

**Cuyahoga Falls City Council**  
**Minutes of the Finance Committee Meeting**  
**February 4, 2013**

**Members:** Carol Klinger, Chair  
Jerry James  
Vince Rubino

Mrs. Klinger called the meeting to order at 6:30 p.m. All members were present.

**Legislation Discussed:**

None.

**Discussion**

Mrs. Klinger stated that Mr. Brodzinski would be giving an update on the Report 21.

Mr. Brodzinski stated the current report provides actual figures from 2010 through 2012. Some alarming things are property tax revenue, homestead rollback, and local government funds. Looking at numbers received in 2010 vs. 2012, it puts the City down \$2.2 million in general. The majority of that is due to the state budget cuts, and \$600,000 is due to a loss in real estate which is not attributable to the budget cuts. On the expense side, the City had realized it would have a shortfall and has worked to reduce expenditures by a little over \$1 million from 2010 to 2012. When Information Systems came into the General Fund in 2012, expenditures were reduced by a total of \$1.7 million which helped offset costs. Income Tax was flat in 2012. In 2010, there was a one-time hit due to the sale of a company, and, in 2011 vs. 2012, income tax dollars went up 4.3%. The fund balance in the Street Fund grew due to a mild 2012 winter season. With regard to the Water Fund, the cash-on-hand is calculated by taking the fund balance and dividing it by operation costs and then dividing by 365 days. Fitch Rating Service looks for a bare-bones minimum of 266 days. The City tries to be between 350 and 400 days. In 2012, cash-on-hand was 118 days. In 2012, it was 347 days. The Sewer Fund is affected by the Akron and County rates which went up 16%, and costs which also went up in 2012. He stated things are a month behind but the City pays 18 to 19 months. At the end of 2011, the City had a high encumbrance of \$600,000. Of that, \$500,000 was anticipated by the bills that were outstanding and that amount was encumbered and carried forward.

Mrs. Klinger asked if the City would apply the same days outstanding to the Sewer Fund. Mr. Brodzinski stated he would in general but the City had a water rate increase the past couple of years which had an impact on residents and the economy. They are doing an extended long-range forecast to see where the City would be. They originally had anticipated that the EPA SSOs would be high but that may not be the case. Also, water usage in 2012 was down significantly, which had an impact on the Sewer Fund. If things get back to normal, the fund balance will start to grow. He does not anticipate any long-term debt borrowing for that fund so the City should be able to grow the fund without looking for a rate increase. Electric cash-on-hand is 120 to 130 days, which is 27% to 32% of revenue. There is major infrastructure in that area. He feels comfortable with the fund balance but will continue to research on municipal benchmarks in the system. There are bond covenants which need to be met and the City is meeting them. He does not anticipate anything in 2013 or 2014 as far as a specific rate increase. The City has the Power Cost Factor, which is a benefit. Power has not gone up due to consumption, and also due to natural gas which has been low and is projected to remain low. Mrs. Klinger asked if the bond covenants were based on ratio or fixed dollar amounts. Mr. Brodzinski stated it was based on ratio. The sanitation balance was well below \$1 million in the past. The City is now at \$1.7 million and pushing 210 days cash-on-hand. Without any major capital needs, he felt that fund balance will stay where it is and may even go up a

little. In the Leisure Time Fund, Nat revenue is down by \$65,000 vs. 2011, which is a 1.67% difference. He is not concerned because they can control the expenses.

Mr. Rubino asked if there is a projection for what the actual December 31, 2012 unencumbered balance will be in the future. Mrs. Klinger requested Mr. Brodzinski to prepare a multi-year projection on what that fund balance will look like.

The meeting adjourned at 6:45 p.m.