City of Ashtabula

Ashtabula City Council
Finance & Personnel Committee Meeting
Friday, August 18, 2023 at 8:30 AM
4717 Main Avenue, Ashtabula, OH 44004

Minutes

Opening of Committee Meeting

Call to Order

The meeting of the Ashtabula City Council Finance and Personnel Committee was called to order at 8:43 a.m. by Committee Chair Foglio.

Roll Call

Members Present: Chair: Ward 1 Councilor Kym Foglio, Vice Chair: Ward 5 Councilor Jane Haines-DiGiacomo, Member: President John Roskovics
Absent: none
Officers Present: City Manager James Timonere, Finance Director Marie Yvrose Augustin, City Solicitor Cooper, Clerk of Council McKenzie Burgan
Visitors: Ward 4 Councilor Jodi Mills, JP Ducro

Sunshine Law Certification

A quorum was established as defined by the Ashtabula City Council Rules of Order. The meeting met the requirements of the Ohio Sunshine Laws Open Meetings Act.

Welcome and Acknowledgement of Visitors

Chair Foglio welcomed guests Jodi Mills and JP Ducro.

Finance Director's Report

July Month-End Reports

Finance Director Augustin stated the statement of cash position is good. They are still having some issues within the health and nursing line, but a request for an appropriation will be on the agenda for the upcoming council meeting. We are still waiting on payment from Fund 804 for the ESID.

Mrs. Augustin stated she would request some budget amendments for the revenue report by account. All the places that show a minus state that our revenue exceeds what was expected. This is a good thing, it shows we have more money than we expected to receive.

For the expenditure report, we have already viewed the summary which is the statement of cash position. There is nothing in this report that requires any attention. She chose to look at account 101.111.5320 as an example. She pointed out that the percentage is sort of high but we have already taken measures and have appropriations to cover this in Professional Services. Overall, when you look at finance, we are at 56%, and with us being about 60% into the year, we are overall doing okay. Between departments, there are certain things that need to be done.

Mrs. Mills asked what is spent on the Professional line. Mrs. Augustin stated they had purchased a new mail machine. We were coming to the end of the contract and the scanner was obsolete, so a new one was purchased. She believes this is what drove the cost to go up. Mr. Timonere stated a lot of times in Professional Services they will have some of our contracts as well. For example, like our contract with Matrix, we may pay this out earlier in the year which then encumbers a larger percent of the budget even though it was budgeted for. Sometimes, even though the percentages are high in this earlier stage in the year, it might just mean we have already encumbered a larger expense that we knew was going to happen.

Mrs. Augustin went over the appropriations which she would be requesting at our upcoming council meeting. She stated you would see a lot of requests for increases. For the departments as a whole, we are okay we just need to move money around between the lines. For example, for Travel and Training on account 101.113.5220, she will be requesting an appropriation for the Finance Department. This is so she and her staff are able to attend different trainings. She is working with Mr. Timonere's office to get these trainings approved and this appropriation is needed to do so. On salaries, usually money is not moved out of there, but, for the Public Health, she had met with Chris and she stated there was money in the budgeted overtime expenses that would not be used, so they had moved it to cover expenses in the Professional Services line. At the end of the month closing she did not like to see anything being in the negative, so those adjustments were made.

The appropriation request she will have at the council meeting will be for $586,207.36 to cover our expenses to the end of the year.

Mrs. Augustin went over some of the audit and she stated that the audit was not published yet. She highlighted some important information. On page five it states that the deferred outflows exceed its liabilities and deferred inflows. As of December 31, 2022, our deferred outflows exceeded the deferred inflows. The unrestricted balance is a deficit of $3,364,901. On page seven she explained that the total deferred outflows of resources in 2022 is $5,117,014. The total deferred inflows for 2022 are $10,642,811. In the total column, you will see $41,424,285 for the total net position for the City of Ashtabula. Ashtabula as a whole is doing extremely well. If you look at 2021 versus 2022 you will see our total assets were $50,812,554 in 2021 and for 2022 it was $53,170,528. For Business-Type Activities from 2021 to 2022 that decreases a little bit. Our total assets in 2021 were $77,102,350 and in 2022 it was $79,028,230. Our current and other liabilities were $1,664,006 last year and this year they are $2,508,231. If you were to look at your financials to see what is going on, you would look at your net position. Our total net position for government activities has increased by $2,167,872, our total net position for business-type activities has increased by $732,694, and, in total, has increased by $2,900,566. On page eight, it states that over time, net position can serve as a useful indicator of a government's financial position. The City's governmental activities were $25,343,642 and the business-type activities were $16,080,643.

Mr. Roskovics asked Mrs. Augustin to explain what falls under business-type activities. He said the government funds are our operating budget and such and Mrs. Augustin said yes. Mr. Timonere stated these activities are like our Waste Water Treatment Plant and Sanitation Department. It is more of the enterprise funds than anything else. Mrs. Augustin agreed with Mr. Timonere.

Mr. Timonere said one of the things he noticed when speaking about the inflows and outflows was the fact that we received the ARPA funds a few years back and this has been on our books. This also affects the inflows and outflows due to us having to spend this money, but we are not showing this as revenue for the year. In some of these things where you see the outflows are more than the inflows, we have to keep in mind we have made a conscious decision to spend down the ARPA funds, which is quote unquote more than the inflows we have received for the year. Mrs. Augustin stated this is mentioned in the audit.

Mrs. Augustin stated that the capital assets represented 64.2% of the total City assets. On page thirteen she showed that our outstanding long-term obligations at year-end were reduced by over $500,000 from last year. In the business-type, it decreased by one million, and overall our long-term obligations decreased for the year as of December 2022 by 1.6 million dollars.

On page 14 it states that a lot of the money we had received was due to COVID and we had to do our due diligence to spend this money. After the money is spent, we will go back to how we did things pre-COVID.

Mrs. Foglio stated that guest Mr. Ducro had a question for our Finance Director about income tax. Mrs. Augustin stated before that she wanted to speak about income tax. She stated they sent around 868 accounts to the Attorney General's office and the total balance for those accounts was around $800,000. We have already received $34,000 from these accounts. Lots of people come in every day to make a payment.

Mr. Ducro stated that he became aware, by receiving a letter from the Attorney General's office, that he had taxes that were owed. He spoke with Mrs. Augustin regarding this, but he wanted to bring his concern to the council. He never received a notice prior about owing these taxes. He contacted his accountant and was told the taxes owed were from 2015, so he had to get in touch with the accountant he used back then. He said he has always hand-delivered his city tax return to the city with payment. He said the Finance Department has a hard copy of his tax return but does not have any record of payment. He stated he had not been able to find any record of payment either. He stated he found out there was an overpayment on his city taxes in 2017 that was applied to his past owed taxes in 2015 and again he was not notified about this overpayment or the balance due. In his collection notice, he is being told he owes around $1,400 in late fees, collection fees, and penalties for a bill he was never informed of from 7 or 8 years ago. He stated he approached the Finance Department to see if he could have a one-time waiver of these fees and penalties and it was explained to him that he needed to contact the Attorney General. He asked if something could be done as a credit towards potential future taxes owed and he was told he would need to bring that question to the council. He called and spoke with the Attorney General's office and was told he needed to speak with the City. He told them that he did and was directed to call them and they told him that the City can inform them at any time if there is a modification in the amount that is to be collected. If that is reduced, the fee they charge is also reduced. He already sent the amount of tax due to the Attorney General's office and wants to know what next steps he has to take or if there is anything that the City can do to notify the Attorney General's office of a modification in penalties and collection fees. He stated he was on council at the time these taxes were owed, his wife works in the building, and he lives nearby. He is not sure why someone would not notify him in some form that he owed these taxes. Now he is owing $1,500 in fees. He is also concerned about the other citizens this has happened to. He understands it is the citizen's responsibility to pay the taxes but also believes there is some responsibility of the department to make sure they are notifying residents of owed taxes. He believes it is immoral and unethical that this has happened.

Mr. Timonere asked Mr. Ducro if he said we have a hard copy of his tax return but not the payment. Mr. Ducro said yes, we have the original copy of the tax return. Mrs. Foglio asked if he was sure the check was not dropped off or if he could not find verification of payment. He said he cannot find verification of it. He said he cannot believe that they would not have paid the taxes and also cannot believe he would hand a tax return in without payment. He said the Finance Director told him if we did this for him, we would have to do this for everybody. Mrs. Augustin stated she stands behind what she said because he is not the only person this has happened to. She stated to her it was unfair to give a pass to one person. If that is done, they will have to recall all the letters from the

Attorney General's office and waive the fees for everyone. She stated it is not her decision for something to be done, it was the council's decision. She said while making a decision we have to think about the fact that it is not only one taxpayer, it is a lot of people. Ultimately, it is up to the council.

Mr. Roskovics stated we need to appoint another member to the Tax Review Board and asked if this board would be the one to handle these cases. Ms. Cooper said he was correct. He asked if the board would look at these cases and make a decision and bring it back to the council. Mr. Timonere said the decision would not come back to the council. Ms. Cooper said the decision would go to the Finance Director and then she would decide whether to appeal their decision or to accept their decision.

Mrs. Haines-DiGiacomo stated she brought up at the last Finance and Personnel meeting that there are other people whose first knowledge of owing taxes was from the Attorney General. She believes it is fair to state there was a misstep in our Finance Department and there was no notification and she wanted to acknowledge that. Mrs. Augustin stated it was wrong what happened. She said at some point there was someone who was not doing their job and that caused problems. Mr. Timonere asked if this policy within the office had changed to now require notification. Mrs. Augustin said yes, assessments are now done on a quarterly basis. She also receives a quarterly report from the income tax clerk and specialist about what was happening so things could be addressed.

Mr. Timonere stated he is a treasurer for another non-profit organization and they received one of those letters and when he looked into it the tax was from 2013 or 2014 and was a very small number, but when the department went back to the system there was a system glitch and the check was there and it was able to be corrected.

Mr. Timonere addressed Mr. Ducros's comment regarding him being in the building a lot and let him know there is a very select number of people who know who owes taxes or even see this data. The council and himself are not privy to this information. It is private. Mr. Ducro stated his wife has met with the Assistant Finance Director/HR employee on multiple occasions and this was never brought to her attention. He said he also visits her almost every time he is in the office. It surprises him that no one looks at the list to see who is on it and does not try to inform them.

Mrs. Augustin stated she understands his situation but her position is to be on the City's side and she is upset that, because someone did not do their job, the City is now missing out on a lot of money. She believes everyone should be paying.

Mrs. Mills asked what the original amount owed was and how the fees accumulated. Mr. Ducro stated the original amount owed in 2015 was $2,725 and in 2017 his overpayment of $879 was applied to his 2015 owed amount, bringing the balance to $1,846. When it was submitted in June 2023 there was $1,014.22 of interest, a $50 late fee, a few dollars of additional interest from the time it was at the Attorney General's office, and then the Attorney General's fee of $291.04. He stated he paid $1,846 plus a $4 convenience fee to the Attorney General's office the other day. He requested the ability to create a payment plan without the fees continuing to accrue. Mrs. Augustin stated she suggested sending it to the tax committee and then we would take it from there. Ms. Cooper stated that is what the statute states has to be done. Anything like this has to go to the local board of tax appeals, they make a decision by majority, it is provided to the Finance Director, and then the Finance Director decides whether to appeal the decision or not. Ms. Cooper stated that it is her understanding from Assistant Solicitor Colgan that the Attorney General's office has decided all of these questions should come back to the Finance Department and that is what the taxpayer needs to be informed is their process. She stated that it is either to follow this process or not collect the taxes. The tax board is in place to decide these case-by-case situations.

Mr. Ducro stated he understands everyone struggles with staffing issues, but he believes the accounts should have been looked through before being turned over to the Attorney General's office and maybe an old Finance Department worker should have been contracted to come in and look at the list to see if there were any individuals on the list that would have been a shock as they have always paid their taxes. He said he had a hard time arguing that it is the City's money when the City was negligent in notifying residents that it was owed. Ms. Cooper stated once Mr. Ducro filed the appeal to the Board of Tax Review they would send a copy over to the Attorney General's office. Mr. Ducro asked if the board would then interview him and Ms. Cooper said they would arrange a hearing. Mr. Ducro asked if he would just attend the hearing and Ms. Cooper said yes. Mr. Ducro said he provided a letter to the Finance Department about what he had shared at this meeting. Mrs. Mills asked if Mr. Ducro owed the taxes but wants the fees waived. Mr. Ducro stated he had already paid the taxes. He paid $1,846 of the $3,111 bill as the $1,846 was what he owed in principal on his taxes.

Mr. Timonere stated the other thing they might have to figure out is if there are other situations where people are paying only a certain amount, how is the Attorney General applying that, and are they taking their cut first? His guess is that they take their cut first. Ms. Cooper stated that it should be stated in their letter.

Mrs. Foglio stated she would ask someone she knows and believes would be a good board member if they are interested in serving on the Board of Tax Review. Mr. Roskovics stated if they are interested in being on the board they will appoint them on Monday night.

Mr. Timonere stated that this is a situation where it now eliminates our ability to review the taxes to make sure they are accurate because someone is accepting these returns at the Attorney General's office who does not know our tax code or if there are mistakes on the returns. Mrs. Augustin stated they have already had to contact them to have a lot of things corrected as they are entering numbers incorrectly.

Mr. Timonere stated that something did not seem right with Mr. Ducro's situation. Why would you bring your tax return up to the office without payment? Mrs. Augustin stated she looked in 2015 and 2016 for a check from Mr. Ducro and she did not find anything.

City Manager’s Report

Mr. Timonere stated we received another FEMA assistance to Firefighters grant for SCBA equipment, which is air packs and tanks. The current ones are approaching 15 years old. We received just over $155,000 from them for this equipment. Our out-of-pocket is only going to be about $7,700. This was a good grant for us. He congratulated our Fire Department on this.

The Fire Department will have an entrance exam for Firefighters on September 30th. Applications are due on September 22nd.

When we were originally looking at the insurance dates, we thought we would be fine passing these pieces of legislation at Monday's Council Meeting. However, the policies expire at a midnight deadline and our current carrier would not extend us the courtesy of an extra day. Mrs. Haines-DiGiacomo asked if we could go with a different carrier and Mr. Timonere said they had been through a three-month process of trying to find insurance and it had been miserable. At tonight's emergency meeting, there will be two pieces of legislation to approve. One is for our general liability, auto, etc. and the other is for our law enforcement. There is a ton of scrutiny on our law enforcement across the country. We are seeing about a $100,000 increase this year versus last year. The reasons for this are that our property coverage has gone up almost 5 million dollars and this is due to the replacement costs due to inflation. Later this year, when this building comes off, he expects it will go down. However, two other buildings will be added but they will not be of this magnitude. Our general liability and public entity management liability increased based on our budget figures and went up almost 2 million dollars from last year. Auto book rates went up almost $200,000. The umbrella policy then increased due to all this. Combining all of these increases, that brings us to a little over $100,000 extra this year. He apologizes for us having to do this quickly.

Mr. Timonere stated the FEMA grant ordinance will be on the agenda for Monday as well.

He stated the CDL training had gone really well. Everyone who has gone through the training has passed.

We have one retirement in the Police Department, so this will be filled moving forward. Otherwise, we are holding our own staff-wise.

Mrs. Mills stated with all the changes in the insurance policies that the $100,000 could have been worse. Mr. Timonere said yes. He expects in years going forward the rates will be worse.

New Business

Residency

Ms. Cooper stated the Ohio Revised Code states that people who work for the government of the state of Ohio in municipalities and counties can live anywhere they want to. There is no residency restriction except for emergency personnel. They have to live in an adjacent county. This is so they are available to be called back in case of an emergency. Our ordinance, at this time, includes department heads of all the departments having to reside in an adjacent county. A couple of years ago, there was an Ohio Supreme Court decision that involved an ordinance similar to ours in another city and they declared it unconstitutional because it infringed on a person's freedom to live and travel wherever they want. Our ordinance is not in compliance with the most recent Ohio Supreme Court decision as it currently requires all department heads to either live in the city or in an adjacent county. She stated it makes perfect sense if they had to get back here if there was a crisis of some kind before everyone learned how to telecommute during COVID. Now that everyone has the ability to do Zoom, Teams, or log in from home, it does not make sense that department heads would have to live that close. In trying to come into compliance and upgrade to the modern era, we are suggesting the ordinance be repealed and replaced with the suggested updated ordinance. This would leave the Police Department, Fire Department, Public Works, and Elected Officials and exclude everyone else.

Mr. Timonere asked if water pollution is considered in this. Ms. Cooper asked if they are part of Public Works, and Mr. Timonere said no. Ms. Cooper stated she would add in water pollution also.

Vice Chair Jane Haines-DiGiacomo moved to have the existing Codified Ordinance section 157.17 repealed and replaced with a new section 157.17 in order to update the residency requirements of non-emergency employees of the City of Ashtabula, Chair Kym Foglio seconded.
Voice Vote:
Ayes: Chair Kym Foglio, Vice Chair Jane Haines-DiGiacomo, Member John Roskovics
Nays: None
Motion passed.

Old Business

Temporary Clerk of Council Fill-In Discussion

Phyllis Dunlap will be filling in for the Clerk of Council while she is on leave.

Next Meeting

Friday, September 15, 2023, at 8:30 a.m.

The next meeting is scheduled for September 15th but may be canceled.

Adjournment

The meeting was adjourned at 9:45 AM by Chair Foglio.

Attested By: McKenzie Burgan, Clerk of Council