

**FINANCE COMMITTEE MINUTES
JANUARY 18, 2010**

The Finance Committee meeting was held on January 18, 2010, at North Royalton City Hall, 13834 Ridge Road. Meeting called to order at 6:30 p.m.

PRESENT: Committee: Chairman Gary Petrusky, Vice Chair Vince Gentile, Don Willey; Council: John Nickell, Dan Kasaris, Larry Antoskiewicz, Paul Marnecheck; Administration: Mayor Robert Stefanik, Finance Director Karen Fegan; Other: John Kohl, Nick Cinquepalmi.

APPROVAL OF MINUTES

Moved by Mr. Gentile, seconded by Mr. Petrusky, **to approve the November 16, 2009 Minutes.** Yeas: 2. Nays: 0. **Motion carried.**

Mr. Gentile asked Mr. Petrusky to add Ordinance10-09 to New Business.

UNFINISHED BUSINESS

1. Monthly Finance report including tax collection status

Ms. Fegan discussed the income tax collection report. She said we are at \$888,000 for income tax collection which is below last year, but she said it is remarkably similar to 2008. She said we will keep an eye on this.

Ms. Fegan said she will get a final revenue and expenditure report for 2009 to Council as soon as she has all of the banking information for December.

Mr. Gentile asked where we are with the carryover. Mrs. Fegan said the carryover on the General Fund is currently \$1.25 million. Mrs. Fegan said this number is not final. She said it may change slightly once we have all of the banking information available.

Mr. Petrusky asked when the budget will be sent to Council so they can review it prior to the budget meeting. Mrs. Fegan said she will have the budget out to Council a week prior to the February 13th meeting.

Mr. Gentile said he is not happy with the carry over number and realizes the cause of this number being so low is due to the economy. He said we should address early on where the projection of revenue is going to be for 2010 and also take a look at what was collected in 2009. Mr. Gentile said he is going to scrutinize very closely the projected revenue based on actual collections in 2009. He said if we project too high we could see this number go below \$1,000,000 this year which is something we do not want to see. Mrs. Fegan said we do not want to project high then have to go back and re-do the budget with major adjustments like we did last year.

Mr. Gentile asked if we have insurance to protect us beyond FDIC. Mrs. Fegan said we require collateral for any of our investments. Mr. Gentile asked Mrs. Fegan if she is comfortable with this based on the current banking situation. Mrs. Fegan said we tend to do business with banks that have a branch in the city and most of them are larger banks.

Mrs. Fegan said she will get an investment report to Council once she has all of the banking information together.

Mr. Petrusky asked if any of our bonds are coming due this year. Mrs. Fegan said we have annual payments on our bonds. She said our notes for Stormwater are coming due and are on the Council agenda for the January 19th meeting. She said because some of the projects are not yet finished she can roll them over. She said we are holding off on the Akins Road, Glenwillow Drive and Martin Drive projects until we do the \$5,000,000 so we can defray the cost and roll these notes for another year as well. Mr. Gentile asked where we will roll these notes. Mrs. Fegan said she will not know until this goes to market.

2. Central Purchasing Office (CPO)

Mr. Gentile said when this was last discussed Mrs. Fegan and Mayor Stefanik were going to look into appointing one person in the administration to look at the overall buying power in the city. Mayor Stefanik said we have a good relationship with KEK, the company we purchase a majority of our supplies from. Mrs. Fegan said we currently call around to make sure we are getting the best price on office supplies before purchasing. Mayor Stefanik said sometimes this is the best way to get the lowest price. Mr. Gentile said he thought we were looking at having one person in the city purchasing for the entire city instead of each department purchasing from different vendors. Mayor Stefanik said if we decide we are paying too much for certain items, we will change the way we purchase those items. Mayor Stefanik said we will not hire someone to do the purchasing. He said it would probably fall on the Finance Department or Pat Jones.

NEW BUSINESS

1. 2010 Budget

Mrs. Fegan said she is working on getting all of the protections in place and going through department requests.

Mr. Antoskiewicz asked if Council will get a hard copy of the 2010 budget. Mrs. Fegan said she was going to send it out electronically, but if Council would like a hard copy, she will send it out both electronically and print a hard copy as well.

Mr. Gentile asked if the report will look different this year since we are now utilizing the new system. Mrs. Fegan said it will look a little different. Mr. Gentile asked if the report will reflect four years historically. Mrs. Fegan said she is going to try to get four years on the report but if she cannot get all four years on the budget report, she will send them the historical information in an Excel spreadsheet.

Mr. Petrusky asked if we were supposed to mirror 2010 to 2007's budget. Mrs. Fegan said the problem is that there have been some changes since then. She said items such as fuel will have to be different as well as health insurance. Mr. Petrusky asked how much history is on the new system. Mrs. Fegan said the new system contains information for 2007, 2008 and 2009, but we did not pay to have the detail information for prior years converted into the new system.

Mr. Gentile asked Mrs. Fegan how the new system is working out. She said her staff has been working with financials on the new system since November and payroll went live on the new system January 1st.

2. Ordinance 10-09

Mrs. Fegan said the Service Department is requesting that the position of Expeditor be eliminated and the complement in the Service Department be increased to two clerical positions. The salary for the new clerical position will be split between the Engineering Department and Service Department. Mr. Gentile asked where the funding source will come from. Mrs. Fegan said this is all General Fund money. Mr. Gentile asked if both departments will be paying out more or less than they were for the same service. Mrs. Fegan said they will be paying out less money.

John Kohl asked about the \$1.25 million surplus in the General Fund versus the surplus the previous year which was \$1.9 million. He asked why there is a \$700,000 deficit. Mr. Kasaris said this is because the income tax revenues were down. Mr. Kohl asked Mrs. Fegan what she considers customary to have as a surplus from year to year. Mrs. Fegan said the rating agencies would like to see 4-6 months revenue and we would like to see it a little higher than that. She said due to the economy the rating agencies are very understanding as long as they see that steps are being taken to address the issues. Mr. Gentile said we cut an amazing amount of money from the budget last year as we saw the receipts come in. He said we will be working harder this year to get this number back up. Mayor Stefanik said North Royalton is in much better shape than some other communities in the area. He said some communities are suffering.

ADJOURNMENT

Moved by Mr. Willey, seconded by Mr. Gentile to **adjourn the meeting**. Yeas: 3. Nays: 0. **Motion carried.**
Meeting adjourned at 7:09 p.m.