

# Audit/Finance Committee Meeting Minutes

Friday, September 17, 2021

City Commission Chambers

Committee Attendees: Nickles, Tomasula, Stahl, Ruthsatz, Murray, Brady, Wobser, Reeder

Nickles began the meeting by asking for a motion to approve the minutes from the 6/18/2021 meeting. Murray made the motion to approve the minutes, with a second from Tomasula. There was no discussion and an all aye vote was taken. He then turned the meeting over to Reeder to present the financial reports for August 2021. At the end of August the city's cash balance was at \$6,487,158.00, historically that is higher than where we have been in the past at this time. As for our revenue for August, we have received the second half of our property taxes, which was over \$700,000. Nickles asked if we had received our admissions tax for August yet. Reeder replied what we received in August was almost \$1.3 million dollars and that would have been for the month of July. By Sept 20<sup>th</sup>, we should receive the admissions tax for August. Therefore, for the year the general fund revenue is at \$14,110,061 dollars, which means we have collected 79% of the revenue we budgeted for this year. Therefore, we have been doing well so far this year and the big unknown for the remainder of the year is where we will end up with our admission's tax at year-end. We were conservative when we budgeted for admissions tax this year because we were unsure of how things would go. We budgeted \$1.7 million for the year and to date we are over \$2 million so far. The general fund expenditures through August are at just over \$12 million, so we are at a \$2 million dollar addition to the general fund for the year. Expenses are at 60% of what we had budgeted for the year, which is great because we are already through two thirds of the year. We currently have 225 employees at the end of August. We, like everybody else, are actively recruiting applicants to come work for us.

The payroll stabilization fund currently has a balance just over \$367,000. At this point, we know we have \$227,537 that will be coming out of that fund, which will leave us a balance of around \$140,000. We are aware of one more potential retirement in October, but there could be more, we just do not know at this time. Nickles advised that \$400,000 in that fund at year-end would be a number they could live with and Reeder agreed that they would strive to meet that goal. Nickles asked Reeder to make the \$400,000 recommendation to the City commission at their next scheduled meeting. Reeder agreed and advised she would get the legislation prepared for the next meeting to do so. Tomasula made the motion to make the recommendation to commission, with a second from Murray. An all aye vote was taken to approve the recommendation. Wobser agreed with doing it right now, since the funds are available at this time. Stahl recommended that maybe Reeder should come up with a spreadsheet annually that shows employees that are eligible for retirement each year to predict the potential amount of retirement pay outs for the year, to confirm \$400,000 will be adequate to meet the needs of the payouts. Nickles agreed that maybe that should be a year-end budgeting item. Wobser agreed to make that part of the budgeting process.

Murray noted to the committee that the city is by no means out of the woods yet. The only reason we are where we at is because staff has been able to hold down expenditures. He noted that last year we desperately needed the money we had in our cash reserve and we are beginning to build that back up. We just need to be cautious as we move forward, to make sure we are prepared for the future. The discussion then moved to court expenditures and what authority the city has when it comes to court expenditures. Reeder explained that there have been discussions with the court clerk and they are willing to cover more of the courts expenditures, lessening the burden on the general fund. Ultimately, though, the judge has ultimate control over his budget.

Reeder advised the committee that we had our various purpose notes issuance yesterday. We issued a \$7,290,000 one-year note, the winning bidder was Piper, Sandler, and our net interest cost was .265%. We are very excited with that rate since last year's rate was higher at .276%. Nickles was impressed that we had 4 to 5 bidders and they were all very close.

Reeder then updated the committee on the 2020 audit. LGS are working on our financial statements for us. They have had people go on maternity leave and several people quit, so that has delayed their work on our statements. Therefore, our statements are not out yet. Once they are, Rea & Associates will review them. They have already been in three times this year doing preliminary reviews, but they are unsure of their timing for completion because they are working on many school audits now. Reeder advised that as soon as she has an update on that she will let the committee know but it is going to be later this year. Nickles advised that he had spoken with Rea last week and they have done everything they can do up to this point, but need the final numbers to complete the audit. Nickles asked Reeder if the state would still consider us for our certificates and awards. Reeder explained that when they initially asked this question to the state they advised that we would not be eligible, but we have been pushing back on them along with Rea & Associates so we are still trying to get consideration since it was out of our control.

Reeder also wanted to update the committee on the RITA subpoena program. As of today, the letters have not been sent out. They are hoping to get them out the first week of November, if possible. The non-filing letters will be the first letters to go out and then the administrative subpoenas will go out. She will update the committee as that process proceeds, just in case they get questions from the community.

Reeder then wanted to update the committee on how the City's stimulus dollars are being spent. The American Rescue Plan awarded Sandusky with \$18,091,098 in funds. To date we have received half of that commitment and the second half will come in 2022. She explained there are funding requirements tied to the funds; we are not able spend it on anything we want. The Interim Final Rule is what is governing any expenditures being made. Costs incurred during March 3, 2021 through December 31, 2026 may be covered by these funds. The recipients may use these funds to assist households and local businesses. There are four eligible categories. First, funds may be used to respond to the public health emergency or its negative economic impacts. Second, they can be used to provide premium pay to essential employees. Third, they can provide government services affected by a revenue reduction. Finally, the funds can be used to make necessary investments in water, sewer, and broadband infrastructure. The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction of revenue. The calculation of lost revenue begins with the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2021. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021. The City has calculated the revenue reduction of \$8,987,063 for 2020. Future revenue reductions will be calculated at year-end for years 2021, 2022 and 2023. Some of the non-eligible uses of the funds would be deposits into the pension fund, deposits into a "rainy day" or financial reserve fund, offset a reduction in net tax revenue, or funding debt services or legal settlements. There are many reporting requirements to be fulfilled in this process, as funds are used. In 2021, the city has committed \$100,000 to the Goodtime Cruises, LLC. Two million dollars has been committed to local street resurfacing projects and funds have been committed to employee wages and benefits. Nickles asked what types of employees are being charged to Stimulus dollars. Reeder replied that we could get our employment numbers up to pre-pandemic levels. In January 2020, the city had 253 full time employees. Currently we have 225 fulltime employees, so there are about 30 positions we could fund using Stimulus funds if we want to. Potential future expenditures could be strategic vision, streets/transportation, recreation, greenspace, neighborhood revitalization, and community projects. We do not have any final numbers on how all the stimulus dollars will be spent now but as we get more guidance on the rules and regulations our plan will be updated accordingly. Nickles asked Wobser if these funds could be used to help fund some of the upcoming water/sewer projects. Wobser explained that they are looking at each project to see if any of the expenses are eligible.

The meeting was then adjourned.