

Audit/Finance Committee Meeting Minutes

February 21, 2020

8 AM City Commission Chambers

Committee Attendees: Allen, Gardner, Moncher, Nickles., Ruthsatz, Stahl, Tomasula, Wobser and Reeder

Nickles called the meeting to order at 8:03 AM. He welcomed everyone and then allowed the city's new Finance Director, Michelle Reeder to introduce herself. The committee members then introduced themselves. Stahl stated that he wanted to give credit to Nickles who started this Finance Committee. He recruited Moncher and Stahl to the committee and a lot of great ideas and conversation have taken place over the years. Nickles has been working with the city for 21 years. Nickles stated that Reeder has made some changes to the reporting formats and welcomed any positive changes.

Moncher then made a motion to accept the minutes from the December 13, 2019 meeting, with Ruthsatz seconding the motion. There was no further discussion. **All ayes – motion carried.**

Reeder then presented the January report to the committee. She noted that through January, our General Fund revenues were at \$1,669,445 an increase of nearly 3% from last year. Income tax revenue was up from last year by 28%, total income tax collected was \$1,178,718, admissions taxes were at \$44,093, and lodging tax was up by 16%, total lodging tax revenue collected was \$16,908. The General fund expenses were up about 28% when compared to January 2019. This is largely due to having three pay periods in January. The general fund cash balance as of January 31, 2019 was \$4,695,397, a healthy figure. The city has 254 full time employees as of January 2019. The only new full-time employee budgeted for in 2020 is the Assistant City Manager position that was approved in late 2019. The payroll stabilization balance remained at \$1,031,536. We will have the payout from the payroll stabilization fund this year for the 27th pay. This additional pay will be an approximate \$400,000 expenditure from this fund. Reeder ended her report with a comment about the format of the reports, and if there are comments or suggestions on the format, she is open to changes. Nickles asked Tomasula if the admissions tax funds we received in January were a catch-up payment from Cedar Point. Tomasula stated yes, it was. Moncher questioned the full-time employees being at 252 as of December 2019 and wanted to stress the importance of watching that figure closely. Wobser explained that moving Chief Orzech over to the Assistant City Manager role is the only additional person budgeted for in 2020. Any other new hires would need to be approved with additional revenue or programing to justify the need. Wobser explained departments requested additional employees in their budget request for 2020, and at this time those requests have not been approved. Reeder added that we have lost our full-time employee in the income tax department, and that position will not be backfilled. Moncher then made a motion to accept the January 2020 financial report, with a second from Gardner. **All ayes – motion carried.**

The next topic of discussion was the 2020 Draft #2 budget. Reeder stated this was a balanced budget and we will be closely monitoring revenue and expenses throughout the year. Wobser commented that this budget has allowed the city to continue to fund all existing programs while also providing \$1 million to be spent on our street resurfacing program. This is a conservative budget staffing wise and an aggressive budget for our projects. Nickles questioned when will Chief Orzech begin the role of

Assistant City Manager. Wobser explained the Chief is doing a few hours in the afternoon currently as Assistant City Manager while still fulfilling his Chief duties. Once a replacement chief is named, he will move over to his new role. Moncher commended Wobser and Reeder for getting the budget done in such a short time frame. The budget discussion will continue at the March 20, 2020 meeting.

Stahl asked for an Issue 8 report. Reeder gave the balances as of December 31, 2019. Housing and Blight has an ending balance of \$178,581, Economic Development's balance was \$405,032, Streets and Right-of-Way balance was \$679,852, Parks and Recreation balance was \$278,268, Facilities, Vehicles and Equipment balance was \$127,190, and Planning and special projects balance was \$69,631. Reeder stated she will email the report to all committee members.

Reeder wanted to have a discussion on the City's current investment policy and thoughts on hiring a financial advisor. She stated the current investment policy needs to have some updates; she will send out a draft version of an updated policy to have everyone look at. The city currently utilizes one broker, Multi Bank Securities, for all their investments. If we were able to utilize a financial advisor, they have access to many brokers and allows us more investment options. Moncher stated we should do our due diligence with this process. It was agreed we would need to do a request for qualifications (RFQ) and look at all our options. Reeder will look at gathering information for a RFQ process.

Gardner asked a question pertaining to the 2020 budget. He questioned why the 2020 appropriations are more than actual expenditures. He was looking at the Police department's budget wage and fringe benefits. Wobser explained that we had a change in the amount the city is funding into our healthcare fund in 2020. Gardner stated he will be questioning the appropriations to make sure we are not overstating them.

Reeder mentioned moving these budget discussions to take place at the end of each year, with an attempt to have the final draft of the next year's budget prepared by the end of December. This will allow the city to move forward with the budget in January of each year, instead of operating on a temporary budget for the first three months. She stated Commission will be voting at the 2020 budget at the March 23, 2020 meeting this year. Nichols stated he usually attends the Commission meetings when the budget is discussed so that he can relay the approval of the budget from the Finance Committee. Moncher stated to look at implementing this new schedule, and give a calendar outline for the process.

Public Discussion:

Nickles then opened the meeting for public discussion. Sharon Johnson questioned if any additional full-time employees were added in the 2020 budget. Wobser stated that Chief Orzech is the only new position that is included in the 2020 budget. Ms. Johnson then questioned if this was the final draft of the budget. Wobser stated this is the latest draft of the budget, as the first draft was presented to Commission in November of last year. He stated this budget is what will be presented to the Commissioners. She then questioned the amount in the operating budget for Programming and Marketing. Reeder stated that those funds are in the Capital Plan and not included in this Operating and Maintenance budget.

Motion was made at 8:37 AM by Moncher to go into executive session to meet with Rea & Associates to conduct the 2019 Pre-Engagement meeting with the auditors and Gardner seconded. **All ayes – motion carried.**

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

Meeting adjourned at 8:52am.