2017 2017 Expense	Cash Balance w/o Encumb	Thru 1/31/2017 Encumbrances	Ending Balance
446 State & Wallings Intersection	-	0.00	0.00	-	-	0.00	-	0.00
448 York Road Sewer Fund	46.52	0.00	0.00	-	-	46.52	-	46.52
449 YMCA Capital Improvement Fund	-	0.00	0.00	-	-	0.00	-	0.00
451 Issue 1 - Sprague Rd	133,690.01	0.00	0.00	-	-	133,690.01	-	133,690.01
551 Wastewater Treatment Fund	2,563,971.00	188,806.54	444,021.69	188,806.54	444,021.69	2,308,755.85	1,359,250.90	949,504.95
552 Wastewater Maintenance Fund	302,437.00	66,186.95	75,828.41	66,186.95	75,828.41	292,795.54	138,805.88	153,989.66
553 Wastewater Debt Service Fund	327,790.80	64,597.40	0.00	64,597.40	-	392,388.20	-	392,388.20
555 Wastewater Rep & Replace Fund	392,159.66	11,094.12	43,255.59	11,094.12	43,255.59	359,998.19	619,027.13	-259,028.94
556 WW NR Conv Fund	-	0.00	0.00	-	-	0.00	-	0.00
557 WW NEORSD Conv Fund	-	0.00	0.00	-	-	0.00	-	0.00
763 Improvement Holding Fund	302,235.59	0.00	225.00	-	225.00	302,010.59	-	302,010.59
764 OBBS Fund	1,523.88	158.52	1,395.60	158.52	1,395.60	286.80	-	286.80
766 Bldg Construction Bond Fund	213,550.00	500.00	4,500.00	500.00	4,500.00	209,550.00	-	209,550.00
768 Office on Aging Trust Fund	12,907.67	0.00	0.00	-	-	12,907.67	-	12,907.67
769 Unclaimed Funds	8,167.35	0.00	0.00	-	-	8,167.35	-	8,167.35
Total All Funds	12,553,761.58	2,958,512.62	2,645,593.13	2,958,512.62	2,645,593.13	12,866,681.07	4,328,271.72	8,538,409.35

CITY OF NORTH ROYALTON
Summary of Overtime Budgets
2017 Fiscal Year

As of 1/31/2017

Fund	Department	2017 Budget	2017 Actual	
General Fund	Police Department	\$ 150,000	\$ 32,115	
General Fund	Animal Control	2,000	175	
General Fund	Fire Department	5,000	930	
General Fund	Dispatch	6,500	52	
General Fund	Cemetery	-	-	
General Fund	Parks & Recreation	15,000	529	
General Fund	Building Department	1,000	321	
General Fund	Mayor's Office	2,000	395	
General Fund	Finance Department	2,000	235	
General Fund	Engineering	100	-	
General Fund	Legislative Activity	1,000	-	
General Fund	Mayor's Court	5,000	187	
Police Facility Operating	Jail	23,000	2,571	
EMS Fund	Fire Department	400,000	23,657	
SCMR	Storms Sewer and Drainage	10,000	1,344	
SCMR	Streets	20,000	3,390	
SCMR	Snow removal	35,000	2,134	
Office on Aging	Senior Assistance	2,000	126	
Community Diversion	Police Department	5,000	-	
Waste Water	Treatment	85,000	4,523	
Waste Water	Maintenance	35,000	3,074	
		\$ 804,600	\$ 75,758	9%

Current Date Represents This Percentage of the Year **12%**

City of North Royalton
City Income Tax Collections
2/14/2017

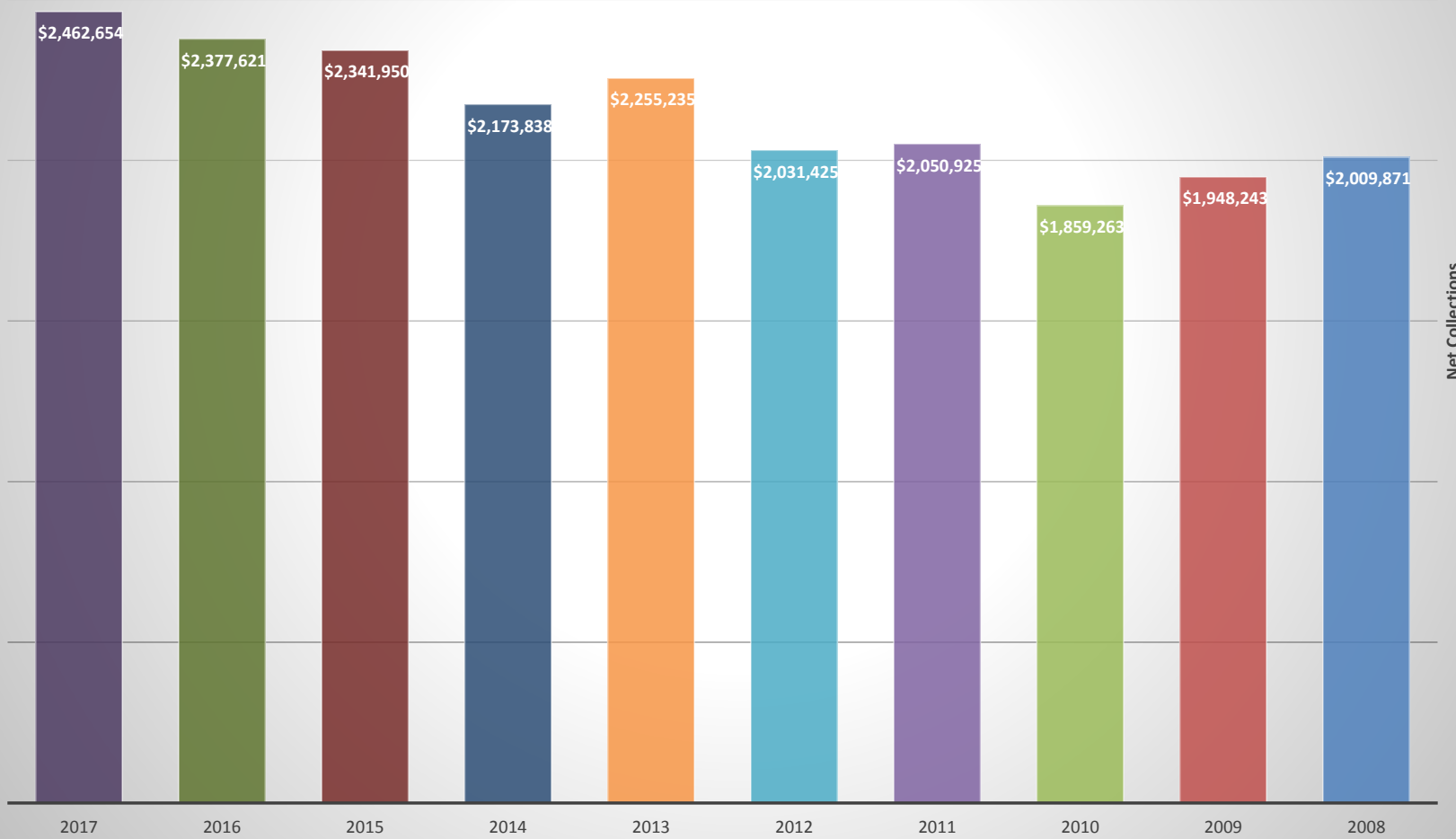
CURRENT MONTHLY RECEIPTS	Net Receipts
received in collections for the month of January-2016 / February-2017	\$ 1,094,213.55

YEAR TO DATE RECEIPTS	Net Receipts
Fiscal Year 2017	\$ 2,462,653.54
Fiscal Year 2016	\$ 2,377,620.77
Increase (Decrease)	\$ 85,032.77

COLLECTION DETAIL

	This Year	Prior Year	Difference	%
	February-2017	February-2016		
WITHHOLDING	\$ 772,414.13	\$ 694,673.24	\$ 77,740.89	11.19%
INDIVIDUAL TAXES	\$ 314,844.81	\$ 581,433.97	\$ (266,589.16)	-46%
NET PROFIT TAXES	\$ 44,768.29	\$ 45,836.81	\$ (1,068.52)	-2%
TOTAL GROSS RECEIPTS	\$ 1,132,027.23	\$ 1,321,944.02	\$ (189,916.79)	-14%
3% withholding for collection fees	(33,960.82)	(39,658.32)	5,697.50	-14%
legal fees/court costs	(3,852.86)	(727.37)	(3,125.49)	430%
TOTAL LEGAL FEES AND COLLECTION COSTS	(37,813.68)	(40,385.69)	2,572.01	-6%
TOTAL NET RECEIPTS	1,094,213.55	1,281,558.33	(187,344.78)	-15%

Year to Date Income Tax



**CITY OF NORTH ROYALTON
Income Tax Receipts Summary**

Month Received	#101 - General Fund			#207 Police Facility	#211 SCMR Fund		#219 Office on Aging	#213 - Income Tax	#443 - Storm Water	Refunds	Overhead & Legal Fees	Net Receipts
	Original Tax	Additional Tax	#101 - General		Additional Tax	#211 - SCMR						
January	\$ 913,255.01	\$ 167,494.28	\$ 1,080,749.29	\$ 16,666.67	\$ 167,494.28	\$ 167,494.28	\$ 14,583.33	\$ 56,982.26	\$ 83,747.14	\$ (6,377.22)	\$ (45,405.77)	\$ 1,368,439.98
February	613,248.70	181,032.16	794,280.86	16,666.67	181,032.16	181,032.16	14,583.33	38,497.99	90,516.08	(3,852.86)	(37,510.67)	1,094,213.56
March			-			-						-
April			-			-						-
May			-			-						-
June			-			-						-
July			-			-						-
August			-			-						-
September			-			-						-
October			-			-						-
November			-			-						-
December			-			-						-
Total	\$ 1,526,503.71	\$ 348,526.44	\$ 1,875,030.15	\$ 33,333.34	\$ 348,526.44	\$ 348,526.44	\$ 29,166.66	\$ 95,480.25	\$ 174,263.22	\$ (10,230.08)	\$ (82,916.44)	\$ 2,462,653.54
Original Fiscal Budget			\$ 11,405,000.00	\$ 200,000.00		\$ 2,000,000.00	\$ 175,000.00	\$ 720,000.00	\$ 650,000.00	\$ (300,000.00)	\$ (450,000.00)	\$ 14,400,000.00
			16%	17%		17%	17%	13%	27%	3%	18%	17%

NOTES: Shaded columns reflect the additional tax.

Month Received	#101 - General Fund			#207 Police Facility	#211 SCMR Fund		#219 Office on Aging	#213 - Income Tax	#443 - Storm Water	Refunds	Overhead & Legal Fees	Net Receipts
	Original Tax	Additional Tax	#101 - General		Additional Tax	#211 - SCMR						
January	\$ 687,657.65	\$ 152,378.14	\$ 840,035.79	\$ 16,666.67	\$ 152,378.14	\$ 152,378.14	\$ 14,583.33	\$ 42,907.02	\$ 76,189.07	\$ (10,779.75)	\$ (35,917.84)	\$ 1,096,062.43
February	810,749.12	176,274.28	987,023.40	16,666.67	176,274.28	176,274.28	14,583.33	50,452.36	88,137.14	(11,193.15)	(40,385.69)	1,281,558.34
March	654,861.33	136,232.02	791,093.35	16,666.67	136,232.02	136,232.02	14,583.33	40,701.21	68,116.01	(13,894.77)	(34,564.19)	1,018,933.63
April	789,937.21	167,169.20	957,106.41	16,666.67	167,169.20	167,169.20	14,583.33	47,769.13	83,584.60	(33,025.34)	(39,778.76)	1,214,075.24
May	1,298,312.42	196,327.76	1,494,640.18	16,666.67	196,327.76	196,327.76	14,583.33	78,491.61	98,163.88	(43,108.70)	(56,751.76)	1,799,012.97
June	967,541.94	169,020.08	1,136,562.02	16,666.67	169,020.08	169,020.08	14,583.33	56,805.65	84,510.04	(63,355.28)	(45,481.48)	1,369,311.03
July	752,312.62	297,720.93	1,050,033.55	16,666.67	297,720.93	297,720.93	14,583.33	44,980.72	148,860.47	(28,093.26)	(50,771.35)	1,493,981.06
August	716,967.13	158,135.01	875,102.14	16,666.67	158,135.01	158,135.01	14,583.33	43,817.30	79,067.50	(25,235.71)	(36,510.42)	1,125,625.82
September	685,389.31	219,089.77	904,479.08	16,666.67	146,059.84	146,059.84	14,583.33	42,619.05	-	(14,076.58)	(34,864.21)	1,075,467.18
October	815,294.39	156,765.47	972,059.86	16,666.67	211,995.60	211,995.60	14,583.33	51,128.56	-	(3,737.33)	(41,792.91)	1,220,903.78
November	615,043.19	202,695.42	817,738.61	16,666.67	210,522.39	210,522.39	14,583.33	38,363.65	-	(11,470.16)	(33,792.53)	1,052,611.96
December	528,699.07	311,769.28	840,468.35	16,666.67	-	-	14,583.33	33,143.14	-	(12,507.19)	(28,199.38)	864,154.92
Total	\$ 9,322,765.38	\$ 2,343,577.36	\$ 11,666,342.74	\$ 200,000.04	\$ 2,021,835.25	\$ 2,021,835.25	\$ 174,999.96	\$ 571,179.40	\$ 726,628.71	\$ (270,477.22)	\$ (478,810.52)	\$ 14,611,698.36
Original Fiscal Budget			\$ 11,475,000.00	\$ 200,000.00		\$ 1,840,000.00	\$ 175,000.00	\$ 700,000.00	\$ 630,000.00	\$ (300,000.00)	\$ (450,000.00)	\$ 14,270,000.00
			102%	100%		110%	100%	82%	115%	90%	106%	102%

NOTES: Shaded columns reflect the additional tax.

Month-to-Date Revenues as Percentage of Total Annual Budget

17%