

City of Olmsted Falls
Minutes of a Finance Committee Meeting
Tuesday, September 26, 2017, at Olmsted Falls City Hall
26100 Bagley Road – Council Chambers, 7:00 p.m.

Chairman Bob Sculac called the meeting to order at 7:03 p.m. Roll call was conducted. Councilmen Linda Garrity, Jim Haviland, Ed Gorski, Paul Stibich, Terry Duncan and Kyle Miller were present.

Also Present: Gregory Sponseller, Law Director, Steve Presley, Finance Director, and Mike DeSan, Asst. Finance Director.

NEW BUSINESS

Council Update of financials over summer recess – Mr. Presley indicated that the only expenses that are higher than originally budgeted will be those capital expenditures that we've added, such as the roof project. Otherwise, the other ones we are looking at will be recreation and some of the expenses relative to the Community Paramedicine but these activities are established in separate funds so we can track the expenses relative to the grants and make sure it is all properly recorded within to make it easier to fill out the grant reimbursements. In general, we are still looking at a situation where municipal income tax is down from 2016. As he has previously stated and will repeat, this is primarily because of filing requirements. The date was pushed up so the estimates that would have been paid in January of 2017 were pushed into December of 2016. We will not have that situation again so everything will be on track. He likes to say that we collected 12 ½ months in 2016 and will now see a full 12 months in 2017.

The shared taxes local government fund continues to be reduced which is nothing we can control as that comes from the state. You can see in 2015 it was just over \$217,000 reduced to \$168,000 in 2016 and again reduced in 2017 to \$149,500. They continue to ratchet that down trying to force the locals to either become more efficient or to go to the residents and ask for the additional increases meanwhile they continue to sock away money in their rainy day fund and drain it from ours.

The fines, licenses will fluctuate relative to what happens through the police department and courts. Investment earnings are up slightly because of the slight increase we've seen in the investment rates. We did receive the property taxes last month. He stated that the police and fire year to date actuals are higher than the prior year due to the fact that he was not able to reduce those expenses with the operating levy revenue available as the assistant finance director's closed the month prior to the transfer. He will get those posted this month.

Mr. Sculac stated that under the Business & Community Services we are up considerably from \$65,000 to \$92,000. Mr. Presley indicated that is Ms. Jones and Mr. Riddle who works under this department part time on various city events.

Ms. Garrity indicated that under the law department year to date is \$226,000 and last year it was \$326,000. Mr. Presley indicated that this department is down due to the fact that we did not have so many grievances filed by the various bargaining units and having to defend those.

Mr. Stibich stated that there is a \$300,000 difference in the general fund and part of that is due to income tax differential and revenue. Mr. Presley indicated that part is due to the income tax but the major part now is the fact that he did not reduce the general fund expenses for police and fire by the levy revenue available. Mr. Stibich asked if the city would be in a deficit at the end of the year. Mr. Presley indicated that it will be close.

Ms. Garrity asked Mr. Presley to repeat his statement regarding RITA taxes. Mr. Presley stated that HB 5 that passed in the state relative to municipal income tax mandated certain uniformity as far as the dates that items had to be paid, one of those dates was pushed up and instead of January of the following year it was pushed into December of the current year. So, in 2016 the city received money that we would have ordinarily received in 2017. So, in essence it increased the overall collections for 2016 and reduced the 2017 collections.

Ms. Garrity asked how the cemetery taxes affect the millage. Mr. Presley indicated that municipal income tax does not affect the millage on property taxes. Any growth from new property will increase the inside millage, the operating levy's will not bring in any additional money but any additional construction will bring in a few more dollars for those inside millage revenues. Again, operating levies were passed at a fixed dollar amount, the total revenue cannot increase but the amount that each individual property owner pays will slightly decrease with added values.

Mr. Sculac stated that prior to the meeting Ms. Garrity mentioned that other cities that have cemetery's connected to them generally have some financial contribution in addition to what the levy produces and asked Mr. Presley if he had any information regarding this type of contribution. Mr. Presley indicated that this is the first municipality he has worked at that has a cemetery so he cannot confirm or deny. Ms. Garrity stated that she is sharing this information as budget discussions will be forthcoming. The cemetery is currently and has been in the past spending slightly more each month than it brings in. We are in the process of correcting and have located some items that caused us to lose money in burials. We are trying to correct some of the policies that allow certain things to slip through the cracks. If you will remember Mr. Sculac asked for a reporting in October instead of waiting for the reports to be presented in May at the annual meeting. In other words, to get an update mid-year. The cemetery trustees met with a local gentleman that has union cemetery experience who spent several hours with us. He was greatly surprised because in his union cemetery each city contributes approximately \$10,000 towards the cemetery on an annual basis. He gave us that piece of information to review and see if it was something we should consider. The board did not act upon that information. Having intricate knowledge about the cemetery and how it runs this might be something that the municipality may want to look at and consider. The cemetery currently has about \$220,000 in various CD's but they are not collecting much interest. We have been slowly taking money out but do not want to continue doing that. First issue was the cemetery's prices and burials in order to make adjustments. We found that we were on the low low side of pricing with union cemeteries that are collecting millage. This gentleman also said that he found our philosophy rather backwards compared to what he is use to as he is use to the city's having more ownership in the cemetery than we currently do. Mr. Presley indicated that he would have to ask the law director to look into how it was originally established and he would flip that statement and say why are the other cemeteries backwards and why does the city run the cemetery versus the cemetery board running the cemetery. Ms. Garrity stated that the ORC reads if anything would happen financially to the cemetery it would convert back over to the city and township. We have adjusted our prices and the plan is to evaluate in them 6 months and make another price adjustment but we are still way under for

burials. She also believes that there have been some issues where a non-resident was buried at resident prices which is not fair as the residents put the money into the base. Mr. Sculac stated that he is presuming if the city were to contribute that the township would do the same and would not even consider the request unless he was certain the township would be an equal contributor. Ms. Garrity replied yes. Mr. Presley stated that if they already know they are not charging enough in their rates comparable to other cemetery's do we want to begin contributing before they get their rates in order. Ms. Garrity stated that she was in favor of raising the rates but everyone is cautious and wants to step the increases. Mr. Sculac stated that you cannot continue to deplete the cemetery fund otherwise there will be financial difficulties in three to five years.

Mr. Presley stated he will keep this idea in mind as we pencil in some of the budget requests. We will also have contract negotiations and do not know where the health care renewal will come in.

Mr. Presley stated that the ordinance Council has for the liability/property insurance is blank as far as the underlying insurance because we are still attempting to get the best prices. Some of the companies that do not have our current insurance have reviewed the request and cannot be competitive with the pricing we have with the current insurance underwriter and have respectfully declined to submit a quote. It is also not uncommon for the current carrier to wait three to four weeks before renewal to show their renewal pricing. He does not anticipate a large increase as the city's loss runs with this carrier have been very minimal and any losses we have sustained have been with the prior carrier.

MISCELLANEOUS – None

ADJOURNMENT

Mr. Sculac moved to **adjourn**; Mr. Stibich **seconded**. Poll: 7 ayes; 0 nays. **Motion carried**.

The meeting adjourned at 7:23 p.m.

Bob Sculac, Chairman Finance Committee

Angela Mancini, Clerk of Council