



## FINANCE COMMITTEE MEETING OCTOBER 29, 2014

Committee Members Present: Rick Rodgers  
Dennis Pierson-Excused at 4:19  
Charlotte Whipkey

Also Present: Mayor Mike Zita  
Valerie Wax Carr-Arrived at 3:07  
Ron Messner  
Karla Richards  
Ann Campbell

The Finance Committee convened on Wednesday, October 29, 2014 at 3:06 PM, in the Council Chambers of the Safety Administration Building. The meeting was called to order by Rick Rodgers, President of Council. Following a salute to the flag and the Pledge of Allegiance, there was a moment of silent prayer.

### **General Topics of Discussion:**

#### **2015 Budget Review**

Mr. Rodgers opened the discussion and turned the details over to Mr. Messner. Mr. Messner stated discussed the General Revenue summary which is every account number listed and displays from 2011 to year to date of September 30, 2014. Budget amendments for 2014 if there are any can be addressed next month. Mr. Messner stated he would like to have any questions emailed to him and the following Monday he will bring out those questions and answers to them. On page #3 is the General Fund expense summary by department. Mr. Messner stated the advances and transfers are the movement of funds between accounts in general funds and non-general funds; advances are monies taken from the General Revenue side to the non-general side or funds account with transfers being somewhat of the same thing. Mr. Messner pointed out that he is still learning the process used here and is getting direction from another Finance Director as well. The fund accounts do not have revenue and a method of making sure needed funds are available to offset funds not covered in a particular item/fund is implemented. In the past the transfers and such were done once a year, others do it twice per year; there is no right or wrong way outside of it having to be done in that fiscal year. Mr. Pierson asked for an example and Mr. Messner stated currently he is working on a method to show where deficits are occurring. Currently there are two deficits, one is the Street Dept. and the other could be in the Road. One has a deficit of \$424,000, which is not a problem as there is \$500,000 budgeted in the transfer account and he will move the money over to the account with money still left in the transfer account.

Mr. Messner pointed out that it is also possible to move the funds within individual departments to offset costs within the department and then the General fund transfer would not be used. Mr. Messner reminded everyone that a budget is just a guideline and is subject to changes and there are ways to do those changes. Mr. Messner stated there is a book recording all changes. Mr. Pierson clarified that the funding stays within that department's budget and Mr. Messner concurred. Mr. Messner stated this budget is composed on past cycles and as a new Finance Director here it may take a year or maybe more to get a true cost by department. The transfer and advances is basically a safety net. Mrs. Carr stated that in some areas we are spending down some fund balances but still within the guidelines to keep our positive bond rating. Mrs. Carr stated that she and Mr. Messner were quite surprised that in most departments the operating fund balances are down some because they were involved this year and felt there were areas that did not need as much funding. Mr. Messner indicated in the future meetings each department head will be present for the discussions before Council to answer to their individual budgets and this is the first year they were that involved. There was extended discussion on the line item "Professional Services" and how each department had it, but there were no specifics as to how those monies were to be used. In Mr. Messner's eyes, "Professional Services" meant where you went outside to get professional help such as legal or contactor services and each department was using it for various expenses; so that was one of the areas they were bringing back into control. Mr. Messner discussed the carry over balances and stated the standard level is no less than 15% and in the past years you were as high as 51.7% in 2013. Mr. Messner stated that although the previous Finance Director felt that was best for the bond ratings and creditors, it hurt departments when they really needed something because she said no. Mr. Messner stated he does not operate that way and prepares a realistic budget so the departments can operate a realistic job with the moneys they have available. Mr. Rodgers asked about the \$200,000.00 difference in the 2013 ending balance and projected 2014. Mrs. Carr explained that we will be spending this down some due to adding employees, equipment, etc. that will take the carryover % down for 2015. Ms. Whipkey asked about the comment on added personnel or positions and if they were already here. Mrs. Carr stated no, this was for in the 2015 Budget, and she and Mr. Pierson had already talked about this, we have provided for a part-time zoning inspector which is not there today. Mrs. Carr pointed out that those were all issues to be discussed throughout the budget and Council had final approval on that. Mr. Messner added there were several places that would happen, as an example the Service Dept. has added two more laborers and it is up to Council to say leave them or take them out, which would result in the numbers being recast if they are removed. Mr. Rodgers asked for clarification that the carryover is actually high but as we would be planning to spend more the carryover will be less and Mrs. Carr concurred. Mr. Messner stated an example was the road program which was \$450,000 this year has been increased to \$550,000 and that's \$100,000 of it right there. Mr. Messner explained that during the budget discussions in Council, that do to this being a working document, to be clearer on ordinances as to what is being paid as payroll or operating expenses. Each night he is planning on giving the page numbers so all can follow the discussions and again asked for any questions to be given ahead and state where it is located. It was decided to send an email out to all of Council reminding to review and ask questions when possible before the meetings on each section with all of Council copied.

Mr. Rodgers asked how the Administrative budget had decreased and there was discussion as to how the decrease occurred with the Professional Services used as an example. Mr. Messner stated he has researched how other departments were placing expenditures within the line items and the history behind those actions and it will be his intent to be able to tell exactly where the dollars went. Mr. Pierson clarified that there is from this point forward a journal entry showing the movements in every account and Mr. Messner replied yes and Mrs. Carr stated that Mrs. Starosta had done this in the past as well. Mr. Messner noted that 99% of the expenses were booked appropriately. Mr. Messner stated that is pretty much how the budget is constructed that pages 4-45 are the General Revenue. Mr. Messner discussed the first account that gets out of the general revenue department starts on page 46 with the Service Department. Mr. Messner indicated the colored purple or gray blocks are for increases in positions that are not currently filled. We have divided the Service Dept. with Parks this year; time actually worked at 75% and the other 25% is in the Parks Department because that is where they spend most of their time. We are asking for two (2) new Service Dept. employees for 2015 at a starting salary of \$35,173.00 and benefits are calculated in the lines above. Mr. Messner noted that one employee's wages were split 90% into the Parks and 10% into Service because that is how his time is spent. Mrs. Carr stated what we are trying to do from this point forward is project the actual park expenses including payroll. Ms. Whipkey asked if the particular employee's salary would actually be coming out of the Cable Franchise fund, for lack of a better work and Mrs. Carr concurred. Mr. Messner noted that in the Capital expenses increases will show in red (also highlighted in green at the bottom) and these will be for big ticket items that we would purchase with a lease to own option. Mr. Messner stated he felt is best for the City to hold on to their funds verses paying for them up front. Mr. Messner also noted the increase of \$6500.00 for a new mower for the Service Dept. Ms. Whipkey questioned the bottom figures on page #47 for the leased equipment as the loader is stated twice. Mr. Messner explained that new mower for \$6,500.00 and add \$27,252.00 those total the \$33,752.00. Mr. Messner stated he double check this and make the proper corrections. There was discussion as to the costs for the Western Star Truck and the Kobelco equipment and their costs and specific uses. Mr. Pierson suggested these be broken out separately for exactly what the total lease cost is for each vehicle. Mr. Messner noted any page changes would be casted as a new page titled 47-A to clearly show the amendment. Mr. Rodgers asked about the repair line item and if this does include repair to Police or Fire Dept vehicles and felt this should be broken out separately. Mr. Pierson stated he believed Mr. Rodgers is asking to see a breakout in actual billable hours and materials spent per department. Mr. Messner noted the way he understands it Larry at the Service Dept. makes the call and writes up a purchase order for the vehicle repairs which is billed to the proper department and he will ask for a clearer picture as most departments do have a line for their repairs. Mr. Rodgers asked if the Service Dept. is also working on the Fire Dept. vehicles and Mr. Pierson replied no, that those vehicles are being sent to Parkers in Copley. Mrs. Carr noted that these repairs are more of a specialty item that could not be done within the City departments. Ms. Whipkey noted that the Parks Dept. should be pretty much self sustaining due to the cable franchise funds from Time Warner and they have a surplus. Mrs. Carr stated she has been attending the Park meetings and they are frustrated that nothing has been spent on the parks like equipment and such.

Frasier Park was brought up and Ms. Whipkey pointed out there were issues with the ground was not stable and Mrs. Carr stated it would have to be reviewed. Mrs. Carr pointed out that there are a lot of internal accounting items that we can deal with later with more clarity. Mr. Rodgers asked where is the tax credit roll back is shown on the reports, as a line item? Mr. Rodgers stated this should not be convoluted and in the General Fund. There was discussion on page 2 of the revenue budget and the rollback should be more according to Council. It was believed the account number should be #128. Mr. Rodgers stated this should still be a line item by its self because it is a revenue fund is to be used for a specific purpose use. Mr. Rodgers asked about the Gardner Blvd.-Adair lawsuit expense of \$750,000.00 where is this shown? Mrs. Carr noted that Mr. Messner was out all day yesterday when this question was raised and she has not had time to discuss with him in detail. Mr. Messner stated he would double check those accounts and where the dollars went and how spent. Ms. Whipkey stated if these went to the wrong account she has a real issue with this as those dollars were to be specific for future development and not used for past billings. Mrs. Carr asked Mr. Messner to explain the percentage changes up/down. Mr. Messner when you review these there is one department that shows 1000% reduction and he has tried to explain the details; it is basically a difference as to how he does things from the old Finance Director. The past Finance Director had a habit of placing a rather large project like water or sewer into the improper account when those projects have a life expectance of over five (5) years it's really a capital improvement and he made the decision to properly reflect and record it this way. Mr. Messner these larger expenses into themselves like Nash Heights East or Nash Heights West and really don't belong in just the sewer account. The monies are still there, just in another place that he felt better suited and not inter-mixed so we can see what a project cost in one spot. Mrs. Carr noted on page 12 we did add the salary for a full time Community Developer and a potential consultant to get this department up and running as she has discussed with Mr. Rodgers and Mr. Grether. If we are truly going to move this city forward, we need someone focused on economic development full time. Mr. Pierson stated we needed changes in job descriptions and Mrs. Carr pointed out there are some issues due to Civil Service that Council has no say in. Mr. Messner handed out some new information relating to the Fire Department potential changes (see attached) relating to Account #105, #106, & #107 that Ms Whipkey had asked for previously. Mr. Pierson had to leave the meeting at that point. Mr. Messner suggested Civil Service had a decrease and to see what those were, just look under the 2014 budget and you will see where those decreases were made. If you believe they are too severe, just let him know. There was discussion to not let the information out there publicly and Ms. Whipkey reminded Administration that these were public documents and the meeting itself was aired live.

**Unfinished Business:**

None

**New Business:**

None

**Topics for the next Work Session:**

2015 Budget Review

**Public Comment-Agenda and Non Agenda Items:**

No one signed up to speak

**Public Updates:**

None

**Adjourn**

There being no other business to come before the Committee Work Session, the meeting was adjourned at 4:40 PM.

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Rick Rodgers, President of Council

**\*NOTE: THESE MINUTES ARE NOT VERBATIM\***

**\*\*ORIGINAL SIGNED AND APPROVED MINUTES ARE ON FILE WITH THE CLERK OF COUNCIL.\*\***

**All Committee Meetings will be held at the Norton Safety Administration Building, unless otherwise noted.**