

FINANCE COMMITTEE MINUTES
APRIL 15, 2014

The Finance Committee meeting was held on April 15, 2014 at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 7:00 p.m.

PRESENT: Committee Members: Chairman Larry Antoskiewicz, Vice Chair Gary Petrusky, Paul Marnecheck; Council: Dan Kasaris, Dan Langshaw, Steve Muller, John Nickell; Administration: Mayor Robert Stefanik, Assistant Law Director Donna Vozar, Finance Director Eric Dean; Other: Alberto Paneccosio.

APPROVAL OF MINUTES

Moved by Mr. Petrusky, seconded by Mr. Marnecheck to **approve the March 18, 2014 Finance Committee minutes**. Yeas: 3. Nays: 0. **Motion carried.**

UNFINISHED BUSINESS

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

Mr. Dean said that YTD income tax collections are up \$258,953 over last year. Mr. Antoskiewicz asked what this month's increase was. Mr. Dean said that overall we collected \$1.06 million for March and last year we collected \$1.01 million for the same time period. Mr. Dean said that April is a big collection month due to all of the tax returns being processed. He said it looks like our returns will be where we were last year.

2. **Overtime**

Mr. Dean said that we are at 30% of the budget with 38% of the year gone, which equals \$218,000 YTD. He said one of the areas that experienced a lot of overtime was dispatch due to various components of the transition such as call offs, training, etc. Mr. Kasaris asked if this caused us to go \$16,000 over the entire year budget? Mayor Stefanik said that they could provide a breakdown of the overtime if Council would like. Mr. Kasaris asked for a breakdown for the dispatch overtime. Mr. Dean said another area with increased overtime is for snow plowing. He said we have already surpassed the budget for the year so we will need to address this in future appropriations. Mr. Kasaris asked what caused the Finance Department overtime. Mr. Dean said it was due to the transition of Finance Directors and he does not foresee any additional overtime from this point. Mr. Kasaris asked about the Office on Aging overtime. Mayor Stefanik said that the Director was out on medical leave which caused the need for overtime. He said there was the same situation in Parks and Recreation where one employee was out on medical leave and there was only one full time employee during that time.

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

Mr. Dean said that we closed on our note and received the \$3 million on April 9, 2014, so we are ready to go with the project. Mr. Marnecheck asked if we were generating any interest off this money. Mr. Dean said that we will receive some interest, but there isn't really enough time to put it into something that is going to generate a lot of money. Mr. Nickell asked what it means when we say we sold the notes as a premium? Mr. Dean said that when they sold these at market, we got the note at an interest rate of .35% for one year. The market wants an interest rate of 1%. So what they do is give us more money upfront to get that 1% to offset the difference. We received about \$20,000 so this money will be set aside and when we repay it, it is going against the debt payment. At the end of the day, they get their interest rate and we get our yield of .35%. Mr. Dean said that the note we have on the agenda for the roads will be at a premium as well. The last time we sold the notes for the streets it was at .45% and we think it's going to be even better than that. Mr. Dean said that the new bond rating helped as well.

NEW BUSINESS

No new business.

MISCELLANEOUS

1. Regional Income Tax

Mayor Stefanik said that the Regional Income Tax Agency has experienced some technical problems over the past few days, so they are giving everyone a reprieve until Monday, April 21, 2014 to file. He said that he has sent this information out to residents via the weekly email tree and it has been put on the website. He said that we have started collecting names of those residents who have been calling about the problems they were having. Mr. Kasaris asked if this is something that they can just administratively waive or does the city have to do something? Mr. Kelly said that the Finance Director, who serves as the Tax Administrator under Codified Ordinance Section 880.40, has very wide discretion to waive penalty and interest at any time. So basically Mr. Dean gives RITA his authority to waive it until Monday. Mr. Dean said that this is obviously a special circumstance with both their phones and internet not working, and some leeway must be given. He said that RITA was surprised by the volume. Mr. Antoskiewicz asked if this could impact our results for next month. Mr. Dean said it could, but he does not think it will be significant.

Mr. Langshaw asked for an update on the effect the cuts in the state budget may have on Cuyahoga County and North Royalton. Mr. Dean said that he does not see any future cuts to local government which is the most significant thing we would be effected by. He said that they have already cut estate taxes. He said that they passed a requirement for more training for Finance Directors, and there is an idea to make city's more uniform in their accounting practices so that every city will have the same accounts. He said there are some other items in the works, but he is not sure if they will happen. It's just like the income tax that hasn't passed the senate yet. He said that even if it does pass, we are still looking at a year or two before it goes into effect. Mr. Langshaw asked if we have seen the full effect of the repeal of the estate tax. Mr. Dean said that it takes a while for those to go through probate, so we actually received an extra \$200,197 this year that we did not budget for. This money was placed into the Estate Tax line item in the General Fund.

ADJOURNMENT

Moved by Mr. Marnecheck, seconded by Mr. Petrusky **to adjourn the meeting.** Yeas: 3. Nays: 0. **Motion carried.** Meeting adjourned at 7:17 p.m.