

FINANCE COMMITTEE MINUTES
MAY 16, 2023

The Finance Committee meeting was held on May 16, 2023, at North Royalton City Hall, 14600 State Road. The meeting was called to order at 6:40 p.m.

PRESENT: Committee Members: Chair Paul Marnecheck, Linda Barath; Council: John Nickell, Joanne Krejci, Heidi Webber; Administration: Mayor Larry Antoskiewicz, Finance Director Jenny Esarey, Law Director Tom Kelly, Building Commissioner Dave Smerek, City Planner Ian Russell, Economic Development Director Tom Jordan, Other: Vincent Weimer, Cathy Miller.

Mr. Marnecheck moved to excuse Mr. Wos from tonight's Finance Committee meeting, seconded by Ms. Barath.

Approval of April 18, 2023 Finance Committee minutes. Moved by Mr. Marnecheck, seconded by Ms. Barath. Vote: Yeas: 2 Nays: 0. **Motion carried.**

UNFINISHED BUSINESS

1. Monthly Finance report including tax collections status

See report.

Ms. Esarey advised that everything was operating within budget. She continued that we are looking good, especially with revenue; we are right where we need to be. With regard to income tax through the May advance and reconciliation, we actually did very well in May. We were supposed to be at 41.6% for the General Fund, whereas we are at 46%. We are operating over what we expected to receive for income tax. May is a predominately higher month and we will see what the next couple of months bring. Overall, Ms. Esarey was pleased with where our income taxes are as well.

- Proposed Ordinance: 2024 Tax Budget

Ms. Esarey explained that every year we must put together a tax budget to submit to the Cuyahoga County Budget Commission, which is due by July 20th. It is very important to know that the tax budget passing does not have to equate to what we pass as our permanent budget next year. It does show that we have a need for Cuyahoga County to collect our property taxes for us; we need this money in order to operate. There are different types of schedules and Schedule 1 is based on estimated taxes. Schedule 2 has fund balances with estimated receipts, estimated expenditures, and what our estimated ending balances will be. There is also a schedule pertaining to the debt that we have. We do not have any voted debts specifically for bonds. Also, Schedule 5 is for schools, which is why that is also blank. Again, it is a necessity that we do this, however it does not determine that this is what our permanent budget for 2024 has to be.

Mr. Marnecheck moved to recommend Ordinance 23-62 to Council for approval, seconded by Ms. Barath. Vote: Yeas: 2 Nays: 0. **Motion carried.**

- Proposed Ordinance: Budget Amendment

Ms. Esarey went over a few in and out items. Council did approve \$1000.00 grant from the Pezie family for the Community Engagement Program for the Police Department, which is included so that we can allocate those monies. The Service Department sold some items on GovDeals. They are asking that because we budgeted \$20,000.00, which they received \$27,100.00. The \$7,100.00 allows them to buy additional equipment. There are a few transfers included as well. The next Budget Amendment entails OWDA, whereas we have a design loan for Plant B. The timing on that has been pushed out somewhat, therefore we do have to pay one interest payment that is not going to penalize us in any way; it will count toward our loan as a whole. We were not planning on that this year; that is why that is included. Ms. Esarey has been working with the Engineering

Department on their Improvement Fund; their deposit escrow fund for lot splits and other items with engineering. The deposits were going in the 763 Fund, however some of the engineering services were being paid out of the General Fund; it was not matching. Ms. Esarey is working with Engineering to ensure we can reimburse what the General Fund has paid. Meanwhile, she wants to start fresh and make sure we are doing it correctly in moving forward; that is why the \$10,000.00 is included. The last page was some transfers that will go over with the transfer funds.

Mr. Marnecheck moved to recommend Ordinance 23-63 to Council for approval, seconded by Ms. Barath. Vote: Yeas: 2 Nays: 0. **Motion carried.**

- Proposed Ordinance: Transfer of Funds

Ms. Esarey indicated there were three different things that her department discovered through various things this year. First, when working with the Building Department, they should have had OBBS (Ohio Board of Building Standards) of 1% or 3% of a certain amount, based on what deposits came in. Then the Building Department was running their software, and they were indicating that it should be this amount. The discrepancy was amusement device permits that were taken in, and when they set up their software, they had implemented the wrong account number in their software. Due to 2021 involving Covid, we did not see that until 2022. In order to fix this, the first transfer is to move the monies that were improperly deposited into the 764 OBBS Fund into the General Fund; that is a total of \$905.00.

Secondly, the Engineering Department contacted the Finance Department and they wanted to make the second half of a deposit payment to a developer. She always checks everything to make sure we have not processed it and that we are not duplicating payment. She realized that back in 2020, the first \$3,000.00 was improperly paid from the 766 Fund. Therefore, because the money was put in the 763 Fund, we are making the 766 Fund whole by making that \$3,000.00; that was the request for number 2.

Lastly, was truly an error when billing was done. Instead of typing 451 for the code, they had typed in 551. This is to make sure that the 451 Fund is correct; they should have received that \$3,136.05. These were done in prior years, therefore that is why Council needs to approve it. By ORC, we are not allowed to move monies from any other fund but the General Fund without Council authorization.

Mr. Marnecheck moved to recommend Ordinance 23-64 to Council for approval, seconded by Ms. Barath. Vote: Yeas: 2 Nays: 0. **Motion carried.**

2. Overtime

Ms. Esarey reported that overall, we should be at 33%, in which we are at 22.76%; we are doing well. She felt that the jail may be a little higher, and she is still monitoring that. The other item, the Law Enforcement Trust Fund, is just a reimbursement when we receive payment. Therefore, we will have to make the Budget Amendment. The money coming in is offsetting the money coming out, therefore that is throwing that off somewhat. Overall, Ms. Esarey felt that we are doing well.

3. RITA: Non-Filing Delinquency Program

Ms. Esarey would have final figures next month since the program was being closed in May 2023.

4. Buckeye Institute's lawsuit – Kilgore case

No update.

5. Opioid Settlement

No update.

6. House Bill 33

Ms. Esarey summarized that is currently in the Senate Committee. She had no updates that they have changed anything with regard to the property tax or our concerns; nothing has changed at this time.

NEW BUSINESS

There was none.

ADJOURNMENT

Moved by Mr. Marnecheck, seconded by Ms. Barath to **adjourn the May 16, 2023 Finance Committee meeting**. Vote: Yeas: 2. Nays: 0. **Motion carried.**

Meeting adjourned at 6:50 p.m.

FOR 2023 13

	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
<hr/> 101 General Fund <hr/>							
000 Revenue <hr/>							
31 Taxes <hr/>							
1013 31201 Income Tax	-17,850,000	0	-17,850,000	-8,224,189.87	.00	-9,625,810.13	46.1%*
TOTAL Taxes	-17,850,000	0	-17,850,000	-8,224,189.87	.00	-9,625,810.13	46.1%
TOTAL Revenue	-17,850,000	0	-17,850,000	-8,224,189.87	.00	-9,625,810.13	46.1%
TOTAL General Fund	-17,850,000	0	-17,850,000	-8,224,189.87	.00	-9,625,810.13	46.1%
TOTAL REVENUES	-17,850,000	0	-17,850,000	-8,224,189.87	.00	-9,625,810.13	
<hr/> 207 Police Facility Operating Fund <hr/>							
000 Revenue <hr/>							
31 Taxes <hr/>							
2073 31201 Income Tax	-200,000	0	-200,000	-83,333.35	.00	-116,666.65	41.7%*
TOTAL Taxes	-200,000	0	-200,000	-83,333.35	.00	-116,666.65	41.7%
TOTAL Revenue	-200,000	0	-200,000	-83,333.35	.00	-116,666.65	41.7%
TOTAL Police Facility Operating Fund	-200,000	0	-200,000	-83,333.35	.00	-116,666.65	41.7%
TOTAL REVENUES	-200,000	0	-200,000	-83,333.35	.00	-116,666.65	
<hr/> 211 SCMR Fund <hr/>							
000 Revenue <hr/>							
31 Taxes <hr/>							
2113 31201 Income Tax	-3,000,000	0	-3,000,000	-1,424,728.90	.00	-1,575,271.10	47.5%*

05/12/2023 11:20
jesarey

City of North Royalton
YEAR-TO-DATE BUDGET REPORT

P 2
glytddbud

FOR 2023 13

211	SCMR Fund	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
	TOTAL Taxes	-3,000,000	0	-3,000,000	-1,424,728.90	.00	-1,575,271.10	47.5%
	TOTAL Revenue	-3,000,000	0	-3,000,000	-1,424,728.90	.00	-1,575,271.10	47.5%
	TOTAL SCMR Fund	-3,000,000	0	-3,000,000	-1,424,728.90	.00	-1,575,271.10	47.5%
	TOTAL REVENUES	-3,000,000	0	-3,000,000	-1,424,728.90	.00	-1,575,271.10	
<hr/>								
213 City Income Tax Fund								
<hr/>								
000 Revenue								
<hr/>								
31 Taxes								
<hr/>								
	<u>2133 31201 Income Tax</u>	-1,050,000	0	-1,050,000	-367,970.47	.00	-682,029.53	35.0%*
	<u>2133 31235 Income Tax Refunds &</u>	325,000	0	325,000	174,140.74	.00	150,859.26	53.6%
	TOTAL Taxes	-725,000	0	-725,000	-193,829.73	.00	-531,170.27	26.7%
	TOTAL Revenue	-725,000	0	-725,000	-193,829.73	.00	-531,170.27	26.7%
	TOTAL City Income Tax Fund	-725,000	0	-725,000	-193,829.73	.00	-531,170.27	26.7%
	TOTAL REVENUES	-725,000	0	-725,000	-193,829.73	.00	-531,170.27	
<hr/>								
219 Office on Aging Fund								
<hr/>								
000 Revenue								
<hr/>								
31 Taxes								
<hr/>								
	<u>2193 31201 Income Tax</u>	-175,000	0	-175,000	-72,916.65	.00	-102,083.35	41.7%*
	TOTAL Taxes	-175,000	0	-175,000	-72,916.65	.00	-102,083.35	41.7%
	TOTAL Revenue	-175,000	0	-175,000	-72,916.65	.00	-102,083.35	41.7%
	TOTAL Office on Aging Fund	-175,000	0	-175,000	-72,916.65	.00	-102,083.35	41.7%
	TOTAL REVENUES	-175,000	0	-175,000	-72,916.65	.00	-102,083.35	
	GRAND TOTAL	-21,950,000	0	-21,950,000	-9,998,998.50	.00	-11,951,001.50	45.6%

FOR 2023 13

219	Office on Aging Fund	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
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** END OF REPORT - Generated by Jenny Esarey **

Please note that the total in the Allocation Table will be off compared to this report by \$13.85 and that is based on 1st Quarter 2023 Municipal Electric Income Tax

Fund #101 - \$8,224,177.53 + \$12.33 = \$8,224,189.86

Fund #211 - \$1,424,728.22 + \$0.69 = \$1,424,728.91

Fund #213 - \$367,969.54 + \$0.83 = \$367,970.37

REPORT OPTIONS

Sequence	Field #	Total	Page Break
Sequence 1	1	Y	N
Sequence 2	4	Y	N
Sequence 3	10	Y	N
Sequence 4	0	N	N

Report title:
YEAR-TO-DATE BUDGET REPORT

Includes accounts exceeding 0% of budget.

Print totals only: N

Print Full or Short description: F

Print full GL account: N

Format type: 1

Double space: N

Suppress zero bal accts: Y

Include requisition amount: N

Print Revenues-Version headings: N

Print revenue as credit: Y

Print revenue budgets as zero: N

Include Fund Balance: N

Print journal detail: N

From Yr/Per: 2021/ 7

To Yr/Per: 2021/ 7

Include budget entries: Y

Incl encumb/liq entries: Y

Sort by JE # or PO #: J

Detail format option: 1

Include additional JE comments: N

Multiyear view: D

Amounts/totals exceed 999 million dollars: N

Year/Period: 2023/13

Print MTD Version: N

Roll projects to object: N

Carry forward code: 2

Find Criteria

Field Name	Field Value
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Org	
Object	31201:31235
Project	
Rollup code	
Account type	
Account status	

CITY OF NORTH ROYALTON

Table for 2023: Month Received, Original Tax, Additional Tax, RITA, ODT-Net Profit, #101 - General, #207 Police Facility, Tax, Additional Tax, RITA, ODT-Net Profit, #211 - SCMR, #219 Office on Aging, RITA, ODT-Net Profit, #213 - Income Tax, RITA, ODT-Net Profit, #433 - Storm Water, Refunds, Overhead & Legal Fees, Net Receipts, Cumulative Receipts. Includes original fiscal budget and percentage comparisons.

Table for 2022: Month Received, Original Tax, Additional Tax, RITA, ODT-Net Profit, #101 - General, #207 Police Facility, Tax, Additional Tax, RITA, ODT-Net Profit, #211 - SCMR, #219 Office on Aging, RITA, ODT-Net Profit, #213 - Income Tax, RITA, ODT-Net Profit, #433 - Storm Water, Refunds, Overhead & Legal Fees, Net Receipts, Cumulative Receipts. Includes original fiscal budget and percentage comparisons.

Table for 2021: Month Received, Original Tax, Additional Tax, RITA, ODT-Net Profit, #101 - General, #207 Police Facility, Tax, Additional Tax, RITA, ODT-Net Profit, #211 - SCMR, #219 Office on Aging, RITA, ODT-Net Profit, #213 - Income Tax, RITA, ODT-Net Profit, #433 - Storm Water, Refunds, Overhead & Legal Fees, Net Receipts, Cumulative Receipts. Includes original fiscal budget and percentage comparisons.

City of North Royalton
City Income Tax Collections
5/12/2023

CURRENT MONTHLY RECEIPTS

Net Receipts

received in

Collections for the month of April-2023 / May-2023

Regional Income Tax Agency	\$	2,851,767.03
Ohio Department of Taxation	\$	4,241.12
	\$	2,856,008.15

Monthly Collection Detail

	This Year	Prior Year		
	May-2023	May-2022	Difference	%
WITHHOLDING	\$ 1,123,459.65	\$ 865,605.23	\$ 257,854	29.79%
INDIVIDUAL TAXES	\$ 1,565,197.88	\$ 1,606,521.77	\$ (41,324)	-2.57%
NET PROFIT TAXES	\$ 256,306.89	\$ 181,867.42	\$ 74,439	40.93%
TOTAL GROSS RECEIPTS	\$ 2,944,964.42	\$ 2,653,994.42	\$ 290,970	10.96%
3% withholding for collection				
fees	(88,221.70)	(79,452.84)	\$ (8,769)	11.04%
legal fees/court costs	(734.57)	(812.24)	\$ 78	-9.56%
TOTAL LEGAL FEES AND COLLECTION COSTS	(88,956.27)	(80,265.08)	(8,691.19)	10.83%
TOTAL NET RECEIPTS	2,856,008.15	2,573,729.34	\$ 282,279	10.97%

Year to Date Receipts

Net Receipts

Regional Income Tax Agency	\$	9,648,074.57
Ohio Department of Taxation	\$	41,398.54
Fiscal Year 2023	\$	9,689,473.11
Fiscal Year 2022	\$	8,401,598.34
Increase (Decrease)	\$	1,287,874.77

15.33%



City of North Royalton

Mayor Larry Antoskiewicz

Jenny Esarey

Director of Finance
email:jesarey@northroyalton.org

Finance Department

14600 State Road • North Royalton, OH 44133-4896

Phone: 440-582-6234
Fax: 440-237-0470

Date: May 10, 2023

To: Mayor Antoskiewicz and City Council Members

From: Jenny Esarey, Finance Director

Re: 2024 Tax Budget

The 2024 Tax Budget is being presented to City Council for review and approval.

The Cuyahoga County Budget Commission requires an Alternative Format for the Annual Tax Budget to be approved by City Council by July 15, 2023. It must be filed with the Cuyahoga County Budget Commission by July 20, 2023.

The purpose of the Annual Tax Budget is to demonstrate the need for Cuyahoga County to assess Real Estate (Property Taxes) on behalf of the City of North Royalton. Please note that the Tax Budget does not need to match the 2024 Permanent Appropriations Budget that will be discussed/approved by City Council later in 2023 (for Calendar Year 2024). The tax budget details a projected financial plan for the next calendar year, and shows that the City of North Royalton has “need” for the property tax revenues received (property taxes to be used to pay for known/projected expenditures).

Detail regarding the required various schedules of the 2024 Annual Tax Budget is as follows:

- **Schedule 1** includes the Estimated Tax Levies to be collected in 2024, which are based on 1st Half 2023 Collections (for tax year 2022). Please note that Cuyahoga County Budget Commission will not provide a Schedule A (Estimated Tax Receipts based on 1st and 2nd Half Collections) until December 2023, so these figures being presented are estimates, which the county understands will most likely not match the Schedule A to be distributed later this year (December).
- **Schedule 2** includes a detail of all funds with estimated beginning 2024 unencumbered balances, estimated 2024 property and local government revenues (if applicable), estimated other 2024 revenues, estimated 2024 expenditures and encumbrances, and the estimated ending 2024 unencumbered balances. The 2024 estimated expenditures and encumbrances are based on the 2023 Permanent Appropriations Budget, without one-time expenditures included in the 2023 budget (Ex – NEORS D Big Creek Stabilization at West Sprague advances). Please note that since the other figures included in the tax budget were based on the 2023 Annual Appropriations Budget, the 2024 Proposed Annual Appropriations will most likely change/update when being presented later this year for review/approval.
- **Schedule 3** details the outstanding bonds the City of North Royalton currently has.
- **Schedule 4** relates to Voted Debt, which the City of North Royalton does not have. (The City of North Royalton has bonds, but none of those bonds were specifically voted on by the residents as Voted Debt).
- **Schedule 5** is for schools only, which is why this is blank.

I look forward to our discussion at the May 16, 2023 Finance Committee Meeting. Please let me know if you have any questions ahead of the meeting that you would like to discuss.

Thank you!
Jenny 😊



City of North Royalton

Mayor Larry Antoskiewicz

Jenny Esarey

Director of Finance
email:jesarey@northroyalton.org

Finance Department

14600 State Road • North Royalton, OH 44133-4896

Phone: 440-582-6234
Fax: 440-237-0470

Date: May 10, 2023
To: Mayor Antoskiewicz and Members of City Council
From: Jenny Esarey, Finance Director
Re: Request - Transfer of Funds

Request of Transfer #1

During the reconciliation with the building department of the amounts received in 2022 for the Ohio Board of Building Standards (OBBS) Fund and required reporting to the State Treasurer for OBBS collections, it was determined that six (6) permit receipts for Amusement Device Permit collections were improperly recorded as 1% Residential fees totaling \$905.00:

- 05/03/2022 - \$ 50.00 – PM Investments, Inc.
 - Deposited into Acct # 7643-36209 (OBBS Fund – 1%)
- 05/16/2022 -- \$420.00 -- Butch's BBQ Catering, LTD
- 05/16/2022 -- \$105.00 – Cleats Athletic Club, Inc.
 - Deposited into Acct# 7643-36209 (OBBS Fund – 1%)
- 06/20/2022 -- \$175.00 – Divots Sports, Inc.
 - Deposited into Acct# 7643-36209 (OBBS Fund – 1%)
- 07/26/2022 -- \$35.00 – Mastro II, LLC
- 07/26/2022 -- \$120.00 – Towne Tavern
 - Deposited into Acct# 7643-36209 (OBBS Fund – 1%)

Total \$905.00

Our discussions with the building department staff revealed a programming glitch in the Building Department City Force software; however, it was corrected immediately and Amusement Device Permits should be accurately recorded to account 1013-36115 moving forward. We have been updating our procedures between the finance and building departments to reconcile and report collections to the State after the end of each month. Since the calendar year 2022 has been closed, the correction requires City Council legislative approval as the monies need to be moved from the OBBS Trust Fund (#764) to the General Fund (#101) in a different calendar year.

I am presenting the following fund transfer be authorized by City Council to correct the error of the six (6) permit receipts identified above to ensure the fund balances are accurate:

- + \$905.00 – Acct# 1013-39131 – Transfer-In – General Fund #101
- - (\$905.00) – Acct# 7644795-49101 – Transfer-Out – OBBS Fund #764

Request of Transfer #2

We received a request for reimbursement for the balance of a security deposit. We researched the amount initially collected and any re-payments made previously to determine the balance remaining on the security deposit. The deposit of \$6,000.00 was recorded in Improvement Holding Fund (#763), but the initial refund of \$3,000.00 was paid from Building Construction Bond Fund (#766) in 2020. Since the fund deposit did not match the fund expenditure in 2020, I recommend the initial refund of \$3,000.00 paid from Building Construction Bond Fund (#766) be replenished from Improvement Holding Fund (#763).

I am presenting the following fund transfer be authorized by City Council to correct the error of the deposit refund identified above to ensure the fund balances are accurate:

- + \$3,000.00 – Acct# 7663-39131 – Transfer-In – Building Construction Bond Fund #764
- - (\$3,000.00) – Acct# 7634795-49600 – Transfer-Out – Improvement Holding Fund #763

Request of Transfer #3

The City of North Royalton has a shared loan with the City of Broadview Heights from Ohio Public Works Commission (OPWC) that originated from a joint road project. North Royalton pays the loan, and Broadview Heights reimburses the City of North Royalton their portion. During 2022, the amount received was incorrectly billed to Wastewater Treatment Fund (#551) instead of Issue 1 Sprague Road Fund (#451). This typo (error) in billing (551 instead of 451) caused the check received to be incorrectly deposited to the Wastewater Treatment Fund (#551).

I am presenting the following fund transfer to be authorized by City Council to correct the error of the receipt posted to the incorrect fund to ensure the fund balances are accurate:

- + \$3,136.05 – Acct# 4513-39131 – Transfer-In – Issue 1 – Sprague Road Fund #451
- - (\$3,136.05) – Acct# 5514580-49451 – Transfer Out – Wastewater Treatment Fund #551

I look forward to our discussion at the May 16, 2023 Finance Committee Meeting, but please feel free to contact me with any questions prior to the meeting.

Thank you,
Jenny 😊