

# July 2018

◀ June

August ▶

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 7:00 pm City Council	3	4	5	6	7
8	9	10	11	12	13 9:00 am – Healthcare Cost Committee	14
	16 6:00 pm Tree Comm. 7:00 pm City Council	17 4:30 pm Planning Comm. Special Meeting	18	19	20	21
22	23 6:30 pm Finance & Budget Committee	24	25	26	27	28
29	30 <i>5<sup>th</sup> Monday No Scheduled Meetings</i>	31				

*City of Napoleon, Ohio*

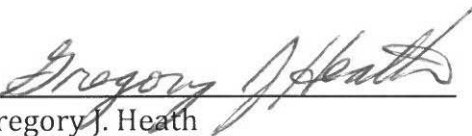
**FINANCE AND BUDGET COMMITTEE**

**Meeting Agenda**

**Monday, July 23, 2018 at 6:30 pm**

LOCATION: Council Chambers, 255 West Riverview Avenue, Napoleon, Ohio

- 1) Approval of Minutes: *(In the absence of any objections or corrections, the Minutes shall stand approved.)*
- 2) Second Quarter Budget Adjustments (including Appropriation for Income Tax Refund).
- 3) Any matters currently assigned to the Committee.
- 4) Adjournment.

  
\_\_\_\_\_  
Gregory J. Heath  
Finance Director/Clerk of Council

## FINANCE AND BUDGET COMMITTEE

Meeting Minutes

Tuesday, May 29, 2018 at 6:30 pm

<p><b>PRESENT</b>          Committee Members          City Manager          Finance Director/Clerk          Recorder/Records Clerk          Others</p>	<p>Joseph D. Bialorucki-Chairman, Jeff Comadoll, Ken Haase, Jason Maassel          Joel L. Mazur          Gregory J. Heath          Roxanne Dietrich</p>
<p><b>ABSENT</b></p>	
<p><b>Call to Order</b></p>	<p>Chairman Bialorucki called the Finance and Budget Committee meeting to order at 6:31 pm.</p>
<p><b>Approval of Minutes</b></p>	<p>Hearing no objections or corrections, the minutes of the March 26, 2018 Finance and Budget Committee meeting stand approved as presented.</p>
<p><b>Motion to Untable Municipal Tax Code (Tabled)</b></p>	<p>Motion: Maassel Second: Haase          to untable discussion on Municipal Tax Code.</p>
<p><b>Passed Yea-4 Nay-0</b></p>	<p>Roll call vote on the above motion:          Yea- Maassel, Bialorucki, Comadoll, Haase          Nay-</p>
<p><b>Discussion</b></p>	<p>Heath said he is satisfied with the way it works and the results.          Mazur stated the penalty is an M1 which is pretty stiff, but the Judge can reduce it to a lesser charge. Bialorucki noted if the Judge is reducing the charges, we may as well leave it where it is, that way if there is a multiple offender she can use a stiffer penalty.          Bialorucki removed Municipal Tax Code from the agenda.</p>
<p><b>Funding Options for Income Tax Refund</b></p>	<p>Heath reviewed the Memo he passed out with funding options for the income tax refund, there are four known years, I recommend rejecting year 2013 as it exceeds our statute of limitations. The question is, how do we fund the \$621,900 refund payment? The City Ordinance reads no expenditure allocations or collections or refunds can go against the Recreation Levy, all expenses are allocated to the General and Capital Funds. This is a budgetary issue to the funds being impacted. Funds currently available that are not appropriated or unallocated are; in the General Fund there is \$932,951 and the Capital Improvement Fund has \$126,844 of unappropriated funds. What are the options if they choose to challenge, they would have to take it to the Board of Tax Appeals and if they do not like the boards' decision, they can take it to the Common Pleas Court. For 2017, I estimated the number at \$350,000, the City will not accept any more advance payments from this entity and they have been informed not to send us anymore business tax in advance. We have come up with three (3) payments options:</p>

### **Option 1**

- Accept the returns as filed and pay all refunds back in 2018.
- Use current allocations of 62% from the General Fund and 38% from the CIP, we would have to come up with \$385,578 from the General Fund and \$236,322 in from CIP. The General Funds would just have to be appropriated, the 400 CIP fund we will need to find \$110,000 from current appropriated projects.
- Positives-we pay back all refunds currently due except 2017 that has not been filed yet.
- Negatives-will impact budgetary reallocation, there will be lower carryover balances available for 2019 in both funds and the taxpayer may still take legal action on the 2013 refund that is currently not listed.

### **Option 2**

- Accept the returns as filed and pay refunds over a two (2) year period in 2018 and 2019.
- This will still impact the funds; however, going over a two-year period gives you a little more budgetary flexibility. The 2014 and 2015 refunds would be paid in 2018 and the refund for 2016 would be paid in 2019.
- Positives-we pay back all refunds currently due, except 2017 which has not been filed, this payback will have a less budgetary impact in 2018.
- Negatives-will impact budgetary reallocation, there will be lower carryover balances available for 2019 in both funds and the taxpayer may still take legal action on the 2013 refund that is currently not listed.

### **Option 3**

- Accept the returns as filed and pay all refunds out of the 400 CIP funds. Mazur stated you can do any variation you would like it does not have to be the 62%–38% split.
- Payment of all refunds, except for 2017 that has not been filed yet, this will not impact the General Fund which is the primary operational services fund, there will have to be cutbacks as this would lower the carryover balance in the 400 CIP account and the taxpayer may still take legal action on the 2013 refund that is currently not listed.

Heath went on, any of the options will require legislation to budget funds into the proper accounts. I feel the \$200,000 deduction a year is the new normal in income tax; however, we will not accept \$200,000 excessive tax estimates, we are going to keep the tax estimate we will accept under \$50,000.

Maassel asked what the 2013 number is that you do not want to pay. Heath responded \$114,567. Interest payments on the tax paid by the City are not included either, we could be paying another \$30,000 in interest. Our Ordinance states you go back to the date of filing, this is something Council may want to look at and consider changing for the future. Bialorucki asked what the interest rate is. Heath answered, there are two different ordinances for the time period, there was a much higher rate a few years ago (5%-7%) than what the per annum rate is now (3%). Maassel confirmed, the known number is \$621,900 plus there is another \$350,000 for 2017 that has not been filed and interest of \$30,000, we are really close to a million dollars.

Mazur's thoughts were, to have a lesser impact on services, using CIP funds on the high end and the lower end of the General Fund. Heath said currently there is \$3.7 million of unencumbered appropriations in the 400 CIP fund. If you cut into the General Fund deep enough you are talking positions and services. Maassel does

not like idea of using CIP funds, our roads need to be maintained and repaired. Heath said in the CIP fund for Industrial Drive there was budgeted \$2.9 million and \$2.63 million is needed but that does not include any change orders. Mazur added the entire downtown improvements project was bid out with the base bid estimate at \$940,000, will see how the bids come in tomorrow, there is \$1.3 million appropriated. Bialorucki confirmed the amount budgeted for streets will all be used for the downtown project. Heath noted there is still capital items that were budgeted for in 2018 but have not been purchased yet. The only other funds are the enterprise funds, this would impact rates and must be legally approved by the court. Bialorucki asked how soon does a decision need to be made? Heath responded he wants direction today if it is their intent to pay back the \$621,900 yet this year, even if we spread the payment over a couple of years this year's budget will be impacted. Maassel suggested paying 62% out of 100-General Fund and 38% out of 400-CIP over a two (2) year period. Bialorucki asked, what about the 2017 refund if it comes back around \$350,000 and they want paid in 2019? I like splitting up the payments in 2018 and 2019 with more being paid this year if we imagine there is another \$350,000 to be paid. Maassel commented, basically we are looking at paying back \$1 million dollars plus possible interest.

**Motion for Appointed Authorities to Negotiate Option 2 with Entity**

Motion: Maassel                                  Second: Comadoll  
to give the appointed authorities the ability to negotiate the general guidelines of Option 2 with the entity and to report back to the full body of Council.

**Passed**  
**Yea-4**  
**Nay-0**

Roll call vote on the above motion:  
Yea- Maassel, Bialorucki, Comadoll, Haase  
Nay-

**Motion to Adjourn**

Motion: Maassel                                  Second: Haase  
to adjourn the Finance and Budget Committee meeting at 7:43 pm.

**Passed**  
**Yea-4**  
**Nay-0**

Roll call vote on the above motion:  
Yea-Maassel, Bialorucki, Comadoll, Haase  
Nay-

**Approved:**

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Joseph D. Bialorucki-Chair



# City of Napoleon, Ohio

## FINANCE DEPARTMENT

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Napoleon, OH 43545-0151

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# Memorandum

**To:** Members of Finance and Budget Committee  
Members of City Council  
Joel L. Mazur, City Manager  
Billy D. Harmon, City Law Director

**From:** Gregory J. Heath, Finance Director/Clerk of Council

**Date:** July 20, 2018

**Subject:** 2<sup>nd</sup> Quarter Budget Adjustments

I have reviewed the need for Second (2<sup>nd</sup>) Quarter Budget Adjustments and the only item outstanding at this time that needs addressed is the large Income Tax Refund. Based on direction from City Council at the Regular City Council Meeting on July 16, 2018, I provide the following recommendations:

### Funding Allocation:

The issue of how to fund this refund has been discussed with various suggestions and/or recommendations. After looking at the 100 General Fund and 400 CIP Fund balances I believe it would currently be in the best interest of the City to split this funding approximately 50% between the two funds.

The 100 General Fund currently has Unappropriated Appropriations available, however I do have some concerns with both revenues and expenditures to this fund and where they stand at this time. Without doing a full blown budgetary review I am not sure what the net capacity of the 100 General Fund is, or how it would potentially impact the 2019 Budget process. That process will be starting soon enough.

However, I feel the 100 General Fund could handle up to \$200,000 of its capacity and still provide adequate balance for the 2019 budget. This does not mean there will not be some budget tightening needed for 2019, there very well may be for this reason, and other yet unknown reasons.

The 400 CIP Fund, as of this date, has \$1,039,248 of Total Appropriated but Unobligated Appropriations. The 400.5100.57000 Street Improvements account alone has \$693,410. Using \$201,000 from the Unobligated Appropriations at this time should not impact the ability to do change orders for the current projects.

(2<sup>nd</sup> Quarter Adjustments – Continued Next Page)

(2<sup>nd</sup> Quarter Adjustments – Continued)

Budgetary Legislative Actions:

To accomplish the above recommendation, the following pieces of Legislation will be needed -


**Supplemental Appropriation** to appropriate \$200,000 in funds to the 100 General Fund to move to the 170 Municipal Income Tax Fund; and, to appropriate \$401,000 in funds to the 170 Municipal Income Tax Fund to have appropriations to pay the Income Tax Refund. See Attached A.

**Transfer of Appropriations** to move \$201,000 currently appropriated 400 CIP Funds from the 5100 Service Streets Maintenance and Properties Division, other category, into the 9900 Transfer Accounts Division, other category, for transfer to the 170 Municipal Income Tax Fund. See Attached B.

**Transfer of Funds** to move \$401,000 in actual cash funds from the 100 General Fund (\$200,000) and the 400 CIP Fund (\$201,000) to the 170 Municipal Income Tax Fund. This will provide the actual funds to pay for the Income Tax Refund. See Attached C.

I will review these items at the Finance and Budget Committee Meeting. Please let me know if you have any questions before hand.

Thank you.

  
\_\_\_\_\_  
Gregory J. Heath,  
Finance Director/Clerk of Council

Attachments

2018 APPROPRIATION BUDGET - SUPPLEMENTAL BUDGET ADJUSTMENT				
BUDGET SUMMARY BY FUND, DEPARTMENT AND CATEGORY				
ORDINANCE No. ____-18, Passed ___/___/2018 FUND/DEPARTMENT-2nd QUARTER ADJUSTMENTS	2018 SUPPLEMENTAL BUDGET ADJUSTMENT			2018 FUND TOTAL
	PERSONAL SERVICES	OTHER	TOTAL	
<b>100 GENERAL FUND</b>				
9900 Transfer Accounts	\$0	\$200,000	\$200,000	
<b>Total - 100 General Fund</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
<b>170 MUNICIPAL INCOME TAX FUND</b>				
1510 Finance/Income Tax Collection	\$0	\$401,000	\$401,000	
<b>Total - 100 General Fund</b>	<b>\$0</b>	<b>\$401,000</b>	<b>\$401,000</b>	<b>\$401,000</b>
<b>* GRAND TOTAL - ALL FUNDS</b>	<b>\$0.00</b>	<b>\$601,000.00</b>	<b>\$601,000.00</b>	<b>\$601,000.00</b>



2018 APPROPRIATION BUDGET - SUPPLEMENTAL BUDGET ADJUSTMENT				
BUDGET SUMMARY BY FUND, DEPARTMENT AND CATEGORY				
ORDINANCE No. ____ -18, Passed ____ / ____ /2018 FUND/DEPARTMENT-2nd QUARTER ADJUSTMENTS	2018 SUPPLEMENTAL BUDGET ADJUSTMENT			2018 FUND TOTAL
	PERSONAL SERVICES	OTHER	TOTAL	
<b>100 GENERAL FUND</b>				
9900 Transfer Accounts	\$0	\$200,000	\$200,000	
<b>- 9900 Transfer Accounts - 100 General Fund Share (Approx. 50%) on Income Tax Refund - \$200,000:</b>				
Accounts - 100.9900.59470 TR-TO 170 Mun.In.Tax Fund		\$200,000		
<b>Total - 100 General Fund</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>
	=====	=====	=====	
<b>170 MUNICIPAL INCOME TAX FUND</b>				
1510 Finance/Income Tax Collection	\$0	\$401,000	\$401,000	
<b>- 1510 Finance/In.Tax Coll. - Appropriate Income Tax Refunds for 1st Years of Refunds for Larger Taxpayer - \$401,000:</b>				
Accounts - 170.1510.59010 Refunds-Income Tax		\$401,000		
<b>Total - 100 General Fund</b>	<b>\$0</b>	<b>\$401,000</b>	<b>\$401,000</b>	<b>\$401,000</b>
	=====	=====	=====	
<b>* GRAND TOTAL - ALL FUNDS</b>	<b>\$0.00</b>	<b>\$601,000.00</b>	<b>\$601,000.00</b>	<b>\$601,000.00</b>
	=====	=====	=====	=====

(B)

**FISCAL YEAR ENDING 2018- 2nd QUARTER BUDGET ADJUSTMENT**

**2018 APPROPRIATION BUDGET - TRANSFER OF APPROPRIATIONS (NO. 2)**

*Appropriation Transfer No. 2 - Council Approved Budget Adjustment, Ord. No. -18, Passed / /2018*

FROM/ TO	FUND DEPARTMENT/COST CENTER	= ACCOUNT CATEGORY =		APPROPRIATION CATEGORY'S NET CHANGE
		PERSONAL SERVICES	OTHER	
	<u>400 CAPITAL IMPROVEMENT FUND</u>			
FROM :	5100 Service/Streets Maintenance and Properties		-201,000.00	** -201,000.00
TO :	9900 Transfer Accounts		201,000.00	** 201,000.00
		-----	-----	-----
<b>Total Appropriation Transfers-100 General Fund</b>		0.00	0.00	** 0.00
<i>- Move Funds in 5100 Serv/Streets Mnt.&amp;Prop., FROM- Other Cat., to 9900 Transfer Acct., TO-Other Cat., to Transfer to 170 Mun.Income Tx. Fd.:</i>				
Acct.From:	400-5100-57500 Street Improvements		-\$201,000	
Acct.To:	400-9900-59470 TR-TO 170 Mun.In. Tax Fund		\$201,000	

2018 APPROPRIATION BUDGET - TRANSFER OF FUNDS

RESOLUTION No. 041-18, Passed / /2018

BUDGET REVIEW - 2018 TRANSFER OF FUNDS

FUND NAME, FROM - TO, PURPOSE

= TRANSFER AMOUNTS =

FROM

TO

Account Numbers From & To

FROM: 100 GENERAL FUND

\$200,000

<- 100.9900.59470 TR-TO 170 MUN.IN.TAX FUND

TO: 170 MUNICIPAL INCOME TAX FUND

\$200,000

<- 170.0000.49900 Transfers-In

Purpose: Move Funds back from 100 General Fund to the 170 Mun.In.Tax Fund to pay for Income Tax Refunds.

FROM: 400 CAPITAL IMPROVEMENT FUND

\$201,000

<- 400.9900.59470 TR-TO 170 MUN.IN.TAX FUND

TO: 170 MUNICIPAL INCOME TAX FUND

\$201,000

<- 170.0000.49900 Transfers-In

Purpose: Move Funds back from 400 CIP Fund to the 170 Mun.In.Tax Fund to pay for Income Tax Refunds.

TOTALS - FROM

-----  
401,000

TOTALS - TO

-----  
401,000

=====

=====



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## Memorandum

**To:** City Council, Mayor, City Law Director, City Manager, Department Supervisors, Newsmedia  
**From:** Gregory J. Heath, Finance Director/Clerk of Council *G.J.H.*  
**Date:** July 20, 2018  
**Subject:** Safety and Human Resources Committee – Cancellation

The regularly scheduled meeting of the **SAFETY AND HUMAN RESOURCES COMMITTEE** for Monday, July 23, 2018 at 7:30 pm has been *canceled* due to lack of agenda items.



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## Memorandum

**To:** Civil Service Commission  
**cc:** City Council, Mayor, City Law Director, City  
Manager, Department Supervisors, Newsmedia  
**From:** Gregory J. Heath, Finance Director/Clerk of Council *GA*  
**Date:** July 20, 2018  
**Subject:** Civil Service Commission – Cancellation

Due to lack of agenda items, the **CIVIL SERVICE COMMISSION** meeting scheduled for Tuesday, July 24, 2018 at 4:30 pm has been *canceled*.



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## Memorandum

**To:** Parks and Recreation Board  
**cc:** City Council, Mayor, City Law Director, City Manager, Department Supervisors, Newsmedia  
**From:** Gregory J. Heath, Finance Director/Clerk of Council *GJH*  
**Date:** July 20, 2018  
**Subject:** Parks and Recreation Board – Cancellation

The regularly scheduled meeting of the **PARKS AND RECREATION BOARD** for Wednesday, July 25, 2018 at 6:30 pm has been *canceled* due to a lack of agenda items.