

# Audit/Finance Committee Meeting Minutes

June 23, 2017

7:45 AM City Commission Chambers

Committee Attendees: Hoffman, Stahl, Nickles, Solowiej, Brady, and Frost (for City Manager Wobser).

Nickles called the meeting to order at 7:53 A.M. Nickles asked for a motion to approve the minutes from the last meeting. Stahl made the motion, with a second from Hoffman. There was no further discussion. **All ayes – motion carried.**

## **Monthly Report:**

Solowiej advised that May was good, with increases in the area of hotel/motel tax, income tax, and admissions tax. He also noted that there was an increase in the rental income line item, which was due to the settlement of the ODNR submerged land lease litigation. Law Director Justin Harris had secured our claim. It is his hope to use the excess dollars to fund the payroll stabilization fund this year. Hoffman then made a motion to accept the May report and Nickles second that motion. There was no further discussion. **All ayes – motion carried.**

## **Vacation/Sick Leave Liability Update:**

Solowiej then updated the committee on the vacation/sick leave liability. He has gone through and estimated the liability based on the criteria used by the auditor's in our CAFR, which would be 50 years of age and 10 years of city service. By using these broad criteria, a very large number was calculated of \$1.4 million dollars. He then narrowed the criteria down to 60 years of age and 25 years of city service, which is more realistic. By using this narrowed criteria, the number came down to \$800,000. The general fund portion of that would be \$600,000. He estimates 20 employees with an average pay off of \$30,000 per person. The balance of the payroll stabilization was \$315,000 as of 1/1/17. Of that we have used about half so far this year, because we have had some retirements in the past months. Nickles asked Solowiej if he could get that number to \$500,000. Solowiej advised that he had proposed another \$300,000 be added this year, even though we only budgeted for \$75,000. Nickles expressed his concern of dwindling that account down. He feared another situation like that which occurred in 2008 and 2009. He suggested maintaining a \$500,000 balance as a good target. Solowiej agreed and suggested going through this exercise every year to ensure our liability is covered. He believes this is a good time of year to perform this exercise, since it is a massive document to prepare and moving forward we will have historical data to compare to. Nickles then asked Solowiej how this liability affected other funds. Solowiej advised that the water portion would be approximately \$63,000 (6 employees @ \$10,000/person) and the sewer portion would be approximately \$150,000 (8 employees @ \$18,000/person). Nickles reminded the committee that these liabilities would not be paid out of the payroll stabilization fund because they were included in the rate study for each fund.

**Issue 8 Update:**

Solowiej then presented the committee with the Issue 8 report. He believes that the city is being very transparent to the public with this report that shows exactly what the city is spending these dollars on. He explained that they had changed the report slightly to better show what is being funded and what reimbursements have been received, so it will be slightly different from the December report. He believes the numbers will be easier to find on the new format. He also noted that Maria Muratori had advised him that all of the Housing/Blight funds have been fully committed already for 2017. Solowiej also explained to the committee that there was a glitch with the city's website, where it was hard to access the report online. Apparently, there was a bad link being used but has since been fixed and access granted. He reported that he would update again in July for the committee.

Nickles then opened the meeting up to the public.

**Public Participation:**

None.

Motion was made by Hoffman to go into executive session to meet with Rea & Associates to discuss the 2016 audit and Stahl seconded. Roll call: Nickles - yes, Hoffman - yes, Solowiej - yes, Brady - yes, Frost - yes, Stahl - yes

A motion was made to return to the regular meeting by Solowiej and seconded by Stahl. Roll call: Nickles - yes, Hoffman - yes, Solowiej - yes, Brady - yes, Frost - yes, Stahl - yes

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

Adjourned at 8:37 A.M.