

## **City of Norwood Financial Planning and Supervision Commission**

### **Minutes for the Meeting Held on Tuesday, June 16, 2020**

#### **Call to Order**

The twenty-third meeting of the City of Norwood Financial Planning and Supervision Commission (“Commission”) was called to order by the Chair at 10:03 a.m., June 16, 2020, in the gymnasium of Norwood High School, Sherman Avenue, Norwood, Ohio.

#### **Members Present**

The Chair introduced Mr. Quinlin, a recent appointee of the Treasurer of State to the Commission. A quorum was present with the following Commission members answering roll-call: Victor Schneider – Norwood Mayor; Ken Miracle -President of Norwood City Council; Bradley Schwartz - Governor’s appointee; Thomas Shepherd- Governor’s appointee; Troy Quinlin - designee of Treasurer of State; and Chair Sharon Hanrahan – designee of the Director of the Ohio Office of Budget and Management (OBM). Also, in attendance: Anna Mary Thomas – Ohio Auditor of State’s office, April Davis – Ohio Auditor of State’s Office and City Auditor Stith. Ron Vonderhaar- Governor’s appointee was unable to make the meeting and his absence was excused.

#### **Minutes of March 31, 2020**

The minutes of the March 31, 2020 meeting of the City of Norwood Financial Planning and Supervision Commission were received prior to the meeting. The Chair asked for any amendments or questions on the minutes. Hearing none, the Chair asked for a motion to approve. Mr. Schwartz moved, and Mr. Shepherd seconded. The minutes were approved with Mr. Quilin abstaining.

#### **Report of the Financial Supervisor**

Anna Mary briefly discussed the State of Cash Balances as of May 31, 2020. The only fund with a negative balance as the Refuse Collections Fund. This was due to an outstanding encumbrance of over \$858,000 against a cash balance of a little over \$586,000. The full amount of the encumbrance is not expected to be used, causing little concern for the fund at this time.

The next report discussed was the comparison of actual revenues received through May to the 2020 revenue estimates in the Recovery Plan. Assuming an even distribution of revenues throughout the year, the actual revenues received should approximate 42% of the revenue projections in the plan. Property taxes are above the 42% as expected since the first half payments are usually higher. Municipal income tax is slightly over the 42%. This may be a good sign, although it is important to remember that state and federal income tax filing deadlines were moved to July and this may affect municipal taxes in the future. The fines and forfeitures revenue source are almost 10% below the estimate, but the Mayor's Court was closed down for quite some time and this directly impacted revenues. Investment income is also below estimate. On the other hand, the City benefited from the receipt of a large refund from the Bureau of Workers' Compensation boosting other income overestimate by over \$200,000.

Anna Mary then pointed out a few noteworthy areas on the General Fund expenditure allocation report. This report assumes that each department's budget is spent evenly throughout the year and spending at the end of May should approximate almost 42% of total budget.

The Auditor's department spent more than estimated, but this is due to the payment of audit costs and county fees. In the Service Director's Office, two employees left, and the department incurred additional costs due to the payout of leave. In the police administration and crime control departments, there were additional costs due to a three month pay and the payment of clothing allowances. Overages in the Fire Department were due to a lease payment and the purchase of a truck. The City Garage department exceeded estimated due to health insurance and debt service payments.

On the other hand, the Community Development Department had no expenditures as it is a new department and expected hiring has not occurred. Other cost centers such as the Retiree Benefit Program, the Retiree Healthcare Non-Department, and Debt Service had expended 100% or close to all of its budget. This is due to the timing of payments with no further payments due the remainder of the year. In the case of the Retiree Healthcare Non-Department, there will be no payouts in the future as the obligation has been fulfilled.

The last report discussed was the bank reconciliation. The Treasurer's Office continues to work on tracing down the reconciling item which has been reduced from its original amount and is currently \$4,349.03.

Anna Mary asked if there were any questions. Mr. Shepherd remarked that it would be helpful to discuss or report on any significant underages in spending. This could be attributed to an inability to get a project off the ground or due to increased efficiencies. Anna Mary said that she would see what she could do.

Hearing no other comments or questions, the Chair asked Anna Mary to discuss the lease purchase of the fire engine.

## **Old Business/New Business**

2021 Seagrave Fire Engine: The Commission was presented with letter from Republic First National, the city council ordinance approving the purchase, and the Commission Resolution indicating its approval and awaiting action at the meeting. The purchase of the fire engine will be financed by an agreement with Republic First National for a total of \$722,456.80. The amount includes interest at 3.09% annually with five equal payments to be made starting in May, 2021 of \$144,491.36. The purchase of the fire engine was included in the most recent Financial Recovery Plan at an estimated payment amount that exceeded the actual lease payment in the first three years.

The Chair asked if there were any questions and hearing none, asked for a motion. Mayor Schneider moved and Mr. Miracle seconded. The purchase was approved unanimously on a roll call vote.

Ladder truck: Anna Mary discussed the purchase of a used ladder truck from Cincinnati. The truck is a 2009 model and was used for five years. The City offered the ladder truck to Norwood and they accepted. Norwood has a need for a ladder truck now as the fire department does not have truck currently that can reach some of the upper floors in some of the newer buildings. The ladder truck was also included in the Financial Recovery Plan, although it had been assumed that a new one would be purchased and payments of over \$300,000 would start in 2022. The City was able to buy the used truck for \$80,000 now and will wait until the useful life is expended and finances are more stable before it purchases a new one. The purchase was financed in essence by a transfer of the same amount of money from the recreation department's budget. The department is unable to use this amount due to delays in planning and purchases. Although no vote was taken or asked for, the Commission agreed that the action was fiscally responsible and approved of the purchase. The Chair asked that there be further commemoration of the action in the city's budget and in the next Financial Recovery Plan.

Follow-up on the Report on Accounting Methods: Both Anna Mary and Ken spoke to the Report. Using a spreadsheet with all the comments listed, the determination was made who/what city departments would be responsible for each comment's completion. Questions were then asked about the process of getting out of fiscal emergency. Anna Mary explained that although cash balances were good in the funds that were responsible for getting the city into fiscal emergency, Norwood would have to address all the comments in the Accounting Methods Report. Although, there have been a few cases where a local government could be removed from fiscal emergency while working on a few outstanding comments, the Auditor's Office has found that governments often lose the incentive to continue working on the comments. The Auditor's Office believes that the comments on the Report address operation

deficiencies and really are the core reason for the fiscal emergency declaration. It is their policy that all comments are addressed prior to release.

The Chair reviewed the State Auditor's Engagement Letter with the Commission. The letter is a professional requirement and states what deliverables the city can expect and at what price. Many professions, such as law, have similar letters. The only statutory requirement contained in the letter is the cost, which is done on a graduated scale with governments paying less when they first enter fiscal emergency (and where more work is done by the State Auditor's office) and more as they become more financial stable. The Chair then gave the letter to Auditor Stith who is required to confirm that funds will be encumbered for payment.

With no other Old/New business to discuss, the Chair asked for a report from the Mayor.

### **Report of Mayor**

The Mayor discussed the status of city projects. In general, the city is lagging behind on projects. The effects of COVID and the demands of other construction projects has really impacted the city's ability to bid out projects. Norwood is continuing to concentrate on taking care of projects that have been deferred for years. The City has been looking at grants, mentioning that the Ohio Public Works Commission is a source that they have been looking at for quite some time.

With no further comments, the City Council President gave his report.

### **Report of City Council President**

President of Council Ken Miracle stated that he continues to work on the Report on Accounting Methods. Many of the comments involve policies and procedures and the auditor, treasurer, and law director are all working collaboratively on clearing these up.

Secondly, he shared the RITA Estimate Worksheet that was completed by Treasurer Molony. This is one of the requirements of RITA and is used to determine costs of their services based on anticipated activity. A question was asked about the following three categories: 1) Total \$ from individual accounts; 2) Total \$ from Net Profit Accounts; and 3) Total \$ from Withholding Accounts. Ken promised to follow-up with RITA. Mr. Shepherd commented that he was a big fan of RITA and hoped that using its services would be seriously considered.

## **Determination of Next Meeting Date and Time**

The twenty-fourth meeting of the Norwood FPSC will take place on September 16th at 10:00 am.

*(Please note that the meeting was changed to September 23rd at 10:00 am after the Chair discovered a conflict in her schedule)*

## **Adjournment**

Chair Hanrahan asked for a motion for the meeting to be adjourned. Mr. Miracle moved that the meeting be adjourned; Mr. Shepherd seconded the motion. On voice vote, all voted in the affirmative and the meeting was adjourned at 11:32 am.

Respectfully submitted,

Sharon Hanrahan