

FINANCE COMMITTEE MEETING
JUNE 17, 2008

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 6:10 p.m. In attendance from the Committee were Mr. Knuchel and Mr. D'Ambrosio. Also in attendance from Council were Mr. Zontini and Ms. Vaughn. Mr. Morley were absent and excused.

In attendance from the Administration were Finance Director Condron, and Service Director Mr. Semik.

Also in attendance were members of the public in the audience.

2009 TAX BUDGET

Mr. Condron: This is the time of year we begin the 2009 budget with the first step in the process being the Tax Budget – this only reflects the funds received in our in-side millage – the voted millage from the property tax. The funds that do not have any property tax are not included – that is why the document shows just a few of the funds. They are the same funds as previous years – the General Fund, Bond Retirement, Road Levy, Fire Levy, and the two pension funds for Police and Fire – the last part of the County form is the debt schedule. The General Fund has the 2006 and 2007 actual expenditures, 2008 budget and 2009 projections from the latest thing we did in March as far as five year projections. Bond Retirement for 2009 is just enough to cover our issues which are the stadium bonds and the City Hall building. One thing with the Road Levy – you can see the revenue and expenditures dropped a little from 2008-2009. That is not including any other projects.

Mr. Lajeunesse joined the meeting at this time.

Mr. Condron: We are projecting revenues at about \$1,347,000 and in expenditures \$1,275,000. That reflects the end of the Roberts Road project in 2008 – obviously if we get more projects or a bigger local share for things like the signalization project that can be adjusted because we have some wiggle room. Fire Levy for 2008 and 2009 we kept this year's budget to try to let that fund build up – their next capital purchase is in 2011. Also, in 2010 is the County radio program – in talking with Chief Whittington, he thought it was a good idea to continue that practice to let the fund balance build up for those purposes. The Pension Funds are statutory at .3 of a mill and we pay for the rest out of the General Fund. And, the outstanding debts we have. The deadline is July 20th – we have two Council meetings - June 24th and July 8th.

Mr. Lajeunesse: Mr. Condron, can you explain inside and outside millage?

Mr. Condron: Everyone gets .3 of a mill – in our General Fund that brings in so much tax dollars and then we have the voted levy that was renewed in 2007 – when you see the property tax in the General Fund that would reflect both the inside millage and the money we get from the 2007 renewal of the 1982 1.8 mill 5 year operating levy for the General Fund. Statutorily, it is stagnant and does not increase because it is paid out of personal property tax – the personal property tax gets decreased each year until it is phased out.

Ms. Vaughn: Under General Fund – Exhibit 1 – this year our revenues over expenditures is about \$137,000 – I thought we had \$2,000,000 to play with this year.

Mr. Condrón: That would be reflected at the bottom – the \$2,595,000 is your cash balance – they you add the projected difference in expenditures and revenues this year and the projection is \$2,733,293.

Ms. Vaughn: Why is it projecting a negative for 2009?

Mr. Condrón: That was the last thing I showed Council in March – as you get closer to 2009 we will be able to hone in on those figures better.

Ms. Vaughn: Is there a way we can tweak the budget so that doesn't – or would that be a process we do in 2008.

Mr. Condrón: I just wanted to show what it was – I would be a happy to make that \$14,037,158 in expenditures and be even.

Ms. Vaughn: So, it is just a number game – in other words.

Mr. Condrón: Yes.

Ms. Vaughn: Okay, I don't like it but I understand it.

Mr. Lajeunesse: Mr. Condrón, when they talk about foreclosures in the paper do those affect this?

Mr. Condrón: We always watch our property tax and receipts. There were also articles about school districts being worried also. So far, as of our May report on property tax receipts – we collected about 51%. That is about right where we should be – when we forecast we do not increase – we are flat. We haven't experienced the loss yet that we can see because we have been meeting our estimates. Last year we exceeded our property tax estimate slightly by about \$20,000 – in the first half it looks like we have collected more than 50% - that is right where we want to be.

Mr. Lajeunesse: So, if the foreclosures in our City increase?

Mr. Condrón: That is something we have to watch. If we see it we will have to take that into account when we budget for next year and lower the estimate.

Mr. Knuchel: Mr. Condrón, if a house is foreclosed upon and sold for basically what they are worth – would that have no impact on any of these numbers?

Mr. Condrón: The taxes are based upon the assessed valuation – so, if you have homes that are foreclosed it may bring the property tax values down. Our property tax values really have not

changed much. We have not seen that yet – but, you are all bringing up good points that we have to watch for the future. This is a national problem.

Mr. Knuchel: From what I have read – even with the foreclosures going through the houses are selling for about the same amount of money as what they have been assessed for – so, there is no negative or positive impact – it is just that there is no growth.

Mr. Condrón: You are treading water and hopefully you won't take a hit.

Upon review, the Committee agreed to move forward with this item for passage at the next Council meeting.

BID RECOMMENDATION: WINDOW REPLACEMENT/JFK SENIOR CENTER

Mr. Condrón: Council authorized the bid advertisement – they were opened on May 30th with the low bid being from Jaimeson Ricca Company in the amount of \$26,658.00 – they have plenty of references – I checked with two and both stated they were a good contractor. I called the company to ask that they confirm the information in the bid – if the job was understood and they were confident they could do it. The biggest thing was ordering the windows. They are estimating a 2 ½ month job.

Mr. Knuchel: Per our conversation yesterday, were you able to reach Superintendent Miller?

Mr. Condrón: Verbally - I followed up in writing and we should receive a response shortly.

Mr. Knuchel: Basically, we ask if anything goes on at the JFK Senior Center we have that insulation where we go to the School Board and request they give us a letter authorizing us to do the work. So, if something happens we can get some cash value back out of the improvements we make to the property. Mr. Condrón did follow up with that today.

Mr. Condrón: Verbally with Mr. Miller – he is good.

Mr. Knuchel: Hopefully, we will have that by the Council meeting on Tuesday.

Council President Mr. Elshaw joined the meeting at this time.

Mr. Lajeunesse: Mr. Semik, you are in charge of this building under Recreation – how do you feel about this project.

Mr. Semik: I am satisfied – I have seen some of the references and I am aware of some of the work they have done in the past. I have noticed a big savings in our bills for the Service Garage with the new windows. It is a wise investment and is money well spent – it will definitely pay back.

Mr. Condron: The money comes through the County levy – so, I believe Mr. Doberdruk has already made arrangement for the cash for both improvements – the windows and the carpet – that is fund #606.

Mr. Knuchel: Is that the Senior Citizens Trust?

Mr. Condron: Yes.

Upon review, the Committee agreed to move forward with this item for passage at the next Council meeting.

STATE CONTRACT: 2008-2009 ROCK SALT

Mr. Knuchel: Mr. Semik, is this for backup rock salt?

Mr. Semik: No, this is our contract with ODOT – they were late getting it to us so there is a little bit of an urgency on this. This will purchase salt under the State bid. It is the primary source of our salt. We will have a backup source.

Upon review, the Committee agreed to move forward with this item for passage at the next Council meeting.

RECOGNITION OF THE PUBLIC

There was no one who wished to speak.

The meeting was adjourned at approximately 6:25 p.m.

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