

**FINANCE COMMITTEE MINUTES
FEBRUARY 16, 2021**

The Finance Committee meeting was held on February 16, 2021, at North Royalton City Hall, 14600 State Road. The meeting was called to order at 6:00 p.m.

PRESENT: Committee Members: Chair Paul Marnecheck, Vice Chair Mike Vos, Linda Barath; Council: Jeremy Dietrich, Vincent Weimer, Jessica Fenos, Joanne Krejci Administration: Mayor Larry Antoskiewicz, Law Director Thomas Kelly, Fire Chief Robert Chegan, Police Chief Ken Bilinovich, Finance Director Eric Dean; Other: Jonah Pichette, Matthew Stuczynski

Approval of January 19, 2021, Finance Committee minutes. Moved by Ms. Barath, seconded by Mr. Vos
Yeas: **3**. Nays: **0**. **Motion carried.**

UNFINISHED BUSINESS

1. Monthly Finance report including tax collections status

See attachments.

2. Overtime

See attachments.

3. Jail Task Force Update

No discussion.

4. COVID relief funds

Mr. Dean states we are still waiting on the funds from the County, we are working on getting that reimbursement. That is going to come sooner than later. It is \$70,000.00. Basically, that will pay for the last part of our program. Besides that, everything has been paid for and received 1.7 million from last year. We are keeping an eye out and seeing if there are any other funds out there from the federal stimulus. I will let you know if that is updated.

5. The Buckeye Institute, et al. v. Megan Kilgore, et al Franklin County Court of Common Pleas Case # 20CV-4301

Mr. Kelly states there is not much to update, the article that Mr. Marnecheck sent to me referenced an additional one or two lawsuits that were filed by Buckeye Institute. Essentially on the same subject matter, challenging the Governor's Order and the Legislatures actions in forcing the issue of taxes, municipal income taxes is to remain in a status quo experience pending the outcome of the pandemic. Last I checked there is no decision yet out of Franklin County on the motion to dismiss.

NEW BUSINESS

1. Energy Conservation Refunding Bonds

Mr. Stuczynski states I serve as the City's Municipal Advisor. In 2019 the City issued 15-year bonds to finance the energy conservation improvements that were implemented throughout the community various projects that were contemplated at the time that Council proceeded to implement. That financing goes out to 2034. The interest rate on that financing at that time was 2.73% interest rate. As a City we look to see if there is any opportunity to refinance any of its debt. The original plan was to sink this bond issue up, potentially with the bonds that Council may consider issuing later this year which are the YMCA notes that were contemplated to converting to bonds in the fall of this year. More recently, the interest rates have started to creep higher, over the course of the last month or so they started to creep a little higher faster than we thought

might be the case. With that in mind, we thought about an alternate strategy which might consider testing the market now with a refinancing of this debt and a similar manner and a similar mechanism which was done in 2019 send out an RFP to financial institutions to see what can be accomplished by way of an interest rate today, and measure that of what might be available later this year.

See attachments.

ADJOURNMENT

Moved by Mr. Marnecheck, seconded by Mr. Vos to **adjourn the January 19, 2021 Finance Committee meeting**. Yeas: 3. Nays: 0. **Motion carried.**

Meeting adjourned at 6:23 p.m.

City of North Royalton
Bank Reconciliation
January 31, 2021

Bank Balance	
<i>Bank Statements:</i>	
Fifth Third Bank - Operating	\$6,864,893.60
Petty Cash	\$ 5,050.00
Fifth Third Bank - Investment Account	\$ 8,325,838.46
Star Ohio - Investment Account	\$ 7,430,025.02
First National Bank Investment Account	\$ 522,081.61
Total Statements	<u>\$23,147,888.69</u>
<i>Adjustment to Bank Balance:</i>	
Fifth Third Bank - Premium on CD purchase	135.82
Pending HSA deposit	170.00
Accounts payable-posted not cut	640.46
Deposit in Transit	\$ (771.90)
Outstanding Checks	\$ (307,604.86)
Fifth Third Bank - Change in Investment Value	(22,769.42)
Adjusted Bank Balance	<u>\$22,817,688.79</u>
Book Balance:	
Total All Funds - per Tyler Munis System	<u>\$ 22,817,688.79</u>

City of North Royalton
City Income Tax Collections
2/9/2021

CURRENT MONTHLY RECEIPTS	Net Receipts
received in	
collections for the month of January-2021 / February-2021	
Regional Income Tax Agency	\$ 1,270,591.20
Ohio Department of Taxation	\$ -
	\$ 1,270,591.20

Monthly Collection Detail

	This Year	Prior Year		
	February-2021	February-2020	Difference	%
WITHHOLDING	\$ 351,967.45	\$ 439,173.02	\$ (87,206)	-20%
INDIVIDUAL TAXES	\$ 916,146.80	\$ 725,737.37	\$ 190,409	26%
NET PROFIT TAXES	\$ 41,773.58	\$ 30,693.61	\$ 11,080	36%
TOTAL GROSS RECEIPTS	\$ 1,309,887.83	\$ 1,195,604.00	\$ 114,284	10%
3% withholding for collection				
fees	(39,296.63)	(35,868.12)	\$ (3,429)	10%
legal fees/court costs	-	-	\$ -	#####
TOTAL LEGAL FEES AND COLLECTION COSTS	(39,296.63)	(35,868.12)	(3,428.51)	10%
TOTAL NET RECEIPTS	1,270,591.20	1,159,735.88	\$ 110,855	10%

Year to Date Receipts	Net Receipts
-----------------------	--------------

Regional Income Tax Agency	\$ 2,224,753.39
Ohio Department of Taxation	\$ -
Fiscal Year 2020	\$ 2,224,753.39
Fiscal Year 2019	\$ 2,540,236.62
Increase (Decrease)	\$ (315,483.23) -12%

Year to Date Income Tax Receipts - Net

\$2,377,621

\$2,462,654

\$2,498,935

\$2,802,398

\$2,540,237

\$2,224,753

2016

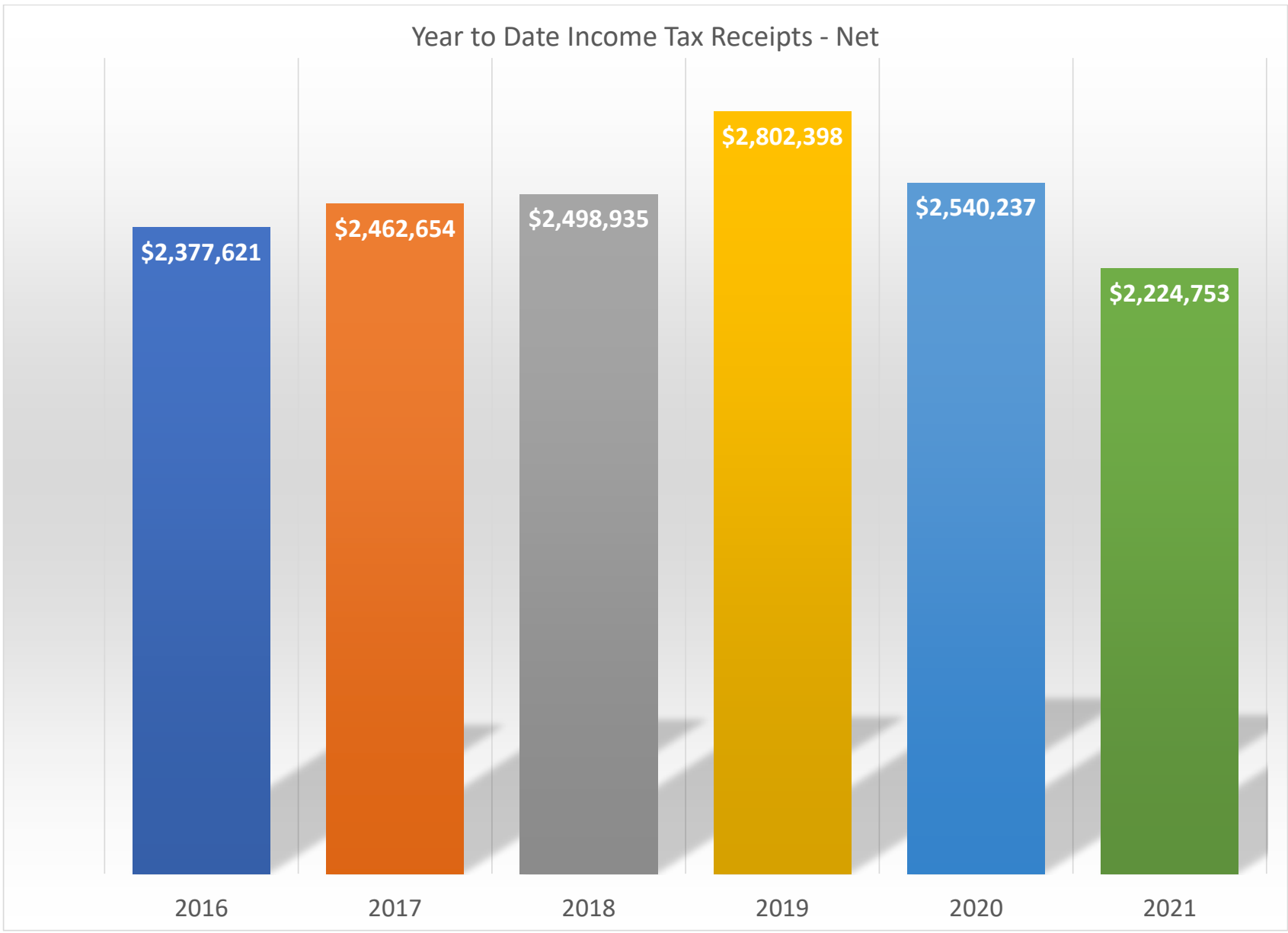
2017

2018

2019

2020

2021



**CITY OF NORTH ROYALTON
Income Tax Receipts Summary**

2021

Month Received	#101 - General	#207 Police Facility	#211 - SCMR	#219 Office on Aging	#213 - Income Tax	#433 - Storm Water	Refunds	Overhead & Legal Fees	Net Receipts
January	\$ 721,623.59	\$ 16,666.67	\$ 151,842.68	\$ 14,583.33	\$ 34,473.33	75,921.34	\$ (30,493.67)	\$ (30,455.08)	\$ 954,162.19
February	\$ 1,270,591.20		\$ -	\$ -	\$ -	-			\$ 1,270,591.20
March	\$ -		\$ -	\$ -	\$ -	-			\$ -
April	\$ -		\$ -	\$ -	\$ -	-			\$ -
May	\$ -		\$ -	\$ -	\$ -	-			\$ -
June	\$ -		\$ -	\$ -	\$ -	-			\$ -
July	\$ -		\$ -	\$ -	\$ -	-			\$ -
August	\$ -		\$ -	\$ -	\$ -	-			\$ -
September	\$ -		\$ -	\$ -	\$ -	-			\$ -
October	\$ -		\$ -	\$ -	\$ -	-			\$ -
November	\$ -		\$ -	\$ -	\$ -	-			\$ -
December	\$ -		\$ -	\$ -	\$ -	-			\$ -
Total	\$ 1,992,214.79	\$ 16,666.67	\$ 151,842.68	\$ 14,583.33	\$ 34,473.33	\$ 75,921.34	\$ (30,493.67)	\$ (30,455.08)	\$ 2,224,753.39
Original Fiscal Budget	\$ 13,200,000.00	\$ 200,000.00	\$ 2,200,000.00	\$ 175,000.00	\$ 800,000.00	\$ 300,000.00	\$ (340,000.00)	\$ (500,000.00)	\$ 16,035,000.00
	15%	8%	7%	8%	4%	25%	9%	6%	14%

2020

Month Received	#101 - General	#207 Police Facility	#211 - SCMR	#219 Office on Aging	#213 - Income Tax	#433 - Storm Water	Refunds	Overhead & Legal Fees	Net Receipts
January	\$ 1,042,820.02	\$ 16,666.67	\$ 202,432.74	\$ 14,583.33	\$ 52,465.14	101,216.37	\$ (5,926.90)	\$ (43,756.60)	\$ 1,380,500.77
February	\$ 1,104,360.48	16,666.67	\$ 194,785.29	14,583.33	\$ 56,900.17	97,392.64	(3,879.34)	(45,509.86)	\$ 1,435,299.38
March	\$ 784,002.65	16,666.67	\$ 159,831.20	14,583.33	\$ 38,516.97	79,915.60	(18,188.42)	(33,800.51)	\$ 1,041,527.49
April	\$ 1,223,113.19	16,666.67	\$ 198,493.26	14,583.33	\$ 55,219.99	-	(45,865.86)	(45,644.26)	\$ 1,416,566.32
May	\$ 1,231,997.49	16,666.67	\$ 200,347.76	14,583.33	\$ 56,897.92	-	(25,545.87)	(45,779.28)	\$ 1,449,168.02
June	\$ 902,968.72	16,666.67	\$ 151,811.27	14,583.33	\$ 39,921.12	495.04	(45,926.55)	(33,130.70)	\$ 1,047,388.90
July	\$ 1,084,623.60	16,666.67	\$ 179,852.89	14,583.33	\$ 49,268.31	-	(34,030.36)	(40,193.66)	\$ 1,270,770.78
August	\$ 1,956,015.52	16,666.67	\$ 260,224.63	14,583.33	\$ 94,659.11	804.91	(41,430.60)	(69,231.09)	\$ 2,232,292.48
September	\$ 1,020,099.39	16,666.67	\$ 187,345.36	14,583.33	\$ 44,728.66	-	(31,535.26)	(38,047.05)	\$ 1,213,841.10
October	\$ 1,399,991.20	16,666.67	\$ 209,426.04	14,583.33	\$ 66,803.38	377.58	(17,802.82)	(51,177.17)	\$ 1,638,868.21
November	\$ 898,462.24	16,666.67	\$ 191,377.50	14,583.33	\$ 38,283.66	20,924.51	(22,095.52)	(37,012.40)	\$ 1,121,189.99
December	\$ 755,028.73	16,666.63	\$ 164,693.32	14,583.33	\$ 31,045.79	-	(23,024.75)	(29,830.00)	\$ 929,163.05
Total	\$ 13,403,483.23	\$ 200,000.00	\$ 2,300,621.26	\$ 174,999.96	\$ 624,710.22	\$ 301,126.65	\$ (315,252.25)	\$ (513,112.58)	\$ 16,176,576.49
Original Fiscal Budget	\$ 13,300,000.00	\$ 200,000.00	\$ 2,400,000.00	\$ 175,000.00	\$ 800,000.00	\$ 200,000.00	\$ (340,000.00)	\$ (500,000.00)	\$ 16,235,000.00
	101%	100%	96%	100%	78%	151%	93%	103%	100%

CITY OF NORTH ROYALTON
Summary of Overtime Budgets
2021 Fiscal Year

as of 1/30/2021

Fund	Department	2021 Budget	2021 Actual	
General Fund	Police Department	\$ 180,000	\$ 12,729	
General Fund	Animal Control	2,000	-	
General Fund	Fire Department	6,000	-	
General Fund	Dispatch	5,000	566	
General Fund	Parks & Recreation	20,000	4,305	
General Fund	Building Department	6,000	760	
General Fund	Mayor's Office	3,000	81	
General Fund	Finance Department	2,000	-	
General Fund	Legal Department	1,000	18	
General Fund	Engineering	500	13	
General Fund	Legislative Activity	2,500	-	
General Fund	Mayor's Court	4,000	-	
General Fund	City Hall Building and Grounds	2,000	1,866	
Police Facility Operating	Jail	35,000	2,043	
EMS Fund	Fire Department	425,000	29,065	
SCMR	Streets	27,000	8,860	
SCMR	Snow removal	30,000	5,318	
Office on Aging	Senior Assistance	5,000		
Community Diversion	Police Department	500		
Waste Water	Treatment	70,000	6,421	
Waste Water	Storms Sewer and Drainage	20,000	1,195	
Waste Water	Maintenance	45,000	6,981	
		\$ 891,500	\$ 80,221	9.00%

Current Date Represents This Percentage of the Year-

8%

February 8, 2021

Eric Dean
 Director of Finance
 City of North Royalton, Ohio

Dear Mr. Dean,

MAS Financial Advisory Services has recently completed a review of the City of North Royalton’s outstanding general obligation debt to determine if there are potential economic benefits to refunding any of the City’s currently outstanding bonds. Based on the current low interest rate environment, it is my finding that the City may wish to consider refinancing all of the Series 2019 Limited Tax Energy Conservation Bonds. The cash flow savings achieved from the refunding would supply valuable resources to the City in these difficult economic times.

The Series 2019 Bonds are currently callable and therefore would be considered a “current refunding”. As a current refunding, federal tax law allows the City to refund the Series 2019 bonds on tax exempt basis.

The analysis below was completed using preliminary interest rates supplied by Fifth Third Securities who surveyed potential purchasers of the bonds. The following table summarizes the cash flow and present value savings generated in the proposed refunding scenario of the Series 2019 bonds using a preliminary interest rate of 1.75%. The Series 2019 bonds have an existing interest rate of 2.73%. Please note that these savings are net of estimated issuance cost.

Refunding of Prior Bond Issue	Series 2019 bonds
Par Amount of Bonds Refunded	\$ 2,825,000
Maturities Refunded	2021-2034
Total Cash Flow Savings	155,102
Total Present Value Savings	142,772
Percentage Savings of Refunding Bonds	5.05%

As a standard practice, MAS Financial Advisory Services analyzes the merits of the refunding opportunity in conjunction with standards developed by the Governmental Finance Officers Association (GFOA).

The GFOA publishes a booklet of recommended practices for a variety of topics concerning the financial operations of municipal entities. In their recommendation, the GFOA suggested one test by which an issuer can assess the appropriateness of proceeding with a refinancing of municipal debt:

“One test often used by issuers to assess the appropriateness of a refunding is the requirement specifying the achievement of a minimum net present value savings.

A common threshold is that the savings (net of all issuance costs and any cash contribution to the refunding), as a percentage of the refunding bonds, should be at least 3 to 5 percent.

In certain circumstances, lower thresholds may be justified, such as if the refunding is being done for reasons other than economic savings, interest rates are at historically low levels and future opportunities to achieve more savings are not likely to occur, and the bonds to be advanced refunded are approaching their call date.”

I welcome the opportunity to discuss our ideas with you and your staff. Should you have any questions, please contact me at your convenience.

Sincerely,

Matthew A. Stuczynski
President
MAS Financial Advisory Services
Phone: 216/496-9394
Email: mattstu1@gmail.com