

Audit/Finance Committee Meeting Minutes

Friday, April 16, 2021

City Commission Chambers

Committee Attendees: Nickles, Tomasula, Stahl, Moncher, Brady, Wobser and Reeder.

Nickles began the meeting at 8:03 a.m. He advised the committee that Alexis Miller, whom he had announced as a new committee member last meeting, has relocated to Columbus to be with her husband and has resigned from the committee. He then asked for a motion to approve the minutes of the last meeting. Moncher made the motion with a second from Stahl. All voted in favor.

Nickles then introduced Morgan Helmick and Layne Wemhoff from Rea & Associates to the committee to perform the pre-audit presentation. Helmick explained that this was the 11th year Rea & Associates would be providing audit services to the city. Normally, the state only allows an entity to farm out audit services for 10 years and then takes the entity back, but due to lack of staffing at the state, they have agreed to allow Rea & Associates to perform the audit one more year. Nickles asked Helmick if this would be the last extension we would be allowed and he explained that he was not sure at this time. They would probably know more May/June time for next year. Helmick explained that there were a couple of changes from last year. GASB 85 has come out but it was not a major change and he explained that they had changed the name of the CAFR to Annual Capitalized Financial Report. He also noted that CARES Act funding would be their focus when it comes to the grant section of the audit. Nickles asked Reeder if she had received any guidance yet on the Stimulus funds. She explained that she had received several bulletins on it and believes the focus will be on showing the loss of revenue between 2019 and 2020. Therefore, she is currently working on calculating those figures. She also advised the committee that some of the Stimulus dollars should be coming sometime in May 2021. Helmick explained that there has been a significant delay in getting out guidance on these funds. He noted that the CARES Act funding came out in March of last year and the guidance for these funds did not come out until December. Helmick continued by explaining that there had not been any major changes in the laws, so the audit will be similar to last year. He advised that the two parties have already signed the arrangement letter, so they are ready to proceed. He did mention that the timing of the audit would be a little different this year, because of the Auditor of State delay. They have already filed an extension based off this delay. Nickles asked Reeder if we would still be eligible for the Award of Distinction due to this delay and she advised we would not be. He asked her to ask the State for special consideration when it comes to this, since the delay was not our fault and caused by their office. Reeder agreed she would give them a call. Nickles then asked Helmick how much of the audit would be performed on site and how much off site. Helmick explained that they leave that up to the city to decide, they are able to do it either way based on their preference. He noted that they have already been out once for planning purpose and are scheduled to be in again next week. He advised that they hoped to have everything wrapped up by August 2, 2021, as that is the date of their extension. Nickles noted that we already have meetings scheduled for August and September, so they will be available then for the exit conference when they are ready. Nickles asked Helmick what were some of the biggest challenges they faced due to COVID. Helmick explained that they had to develop off site processing procedures and electronic approval processing procedures. Noting that when employees take work home to process there is added risk to the process. He also explained that with these new grants there is a lot of documentation required to go with them. Brady commented that he was excited to have Rea & Associates again this year and would like to have them longer. They take a lot of time reviewing our records and are very detailed in their audit.

Reeder then presented the March 2021 financial reports to the committee. She advised that the first quarter general fund cash balance is currently at \$4.8 million dollars, which is lower than last year but higher than previous years. She explained that the income tax deadline was extended to match the state/federal deadline

of May 17, 2021. As of the first quarter, the city has collected 22% of the income tax revenue budgeted for the year. She also noted that the city's expenditures are way down from last year, helping us to keep a good general fund balance. At the end of the first quarter, we were at \$3.4 million dollars in expenditures compared to \$4.6 million last year at this time. Nickles added that this was due to the cuts made by Wobser/Reeder over the past year. Reeder agreed that a large amount of this decrease was due to the staffing cuts made last year. The city is currently down to 219 full time employees, which will begin to increase as we fill some needed positions in water/sewer and some seasonal positions.

Reeder reminded the committee again that the city would be receiving \$18.5 million dollars in Stimulus funding. She anticipates getting half of those dollars on May 10, 2021. She advised that Wobser and she are looking for guidance on how to spend these additional funds. The payroll stabilization fund and general fund cash balance are both major concerns. She also noted that they still have not heard back on the SAFER grant or the pumper truck grant yet. They are expecting to hear back on that around April 30, 2021. At this time, we have only spent 14% of what we budgeted for this year causing us to have a strong cash balance.

Nickles then asked Reeder the status of the payroll stabilization fund. She explained that there were four employees retiring in the near future that will probably wipe that balance out. There is currently \$210,000 dollars budgeted to go into that account this year. Nickles thought that number might need to be bumped up. Wobser explained that they would definitely consider that once they receive guidance on the Stimulus dollars. Reeder reminded the committee that we had previously had a million dollars in the fund last year, then the 27th payroll occurred, and several unexpected retirements. She is truly grateful to have had that fund to supplement these events.

Stahl commented that we were in a much better place than we were a year ago. Nickles praised Wobser and Reeder for all of their hard work on this and appreciated them listening to the committee and making the hard decisions. They have done a great job. Brady agreed that the payroll stabilization fund is a very important tool that helped us weather through these hard times. He is concerned though with the income tax dollars being down, but realizes that businesses such as restaurants have been closed, so it is inevitable income tax will take a hit. Tomasula also complimented Wobser and Reeder for doing a great job controlling expenses in these tough times and noted that he is very optimistic for the future. Murray thanked Tomasula for the special relationship the city has with Cedar Point. They are trying to get the city as much revenue as they can and he really appreciates their help on this.

Nickles then asked the committee if they would like to cancel the May meeting. It will be hard to get good income tax numbers in before it, due to the tax deadline extension. Moncher made the motion to skip the May meeting and all agreed. Reeder assured the committee she would have better numbers at the June meeting and asked all the meeting participants to go out and take their friends and family to Cedar Point. Nickles agreed and believes there is light at the end of the tunnel. He then adjourned the meeting at 8:40 a.m.