

**FINANCE COMMITTEE MINUTES  
SEPTEMBER 17, 2019**

The Finance Committee meeting was held on September 17, 2019 at North Royalton City Hall, 14600 State Road. The meeting was called to order at 6:27 p.m.

**PRESENT:** **Committee Members:** Chair: Larry Antoskiewicz, Vice Chair Gary Petrusky; **Council:** John Nickell, Dan Langshaw, Cheryl Hannan, Dan Kasaris; **Administration:** Mayor Robert Stefanik, Law Director Thomas Kelly, Fire Chief Robert Chegan, Police Chief Ken Bilinovich, Safety Director Bruce Campbell, Finance Director Eric Dean, Community Development Director Thomas Jordan; **Other:** Linda Barath, Jessica Fenos, Mike Wos, Dawn Carbone-McDonald, Michael McDonald, Vincent Weimer.

Moved by Mr. Petrusky, seconded by Mr. Antoskiewicz to **excuse Councilman Marnecheck**. Roll Call: Yeas: 2. Nays: 0. **Motion carried.**

**APPROVAL OF MINUTES**

Moved by Mr. Petrusky, seconded by Mr. Antoskiewicz to **approve the minutes for the July 16, 2019 Finance Committee meeting**. Yeas: 2. Nays: 0. **Motion carried.**

**UNFINISHED BUSINESS**

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

Mr. Dean reviewed these reports, copies 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. Ordinance No. 19-76 – 11371 State Road – Transfer and lot consolidation**

Mr. Jordan said that through the tax foreclosure process the city acquired the vacant lot located next to the State Road driveway leading to the YMCA. We are now going to consolidate this into the city parcel that the YMCA is configured in. He said that we will be expanding our lease with the YMCA to operate this land and area as part of the entire project. He said that when we take land in through the land bank process, we have to retitle it in the city's name and then consolidate the two parcels into one. We notified the other taxing authorities before we did this and the schools have provided their consent.

**2. Ordinance No. 19-77 – YMCA 2<sup>nd</sup> Supplemental Operating Agreement**

Mayor Stefanik reviewed the 2018 Branch Report for the North Royalton YMCA, a copy of which is attached to these minutes. Mr. Dean said that when we constructed the YMCA building we borrowed money in 2012 and then bonded it out in 2014. He said that we were able to call those bonds in 2022 and we always intend to do this because this was going to lower the debt payment. He said that the YMCA is paying the debt payment for their portion of the cost to do the building. They have requested to extend their lease by 5 years to 25 years which is the length of all their other leases. He said that working with our bond counsel and municipal advisor we have looked at the potential to refinance. He said that looking at the current rates, they are very low and lower than what we issued the 20 year at, so we feel like this is a great time to both extend the lease and the debt payments. Not only will it save money for operations for the YMCA, it just makes good sense. Mr. Petrusky asked what the interest rate was in 2014. Mr. Dean said that the original interest rate was 3.286%. He said that when you borrow money, the longer it is out the higher the rates are. He said right now its 3.8% that they owe on their current debt. What we are looking at from the refinancing side of things, we can do a one year note to call those bonds early at 1.9%. Mr. Petrusky said then that we are going to refinance our debt for one year at 1.9% and then hopefully the rates will stay down at 2.3%-2.4%. Mr. Petrusky asked as they are paying down, are they paying principle and interest or is this just an interest loan with a balloon payment debt that the YMCA has to come up with. Mr. Dean said that we are spreading the debt out over the period of time so we are paying both principle and interest. Mr. Nickell asked should the YMCA not be able to repay this loan, is the city on the hook for this money. Mr. Dean said that we would be responsible for the debt. We own the building.

**Matt Stuczynski**, municipal advisor to the city, addressed the committee. He said that this has been a long process in exploring different alternatives. He said that the tax law changes that took place in 2017 have impacted our thinking about this. The bonds that were issued in 2014 have a call date, which the city can option at their discretion to redeem these bonds on December 31, 2021 for the bonds that come due 2022 and thereafter. Congress changed the tax law that said if you decide that you want to refinance this before the call date, you can only do so on a taxable basis. He said that we prefer tax exempt because it gets a lower rate. He said that we have to build a bridge to the December 31, 2021 date. He gave an overview of the various options that were available to the city regarding the note market. He said they compared interest rates and cost of issuance, etc. Bond counsel has stated that they would like to see the city issue one note before December 1, 2019 and have that note come due December 1, 2021. The note will be structured to provide the city with the option to renew the note or retire the note and roll it over if they choose to do so. But the city will have to have a mandatory principle redemption on December 1, 2020 and 2021. This is part of the original authorization that was sponsored in 2014 and state law requires that there must be an annual principle redemption. We are going to pay down the note not too dissimilar to what the bonds look like and we will have a lower interest rate. The interest rate that we have been discussing with various institutions is the 2.1%-2.2% range. So with the bonds that we have outstanding at a 3.84%, renewing this note at roughly 2.2% seems advantageous from a variety of standpoints. He said the key is to keep the flexibility open to the city so that we can capitalize on lower interest rates. Should interest rates rise, we have been told by bond counsel that we can continue to roll this note even beyond 2021 and wait for the right window of opportunity to bond it out with a final maturity of 2039. A brief question and answer period ensued which reiterated and clarified the information relayed by Mr. Stuczynski. Mr. Langshaw asked if this move would impact our bond rating as a city. Mr. Stuczynski said that many people are doing this because of the interest rate environment so we are in good shape and not doing anything out of the ordinary that isn't already happening all over the state and country in terms of trying to capitalize on these taxable rates. Mr. Petrusky asked if this will be a total of 20 years or will it be 21 or 22 years. Mr. Stuczynski said that the final maturity of whatever we issue will match up with the 5 year extension of the operating lease which goes from 2034 to 2039. So no matter when the city decides to move forward with permanent financing, it will be of a duration that expires December 31, 2039.

3. **Ordinance No. 19-79 – Notes – 11409 State Road**

See Item 2 above.

Moved by Mr. Petrusky, seconded by Mr. Antoskiewicz to **remove Ordinances 19-76, 19-77 and 19-79 from committee**. Roll Call: Yeas: 2. Nays: 0. **Motion carried.**

**MISCELLANEOUS**

Mr. Langshaw said that he is a member of the Historical Society and for the past several years they have been trying to get a historical marker for the City Green and he is happy to report that they have been awarded a full grant from the Ohio History Connection in the amount of \$3,040.00. This marker will be placed on the City Green to mark the history of the site. He said that it will take about a year to work with the state on this with the anticipation of a dedication around August 2020.

**ADJOURNMENT**

Moved by Mr. Antoskiewicz, seconded by Mr. Petrusky to **adjourn the September 17, 2019 Finance Committee meeting**. Yeas: 2. Nays: 0. **Motion carried.**

**Meeting adjourned at 6:58 p.m.**

**From:** [Eric Dean](#)  
**To:** [Cheryl Hannan](#); [Dan Kasaris](#); [Dan Langshaw](#); [Gary Petrusky](#); [John Nickell](#); [Larry Antoskiewicz](#); [Paul Marnecheck](#)  
**Cc:** [Dana Schroeder](#); [Laura Haller](#); [Robert Stefanik](#)  
**Subject:** Finance Committee Report  
**Date:** Monday, September 16, 2019 12:12:55 PM  
**Attachments:** [August Finance Report.pdf](#)  
[image001.png](#)

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Please see the attached month end report for tomorrow's Finance Committee meeting.

### **City Funds**

- Total Funds held by the City are at just under 24 million at the end of August, with 12.5 million invested per the city's investment policy.

### **Municipal Income Tax collections**

- Income taxes rebounded from last months decline and are now up by over 1 million (+9%) for the year compared to this time last year.
- The net increase for August is \$193,888, mostly due to an increase in individual income tax payments.

### **Year to Date Overtime**

- Year to date overtime remains below prorated budgeted levels with 68% of the budget used and 69% of the year paid (18 of 26 pays).

Please feel free to contact me if you have any questions.



Eric Dean  
Finance Director  
City of North Royalton  
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**City of North Royalton**  
*Bank Reconciliation*  
*August 31, 2019*

**Bank Balance**

*Bank Statements:*

Fifth Third Bank - Operating	\$9,846,094.49
Fifth Third Bank - Payroll	\$ -
Petty Cash	\$ 5,050.00
Fifth Third Bank - Investment Account	\$ 7,660,169.90
Star Ohio - Investment Account	\$ 4,352,557.18
First National Bank Investment Account	\$ 513,360.22
Fifth Third Bank-OGBC Agency Fund	\$ 1,863,535.29
<b>Total Statements</b>	<b>\$24,240,767.08</b>

*Adjustment to Bank Balance:*

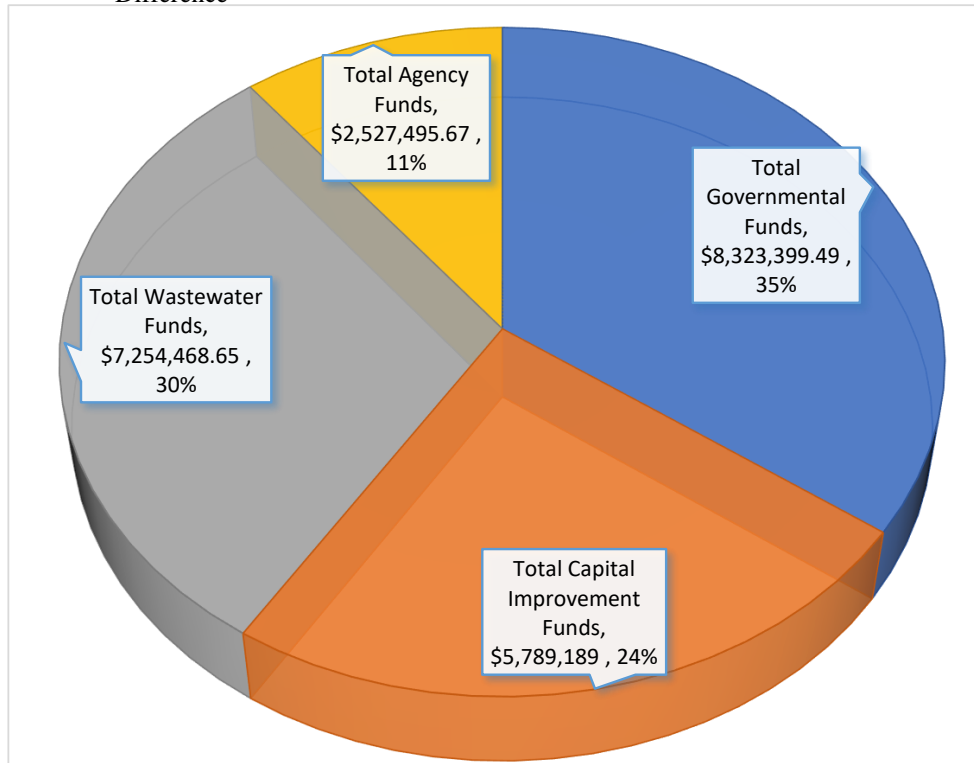
Deposits in Transit	(1,672.27)
Fifth Third Bank - interest premium	6,888.59
Fifth Third Bank - Change in Investment Value	(22,889.90)
Ohio Government Benefits Coop-adjustment	(21,511.09)
Outstanding Checks	\$ (307,030.08)

**Adjusted Bank Balance** 23,894,552.33

**Book Balance:**

Total All Funds - per Tyler Munis System \$ 23,894,552.33

Difference -



City of North Royalton  
City Income Tax Collections  
9/16/2019

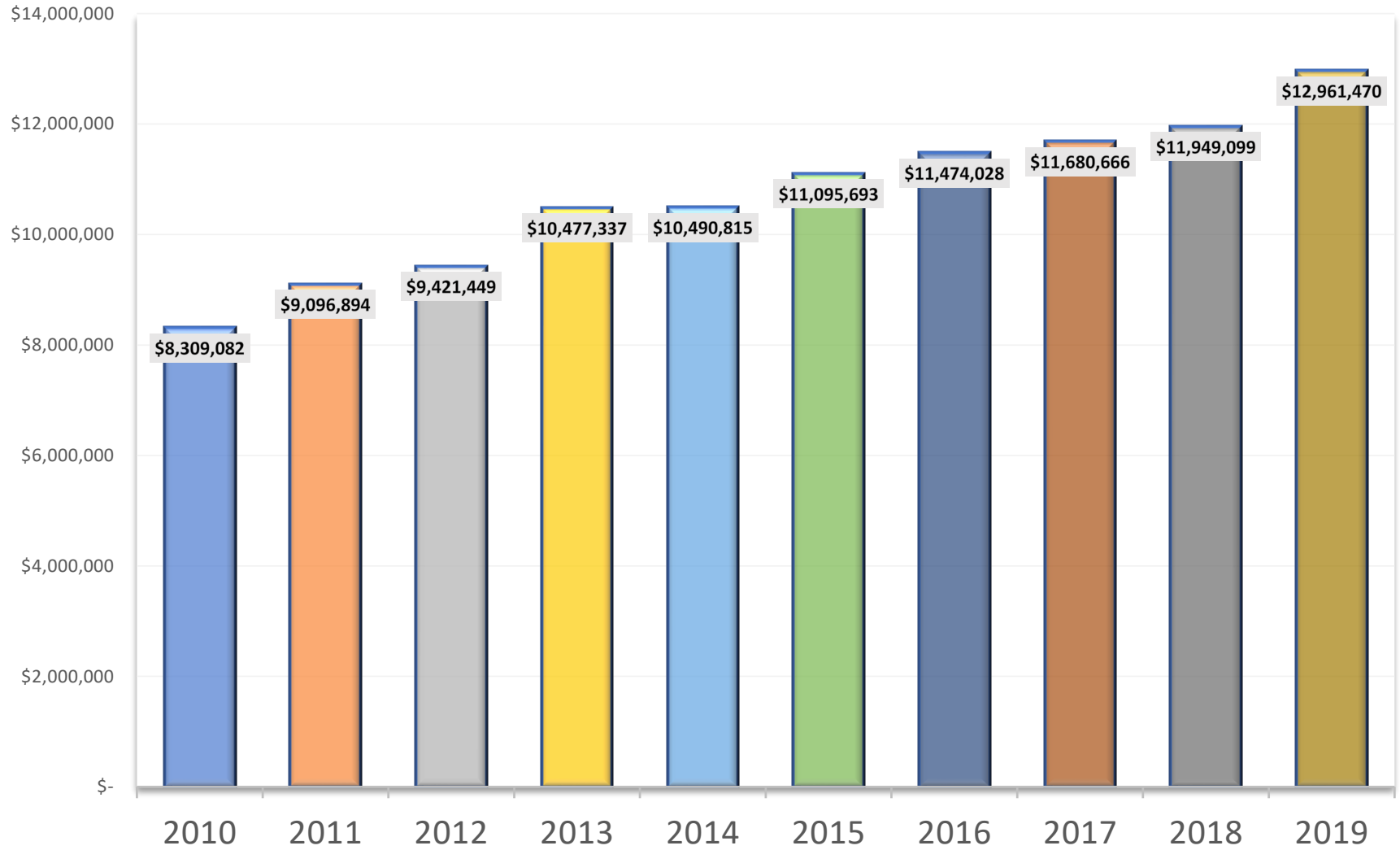
CURRENT MONTHLY RECEIPTS	Net Receipts
received in	
collections for the month of August-2019 / September-2019	
Regional Income Tax Agency	\$ 1,117,485.61
Ohio Department of Taxation	\$ 44,000.52
	<b>\$ 1,161,486.13</b>

YEAR TO DATE RECEIPTS	Net Receipts
Regional Income Tax Agency	\$ 12,781,221.34
Ohio Department of Taxation	\$ 180,249.00
Fiscal Year 2019	<b>\$ 12,961,470.34</b>
Fiscal Year 2018	<b>\$ 11,949,098.58</b>
Increase (Decrease)	<b>\$ 1,012,371.76</b>

<b>COLLECTION DETAIL</b>
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	This Year	Prior Year		
	September-2019	September-2018	Difference	%
WITHHOLDING	\$ 586,607.00	\$ 539,085.88	\$ 47,521	8.82%
INDIVIDUAL TAXES	\$ 542,064.85	\$ 428,260.78	\$ 113,804	27%
NET PROFIT TAXES	\$ 68,881.10	\$ 32,253.72	\$ 36,627	114%
<b>TOTAL GROSS RECEIPTS</b>	<b>\$ 1,197,552.95</b>	<b>\$ 999,600.38</b>	<b>\$ 197,953</b>	<b>20%</b>
<b>3% withholding for collection</b>				
fees	(34,606.57)	(29,988.01)	\$ (4,619)	15%
legal fees/court costs	(1,460.25)	(2,014.54)	\$ 554	-28%
<b>TOTAL LEGAL FEES AND COLLECTION COSTS</b>	<b>(36,066.82)</b>	<b>(32,002.55)</b>	<b>(4,064.27)</b>	<b>13%</b>
<b>TOTAL NET RECEIPTS</b>	<b>1,161,486.13</b>	<b>967,597.83</b>	<b>\$ 193,888</b>	<b>20.04%</b>

# Year to Date Income Tax



## CITY OF NORTH ROYALTON Income Tax Receipts Summary

Month Received	2019								
	#101 - General	#207 Police Facility	#211 - SCMR	#219 Office on Aging	#213 - Income Tax	#433 - Storm Water	Refunds	Overhead & Legal Fees	Net Receipts
January	\$ 1,025,304.45	\$ 16,666.67	\$ 191,444.83	\$ 14,583.33	\$ 50,763.79	95,722.41	\$ (26,828.32)	\$ (42,981.98)	\$ 1,324,675.18
February	\$ 1,174,238.37	16,666.67	\$ 185,190.10	14,583.33	\$ 59,178.45	96,311.32	(23,491.57)	(44,953.57)	\$ 1,477,723.10
March	\$ 892,735.65	16,666.67	\$ 169,122.31	14,583.33	\$ 45,301.26	84,561.16	(7,650.13)	(37,493.52)	\$ 1,177,826.73
April	\$ 1,012,263.67	16,666.67	\$ 151,760.78	14,583.33	\$ 48,005.56	75,995.15	(61,627.37)	(77,274.86)	\$ 1,180,372.93
May	\$ 2,062,163.52	16,666.67	\$ 277,652.17	14,583.33	\$ 102,444.97	50,000.00	(45,333.48)	(76,630.62)	\$ 2,401,546.56
June	\$ 1,424,573.39	16,666.67	\$ 210,603.57	14,583.33	\$ 66,924.17	263.92	(37,208.47)	(53,157.37)	\$ 1,643,249.21
July	\$ 1,534,469.87	16,666.67	\$ 212,540.07	14,583.33	\$ 71,217.52	4,033.85	(60,861.37)	(53,898.44)	\$ 1,738,751.50
August	\$ 629,076.87	16,666.67	\$ 279,541.68	14,583.33	\$ 9,419.09	-	(64,518.21)	(28,930.43)	\$ 855,839.00
<b>September</b>	<b>\$ 878,422.29</b>	<b>16,666.67</b>	<b>\$ 157,929.93</b>	<b>14,583.33</b>	<b>\$ 45,009.55</b>	<b>53,256.27</b>	<b>31,684.91</b>	<b>(36,066.82)</b>	<b>\$ 1,161,486.13</b>
October	\$ -		\$ -		\$ -	-			\$ -
November	\$ -		\$ -		\$ -	-			\$ -
December	\$ -		\$ -		\$ -	-			\$ -
<b>Total</b>	<b>\$ 10,633,248.08</b>	<b>\$ 150,000.03</b>	<b>\$ 1,835,785.44</b>	<b>\$ 131,249.97</b>	<b>\$ 498,264.36</b>	<b>\$ 460,144.08</b>	<b>\$ (295,834.01)</b>	<b>\$ (451,387.61)</b>	<b>\$ 12,961,470.34</b>
Original Fiscal Budget	\$ 12,600,000.00	\$ 200,000.00	\$ 2,200,000.00	\$ 175,000.00	\$ 780,000.00	\$ 370,000.00	\$ (330,000.00)	\$ (450,000.00)	\$ 15,545,000.00
	84%	75%	83%	75%	64%	124%	90%	100%	83%

Month Received	2018								
	#101 - General Fund	#207 Police Facility	Fund #211 - SCMR	#219 Office on Aging	Fund #213 - Income Tax	Water Fund #433 - Storm Water	Refunds	Overhead & Legal Fees	Net Receipts
January	\$ 1,134,557.83	\$ 16,666.67	\$ 198,749.29	\$ 14,583.33	\$ 58,347.52	99,374.65	\$ (2,195.01)	\$ (50,752.32)	\$ 1,469,331.96
February	\$ 739,234.22	16,666.67	\$ 175,842.73	14,583.33	\$ 35,399.79	87,921.36	(5,306.37)	(34,738.39)	\$ 1,029,603.34
March	\$ 695,631.09	16,666.67	\$ 148,926.96	14,583.33	\$ 29,194.56	898.87	(13,625.28)	(28,819.56)	\$ 863,456.64
April	\$ 1,108,917.03	16,666.67	\$ 165,058.66	14,583.33	\$ 50,922.91	9.48	(52,780.17)	(41,967.14)	\$ 1,261,410.77
May	\$ 1,934,049.22	16,666.67	\$ 243,458.98	14,583.33	\$ 93,709.96	333.38	(61,743.59)	(68,855.39)	\$ 2,172,202.56
June	\$ 1,335,923.50	16,666.67	\$ 207,737.36	14,583.33	\$ 60,482.04	1,840.72	(51,527.45)	(48,818.33)	\$ 1,536,887.84
July	\$ 1,435,522.26	16,666.67	\$ 193,133.96	14,583.33	\$ 69,163.90	-	(41,101.44)	(52,402.07)	\$ 1,635,566.61
August	\$ 855,013.21	16,666.67	\$ 155,286.38	14,583.33	\$ 36,746.25	496.99	(33,196.89)	(32,554.91)	1,013,041.03
<b>September</b>	<b>\$ 835,176.23</b>	<b>16,666.67</b>	<b>\$ 138,430.73</b>	<b>14,583.33</b>	<b>\$ 37,291.26</b>	<b>-</b>	<b>(42,547.84)</b>	<b>(32,002.55)</b>	<b>\$ 967,597.83</b>
October	\$ 1,029,775.91	16,666.67	\$ 247,131.75	14,583.33	\$ 55,928.76	100,000.00	(20,771.45)	(45,521.75)	1,397,793.22
November	\$ 728,850.20	16,666.67	\$ 173,458.65	14,583.33	\$ 34,093.33	39,109.22	(14,139.68)	(33,934.37)	958,687.35
December	\$ 567,637.23	16,666.63	\$ 100,000.00	14,583.37	\$ 27,259.09	101,000.00	(44,084.11)	(26,549.41)	756,512.80
<b>Total</b>	<b>\$ 12,400,287.93</b>	<b>\$ 200,000.00</b>	<b>\$ 2,147,215.45</b>	<b>\$ 175,000.00</b>	<b>\$ 588,539.37</b>	<b>\$ 430,984.67</b>	<b>\$ (383,019.28)</b>	<b>\$ (496,916.19)</b>	<b>\$ 15,062,091.95</b>
Original Fiscal Budget	\$ 12,600,000.00	\$ 200,000.00	\$ 2,200,000.00	\$ 175,000.00	\$ 700,000.00	\$ 330,000.00	\$ (300,000.00)	\$ (475,000.00)	\$ 15,430,000.00
	98%	100%	98%	100%	84%	131%	128%	105%	98%

**CITY OF NORTH ROYALTON**  
**Summary of Overtime Budgets**  
**2019 Fiscal Year**

*as of 8/31/2019*

<b>Fund</b>	<b>Department</b>	<b>2019 Budget</b>	<b>2019 Actual</b>
General Fund	Police Department	\$ 180,000	\$ 118,196
General Fund	Animal Control	2,000	115
General Fund	Fire Department	5,000	2,172
General Fund	Dispatch	6,800	1,400
General Fund	Parks & Recreation	20,000	14,435
General Fund	Building Department	1,000	2,659
General Fund	Mayor's Office	2,500	545
General Fund	Finance Department	2,500	243
General Fund	Engineering	200	-
General Fund	Legislative Activity	2,000	1,579
General Fund	Mayor's Court	5,000	2,169
General Fund	City Hall Building and Grounds	2,000	349
Police Facility Operating	Jail	40,000	18,733
EMS Fund	Fire Department	410,000	316,665
SCMR	Streets	22,000	19,262
SCMR	Snow removal	30,000	8,376
Office on Aging	Senior Assistance	5,000	329
Community Diversion	Police Department	2,000	-
Waste Water	Treatment	65,000	43,182
Waste Water	Storms Sewer and Drainage	15,000	8,184
Waste Water	Maintenance	35,500	24,444
		<b>\$ 853,500</b>	<b>\$ 583,037</b>

68%

**Current Date Represents This Percentage of the Year-**

**69%**