

**FINANCE COMMITTEE MINUTES
SEPTEMBER 14, 2009**

The Finance Committee meeting was held on September 14, 2009, at North Royalton City Hall, 13834 Ridge Road. Meeting called to order at 6:31 p.m.

PRESENT: Committee: Chairman Mike Farrell, Vice Chair Gary Petrusky, Vince Gentile; Council: Dan Kasaris, Larry Antoskiewicz, Don Willey, John Nickell; Administration: Finance Director Karen Fegan.

APPROVAL OF MINUTES

Moved by Mr. Petrusky, seconded by Mr. Gentile, **to approve the July 20, 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 was able to get the final numbers for income tax revenue. Mrs. Fegan said she emailed this information to Council. She said we are still down about \$600,000 total for the year. Mr. Farrell asked what we were down for the month of August. Mrs. Fegan said we were down \$68,000 for the month of August.

Mr. Farrell asked Mrs. Fegan if she has had an opportunity to update the unemployment information. Mrs. Fegan said she contacted unemployment, but she has not yet received the information she requested. Mr. Farrell said the last report showed 3,400 people in the city are collecting unemployment.

Mr. Gentile said when reviewing historicals on income tax, we are a little down, but said September tends to be a short month historically along with October and said we usually do not see bigger collections until November. Mr. Farrell asked Mrs. Fegan if we have a Plan B in addition to the cuts that were made to help offset the direction we are heading.

Mr. Gentile asked Mrs. Fegan if she can put it into perspective a percentage of where we are with collections compared to the percentage of our expenditures. She said on this month's report she did change the budget numbers to reflect the changes we made due to budget cuts. Mrs. Fegan said we are at about 73 percent collected for the year. She said last year we were at 86 percent of our budget. She said we should be at 75 percent. Mr. Farrell asked if we are balanced with the income that is down versus our payouts. Mrs. Fegan said if she can get the departments to address line items where we are over budget without bumping up anything else, she thinks we will be okay. Mr. Farrell said his concern is that if we get a bump higher in September's receipts, our reaction time is going to be a critical situation. He said he would like to prevent this from happening. He asked what Plan B is going to be.

Mr. Gentile said at this point most of the collections are withholding and single filer quarterly estimates that are coming in. He said this is basically what we will see for the rest of the year and into the first quarter of 2010. Mr. Gentile said we will probably not have a good idea of where we are going until mid May. Mr. Farrell said if we come out ahead at the end of the year that is great, but said we need to implement budget cuts now. Mrs. Fegan said we need to come out ahead at the end of the year. She said we are going to be pulling bonds during the first quarter and our bond rating depends on what type of bond rating we are carrying. Mr. Kasaris asked if there is a particular carryover that we strive to obtain. Mrs. Fegan said she would like to see the carryover at \$2 million. Mr. Gentile said he believes we should commit to rolling \$2 million over and lock up as much cash as we can in closing out the year. He said all the capital purchases should have already been done for the year. He suggested if there are capital purchases still out there, maybe those should wait until the temporary appropriation is done and see if it fits in then. Mrs. Fegan said the carryover may not be \$2 million, but she said the city has taken steps to make sure that the balance does not take a nose dive and try to keep the balance where we want it to be.

Mr. Farrell asked Mrs. Fegan for an action plan which will include all overtime, all current expenditures and anything above and beyond the normal operating fund. He said that any extra expenditures need to be explained to Council immediately and those expenses must be frozen. Mr. Farrell said all departments can only operate their normal operation because we are currently in a crisis. Mr. Farrell said the budget was amended in July and it looks like we will have to amend it again in October but in order to do that we will need an action plan.

Mr. Antoskiewicz asked what the projected carryover was at the beginning of the year. Mrs. Fegan said the projected carryover was a couple hundred thousand dollars.

Mr. Farrell asked Mrs. Fegan if she sees a problem with anything Council is asking. She said she does not see a problem, but she does want to go back to the Mayor to make sure they are on the same page. Mr. Farrell said that based on the information Council has received we are not where we need to be. He suggested that the action plan include where we currently are on non-mandatory overtime and cutting all other overtime, freezing all purchases that are not part of the normal daily operating expenses. Mrs. Fegan said freezing purchases may be hard to do if departments still have money left in their current budgets. Mr. Gentile said if there are purchases that are still out there that do not fit proportionally to the final quarter's collections, those items should not be purchased. Mr. Farrell said if these purchases cannot be frozen, Council needs to know why. Mr. Gentile suggested that the Administration put this out as policy throughout the entire city on the expenditures for the rest of the year or Council can do this legislatively. Mr. Nickell suggested that Mr. Gentile give a quick budget update during his report at the Council meeting.

Mr. Farrell asked Mrs. Fegan to discuss these issues with Mayor Stefanik and contact him if it is determined that a Special Finance Committee meeting needs to be scheduled. Mr. Farrell said if we schedule a special meeting he would like to hold that meeting on September 30th at 6:00 p.m.

Mrs. Fegan said she will get together with the departments that have overtime issues that need to be addressed. Mr. Gentile said something needs to be done with overtime in the Fire Department and said whatever shifting they need to do we need cooperation with that department. He said there will be some emergency overtime that will potentially come up before the end of the year for snowplowing.

Mr. Farrell said that overtime and purchases are going to hurt the city. Mr. Farrell and Mr. Gentile feel that if departments have not purchased an item by now, they can continue through the rest of the year without it. Mrs. Fegan said the only purchase out there currently is the new vehicle for the Fire Department but she said that money has already been appropriated for that expense.

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 7:01 p.m.