



CITY OF OLMSTED FALLS
FINANCE COMMITTEE
MINUTES
MARCH 10, 2020
6:30 PM
COUNCIL CHAMBERS

Council President Paul Stibich called the meeting to order at 6:30 p.m. Roll call was conducted. Councilmen Lori Jones, Jennifer Jansen, Jay McFadden, Cornel Munteanu, and Yvonne Buchholz were present. Brian Chitester was excused.

Also Present: Nick Vitalone, Finance Director, James Graven, Mayor and Andrew Bemer, Law Director. Audience: 2.

NEW BUSINESS

2020 Budget Review – Mr. Stibich stated that Ordinance 22-2020 is on Council’s agenda this evening and attached the ordinance are three reports. The budget is Exhibit “A” along with a detailed financial report for the budget comparing 2017, 2018, 2019 and the 2020 budget. The pages are numbered and Report 52 is also attached.

Mr. Vitalone stated that the 2020 permanent budget was started last year with the prior finance director and staff who spoke with all the department heads and gathered information, they then in turn produced a temporary budget. With that information and again meeting with department heads over the last week we developed a permanent budget. It is a structurally balanced budget; we added a little to the revenue side. Overall, for 2020 the budget is 18 ½ million for all funds, General Fund consisting of \$4.9 million, we did try to remain consistent which has been done over the last several years. We were able to trim some fight but the budget is tight with a little less wiggle room than we have had in the past. The \$4.9 million consists of the “other” category and payroll and benefits. Of the total budget \$2.7 million or 55% of the General Fund budget is salaries and fringe benefits; staffing levels for 2020 will remain consistent with 2019; we have approximately 33 full timers and 54 part timers throughout the City and most in the General Fund. As a reminder, in a additional to those included in benefits the OPERS rate for employer is 14%; police pension is 19 ½% and fire is 24%; included in this budget out of the General Fund are three transfers, two that go the police and fire pension fund to supplement those payments as well as a .3 mill levy; in addition to that we had a shortfall in one of the special assessment funds, Fund 212, the OWDA Lindbergh/Westlawn so we made a transfer of \$7,000 to cover the shortfall; research will be needed on this fund to determine why we are down as he believes the city has 9 years left on the assessments and believes the city will have a shortfall of \$20,000 to \$22,000 every year. As far as the revenues we budgeted income tax at \$3.16 million and the allocation is 88% to the General Fund, 10% to the capital improvement fund, Fund 301, and 2% capital improvement service equipment fund.

Ms. Jansen stated that her first question stated that the economic development fund has zero for a budget. Mayor Graven stated that this is also included in business and community support. Ms. Jansen stated that she is questioning this because included in the pay ordinance

is a \$2,000 check for the economic consultant. Mayor Graven indicated that he asked that this be combined last year rather than have two different names. Ms. Novak stated that the \$5,000 was used by the prior administration and we record everything in 5100. Ms. Jansen indicated that we should eliminate that fund. Ms. Novak stated that this remains on the books to use for the comparisons but the finance department no longer uses the account. Ms. Jones indicated that Report 52 stated that the business and community development was changed to economic development.

Ms. Jansen stated that under the account labeled 9700 transfers the last transfer shows the salary and wages as zero and under other expenses it states \$176,500 but then shows a total of \$173,000 and asked what the difference was. Mr. Vitalone indicated a typo the actual number should be \$173,000 and will be corrected. Ms. Jansen stated that the next question goes with what Ms. Novak stated about keeping accounts open even though they do not exist, she noticed that there are so many listed as zero for the budget in the general fund there are 8 out of 30; special revenue has six out of 27; and then the debt service has 8 out of 16 all zero's. Mayor Graven indicated that there were discussions last year about consolidating and getting rid of the funds that have been at zero's for years as they are no longer needed. Ms. Jones stated that the parks and rec fund used to have about \$2500 to \$5,000 and now it has zero in it but they will be administration costs for secretarial work. Ms. Novak asked if she was referring to the anticipated revenue for 2020. Ms. Jones replied no it states salary and wages under account 7300. Ms. Novak replied that the general fund is not used for parks and recreation we use Fund 108. Ms. Jones replied that she does not believe 108 is for administrative functions and believes it is for acquisition. Ms. Jansen indicated that the operating is used as an umbrella. She asked if we could get rid of the ones that are zero's if we don't plan on having anything in there. Mr. Vitalone replied yes, we have been talking about it but we have to make sure we do it the right way. Ms. Jones replied that Council has to approve it. Mr. Vitalone stated that there are a lot of funds listed and is not sure if they were ever used. We will gather all those funds. Where he also works there is only one bond retirement fund maybe two at the max and he believes here there are 10 or 11 so he will look into consolidating those. Ms. Jones replied that is because they had each fund matched to a bond. Mr. Vitalone replied that they had them matched special assessments, but we can keep track of those separately on spreadsheets with one or two funds, in addition to that there are a lot of capital project funds that are either done or on their way to being done that were just never closed. Mr. Stibich replied that former finance director Nogalo recommended that we consolidate the bond issues into one bond debt fund. Ms. Jones replied that we would still have to keep separate details. Mr. Vitalone stated that we would still have all of the detail on spreadsheets but only one fund would be utilized to make it more efficient for everybody. We have a lot of funds that could be cut down and make it similar to read and we will be doing that over the next year or so. Ms. Jones stated that she is a detail person and wants the subsidiaries because she watches everything. Mr. Stibich replied that he believes all of Council would want to know where we stand with each bond issue.

Ms. Jansen stated that on Page 1 there is an account entitled "Other Revenues" and there is \$5,200 included in that and she asked what this was as it was not included in other years. Mr. Vitalone stated that he would need to verify, but this is possibly grant monies coming into the fire fund. Ms. Jansen replied we don't know what this is. Mr. Vitalone indicated that he will research and get an answer for her.

Ms. Jansen stated that there are seven accounts that are listed as miscellaneous income that total \$54,500 and asked what were those seven accounts. Ms. Buchholz replied that this was in 2018. Mr. Stibich asked if she was referring to budget items. Ms. Jansen replied that it is in the report given to Council and anything that says miscellaneous she wonders what that includes. Mayor Graven replied that there is one for 2018. Ms. Novak stated that there is \$50,500 in the General Fund under miscellaneous and that makes up estimated bank interest that the city earns and it is less than last year as we are not earning as much. The other two portions are for the RITA collection fees that the city pays. Mr. Vitalone stated that the city receives two disbursements each month from RITA for income tax and they take 3% out of those funds. There is a reconciliation at the end of the year on the number of transactions and the city usually receives a rebate. Ms. Jansen asked if those details could be listed out rather than labeled miscellaneous. Mr. Vitalone replied yes.

Ms. Jansen stated that the park and rec operating fund #113 lists \$5,000. Then there is another section in Report 52, Page 18 that shows building permits at \$140,200. Ms. Jones replied that there is zero in Fund 113 which does receive permit fees. Ms. Novak stated that the finance department does book those fees in that fund but for budget purposes we estimate conservatively and did not put any estimate in to 113. If you look at the actuals you will see that we do book it properly to 113 but we don't break that kind of detail out in the budget. Ms. Jansen asked why the \$140,000 shows in the general fund and not in the 113. She stated that Mr. Nogalo during a Council work session quoted the ordinance which states: "money received from developers, based on law, should be deposited in 113." There is another quote from him during the same meeting which states: "hereby establishes a park and rec operating fund and shall be paid into all such funds all income derived from the fees of Section 1448.035" and he stated that was the developers fees so it doesn't say part of it, it says all of it. Mr. Vitalone stated that he is not sure where this is going but the building permits would normally be in the general fund for the whole city. This fund never really had income. Ms. Jones replied yes it did there is some kind of permit something with certain permits. Ms. Novak stated she is familiar. Ms. Jansen replied that it was \$500 per dwelling. Ms. Novak replied again, like she previously stated, for the budget we would not put anything in that fund, she can look into this issue as she does not know the breakdown off the top of her head. Ms. Jones replied that it was \$500 per dwelling for new construction. Ms. Jansen replied and any increase in square footage for remodeling is also \$500. It is listed in 234.05, in funds, the park and recreation operating fund is the ordinance. Ms. Novak stated that as far as the budget goes there is no way to know what people are going to do so it is hard to estimate. Ms. Jones replied that it was just a surprise that there was nothing in the fund because there is usually something. Ms. Novak stated that if you look at the past few years, last year was very high at \$10,000 because there was a lot of new construction, but the year before it was only \$500, so we don't know if there is going to be a lot of building or not so we put a conservative estimate of zero and we can only get better from there. Ms. Jones stated that the \$500 per unit was the \$49,500 that was put into Fund 108 which is an operating levy and these funds should have been put in Fund 113 and Mr. Nogalo did indicated that the funds were put into the wrong fund. The \$49,500 were used to purchase the outhouse at East River Park. Ms. Jansen stated that this is something we need to look into more at our next finance meeting.

Mr. Stibich stated that he would recommend a work session for next week in order to continue this discussion s we do not delay the council meeting. Council discussed their schedules and

availability and the next finance meeting has been scheduled for Wednesday, March 18th at 6:45 p.m. and will be held in the Jenkins Place.

ADJOURNMENT

Ms. Jansen moved to **adjourn**; Mr. Munteanu **seconded**. Poll: 6 ayes; 0 nays. **Motion carried**.

The meeting adjourned at 7:03 p.m.

Paul Stibich, Council President

Angela Mancini, Clerk of Council