



CITY OF OLMSTED FALLS
FINANCE COMMITTEE
MINUTES
MARCH 26, 2019
6:45 PM
COUNCIL CHAMBERS

Council President Paul Stibich called the meeting to order at 6:46 p.m. Roll call was conducted. Councilmen Jim Haviland (arrived at 6:51 p.m.), Ed Gorski, Terry Duncan and Lee Fenrich.

Denise Nicolay and Lori Jones were excused.

Also Present: Vic Nogalo, Finance Director and Andrew D. Bemer, Law Director. Audience: 3.

NEW BUSINESS

Review of End of Month Financials – Mr. Nogalo indicated that he distributed the February financial report in Council packets. He stated that the Village of Glenwillow has assigned every Council member iPads. Mr. Stibich asked that Mr. Nogalo look into the purchase of iPads for Council and the cost for hardware and software. Mr. Gorski indicated that iPads are a big help in his schooling. Mr. Nogalo stated that Council members can also choose to stay with paper packets as well.

Mr. Nogalo indicated that Council did pass a full year's budget in January and informed Council that we would be back early in the year for an amendment to the budget if there were any issues that arose or the year end balances were not as planned. He stated that the first half of the property taxes will come in during the month of March. There was an evaluation and it seems as if we have increased 10%, due to that evaluation.

Mr. Nogalo indicated that there is an encumbered general fund balance of negative \$278,000 but the city's cash balance in the general fund is \$442,000. We have contractual commitments such as the refuse pickup and Ms. Veloski does complete a purchase order for the full year which does count as an expense. Since it is the beginning of the year, we do have a large amount of purchase orders open and as we go through the year the purchase amounts will become less and less. According to state law the city does have to set aside monies for these contractual commitments even though the cash has not been sent out. He stated that all property taxes should be received by August or September and all income taxes should be collected by the end of May. He stated that compared to February of 2018 we were down approximately \$157,000 and this year about \$136,000, so we are pretty close. We have a little dip in February but we should see a rise in march when the property taxes are beginning to be distributed as well as income taxes.

He stated that in 2018 the city received \$1,178,000 in withholding taxes and he is working with Ms. Accordino to break that down to see all the businesses that pay withholding taxes to the

city. We should take inventory of all the businesses in the city to make sure RITA is collecting taxes. He stated that 80% to 90% goes into the general fund.

He stated that the city does not receive a large amount of net profit tax from businesses. Last year we received \$70,000 and now business can elect to file with the state directly, because there are many businesses that work in numerous cities.

Mr. Nogalo indicated that this year the city “piggy backed” on the Olmsted Township refuse contract, which is still not signed by the Township but the city is still under a contract. The changes include an increase in rates and previously the city received a fuel surcharge when the diesel prices increased, that has been removed.

Mr. Nogalo indicated that there was an increase of 1% increase personnel wise. Martin Luther King Day was added as a holiday in the union contracts and not only did it affect this year but since the contracts were retro to 2018, they received extra hours of pay. When the budget was passed in December, we had a fire chief and six full time firefighters but once a new fire chief is hired, he may have to amend the budget.

Mr. Bemmer indicated that in revenue under licenses, permits and inspections it shows zeros across the board for building inspection fees and asked if that was rolled over into another category. Mr. Nogalo stated that he should have negated those zero’s and is probably under the building department permits and he will check into that. He will attempt to break that down for Council to understand whether those are residential or commercial permits. Mr. Bemmer indicated that the city terminated the Safebuilt contract due to the fact that the city lost 80% of the inspection fees but in that process not only do we retain the fees we took on a couple of part time inspectors. Mr. Nogalo stated that you would see that on the expense side.

Mr. Nogalo stated that he thinks it is too early and he mentioned to Councilwoman Jones that the best time to have our first budget meeting and review is probably the third or fourth month because of the income tax collection in order to have a better understanding. As we move through the year we will monitor income taxes due to the fact that it is the large variable. Mr. Stibich stated that the bulk of income taxes are received April, May and June, so the real tell tale for the budget will be reviewing the June 30th financials sometime in July. He does agree that quarterly meetings to review the financials are necessary as well as the distribution of monthly financials in Council packets. Mr. Nogalo replied that he will continue to distribute monthly financials.

Mr. Nogalo stated that the city has old bond retirement funds with special assessments feeding them. There are a few that have debt owed but the special assessments have reached their end, so he will need a separate meeting to discuss that issue and will need approximately an hour or more. When the improvement was started and the city issued out debt it was lined up for 20 years of debt service and the assessments should have offset those costs but there is an inequity on several of the funds, which he will have to research. He has contacted the state auditors to discuss merging the funds and was informed that he has to go back and research the agreements on the specials assessments as each fund is a separate as far as each assessment and debt service.

Ms. Duncan stated that the developer for the DiBenedetto property is requesting a variance to change the number of homes that were originally plotted which will help defray the costs of their assessments. But, by the same token, if they were to build fewer homes would that make any difference to the city's costs. Mr. Nogalo stated that we will receive the same revenue from property owners the more units they have the less their costs. For example, if you have 1,000 units and everyone pays \$14,000 but all of a sudden there are 2,000 units then everyone would pay \$7,000. All the city wants to do is recover its costs.

He stated that regarding the Phase V debt Council passed a note ordinance about a month ago but he has not issued out any notes. He has contacted the city's bond counsel to see how much time would be needed to issue out the notes and was informed that she needed two weeks. The City has not approved any contracts as of yet and when he spoke with the engineer last year, he was informed that there would be contracts in January and February but it is now March and there are no contracts. He will be attempting to schedule a meeting with the engineer for an update.

ADJOURNMENT

Mr. Fenrich moved to **adjourn**; Ms. Duncan **seconded**. Poll: 5 ayes; 0 nays. **Motion carried.**

The meeting adjourned at 7:24 p.m.

Paul Stibich, Council President

Angela Mancini, Clerk of Council