

Audit/Finance Committee Meeting Minutes

Friday, March 19, 2021

City Commission Chambers

Committee Attendees: Nickles, Allen, Tomasula, Miller, Brady, Wobser and Reeder.

Nickles began the meeting by welcoming Alexis Miller to the committee. He then asked for a motion to approve the minutes of the 12/11/2020 meeting. Brady then made the motion with a second coming from Tomasula. The minutes were approved, with an all aye vote taken.

Nickles then began by asking Reeder if she felt the new stimulus funding would replace the deficits we experienced last year. Reeder explained that it would be very helpful to fill in the deficit spending we incurred. She advised that the payroll stabilization fund was down around \$157,000 due to the 27 payrolls last year and several retirements that have occurred. Nickles asked Reeder to ask Wobser to build that fund back up to \$700,000 overtime if possible, because it is crucial just in case we have a second round of COVID activity. Nickles explained to the committee that he has already had conversations with Reeder and Wobser regarding building that balance back up as well as the city's reserve balance.

Reeder then presented the February financial reports. The ending General Fund balance was \$4,150,000 and that was due to the city keeping expenses down. Payroll costs are one of those expenses we are trying to maintain. Currently the city is down to 221 full time employees, 30 employees less compared to last March when COVID hit. Nickles believes we will see the cuts even more when we get the quarter end numbers. Nickles was optimistic that revenues would go up this year if Cedar Point could get to 50% to 60% capacity this year and noted that they will be opening on May 14th. Tomasula agreed they were shooting for that. Reeder explained that both income tax and lodging tax were down compared to last year, but we had budgeted and expected that to happen in 2021. She also advised that court revenue is also down compared to last year. Total YTD general fund revenue was just over \$3,000,000 last year compared to \$2,100,000 this year, for a difference of \$900,000. Nickles noted that the federal government had extended the tax filing deadline to May 17, 2021 and wondered if the city would do the same. Reeder explained that she was waiting to see if the state did the same thing and we would be extending the deadline if the State of Ohio does. Reeder also noted that we would be receiving property tax revenue from the county at the end of March. She anticipated about \$900,000 of that would go into the general fund. Reeder noted that income tax receipts were at about \$2,100,000 dollars to date compared to \$2,700,000 last year at this time. She noted most of this deficit was coming from business returns. Reeder was concerned about the possible changes that could come with House Bill 157, with reporting changes for those employees who now work from home. Their income would be reported based off their home address instead of their work address. It is going to be difficult to determine how this will affect our income tax revenues.

Reeder then advised the committee that the city would be receiving over 18 million dollars in Stimulus dollars from the American Rescue Plan. She is anticipating half of the funding within 60 days. The second half should come next year. She explained that these funds could be used for lost revenue, Water, Sewer, and Broadband services. We are awaiting formal guidance for the use of these funds. She explained that Wobser and she have had many discussions to see how they can fill in the holes in the budget left by COVID.

Nickles then asked Reeder where she budgeted Cedar Fair to be this year and she explained that she was very conservative in her budgeting for their revenues. Tomasula explained that they would have a better idea of revenues by the end of July and could make better predictions at that time. Nickles reminded the committee that the Stimulus money is to replace lost revenue. He would like to caution the city not to use it for new projects, reminding the committee of the SAFER grant of years ago. Wobser advised the committee that the

city has applied for a grant to get the fire department back to full staff. Orzech advised we should find out the results sometime between May and September. Orzech also advised the committee, that they have also sent in a grant for a new pumper truck for the fire department. Marcy Kaptur was helping with that particular grant. He hopes to find out the results of that in April or May.

Nickles reminded everyone that everything is going really well in the city even with all of our challenges. Brady explained to the committee that they planned to use the new money to maintain staffing and not have to eliminate any other positions. It is our hope to pump the new money back into old programs instead of new programs. He hopes to inject the funds into the neighborhoods, street resurfacing and restart the engine very quickly. The economy is going to start moving forward again and we need to go back to doing business. Nickles was impressed with the city's ability to maintain a \$4,000,000 cash balance after all these challenges. Nickles reminded the committee that the next meeting would be on April 16, 2021 at 8:00 a.m. Rea & Associates will be there for the pre-audit meeting, so he would like to have a quorum if possible for this visit. He advised the date of the post-audit meeting is uncertain at this time, since the city is currently on an extension. Nickles asked if Reeder had any questions from the public and she advised she did not. Nickles then thanked everyone for their participation today and wished everyone a Happy Easter. The meeting then adjourned.