FINANCE COMMITTEE MINUTES
MAY 17, 2016

The Finance Committee meeting was held on May 17, 2016 at North Royalton City Hall, 14600 State Road. The meeting was called to order at 7:11 p.m.

PRESENT: **Committee Members**: Chairman Larry Antoskiewicz, Vice Chair Gary Petrusky, Paul Marnecheck; **Council**: John Nickell, Dan Langshaw, Steve Muller, Dan Kasaris; **Administration**: Mayor Robert Stefanik, Law Director Thomas Kelly, Fire Chief Robert Chegan, Safety Director Bruce Campbell, Finance Director Eric Dean; **Other**: Lou Krzepina, Matt Mraz.

APPROVAL OF MINUTES

Moved by Mr. Petrusky, seconded by Mr. Marnecheck to **approve the April 19, 2016 Finance Committee minutes**. Yeas: 3. Nays: 0. **Motion carried**.

Mayor Stefanik circulated a draft copy of our CAFR Report that will be ready for the next Finance Committee meeting. He also distributed a copy of the Glen Willow Report so they can see what the final product looks like. He said that they are still tweaking quite a bit of this, getting better pictures, more facts and figures, and he said that this will help us as we address the Fire Levy later this year.

UNFINISHED BUSINESS

1. **Monthly Finance report including tax collections status**
   Mr. Dean reviewed the report, a copy of which is attached to these minutes. Mr. Petrusky said that we have additional money that we did not spend for snow removal earlier in the year and asked if we are leaving that money in that account in case it is needed at the end of the year. Mayor Stefanik said this is the plan.

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

NEW BUSINESS

1. **EMS Levy**
   Mr. Dean provided documents regarding the EMS Levy and gave a visual presentation via projection of these documents, copies of which are attached to these minutes. Mr. Dean explained that we collect $5 million per year in property tax. He said that because of HB 920 we collect the same in taxes regardless of inflation or property value increases. This results in property owners paying less through time. We have been collecting the same amount in taxes for the EMS Levy since 2004 and this is not enough to meet the current budget. We are using more and more of the General Fund money to pay for safety services because the expenses go up, but the money generated by the levies has remained the same. Mr. Kasaris asked if the Capital Improvement Fund we have for the Fire Department enters into this at all. Mr. Dean said no, this fund is restricted for capital needs. Mr. Langshaw asked if overtime is a factor. Mr. Dean said that overtime has gone up slightly. He said it has been high for the Fire Department and a lot of that is driven by their minimum staffing and the need to call someone in if there are staffing shortages. He said historically overtime has always been pretty high. Mr. Langshaw asked if additional staffing would help reduce the overtime. Mr. Dean said that they have looked at this in the past. He said that that the cost of adding enough staff to cover the shifts and the cost of staying with the current staffing levels on overtime is basically the same. He said we have three shifts, so ideally you would add one person per shift. He said that we would be paying these three firefighters almost as much as we are currently paying in overtime. Mayor Stefanik said that we are in the process of hiring 3 firefighters right now because a couple of our current firefighters are retiring. He said that it is always a matter of trying to balance it out. If you hire new people then you have to pay salary, benefits, longevity, pension, holidays, vacation, etc. While the overtime may look bad every year, some times it is cheaper than hiring new people. Mr. Antoskiewicz asked Mr. Dean about the levy. He said currently we have a 1.7 mill levy, but it's really only collecting 0.88 in todays market. Mr. Dean said that is correct because we are can only

collect the same dollar amount that we did in 1998. Mr. Antoskiewicz asked if we do a continuing levy, would that keep the value at the vote millage? Mr. Dean said no. A continuing levy just means that it never expires. He said all of our levies are continuing levies except the EMS levy, which will expire in 2017. The last year we will receive money from this levy will be 2018. So we either have to renew this levy or, as he is suggesting, replace it back to the original level of 1.7 mills. Mayor Stefanik said that this would generate an additional $630,000 per year, bringing it back to what it was originally passed at. Mr. Dean said that we may want to hesitate on making this a continuing levy because 5 years from now it will still only be collecting the original dollar amount. If we find in the future that we need more money, we would then have to do an additional levy. Mr. Antoskiewicz said then we would be better off doing a 5 year levy and revisiting it again at that time. Mayor Stefanik said that we are looking to bring the levy back to the original value at a minimum. He said that Mr. Dean has provided additional scenarios should we want to look at increasing it a little more. The cost per month as outlined in the attachments was discussed. Mr. Kasaris asked if we brought the millage back to 1.7 mills and collected an additional $630,366 would this mean that the General Fund would not have provide this amount of money to the Fire Department and this money could then be used for streets, new hires, etc. Mr. Dean said yes. He said that if we don't do this we are just tying up more and more of our general fund money to the safety forces operations. Discussion on the pros and cons of the various levy scenarios outlined in the attachments ensued. Mayor Stefanik said that the administration is asking for Council to, at a minimum, bring it back up to the original value. If Council decides that it is time to generate additional funds, then the administration is willing to go along with that as well. Mr. Antoskiewicz asked what the time frame was for getting this to the Board of Elections. Mrs. Haller stated that it will need to be to the Board of Elections in early August which means we need to pass it at our last meeting in July due to summer recess. Mr. Nickell and Mr. Langshaw expressed support to consider increasing the levy to 2.0 or even the 2.2 scenario. Mr. Muller said that it was mentioned that the current millage was causing a strain on the general fund. He asked what area are we trying to get funding back for. Mr. Dean said that specifically it has been effecting our money for streets and this would help free up more money for this. Mr. Petrusky said that we should look to go with a levy of 2 mill and not the higher 2.2 mills. He said we already know that residents are going to receive the storm water bill this summer. We also know that there will be a school levy on the ballot in the fall. He said that he doesn't want our levy to fail because residents have to choose between safety and the schools. Mr. Antoskiewicz suggested that Council review all of the information given out tonight and next month the committee can determine the millage we will proceed with. He said that if anyone has any additional questions, contact Mr. Dean between now and the next meeting.

ADJOURNMENT

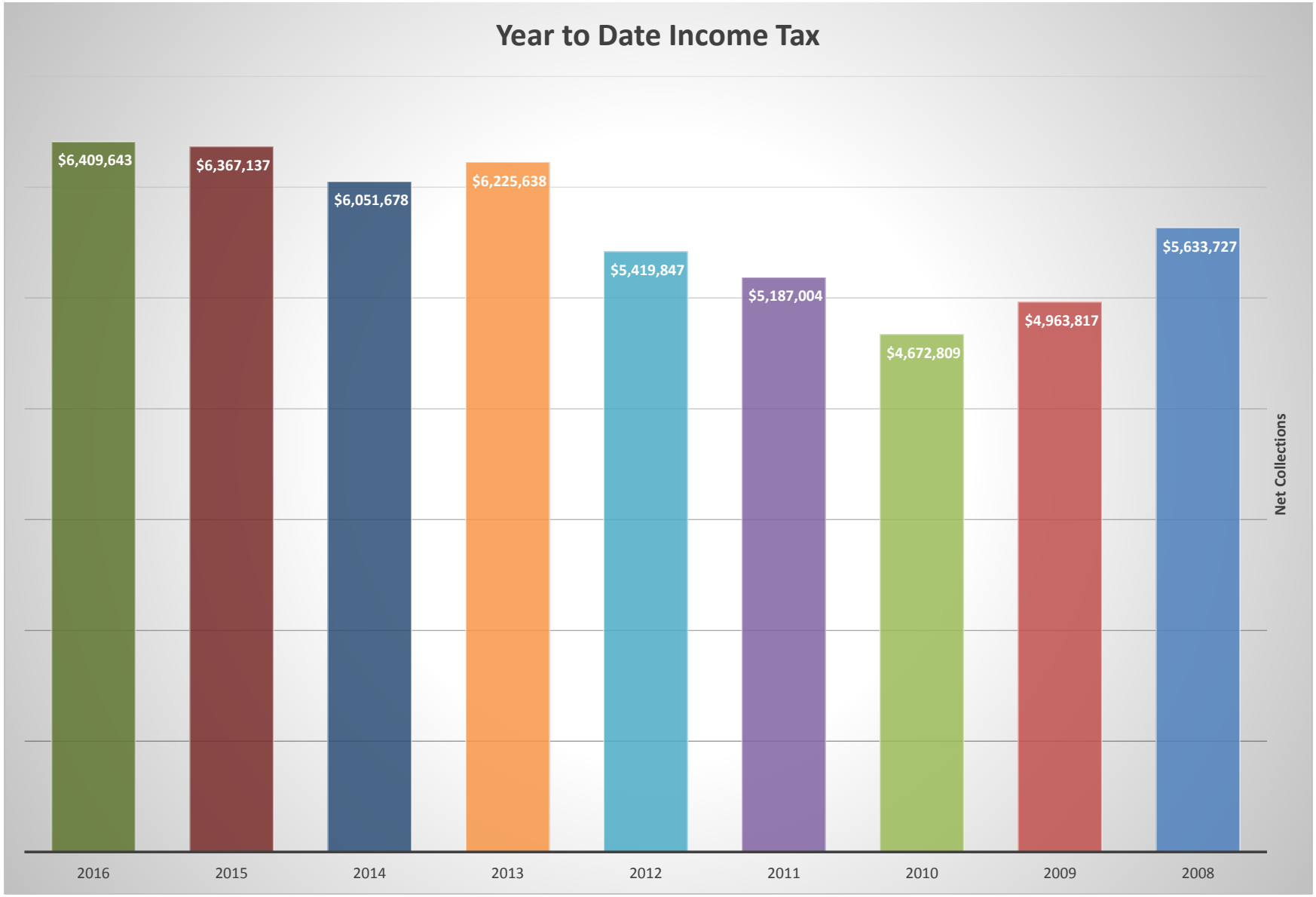
Moved by Mr. Marnecheck, seconded by Mr. Petrusky to **adjourn the Finance Committee meeting**. Yeas: 3. Nays: 0. **Motion carried**. **Finance Committee meeting adjourned at 7:40 p.m.**

City of North Royalton
City Income Tax Collections
5/13/2016

		Net Receipts
Current Income taxes collected by R.I.T.A. for the period of	April, 2016 and distributed to the city in May, 2016	**$ 1,799,012.97**
Current Year to date collection of Income Tax distributed to City	January 1, 2016 to May, 2016	**$ 6,409,642.61**
Prior Year to date collection of Income Tax Distributed to City	January 1, 2015 to May, 2015	**$ 6,367,136.72**
Increase (Decrease) in Income Tax collections for Current Fiscal Year		**$ 42,505.89**

Collection Detail by Type

	Distributed May 2016	Distributed May 2015	Difference	*% change*
WITHHOLDING	$ 471,987.57	$ 453,885.76	**$ 18,101.81**	*3.99%*
INDIVIDUAL TAXES	$ 1,216,226.16	$ 1,264,634.44	**$ (48,408.28)**	*-4%*
NET PROFIT TAXES	$ 167,550.99	$ 173,899.21	**$ (6,348.22)**	*-4%*
TOTAL GROSS RECEIPTS	**$ 1,855,764.72**	**$ 1,892,419.41**	**$ (36,654.69)**	*-2%*
3% withholding for collection fees	(55,672.94)	(56,772.58)	**1,099.64**	*-2%*
legal fees/court costs	(1,078.81)	(2,917.88)	**1,839.07**	*-63%*
TOTAL LEGAL FEES AND COLLECTION COSTS	**(56,751.75)**	**(59,690.46)**	**2,938.71**	*-5%*
TOTAL NET RECEIPTS	**1,799,012.97**	**1,832,728.95**	**(33,715.98)**	*-2%*


Year to Date Income Tax
$6,409,643
$6,367,137
$6,051,678
$6,225,638
$5,419,847
$5,187,004
$4,672,809
$4,963,817
$5,633,727
Net Collections
2016
2015
2014
2013
2012
2011
2010
2009
2008

CITY OF NORTH ROYALTON
Income Tax Receipts Summary

	Month Received	General Fund Original Tax	General Fund Additional Tax	General Fund	Police Facility	scmr Additional Tax	Total SCMR Fund	Office on Aging	Income Tax Fund	Storm Sewer Fund	Refunds	Overhead & Legal Fees	Net Receipts
	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
2	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
0	June												-
	July												-
	August												-
1	September												-
	October												-
	November												-
6	**December**												**-**
	Total	*$ 4,241,517.73*	*$ 828,381.40*	$ 5,069,899.13	$ 83,333.35	*$ 828,381.40*	$ 828,381.40	$ 72,916.65	$ 260,321.33	$ 414,190.70	$ (112,001.71)	$ (207,398.24)	$ 6,409,642.61
	Check Figure												**$ 6,409,642.61**
			FUND:	101	207		211	219	213	443			
	Original Fiscal Budget			$ 11,300,000.00	$ 200,000.00		$ 1,700,000.00	$ 175,000.00	$ 700,000.00	$ 630,000.00	$ (300,000.00)	$ (450,000.00)	$ 13,955,000.00
				45%	42%		49%	42%	37%	66%	37%	46%	46%

NOTES: **Shaded colums reflect the additional tax.**

Month-to-Date Revenues as Percentage of Total Annual Budge
46%

	Month Received	General Fund Original Tax	General Fund Additional Tax	General Fund	Police Facility	scmr Additional Tax	Total SCMR Fund	Office on Aging	Income Tax Fund	Storm Sewer Fund	Refunds	Overhead & Legal Fees	Net Receipts
	January	*$ 603,572.49*	*$ 137,079.61*	$ 740,652.10	$ 16,666.67	*$ 137,079.61*	$ 137,079.61	$ 14,583.33	$ 38,755.16	$ 68,539.80	$ 4,149.94	$ (31,808.32)	$ 988,618.29
	February	*849,399.58*	*187,529.93*	1,036,929.51	16,666.67	*187,529.93*	187,529.93	14,583.33	53,070.44	93,764.96	(6,836.90)	(42,375.74)	1,353,332.20
2	March	668,551.57	*133,895.58*	802,447.15	16,666.67	*133,895.58*	133,895.58	14,583.33	41,726.75	66,947.79	(12,987.54)	(33,094.97)	1,030,184.76
	April	*788,528.99*	*150,615.90*	939,144.89	16,666.67	*150,615.90*	150,615.90	14,583.33	47,143.97	75,307.95	(21,866.64)	(59,323.56)	1,162,272.51
	May	***1,290,484.67***	***198,227.92***	**1,488,712.59**	**16,666.67**	***198,227.92***	**198,227.92**	**14,583.33**	**80,229.55**	**99,113.96**	**(5,114.60)**	**(59,690.46)**	**1,832,728.96**
0	June	*749,625.28*	*161,669.74*	911,295.02	16,666.67	*161,669.74*	161,669.74	14,583.33	43,045.54	80,834.87	(71,167.07)	(35,328.14)	1,121,599.96
	July	*534,717.06*	*166,288.51*	701,005.57	16,666.67	*166,288.51*	166,288.51	14,583.33	31,305.90	83,144.26	(45,491.38)	(30,016.55)	937,486.31
	August	*1,104,255.22*	*169,117.78*	1,273,373.00	16,666.67	*169,117.78*	169,117.78	14,583.33	67,590.49	84,558.89	(28,168.30)	(48,419.19)	1,549,302.67
1	September	*711,230.11*	*235,088.58*	946,318.69	16,666.67	*156,725.72*	156,725.72	14,583.33	43,701.21	-	(20,225.49)	(37,602.41)	1,120,167.72
	October	*457,607.33*	*44,262.28*	501,869.61	16,666.67	*91,521.47*	91,521.47	14,583.33	20,746.37	-	(11,619.57)	(20,694.19)	613,073.69
	November	*905,802.20*	*143,602.79*	1,049,404.99	16,666.67	*269,617.24*	269,617.24	14,583.33	56,091.97	-	(15,732.63)	(42,545.36)	1,348,086.21
5	**December**	***672,295.87***	***239,246.61***	**911,542.48**	**16,666.67**	***159,497.74***	**159,497.74**	**39,583.37**	**43,908.31**	**-**	**(1,818.50)**	**(38,830.48)**	**1,130,549.59**
	Total	*$ 9,336,070.37*	*$ 1,966,625.23*	$ 11,302,695.60	$ 200,000.04	*$ 1,981,787.14*	$ 1,981,787.14	$ 200,000.00	$ 567,315.66	$ 652,212.48	$ (236,878.68)	$ (479,729.37)	$ 14,187,402.87
	Check Figure												**$ 14,187,402.87**
			FUND:	101	207		211	219	213	443			
	Original Fiscal Budget			$ 11,200,000.00	$ 200,000.00		$ 1,400,000.00	$ 175,000.00	$ 700,000.00	$ 630,000.00	$ (325,000.00)	$ (450,000.00)	$ 13,530,000.00
				101%	100%		142%	114%	81%	104%	73%	107%	105%

NOTES: **Shaded colums reflect the additional tax.**

Month-to-Date Revenues as Percentage of Total Annual Budge
47%