

Audit/Finance Committee Meeting Minutes

July 17, 2020

8 AM City Commission Chambers

Committee Attendees: Nickles, Stahl, Tomasula, Moncher, Ruthsatz, Murray, and Reeder

Nickles called the meeting to order at 8:00 AM. He began by asking for a motion to accept the minutes from the 6/19/2020 meeting. Stahl made the motion and Tomasula second the motion. There was no discussion. **All ayes – motion carried.**

Reeder then began to review the June 30, 2020 financials. She advised that the general fund cash balance at the end of June was \$3.6 million dollars, nearly identical to June 2019. Expenditures were down about 5% and revenues were down 7% compared to 2019. The City received \$504,918 in Federal CARES Act funding, that was utilized to pay wages for the police & fire departments. In January of 2020, we had 253 full time employees. As of the end of June we had 237 full time employees. We are down 16 full time employees through the first six months of the year.

Mr. Nickles asked about the 3 high-level positions we have leaving. Mr. Wobser explained that our Law Director Trevor Hayberger, will be leaving at the end of July. We have posted this position and are looking at interim options. We intend to replace this position. Angie Byington was our Planning Director and we have decided to not replace this as a Director position, and therefore will see some savings in wages. Nicole, was our Transit Director and was well paid for her successes here, however we anticipate wage savings when replacing her position. Mr. Wobser mentioned that we do have payout liabilities for the employees leaving employment this year, we will see greater savings next year for the changes to these positions.

Nickles commented that he is again thankful for the payroll stabilization fund. He asked about the 27th pay period this year and the amount that we expect to be coming out of the Payroll Stabilization fund. Reeder commented that we have \$390,823 coming from the Payroll Stabilization fund this week for the additional pay period we have this year. There is also an estimated \$371,000 liability for payouts for employees leaving employment with the city this year. This will leave the payroll stabilization fund cash balance at approximately \$278,000 at year end.

Dave Waddington asked about how this year compares to 2008 when we were bottoming out. Mr. Nickles stated that if we didn't have this payroll stabilization fund this year, we would simply be in a bad spot. Fortunately, when times were good, we placed money in the payroll stabilization fund. We are also hoping when everyone filed their tax returns on July 15th, that we will see profitable returns.

Reeder commented the City's income tax collection is down \$1.2 million dollars YTD. The withholding taxes are still strong, which is a good sign for our Sandusky economy. The net profit returns are down over a million dollars which is largely due to the extended July 15th filing date.

We will continue to keep a close eye on our income tax dollars, we will also continue conversations with Cedar Point regarding Admission taxes.

Nickles asked about how the \$504,000 in CARES Act funding was booked. Reeder explained we were required to create a separate fund to receive these dollars. That fund was created, we receipted the

funds in, then a journal entry was made to move expenditures from police and fire wages to this new fund.

Reeder discussed the balances in the water and sewer funds and wanted to note that our cash balances are higher than they were at this same time period last year. There had been some questions about the ending balances on the June month end reports being so low. She explained that once the budget was approved in late March this year, departments began encumbering funds for commitments that they make. This is a change from the way purchase orders and encumbrances were handled in the past, that is why the ending balances look drastically different when compared to previous years.

Nickles asked about a report that Mr. Murray requested that showed the general fund expenses listed by department. Reeder explained the police & fire departments have seen the greatest savings in expenditures. This is due to positions that have been vacated and the travel and training expenditures have been suspended this year due to the pandemic. The only department that has seen a substantial increase is the Administrative Services department which covers expenses such as the property & casualty insurance, insurance claims, submerged land leases and transfers out of the general fund. Overall, we have over \$500,000 less in expenditures in 2020 compared to 2019.

Murray asked about an agreement that the City had with an outside firm to create a financial forecast. Mr. Wobser explained the five-year forecast is nearly completed and we hope to have a presentation back to the Finance Committee in August. He explained this has our best estimate of revenue projections for the upcoming years. As we know this pandemic will affect revenues for a period of time.

Nickles thanked everyone for taking time to join today's meeting. Nickles reminded the committee that the next meeting will be held on August 21, 2020 at 8:00 a.m. The meeting was then adjourned at 8:24 a.m.