

**FINANCE COMMITTEE MINUTES  
JUNE 15, 2009**

The Finance Committee meeting was held on June 15, 2009, at North Royalton City Hall, 13834 Ridge Road. Meeting called to order at 6:32 p.m.

**PRESENT:** Committee: Chairman Mike Farrell, Vice Chair Gary Petrusky, Vince Gentile; Council: Dan Kasaris, Larry Antoskiewicz, Don Willey; Administration: Mayor Robert Stefanik, Finance Director Karen Fegan; Other Attendees: Paul Marnecheck, Joanne DuMound.

**APPROVAL OF MINUTES**

Moved by Mr. Petrusky, seconded by Mr. Gentile, **to approve the May 18, 2009 Minutes.** Yeas: 3. Nays: 0.  
**Motion carried.**

**UNFINISHED BUSINESS**

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

Mr. Farrell asked Mrs. Fegan if she ran the trend report. Mrs. Fegan said she ran the trend for the last five years through June and sent this information to Council. Mrs. Fegan said the June receipts were up about \$90,000 over last year at this time. She said we are about \$579,000 under where we were last year.

Mr. Farrell asked Mrs. Fegan if she knows why there was an increase in June. She said she did not have an opportunity to contact RITA, but said she was told earlier by RITA that a lot of individual filers were filing late this year. Mr. Farrell asked Mrs. Fegan if based on the numbers she sent to Council, the city will be down \$1,000,000 for the balance of the year. Mrs. Fegan said we will probably be down \$750,000 on the income tax and about \$100,000 or so on interest.

Mr. Gentile asked Mrs. Fegan if she could review the interest income. He said since it went into various accounts he would like to see the percentage of shortfall on those accounts based on what the projected expenditures are then make that correction. Mr. Gentile asked if the shortfall would be around \$300,000. Mrs. Fegan said she does not feel it will be that high. Mrs. Fegan said our balances are going down. She said at one point we had \$10,000,000 in borrowed funds, but with all of the road projects, that money has all been mapped out. She said now that the storm projects are rolling forward those balances are there to invest. Mr. Gentile asked Mrs. Fegan if when she projected on the borrowing, if she projected selling these out at 5 percent. She said we will not do that until February 2010. She said on a positive note, the city sold the Glenwillow Drive, Martin Drive and Akins Road notes and the interest rate was 1.5 percent. Mrs. Fegan said we will end up insuring at the same time as the stormwater notes next February. She said we will combine them and when stormwater is ready to be bonded everything will be ready to go. Mrs. Fegan said that by borrowing, our interest cost will be lower. She said our income tax did make a little bit but said we have a long way to go. She said she does not think we can make up the whole deficit this year and feels the \$750,000 noted above is accurate.

Mrs. Fegan said the budget amendment will include all of the items that were discussed at the last meeting. Mr. Farrell said if we are going to amend the budget in July as discussed, he would like to amend the budget the same amount that we are off or are projecting that we will be off.

Mr. Gentile said his concern is 2010. He said he would like to see us rollover as much as possible to insure we have enough money to tie us over. He said he is worried that we may pull worse numbers in 2010 due to the unemployment rate of our residents.

Mr. Antoskiewicz asked if the \$750,000 is projected based on keeping the rollover that we started with. Mrs. Fegan said this amount is the budgeted shortfall in income tax compared to last year.

Mrs. Fegan said she told department heads that if they find an area where they are saving money and decide to move money for something new that was not in the original budget, they could not do that this year. She said if they are moving money to cover something that is already in the negative she will let that go through. Mrs. Fegan said there may be situations where there is an emergency in which case it may have to be presented to Council, but otherwise they cannot move money. Mayor Stefanik said department heads are aware of the situation and have all pitched in and are watching their budgets very closely.

Mr. Petrusky asked if there is a need to increase our budget cutbacks to make a bigger nest egg since we did not touch the nest egg from last year. Mrs. Fegan said that every year when the city does the budget, where they are conservative on revenues they are conservative on expenditures. She said every year the actual usually exceeds the budget on revenues and on the expenditure side we are lower than what we budget. She said the budgeted end of the year balance for the General Fund is always low because the revenues come in higher and the expenditures come in lower. Mrs. Fegan said she does expect there to be a good fund balance at the end of the year if we make these cuts. Mrs. Fegan said she spoke to the underwriter and asked what would happen if we had to go back to the bond market. The underwriter said that as long as the city is showing that they are dealing with this, everything will be fine.

Mr. Gentile asked if the decrease in receipts is primarily money that goes into the General Fund. He asked if there are earmarked capital and savings accounts that are included in the nest egg. Mrs. Fegan said there is a cut that comes out of the collections that goes into specific funds. Mr. Farrell asked if the cuts that are being proposed are the cuts to help offset the loss of income. Mrs. Fegan said yes. He asked if by doing this and if the budget is projected and used the way it was intended, should the cushion automatically be in our rollover in combination of various funds. Mrs. Fegan said yes. Mr. Farrell also asked where we take the loss of revenue for our interest income. Mrs. Fegan said that will be done through various funds. She said a majority of this would hit the General Fund. Mr. Gentile asked Mrs. Fegan if she could draft an appropriation amendment that is reflective of these cuts from their respective portion of the budget that is going to be reduced, and also highlight where the interest income is being removed. Mr. Gentile said this information will be reviewed and discussed and possibly voted on at the July 21<sup>st</sup> Council meeting.

## **2. Gas/Oil Well Royalties**

Mr. Petrusky asked if there was any update on residents who may not have been paying taxes on royalties that they received. Mrs. Fegan said RITA just started getting the federal tax information from the IRS so they will now have information that they will be able to cross reference which will help in determining who these residents are.

## **3. Admissions Tax**

Mrs. Fegan said after the last meeting where the committee discussed Admissions Tax and Income Tax, she forwarded the Code to the Law Department for their review. She received information back from Mr. Kelly last night and forwarded the information to RITA to make sure they would not have any problems administering the code as it is written. Mrs. Fegan will let Council know when she hears back from RITA.

## **NEW BUSINESS**

- 1. No new business.**

## **ADJOURNMENT**

Moved by Mr. Gentile, seconded by Mr. Petrusky to **adjourn the meeting**. Yeas: 3. Nays: 0. **Motion carried.**  
**Meeting adjourned at 6:59 p.m.**