

## **FINANCE COMMITTEE MINUTES**

### **JULY 20, 2021**

The Finance Committee meeting was held on July 20, 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 Wos, Linda Barath; **Council:** Jeremy Dietrich, Vincent Weimer, Jessica Fenos, Joanne Krejci; **Administration:** Mayor Larry Antoskiewicz, Fire Chief Robert Chegan, Finance Director Eric Dean, Law Director Thomas Kelly, Economic Development Director Tom Jordan; **Other:** Matthew Stuczynski, John Nickell, Jim Cutler, Craig Minnick.

Approval of June 15, 2021 Finance Committee minutes. Moved by Mr. Marnecheck, seconded by Ms. Barath. Vote: Yeas: 3 Nays: 0 **Motion carried.**

### **UNFINISHED BUSINESS**

#### **1. Monthly Finance report including tax collections status**

Mr. Dean provided a summary of his report. The month of June ended with 35m, with a balance over 25m; of that amount, 82% was invested. Interest rates are not good at this time. Pertaining to income tax, there was a collection of \$2.14m which was roughly a \$900,000 increase from last year. He indicated that we are in good shape, slightly over where we were at this time in 2019, in which 2019 was our highest year. He felt it was good to see that we have recovered so well with the earlier pandemic numbers. Mr. Marnecheck inquired if everything was up in numbers; we did not have anomalies. Mr. Dean agreed. Mr. Dean had not expected to be near where we are, therefore this was very positive. Mr. Marnecheck asked if there was anything that would cause alarm or concern. Mr. Dean indicated there was not any areas of concern. As to our filing date, he advised that last year we did not obtain funds until August 15<sup>th</sup>. After August, we should have a true comparison of last year.

See attached report.

#### **2. Overtime**

Mr. Dean explained that summer time is our main driver of over time, in which we are at \$366,000; 41% of our budget, with 54% of the year completed. This was positive. Over time is expected to go up in the summer and also during plowing season.

#### **3. Jail Task Force Update**

Matt Stuczynski provided a recap. Last meeting was designed to hear from the Mayor, as to general concepts of conversations had with neighboring communities, as it relates to their interest in some form of government or shared services motto, and to continue to find what can be done along those lines. Prior to that meeting, two studies were shared. One study was for the City of Middletown, which is one of the few jails in Ohio similar in structure to that of North Royalton. Two studies were done that came out as an update, in which one was done in 2017, one in 2019, and one done recently pertaining to the jail. We shared this with the committee along with another study that was done by Cuyahoga County in 2014. There were 40-50 pages of data gathering as it relates to jails, such as number of beds and how they are operated. This was very helpful.

Mr. Stuczynski indicated that they took those two studies and reached out to the firm that conducted the one in Middletown in 2017. He inquired if they could take the county information and potentially provide the following: General scope of services, an estimate of cost to prepare an analysis of North Royalton jail operations, a survey of competitive nature on Northeast Ohio jail facilities, and how an agreement might be started; either in the form of government or shared services motto for the City. They came back, generally conveying that they feel they can do something for us within a six-week period of time, at an estimated cost of \$36,000. Mr. Stuczynski continued that there have been discussions with the Mayor, whereas he would like to see something

more fine-tuned. We need to have a meeting with the Chief, obtain feedback from committee members, and fine tune this scope of services. Perhaps we can try to attain the fee to a 'not to succeed amount' per the Mayor's request; to meet the thresholds of what we are seeking, by way of a structure and a fee analysis.

CGL seems to be the firm that is qualified and were suggested by way of some of their marketing materials, which can be shared with Council. They have done this multiple times in other states. We are going to advance that initiative and try to get something to them; some concepts from the Administration and the committee. The goal is to receive something back from CGL in their time frame. Mr. Stuczynski noted that Mr. Dean put together a draft, a Council of government structure in a more shared services motto, which may help cut the cost; that information will be given Council. These are all sensitive issues. We want to make sure that we have a good analysis that looks independent, objective, and fair as we consider these partnerships.

As discussion ensued, Mr. Marnecheck inquired about an update around November. Mr. Stuczynski hoped that it would be sooner than that. His goal was that in August we would have the scope of services fine-tuned, and have a proposal to consider sooner before the end of August. Mr. Marnecheck pointed out that recess is in August. Mr. Stuczynski explained that they will get the document so that Council can consider, and will still get a proposal sent sometime in September. Mr. Marnecheck asked if Mayor Antoskiewicz could perhaps give some type of update at the next Finance Committee meeting. Mayor Antoskiewicz stated that would be the hope. He went on to say, he wanted to review if it is practical, as to whether the company feels that they can assist. The next step would be if we can pair it down, the Mayor wants to make sure we meet with the Police Chief and Marty to go over what they will be looking for as well; as to what we can or cannot do. He felt it was a good idea and it provides someone who is independent. He spoke positively that we have the hard data in going forward with any decision. Mr. Marnecheck raised question about where the funds can come from. Mayor Antoskiewicz was not certain, but would work with Mr. Dean.

#### **4. Local Income Tax Collection**

Mr. Dean provided an e-mail, which included a RITA form that has income tax collections for 2020. He explained the process in which it is up to the employee to contact their employer for this change. Mr. Marnecheck wanted to clarify that if individuals work in North Royalton and live in the City of Cleveland, that they have to contact their employer to get it changed if they are working from home. Mr. Dean concurred. Mr. Marnecheck wanted to confirm that there was not an automatic RITA form; therefore, it is up to the employee to reach out to their Human Resources. Mr. Dean agreed. Mayor Antoskiewicz clarified that as of right now, this was only for 2021. They voted, whereas the House and the Senate withdrew their proposal to take it back to 2020. Mr. Dean shared that there is a form to fill out where it would retro back; RITA does have a form for that.

#### **5. RITA: Non-Filing Delinquency Program**

No update. Mr. Marnecheck would keep this on the agenda.

#### **6. Bond Ordinances – 21-123, 21-124, and 21-125**

Mr. Stuczynski referred to the handout. He pointed out that there are three pieces of legislation before Council. Within the packets, there was an updated refunding memo. The information showed what we did in a way of solicitation to refund those bonds. Council gave the authorization, and Administration, to send out solicitation to local banks and we have started to receive proposals from local banks. The best scenario received was the Chase proposal at a 1.99%; bear in mind the outstanding bonds have an interest rate of 2.73%; those interest rates had started to decline. That proposal was not accepted and was discussed with Council. We did not like what was received by way of that solicitation, and had another opportunity later in the year; which is now to consider this refunding and combine it with the YMCA refinance.

Mr. Marnecheck asked for clarification if this is refinancing. Mr. Stuczynski agreed that it is a refinancing. The current market for refinancing is much better than that of 2019. As he referred to the report, the current market for refinancing on a combined issuance showed 1.41 %; a much better solution. Mr. Marnecheck mentioned that was roughly half of a percentage lower than the opportunity earlier this year. Council has an ordinance authorizing to combine that issue with the other series of bonds that are being contemplated by the other ordinances. The prior legislation that Council passed will have to be rescinded. If Council approves this 2019 financing with the other piece of legislation, one is for the fire equipment that was just acquired and is going to reimburse itself. Two years ago, Council started down the path with YMCA of refinancing their outstanding bonds.

As the packet was reviewed, Mr. Stuczynski commented that this would do good for the YMCA and for the City, to improve the dynamics of the YMCA's operation and help the City as well. Mr. Marnecheck, asked for a reminder of what the City's current credit rating is and asked how, if at all, would this refinancing protect that. He wanted to know whether it would allow us to try to go for an improved rating or keep the current rating. Mr. Stuczynski clarified that it was AA2.

Mayor Antoskiewicz pointed out that Mr. Stuczynski did an eloquent job today. The Mayor raised question as to what it means in dollars, after reviewing the percentages. Mr. Stuczynski indicated that the total comes to \$239,000 in savings over the life of the loan, based on the current interest rate. Mr. Marnecheck asked for clarification whether that is over the life of the loan. Mr. Stuczynski agreed. As discussion ensued, Mr. Was asked about new percentages in comparison and yearly savings. Mr. Stuczynski explained that we are saving 2% on an annual basis; roughly \$50,000 per year. The principal is being paid more. Mr. Was pointed out that is over a fourteen-year time frame. He commented that he was glad that it helps the YMCA and also the City. It is a little late right now however, if it helps the YMCA, Mr. Was thought that maybe we should have gone to them for things to help our residents, as far as things like fees. He felt it was helping the YMCA much more, although it would help the City.

Mayor Antoskiewicz explained that we have had those discussions before however, we did not have many last year because that was not the time to do it. This year, they are just starting to get back on their feet; YMCA. Those conversations are always out there as far as what can be done to help the community. Mr. Was felt that a lot of people have left the YMCA and gone to neighboring cities in their recreation centers due to the price.

Mr. Marnecheck raised question to Chief Chegan if he remembered what our savings was by paying for the new fire truck in cash. To his recollection, it was roughly \$21,000 dollars and 3% of the purchase price.

Mr. Marnecheck moved to recommend to Council the approval of Ordinance 21-123, 21-124, and 21-125. Mrs. Barath seconded. Yeas: 3. Nays: 0. **Motion carried.**

## **NEW BUSINESS**

### **1. Opioid Settlement**

Mr. Kelly explained that three to four years ago, many municipal corporations throughout the state and across the country were joined in a mass court litigation that was being pursued against the opioid manufacturer distributors. At the time, the City chose Tom Zarfoss of Behnke Associates, Inc. as our special counsel to represent us in the opioid litigation. There is a resolution tonight asking for Council's consideration with regard to whether or not to authorize the Mayor to cast the ballot in favor of the proposed bankruptcy settlement issue. He noted that Mr. Mason was here tonight, our representative from Kelley & Ferraro, who could help explain how this is supposed to work and what benefits there would be, if any, for the municipal corporation as a result.

Marty Mason with Kelley & Ferraro indicated that he is one of the attorneys that represents the City of North Royalton. He explained that there is something upcoming that needs to get voted on, whereas the vote is due September 3<sup>rd</sup> involving Mallinckrodt, one of the opioid manufacturers. Mallinckrodt had filed a bankruptcy,

mainly because they had roughly \$600,000 in losses filed against them. As part of the bankruptcy process, all creditors who have had a lawsuit against them, gets to vote on their restructuring of their cooperation. Their current proposal entails setting aside roughly \$2 billion to help resolve all of these lawsuits; this is part of their reorganization plans. As a creditor, the City of North Royalton does get to vote; with roughly 650,000 votes being out there. Mr. Mason stated that majority rules.

Their firm represents about 16 municipalities in the Ohio area. What they are recommending to all of their clients is to vote affirmative. This would start the process of getting funds distributed. He explained that the \$2 billion will be set up in a trust fund, whereas trustees oversee it. At some point, they will come out with trust procedures that will advise us on how to submit a claim on the City's behalf and what the protocol will be. The only solid information that he has is that there will be roughly a 2-billion-dollar fund. When it is time to cash in on that fund, that money must be tied to some sort of way, of fighting the opioid epidemic. Essentially, when that time comes, there is a trustee who will oversee it, in which you would report to them on how the money is planned to be spent.

Mr. Marnecheck pointed out that it sounded similar to the CARES Act. Mr. Mason concurred. Mr. Marnecheck asked if this was due to police and fire having increased costs to deal with the opioid crisis. Mr. Kelly indicated that was the basis for the claim, in which all of the cost was as a result of treating people dosing and creating many additional runs for our medical squads. That has all been documented and it is part of the overall claim. Mr. Marnecheck wanted to clarify that this is an update to what the City did a couple of years ago. Mr. Mason explained that a lawsuit was filed on the City's behalf roughly two years ago. Mr. Kelly stated that once it goes to bankruptcy, the bankruptcy court gets to essentially assemble all of the litigation and then find a way of dipping the pot.

Mr. Was discussed the reason behind the lawsuit and asked for a few examples of what the funds were to be used for. Mr. Mason conveyed that fund would need to go toward educational programs for the schools, such as safety related things. Mr. Was inquired whether it could go to payroll for part of the First Responders. Mr. Mason indicated unfortunately, there are no categories such as that with respect to this trust for reimbursing payroll.

Mr. Kelly shared that we are also part of the One Ohio claim, as well as having participated in Purdue Pharma liquidation and each one of those may end up giving the City funds; however, there are different guidelines and different rules for using those funds. Mr. Mason commented that Purdue Farms, who also filed bankruptcy, is going to entail a \$10m trust. The lawsuit that the firm filed, was against roughly 24 defendants being manufacturers for opioids. He informed everyone that there is an agreement being reached between the three main distributors today, as well as Johnson and Johnson, to sell all of those 600,000 claims against them.

Ms. Fenos asked what would be the reason to 'not' vote yes. Mr. Marnecheck wanted to clarify whether the City voting no or the law firm voting no on our behalf. Ms. Fenos indicated both. Mr. Mason mentioned that the push back that he is seeing, is that some people believe there should be more money set aside than what is being set aside toward creating the opioid lawsuits. His position was one that, it would be beneficial to push this process forward and vote yes.

Mr. Marnecheck asked if everyone was comfortable with waving the rules and voting on this tonight. All were comfortable.

## **2. Police Department Compliment**

Mr. Marnecheck mentioned that Mr. Dean put a cost snapshot together for what this would mean, in which Mr. Marnecheck sent it to everyone. See attached report.

Chief Chegan has been discussing trying to raise the number of full-time clerks from 1 to 3, allowing them to put one full time clerk on each shift. Some part time clerks have full time jobs and cannot make certain hours,

and some cannot work over their allotted hours if they desire to. Adding three would give one for each shift, and the part timers can fill in. He noted that this would make staffing much easier. The relative cost would be roughly \$4,000 of an increase.

Mr. Weimer discussed having this in front of Council tonight, as well as the one entailing additional staffing to the jail. He wanted to know if Chief Chegan could foresee any other positions that could be reorganized or added in the future. Chief Chegan indicated no, and that it would decrease the number of part timers that are needed. More than likely, there will be a part timer promoted to full time; in the interview process. Ms. Krejci wanted to clarify whether Mr. Weimer was asking if there are going to be more added this year; not just for the jail. Mr. Weimer clarified that is what he meant. He thought it is great that we are adding things and shifting people around, however, what he would hate to happen would be things going on later in the year, little by little, and then having unanticipated costs. That was his only concern.

Mayor Antoskiewicz conveyed that when he talked to the Chief, one problem they are experiencing is that some of our part timers work more than one job. Everyone you hire are willing to work whatever hours you have available. However, with the jail and clerks, it is a 24/7 situation, whereas they are not thrilled when they learn that they are expected to work holidays etc. We all know the issue we are having hiring individuals many times, especially with the part time. The Mayor thought that this is an opportunity to get qualified people that we know we have, and put them on a full-time position; he felt this is our best option and did not want to lose the people that we do have already. He commented that it is just a change of how we have to do business now. He felt it was proactive of the Chief when he came to us about this. It is a benefit issue and Mayor Antoskiewicz felt that it was a good direction to go.

Going over the report, Mr. Dean mentioned that when we met for the budget, we had roughly \$22,000. His conclusion was that we could do these hires without increasing our budget.

Mr. Marnecheck brought up that this is our first reading and asked if everyone was comfortable waving the rules and voting on this tonight, in which everyone was.

### **ADJOURNMENT**

Moved by Mr. Marnecheck, seconded by Ms. Barath to **adjourn the July 20, 2021 Finance Committee meeting**. Yeas: 3. Nays: 0. **Motion carried.**

**Meeting adjourned at 6:49 p.m.**

**From:** [Eric Dean](#)  
**To:** [Jeremy Dietrich](#); [Jessica Fenos](#); [Joanne Krejci](#); [Linda Barath](#); [Michael Wos](#); [Vincent Weimer](#)  
**Cc:** [Paul Marnecheck](#); [Larry Antoskiewicz](#); [Dana Schroeder](#); [Holly Quellos](#); [Marty Toukonen](#); [mas.stu](#)  
**Subject:** Finance Reports for 7-20-2021 Committee Meeting  
**Date:** Friday, July 16, 2021 11:24:22 AM  
**Attachments:** [image001.png](#)  
[1. Monthly Finance report including tax collection status June-July.pdf](#)  
[2. July 3 2021 Overtime Report.pdf](#)  
[3. Jail Monthly -June 2021.doc](#)  
[3. Jail June 2021 Operating cost - Cash basis.pdf](#)  
[4. Form10A 2020.pdf](#)  
[6. MAS North Royalton Refunding Letter v3 7.12.21.pdf](#)  
[072021 Finance Agenda \(002\).pdf](#)

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Please see the attached Finance Report for Tuesday's Finance Committee meeting. Here are the details:

**1. Monthly Finance report including tax collection status**

- a. Total Funds Available at June 30th, 2021 - **\$25,317,372.17**
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- b. Income Tax collections were **\$2,142,408.20** for the month.
  - i. Up **\$871,637** for the month, **\$1,961,086.44** for the year.
  - ii. We are showing an increase in Year over Year due to the 2020 collection deadline date was July 15<sup>th</sup>.
  - iii. 68% of the total estimated net income tax collections of 16.087 million.
  - iv. In 2017, 2018, and 2019 we collected 66% of the total revenue at this time.
  - v. **We have currently surpassed our record collection in 2019.**
  - vi. **Adding \$513,000 to our original estimate would equal prior year trends**

**2. Overtime**

- a. Year to date overtime is \$366,803
- b. 41.14% of our budget is used, with 54% of the year completed as of July 3<sup>rd</sup>.

**3. Jail Task Force Update**

- a. Outside agency prisoners – 654 (up 345 from 2020)
- b. Self-pay prisoner – 27 (down 23 from 2020)
- c. Prisoner billings for the month - \$26,947.740
- d. Total Revenue - \$152,401.50 (up \$62,203.81 from 2020)
- e. Total Jail Net operating cost - \$26,756 for June.

**4. Local Income Tax Collection**

- a. Legislation has passed in the State Budget allowing municipal tax refunds for 2021 on income withheld to cities were residents did not work.
- b. Per RITA, it is up to individual residents to call their employer to correct tax withholdings to North Royalton if they are working from home.
- c. I have attached RITA form 10A for application of refunds for 2020, which will only be

allowed once courts have ruled on the merits of lawsuits by the Buckeye Institute.

**5. RITA: Non-Filing Delinquency Program**

- a. No updates. Will provide new numbers once RITA gives an update on the program.

**6. (3) Bond Ordinances – Ord. #2021-123, 2021-124, and 2021-125**

- a. Potential Savings have increased if the city refinances its current debt.
  - i. \$221,786 in potential savings for the 2019 Energy Savings bonds (increased 79,014 since Feb 8<sup>th</sup>).
  - ii. To be considered – 2015 bond early refinance with a \$322,034 potential savings.



Eric Dean  
Finance Director  
City of North Royalton  
Ph. 440-582-6234 ext. 1114  
Fx. 440-237-0470

**City of North Royalton**

*Bank Reconciliation*

***June 30, 2021***

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**Bank Balance**

*Bank Statements:*

Fifth Third Bank - Investment Account	\$	13,350,799.18
Star Ohio - Investment Account	\$	7,432,500.16
Fifth Third Bank - Operating	\$	4,461,081.32
First National Bank Investment Account	\$	522,555.76
Petty Cash	\$	5,050.00

Total Statements		<b>\$25,771,986.42</b>
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*Adjustment to Bank Balance:*

prior HSA refund	\$	296.00
Deposit in Transit-Credit Cards	\$	(885.04)
Outstanding Checks	\$	(439,455.22)
Fifth Third Bank - Change in Investment Value	\$	(14,569.99)

<b>Adjusted Bank Balance</b>		<b>\$25,317,372.17</b>
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**Book Balance:**

Total All Funds - per Tyler Munis System	\$	25,317,372.17
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Difference		\$0.00
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City of North Royalton  
City Income Tax Collections  
7/16/2021

CURRENT MONTHLY RECEIPTS		Net Receipts
received in		
collections for the month of	June-2020 / July-2021	
	Regional Income Tax Agency	\$ 2,113,677.42
	Ohio Department of Taxation	\$ 28,730.78
		<b>\$ 2,142,408.20</b>

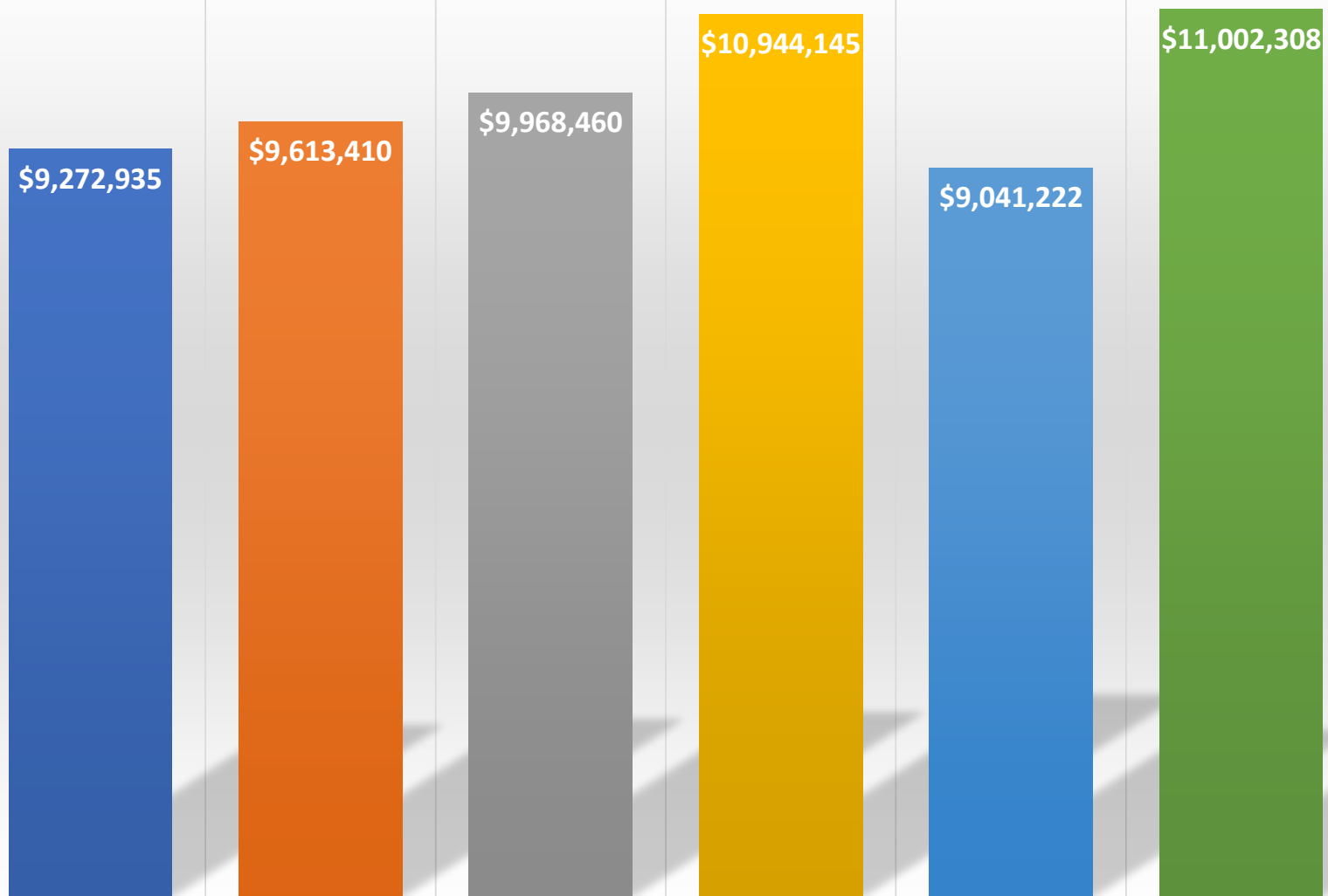
Monthly Collection Detail

	This Year	Prior Year		
	July-2021	July-2020	Difference	%
WITHHOLDING	\$ 624,690.72	\$ 617,456.04	\$ 7,235	1%
INDIVIDUAL TAXES	\$ 1,350,424.55	\$ 576,081.02	\$ 774,344	134%
NET PROFIT TAXES	\$ 233,770.57	\$ 117,427.38	\$ 116,343	99%
<b>TOTAL GROSS RECEIPTS</b>	<b>\$ 2,208,885.84</b>	<b>\$ 1,310,964.44</b>	<b>\$ 897,921</b>	<b>68%</b>
<b>3% withholding for collection</b>				
fees	(65,404.65)	(39,328.93)	\$ (26,076)	66%
legal fees/court costs	(1,072.99)	(864.73)	\$ (208)	24%
<b>TOTAL LEGAL FEES AND COLLECTION COSTS</b>	<b>(66,477.64)</b>	<b>(40,193.66)</b>	<b>(26,283.98)</b>	<b>65%</b>
<b>TOTAL NET RECEIPTS</b>	<b>2,142,408.20</b>	<b>1,270,770.78</b>	<b>\$ 871,637</b>	<b>69%</b>

Year to Date Receipts	Net Receipts
Regional Income Tax Agency	\$ 10,959,602.35
Ohio Department of Taxation	\$ 42,705.75
Fiscal Year 2021	<b>\$ 11,002,308.10</b>
Fiscal Year 2020	<b>\$ 35,569,787.42</b>
Increase (Decrease)	<b>\$ (24,567,479.32)</b>

-69%

Year to Date Income Tax Receipts - Net



CITY OF NORTH ROYALTON  
Income Tax Receipts Summary

2021	Month Received	#101 - General	as of 7/3/2021	#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	\$ 1,506,831.07		16,666.67	\$ 227,132.76	14,583.33	\$ 72,189.92	-	(10,545.29)	(55,861.19)	\$ 1,770,997.27
	March	\$ 770,743.35		16,666.67	\$ 155,210.80	14,583.33	\$ 33,810.91	-	(9,563.63)	(29,909.20)	\$ 951,542.23
	April	\$ 1,316,330.70		16,666.67	\$ 234,245.99	14,583.33	\$ 57,721.92	940.59	(39,576.49)	(48,499.15)	\$ 1,552,413.56
	May	\$ 1,553,901.04		16,666.67	\$ 243,876.00	14,583.33	\$ 70,360.04	93.63	(61,243.64)	(55,405.20)	\$ 1,782,831.87
	June	\$ 1,604,966.20		16,666.67	\$ 228,881.54	14,583.33	\$ 76,544.94	-	(36,260.43)	(57,429.37)	\$ 1,847,952.88
	July	\$ 1,851,523.43		16,666.67	\$ 267,249.15	14,583.33	\$ 87,810.61	2,126.23	(31,073.68)	(66,477.64)	\$ 2,142,408.10
	August	\$ -			\$ -	-	\$ -	-			\$ -
	September	\$ -			\$ -	-	\$ -	-			\$ -
	October	\$ -			\$ -	-	\$ -	-			\$ -
	November	\$ -			\$ -	-	\$ -	-			\$ -
	December	\$ -			\$ -	-	\$ -	-			\$ -
	Total	\$ 9,325,919.38		\$ 116,666.69	\$ 1,508,438.92	\$ 102,083.31	\$ 432,911.67	\$ 79,081.79	\$ (218,756.83)	\$ (344,036.83)	\$ 11,002,308.10
	Original Fiscal Budget	\$ 13,500,000.00		\$ 200,000.00	\$ 2,400,000.00	\$ 175,000.00	\$ 820,000.00	\$ 62,000.00	\$ (300,000.00)	\$ (500,000.00)	\$ 16,357,000.00
		69%		58%	63%	58%	53%	128%	73%	69%	67%

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	\$ 16,087,000.00	14,583.33	\$ 56,897.92	-	(25,545.87)	(45,779.28)	\$ 17,335,820.26
	June	\$ 902,968.72	16,666.67	\$ 10,973,577.00	14,583.33	\$ 39,921.12	495.04	(45,926.55)	(33,130.70)	\$ 11,869,154.63
	July	\$ 1,084,623.60	16,666.67	\$ 0.68	14,583.33	\$ 49,268.31	-	(34,030.36)	(40,193.66)	\$ 1,090,918.57
	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	\$ 28,829,187.02	\$ 174,999.96	\$ 624,710.22	\$ 301,126.65	\$ (315,252.25)	\$ (513,112.58)	\$ 42,705,142.25
	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%	1201%	100%	78%	151%	93%	103%	263%

\*\*\* All of these calculation are to see if tax receipts are coming in as estimated.

1 Tax collections received during the month of our annual filling deadline are the largest monthly receipts in the year

2 6/30/2021

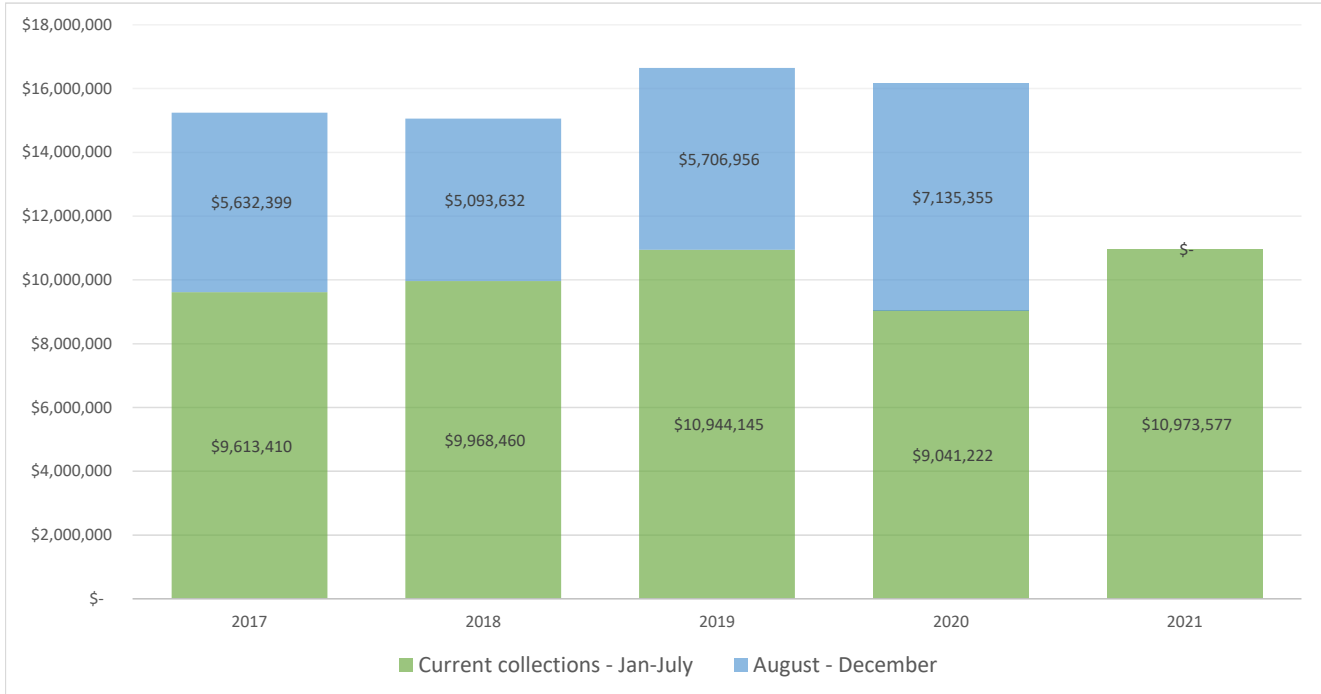
3 The tax filling date in 2021 was moved to May 17th.

4 The quarterly tax estimate dates for estimated payments were not moved.

5 Without the large payment from receipts at the tax deadline, comparing the current year collections to prior years gives a distort

6 Total receipts compared to 2019 are very favorable.

**As a percent of total collections, total 2021 estimates can be increased by \$513,000**



- annual tax filing month

- received larger payments due to annual filling

Collection Month		Received	2017	2018	2019	2020	2021
December	January	\$	1,368,440	\$ 1,469,332	\$ 1,324,675	\$ 1,380,501	\$ 954,162
January	February	\$	1,094,214	\$ 1,029,603	\$ 1,477,723	\$ 1,435,299	\$ 1,770,997
February	March	\$	819,362	\$ 863,457	\$ 1,177,827	\$ 1,041,527	\$ 951,542
March	April	\$	1,237,081	\$ 1,261,411	\$ 1,180,373	\$ 1,416,566	\$ 1,552,414
April	May	\$	1,980,398	\$ 2,172,203	\$ 2,401,547	\$ 1,449,168	\$ 1,782,832
May	June	\$	1,616,029	\$ 1,536,888	\$ 1,643,249	\$ 1,047,389	\$ 1,847,953
June	July	\$	1,497,887	\$ 1,635,567	\$ 1,738,752	\$ 1,270,771	\$ 2,113,677
	subtotal	\$	9,613,410	\$ 9,968,460	\$ 10,944,145	\$ 9,041,222	\$ 10,973,577
July	August	\$	1,120,476	\$ 1,013,041	\$ 855,839	\$ 2,232,292	
August	September	\$	946,780	\$ 967,598	\$ 1,161,486	\$ 1,213,841	
September	October	\$	1,578,159	\$ 1,397,793	\$ 1,657,069	\$ 1,638,868	
October	November	\$	1,130,823	\$ 958,687	\$ 1,121,254	\$ 1,121,190	
November	December	\$	856,162	\$ 756,513	\$ 911,307	\$ 929,163	
	pending	\$	5,632,399	\$ 5,093,632	\$ 5,706,956	\$ 7,135,355	\$ -
YTD Total		\$	15,245,810	\$ 15,062,092	\$ 16,651,101	\$ 16,176,576	\$ 10,973,577
total estimate/actual		\$	15,245,809.52	\$ 15,062,091.95	\$ 16,651,101.28	\$ 16,176,576.49	\$ 16,600,000.00
% of actual at July			63%	66%	66%	56%	66%
% of actual at August			70%	73%	71%	70%	66%

**CITY OF NORTH ROYALTON**  
**Summary of Overtime Budgets**  
**2021 Fiscal Year**

*as of 7/3/2021*

<b>Fund</b>	<b>Department</b>	<b>2021 Budget</b>	<b>2021 Actual</b>	
General Fund	Police Department	\$ 180,000	\$ 104,450	
General Fund	Animal Control	2,000	100	
General Fund	Fire Department	6,000	-	
General Fund	Dispatch	5,000	1,355	
General Fund	Parks & Recreation	20,000	10,961	
General Fund	Building Department	6,000	5,548	
General Fund	Mayor's Office	3,000	648	
General Fund	Finance Department	2,000	193	
General Fund	Legal Department	1,000	36	
General Fund	Engineering	500	13	
General Fund	Legislative Activity	2,500	189	
General Fund	Mayor's Court	4,000	-	
General Fund	City Hall Building and Grounds	2,000	1,866	
Police Facility Operating	Jail	35,000	17,505	
EMS Fund	Fire Department	425,000	164,192	
SCMR	Streets	27,000	13,960	
SCMR	Snow removal	30,000	9,904	
Office on Aging	Senior Assistance	5,000	-	
Community Diversion	Police Department	500	-	
Waste Water	Treatment	70,000	11,874	
Waste Water	Storms Sewer and Drainage	20,000	3,905	
Waste Water	Maintenance	45,000	20,102	
		<b>\$ 891,500</b>	<b>\$ 366,803</b>	41.14%

**Current Date Represents This Percentage of the Year-**

54%

## **North Royalton Jail**

### **June 2021 Summary**

#### Prisoners Processed

Number of outside agency prisoners processed for the month	<b>95</b>
Number of outside agency prisoners processed for the year	<b>654</b>
Number of outside agency prisoners processed in 2017 (year to date)	<b>394</b>
Number of outside agency prisoners processed in 2018 (year to date)	<b>414</b>
Number of outside agency prisoners processed in 2019 (year to date)	<b>396</b>
Number of outside agency prisoners processed in 2020 (year to date)	<b>309</b>
Number of Self-Pay prisoners processed for the month	<b>8</b>
Number of Self-pay prisoners processed for the year	<b>27</b>
Number of Self-Pay prisoners processed in 2017 (year to date)	<b>88</b>
Number of Self-Pay prisoners processed in 2018 (year to date)	<b>106</b>
Number of Self-Pay prisoners processed in 2019 (year to date)	<b>110</b>
Number of Self-Pay prisoners processed in 2020 (year to date)	<b>50</b>
Number of NR juveniles processed for the month for status offenses	<b>0</b>
Number of NR juveniles processed for the month for delinquent offenders:	<b>0</b>
Number of NR juveniles processed for the month for OVI:	<b>0</b>
Number of NR juveniles processed for the month for Underage Consumption:	<b>0</b>
Total number of NR juveniles processed for the month	<b>0</b>
Number of NR juveniles processed for the year for status offenses	<b>0</b>
Number of NR juveniles processed for the year for delinquent offenders:	<b>4</b>
Number of NR juveniles processed for the year for OVI:	<b>1</b>
Number of NR juveniles processed for the year for Underage Consumption:	<b>0</b>
Total number of NR juveniles processed for the year	<b>0</b>
Number of North Royalton adult prisoners processed for the month	<b>77</b>
Average length of stay for each North Royalton arrest for the month	<b>21.34 hours</b>
Number of North Royalton prisoners processed for the year	<b>377</b>
Number of North Royalton prisoners processed in 2017 (year to date)	<b>469</b>
Number of North Royalton prisoners processed in 2018 (year to date)	<b>503</b>
Number of North Royalton prisoners processed in 2019 (year to date)	<b>332</b>
Number of North Royalton prisoners processed in 2020 (year to date)	<b>257</b>
Total number of prisoners processed for the month	<b>180</b>
Total number of prisoners processed for the year	<b>1056</b>
Total number of prisoners processed in 2017 (year to date)	<b>951</b>
Total number of prisoners processed in 2018 (year to date)	<b>1023</b>
Total number of prisoners processed in 2019 (year to date)	<b>838</b>
Total number of prisoners processed in 2020 (year to date)	<b>616</b>
<u>Revenue</u>	
Billing amount to outside agencies for the month	<b>\$20,572.70</b>
Billing amount to outside agencies for the year	<b>\$133,401.50</b>
Billing amount to outside agencies in 2017 (year to date)	<b>\$90,020.81</b>
Billing amount to outside agencies in 2018 (year to date)	<b>\$77,037.48</b>

Billing amount to outside agencies in 2019 (year to date)	<b>\$83,407.75</b>
Billing amount to outside agencies in 2020 (year to date)	<b>\$21,989.99</b>
Self-pay amount generated for the month	<b>\$6,375.00</b>
Self-Pay amount generated for the year	<b>\$19,000.00</b>
Self-Pay amount generated in 2017 (year to date)	<b>\$43,950.00</b>
Self-Pay amount generated in 2018 (year to date)	<b>\$52,140.00</b>
Self-Pay amount generated in 2019 (year to date)	<b>\$49,200.00</b>
Self-Pay amount generated in 2020 (year to date)	<b>\$24,400.00</b>
<u>Total</u> amount of revenue generated for the month	<b>\$26,947.70</b>
<u>Total</u> amount of revenue generated for the year	<b>\$152,401.50</b>
<u>Total</u> amount of revenue generated in 2017 (year to date)	<b>\$137,970.81</b>
<u>Total</u> amount of revenue generated in 2018 (year to date)	<b>\$129,177.48</b>
<u>Total</u> amount of revenue generated in 2019 (year to date)	<b>\$132,607.75</b>
<u>Total</u> amount of revenue generated in 2020 (year to date)	<b>\$46,389.99</b>



Marty Toukonen – Jail Administrator

City of North Royalton  
Municipal Jail Operations - Income Statement  
2021 Fiscal Year

2021 Fiscal Year				
Revenue	April	May	June	YTD
Municipal Income Tax	\$ 16,667	\$ 16,667	\$ 16,667	\$ 100,002
Prisoner Housing fees	\$ 34,250	\$ 32,500	\$ 26,375	\$ 157,935
Medical Reimbursement for Prisoners	\$ 758	\$ 691	\$ 209	\$ 2,603
OVI Incarceration Fines	\$ 200	\$ 110	\$ 150	\$ 835
Misc. Revenue	\$ 216	\$ -	\$ -	\$ 216
<b>Total Revenue</b>	<b>\$ 52,091</b>	<b>\$ 49,967</b>	<b>\$ 43,401</b>	<b>\$ 261,591</b>
<b>Expenses</b>				
Wages and Benefits	\$ (83,530)	\$ (61,695)	\$ (66,800)	\$ (461,665)
Contractual Services	\$ (1,234)	\$ (1,135)	\$ (940)	\$ (7,246)
Operating Supplies	\$ (4,433)	\$ (4,569)	\$ (2,543)	\$ (25,606)
<b>Total Expenses</b>	<b>\$ (89,197)</b>	<b>\$ (67,399)</b>	<b>\$ (70,283)</b>	<b>\$ (494,517)</b>
<b>Total jail Operating Cost</b>	<b>\$ (37,106)</b>	<b>\$ (17,432)</b>	<b>\$ (26,881)</b>	<b>\$ (232,926)</b>
Pisoner fees pending	\$ 18,143	\$ 150	\$ 125	
<b>Total after collections</b>	<b>\$ (18,963)</b>	<b>\$ (17,282)</b>	<b>\$ (26,756)</b>	<b>\$ (232,926)</b>

2020 Fiscal Year				
Revenue	April	May	June	YTD
Municipal Income Tax	\$ 16,666.67	\$ 16,666.67	\$ 16,666.67	\$ 100,000
Prisoner Housing fees	\$ 5,410	\$ 6,950	\$ 10,480	\$ 78,139
Medical Reimbursement for Prisoners	\$ -	\$ 94	\$ 21	\$ 5,144
OVI Incarceration Fines	\$ 100	\$ -	\$ -	\$ 600
Misc. Revenue	\$ -	\$ -	\$ -	\$ 178
<b>Total Revenue</b>	<b>\$ 22,177</b>	<b>\$ 23,710</b>	<b>\$ 27,168</b>	<b>\$ 184,061</b>
<b>Expenses</b>				
Wages and Benefits	\$ (64,832)	\$ (84,426)	\$ (67,392)	\$ (488,979)
Contractual Services	\$ (972)	\$ -	\$ (921)	\$ (5,210)
Operating Supplies	\$ (5,154)	\$ (821)	\$ (2,181)	\$ (23,723)
<b>Total Expenses</b>	<b>\$ (70,958)</b>	<b>\$ (85,247)</b>	<b>\$ (70,495)</b>	<b>\$ (517,912)</b>
<b>Total jail Operating Cost</b>	<b>\$ (48,781)</b>	<b>\$ (61,537)</b>	<b>\$ (43,327)</b>	<b>\$ (333,851)</b>
Pisoner fees pending				
<b>Total after collections</b>	<b>\$ (48,781)</b>	<b>\$ (61,537)</b>	<b>\$ (43,327)</b>	<b>\$ (333,851)</b>





## **Important Changes to the Tax Year 2020 Form 10A Application for Municipal Income Tax Refund Related to COVID-19**

You must check the box at the top of Form 10A if any portion of your application for refund is related to your working from home, or another location away from your regular place of work, because of COVID-19.

A refund of the tax withheld for your pre-COVID-19 work municipality, while you worked from home or another location, may not be available until litigation over this issue is completed. See *Buckeye Institute, et al., v. Columbus City Auditor, et al*, Franklin County Common Pleas Court Case No. 20-CV-004301.

RITA will hold your request for refund in a suspended status until this litigation is concluded. Should the conclusion of this litigation determine that a refund is allowed, your request for refund will be processed at that time. Should the conclusion of the litigation determine that a refund is not allowed, you will receive a notice that a refund is not available to you.



**Regional Income Tax Agency**  
**Application for Municipal Income Tax Refund**  
**PO Box 95422**  
**Cleveland, OH 44101-0033**



**800.860.7482**  
**TDD 440.526.5332**  
**ritaohio.com**

Your first name and middle initial		Last name	
Current home address (number and street)		Apt #	
City, state, and ZIP code			

Your social security number		Tax year of claim	
Daytime phone number		Evening phone number	

**Check here if you worked outside of your normal place of work in 2020 due to COVID-19. See Checkbox No. 2 below.**

## Reason for Claim

### Check the Box below that applies.

- A separate 10a is required if you have multiple W-2 forms, or for each municipality from which a refund is requested.
- No refunds will be issued without the proper documentation indicated by reason for claim.

(MM/DD/YYYY)

- Age Exemption.** Date of Birth \_\_\_\_\_ Attach a copy of your W-2 form and proof of birthdate (birth certificate, driver's license, etc.). If you were under 18 for only part of the year, you must either: (1) have your employer sign the completed Employer Certification on page 2; or (2) attach a copy of your pay stub for the pay period in which your birthday fell. Exceptions to the 18 years of age or older exemption exist. For more information, visit ritaohio.com, select the RITA municipality in which you worked and review the Special Notes section that relates to the appropriate tax year.
- Due to COVID-19, days worked outside of municipality** for which the employer withheld tax. Attach a copy of your W-2 Form, a completed Log of Days Out Worksheet on page 3, and a completed Calculation for Days Worked Out of RITA on page 3. Your employer must complete and sign the Employer Certification Parts 1 and 2 on page 2. **The availability of a refund is dependent upon the outcome of pending litigation. Requests will be held until this litigation is resolved.**
- Days worked outside of municipality** for which the employer withheld tax. Attach a copy of your W-2 Form, a completed Log of Days Out Worksheet on page 3, and a completed Calculation for Days Worked Out of RITA on page 3. In addition, your employer must complete and sign the Employer Certification Parts 1 and 2 on page 2. **Do Not Use for COVID-19.**
- Employer withheld at a rate higher than the municipality's tax rate.** Attach a copy of your W-2 Form. Your employer must complete and sign the Employer Certification Parts 1 and 2 on page 2. **Do Not Use for COVID-19.**
- Employer withheld too much (over-withheld) resident municipality tax.** Attach a copy of your W-2 Form. Your employer must sign the Employer Certification Part 2 on page 2.
- Withheld by mistake** for the municipality of \_\_\_\_\_ when I actually worked in the municipality of \_\_\_\_\_. Attach a copy of your W-2 Form. Your employer must sign the Employer Certification Part 2 on page 2. Indicate the address where you actually worked. **Do Not Use for COVID-19.**

Work Location Street Address	City	State	Zip
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- Over-the-road truck driver.** The wages of an interstate trucker regularly assigned to drive in more than one state are only taxable by the trucker's municipality of residence. Truck drivers assigned to drive in multiple Ohio municipalities only may be eligible to receive a 90% refund from their principal place of work. Your employer must complete and sign the Employer Certification Part 2 on page 2.
- Military Spouse Residency Relief Act.** Attach copies of W-2 Form, Form DD 2058, valid military spouse ID card and service member's most recent LES.
- Other** (Indicate Reason). Attach W-2 Form and other applicable documentation. Your employer must complete and sign the Employer Certification Parts 1 and/or 2 on page 2. **Do Not Use for COVID-19.**
- Refund of overpayment on account** if you have already filed Form 37 or are not required to file. Employer certification is not required.

## Claim

1 Employer Federal ID #		1		Employer Name	
2 RITA Municipality for which tax was withheld (from W-2, Box 20). RITA cannot refund tax withheld to a Non-RITA municipality		2			
3 Amount of income not taxable.				3	
4 Amount of over withholding claimed (Box A-9 on page 2)				4	
5 Amount of over withholding you want applied as a payment to your individual or joint account instead of being refunded to you. Enter -0- if you want all of your refund sent to you				5	
Provide the social security number of the account to which you want the amount on line 5 to be credited				SSN of account to be credited	
6 Net amount to be refunded. Subtract line 5 from line 4. Amounts \$10 or less will not be refunded.				6	

Name of employee shown on page 1	Employee's SSN	Tax Year of Claim
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## Employer Certification – Part 1

### A. Refund/Credit Calculation

A 1 <b>Total Wages</b> from employee's W-2 Form		<b>A-1</b>	
2 Enter name of municipality for which tax was withheld		<b>A-2</b>	
3 Amount of municipal tax withheld to the municipality indicated on line A-2			<b>A-3</b>
4 List the complete address of the municipality where the employee physically performed the work or services. If the employee did not work within the limits of a municipality, skip lines A-5, A-6 and A-7, and enter -0- on line A-8		<b>A-4</b>	
		Work location street address	
		City, State, Zip Code	
5 Enter the amount of municipal taxable wages earned in the municipality indicated on line A-4		<b>A-5</b>	
6 Enter the tax rate of the municipality indicated on line A-4		<b>A-6</b>	
7 Tax due to municipality where employee physically worked. Multiply line A-5 by the tax rate on line A-6		<b>A-7</b>	
8 If the municipality indicated on line A-4 is a RITA municipality, enter the amount from line A-7; otherwise enter -0-			<b>A-8</b>
9 <b>Amount of over-withheld tax to be refunded or credited.</b> Subtract line A-8 from line A-3. Amounts \$10 or less will not be refunded or credited. Enter total on Page 1, line 4.			<b>A-9</b>

### B. Employee's Home Address

According to our records, this employee's home address for the period covered by this claim was:

Employee's Home Street Address	City	State	Zip
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### C. Employee's Employment Dates

If the employee is still employed, enter "n/a" as the date of separation.

Date of Hire	Date of Separation
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## Employer Certification – Part 2

### D. Employer Representative's Explanation of Reason for Refund and Signature

The undersigned employer representative states that during the year referenced above the employer withheld municipal income tax from the above named employee in excess of the employee's liability as calculated above; that the above referenced employee was employed during the period referenced above; that the employer has examined this claim for refund in its entirety including any accompanying schedules and statements; and that the employer representative can attest that the information reported on this claim is true and accurate.

In addition, the undersigned employer representative verifies that no portion of the over-withheld tax has been or will be refunded directly to the employee by the employer, and that no adjustments to the employer's withholding account related to this claim have been or will be made.

Representative's Signature	Representative's Title	Date	Representative's Phone Number
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Print Representative's Name	Print Representative's Title	Explanation of Reason for Refund (example—"taxpayer works from home 4 days")
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#### Taxpayer's Signature

Under penalties of perjury, I declare that I have examined this claim, and to the best of my knowledge and belief, it is true, correct and complete. I understand that this information may be released to the tax administrator of the resident or workplace municipality and the Internal Revenue Service. I further understand that if this refund changes my RITA residence tax, an amended return must be filed before the refund will be issued. I also understand that if I have an unpaid balance due, this refund will be applied to that balance due.

Taxpayer's Signature	Date	Taxpayer's Daytime Phone	Taxpayer's Evening Phone
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#### To avoid delays:

- Mail this form along with the required documents indicated under your "Reason for Claim" on page 1 to the address shown at right; and
- If filing Form 37, attach the 10A to the completed return and mail them together.

Mail with required documentation to:

**Regional Income Tax Agency**  
**PO Box 95422**  
**Cleveland, OH 44101-0033**

Name of employee shown on page 1	Employee's SSN	Tax Year of Claim
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## Calculation of Days Worked Outside of RITA Municipality

1 <b>Total workdays available.</b> If you normally work a 5 day workweek and you worked for your employer for the entire year, enter 260 (52 weeks times 5 days). Otherwise, enter the number of days you normally worked in a week times the number of weeks worked (cannot exceed 260).	1	
2 <b>Days not worked.</b> Enter total number of days included on line 1 that you did not work due to holidays, personal days, sick days, and vacation days	2	
3 <b>Total days actually worked.</b> Subtract line 2 from line 1	3	
4 <b>Days worked out of town.</b> A log of days out, destination and reason for travel must be included (see below). For purposes of this refund claim, if you worked in another municipality that has an income tax, the wages earned in that municipality are subject to tax in that municipality.	4	
5 <b>Days worked in the municipality for which tax was withheld.</b> Subtract line 4 from line 3	5	
6 <b>Percentage of wages earned in the municipality.</b> Divide line 5 by line 3	6	
7 <b>Total municipal taxable wages.</b> Enter the larger of Box 5 or 18 from your W-2	7	
8 <b>Wages taxable to municipality for which tax was withheld.</b> Multiply line 6 by line 7	8	
9 <b>Wages not taxable to municipality for which tax was withheld.</b> Subtract line 8 from line 7. Enter here and on Page 1, line 3	9	
10 <b>Amount of over withholding claimed.</b> Multiply line 9 by the tax rate of the municipality for which tax was withheld. Enter here and on Page 1, line 4	10	
		Tax Rate

## Log of Days Out

List the names of the municipalities/locations where you worked while traveling, the reason for your travel, and the number of days worked at your travel destination. Your own worksheet is acceptable. Use additional paper if necessary.

Work Location	Reason	# Days
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		

Work Location	Reason	# Days
21.		
22.		
23.		
24.		
25.		
26.		
27.		
28.		
29.		
30.		
31.		
32.		
33.		
34.		
35.		
36.		
37.		
38.		
39.		
40.		
Total number of days worked out of town		

February 8, 2021 (Updated July 12, 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.

<b>Refunding of Prior Bond Issue</b>	<b>Series 2019 bonds</b>
Par Amount of Bonds Refunded	\$ 2,750,000
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

**(Updated July 12, 2021)**

The table below provides a revised analysis of potential savings using current interest rates. The interest rates and cost of issuance also assume the refunding bonds would be issued as part of a combined Various Purpose Bond Issue that includes the Fire Equipment and YMCA borrowing. City Council will have to reconsider the refunding authorizing legislation in order to combine these components into one bond issue.

<b>Refunding of Prior Bond Issue</b>	<b>Series 2019 bonds</b>
Par Amount of Bonds Refunded	\$ 2,750,000
Maturities Refunded	2021-2034
Total Cash Flow Savings	239,760
Total Present Value Savings	221,786
Percentage Savings of Refunding Bonds	8.51%

**For Council's further consideration:**

With the recent decrease in interest rates, a refunding analysis of the City's Series 2015 bonds was updated. The table below reflects the analysis of refinancing the Series 2015 bonds in tandem with the current proposed issue. However, please know that the refinancing of the Series 2015 bonds would have to be executed on a Federally Taxable basis, as the bonds are not callable (subject to pre-payment) until December 1, 2023. Tax exempt rates generally are lower than taxable bonds and therefore waiting until the optional redemption dates may

<b>Refunding of Prior Bond Issue</b>	<b>Series 2015 bonds</b>
Par Amount of Bonds Refunded	\$ 5,195,000
Maturities Refunded	2024-2035
Total Cash Flow Savings	349,684
Total Present Value Savings	322,034
Percentage Savings of Refunding Bonds	5.64%