

Audit/Finance Committee Meeting
September 13, 2019
8 AM City Commission Chambers

- Approval of June 21, 2019 minutes

- New Business
 - August 2019 Financial Report
 - Issue 8 Report
 - Auditor of State Award for 2018 Audit
 - Upcoming meetings:
 - October 25, 2019
 - December 13, 2019
 - Proposed 2020 meetings:
 - February 21, 2020
 - March 20, 2020
 - June 19, 2020
 - September 13, 2020
 - October 23, 2020
 - December 11, 2020

- Public Participation

- Executive Session (motion and roll call vote if any)

Audit/Finance Committee Meeting Minutes

June 21, 2019

8 AM City Commission Chambers

Committee Attendees: Gardner, Tomasula, Wobser, Stahl, Solowiej, Moncher, and Nickles.

Nickles called the meeting to order at 8:04 A.M. Nickles questioned whether the City Commission had appointed an alternate Commission liaison in Lloyd's absence. Solowiej advised that he did not believe they had and Nickles suggested they might want to do so. Wobser advised he would send an email to Commission with his suggestion. Nickles then asked for a motion to approve the minutes from the last meeting in February. Moncher made the motion, with a second from Tomasula. There was no further discussion. **All ayes – motion carried.**

Solowiej then presented the May 2019 financial report to the committee. He explained that we were trending as he predicted at the previous meeting. Total General Fund revenues were down about 3.8% from last year. He did note though things were looking better in June, especially in lodging and admissions taxes. Income taxes are still a little slow coming in and he advised that both he and Eric were trying to keep our expenses down to counter balance the slow revenue numbers. There was one positive note on the revenue side though, investment income is still strong nearly doubling the amount collected last year at this time. Nickles asked if most of our money was still in Star Ohio and Solowiej advised that the majority was with Star Ohio and the rest was mainly in CD's. He explained that he has been able to get competitive rates from our local banks on our CD's. Nickles asked if we had any sales coming up on notes and Solowiej explained that he was currently working on the urban renewal revenue notes for Jackson Street Pier and Shoreline Drive projects with our financial advisor and bond counsel. He predicted that would go out for sale within the next couple of months. Then he will be working on the annual note sale probably in September to go out for bid in October. Solowiej indicated that he would have a better picture of how the year would turn out at the next meeting in September. By then revenues should level out and expenses will hopefully continue to be flat compared to last year. His hope is to keep the bottom line in the target range. Moncher commended Solowiej and Wobser on their diligence for keeping expenses down at this very busy time for the city. With the move going on and all of the projects it is not an easy feat to keep the expenses down. Moncher then made a motion to accept the report and Tomasula seconded that motion. There was no further discussion. **All ayes – motion carried.**

Solowiej then presented the Issue 8 report through April 2019. The funding of the account was made in April and he noted that three of the activities did not have any expense activity yet this year. The housing grant program dollars have been fully committed for 2019 and are in the process of being paid out to the residents as their projects are completed. Nickles complimented Wobser on how great things look as he drives down Decatur Street with the demolition of the building across from St. Mary's school. Wobser noted that St. Mary's plans on doing more with façade upgrades to their buildings. Wobser complimented Debi Eversole on all her hard work with the housing program and noted that he has had a positive response from several realtors in

the area on how these improvements have affected the housing market over the last few years. Solowiej reminded the committee that the Issue 8 report is online for 2017, 2018, and to date 2019.

Solowiej then presented the committee with an update on the sick/vacation payout liability numbers at December 31, 2018. He explained that when the auditors come up with the liability number for the CAFR, it is a very conservative calculation. He has tightened the calculation by using employees who are age 60 or have 25 years or more of service with the city. These numbers are broken out by fund type. The water and sewer funds will fund themselves, so the main concern is the General Fund liability portion. Last year the General Fund liability was calculated at \$750,000 encompassing 24 employees. This year the liability was calculated at \$811,000 encompassing 28 employees. The increased employees are coming from fire, cemetery, horticulture, and building departments.

The payroll stabilization fund currently has \$790,734 in it. Nickles was happy with the number because if things were to fall apart we should be covered, noting previously we had not been. Solowiej agreed that it really helps the police and fire department manage because their operating funds will not be hit by the expense and they will not have to delay hiring replacements to cover the cost. Nickles felt 90% coverage of the liability was a safe place to be at. Solowiej reminded the committee that in 2020 we will have the 27th payroll and we will need to use that fund to cover the estimated \$350,000 cost of that, so we will want to continue to add to the fund to cover both liabilities. Solowiej also thanked the committee for their continued support on funding that account and seeing the importance in it. Nickles reminded the committee the importance that Moody's puts on this funding when it comes to rating the city. It was agreed to keep this topic on the agenda for continual review and to keep the funding target at a range of 85% to 90%. Nickles reminded everyone that the next meeting was scheduled for 9/13/2019 at 8:00 a.m. at the new city hall.

Nickles then opened the meeting up to the public. Sharon Johnson began by asking what the total number of retirees was estimated at and Solowiej responded that they used as estimate of 28 General Fund employees. He reiterated the criteria used was an age of 60 or 25 or more years of service with the city. She then asked what the balance was of the payroll stabilization fund and he responded that it was at \$790,734. She thought this review was a very good idea to make sure we were prepared ahead of time. She then asked if he had created a program report on the \$140,000 marketing fund. He advised that City Commission had not instructed him to create said report, but she could contact McKenzie Spriggs to get that information. She then questioned the rent on the new city hall building. She was wondering how the \$242,000 would be split. Solowiej predicted it would be a 50/25/25 split between General Fund, Water Funds, and Sewer Fund, respectively. Solowiej suggested that she contact Matt Lasko for more information if needed.

Tim Schwanger began by expressing his concern over staffing levels in the horticulture and street divisions. He indicated that between 2003 and 2010, those departments lost 75 positions. Over the past few years more have been added, but he did not feel it was enough to get the jobs done. He cited examples of the East Park planter area and pot holes on side streets for example. He wanted to ask the committee to drive around the community and see how the Issue 8 funds were being spent and provide input to the City Commission on where the short falls may lie. Nickles explained to Schwanger that they look at the budget more as a big picture item. Wobser

and Solowiej are tasked with the duty of splitting it out amongst the funds. Wobser explained to Schwanger that he realizes that the community wants more infrastructure improvements to be made and he believes we are making strides to do so. We have tripled the budget we had previously spent on these types of activities but have found that there is still a lot more to be done. We have increased staff and tried to do more preventative maintenance until we can do more of the major repairs. He advised that a study had been done on our city streets that found them to be in fair condition. The new increase in the gas tax will also help to make additional repairs. He also noted that we have seen a drastic decrease in the amount of sidewalk complaints from the city residents due to the new sidewalk replacement program that has been put in place through issue 8. There are also fewer tree complaints due to the additional staff added to forestry along with the funds spent with private contractors to remove dead trees and stumps. Wobser realizes there is more to be done but they are continually looking to improve our programs. He is committed to investing in the community each year and is proud of the progress that has been made.

Motion was made by Moncher to go into executive session to meet with Rea & Associates to conduct the 2018 exit meeting with the auditors and Tomasula seconded. Roll call: Moncher- yes, Tomasula- yes, Solowiej – yes, Wobser – yes, Gardner– yes, Stahl- yes, Nickles - yes

A motion was made to return to the regular meeting by Moncher and seconded by Gardner. Roll call: Moncher- yes, Tomasula- yes, Solowiej – yes, Wobser – yes, Gardner– yes, Stahl- yes, Nickles - yes

Motion to adjourn made by Moncher and seconded by Tomasula. **All ayes – motion carried.**

Adjourned at 9:15 A.M.