

Audit/Finance Committee Meeting Minutes

Friday, December 10th, 2021

City Commission Chambers

Committee Attendees: Nickles, Allen, Stahl, Ruthsatz, Moncher, Brady, Wobser, and Reeder

Nickles called the meeting to order at 8:03 a.m. He thanked everyone for allowing this meeting date change, as he has other obligations for the originally scheduled date. Nickles began by asking for a motion to approve the 10/22/2021 minutes. Moncher made the motion to approve, with a second coming from Stahl. An all aye vote was taken.

Nickles expressed how pleasantly surprised he was with the financial figures. Reeder discussed the financials through November. The general fund revenue was at \$21.5 million, with bringing in over \$900,000 in income tax, \$578,000 in admission tax and \$889,000 in lodging tax revenue in November. These figures are still not comparable to 2018 or 2019 figures, but we are happy with the revenue we have received this year. We made sure we budgeted conservatively as we were uncertain of revenues with the pandemic this year.

Expenditures are at \$18.2 million in the general fund, in comparison we had \$19.7 million in expenditures at this same time in 2019. We have expended \$11.4 million on wages & fringe benefits thus far in 2021. In comparison salary & wages in 2019 and 2020 were \$12.6 M and \$13.4M. The increase in revenue and containing expense has led to a \$7,763,055 cash balance in the general fund. We do have debt and capital expenses that will be paid out in December. We expect to end 2021 with a cash balance of \$4.5-\$5M this year.

We ended November with 233 Fulltime employees, and we currently have some open positions. When we discuss the 2022 budget, we have a slide showing the budgeted employee count in 2022. The payroll stabilization fund balance was \$715,000 at the end of November, we have done all transfers for eligible expenditures in December and currently have a \$399,000 balance in the payroll stabilization fund. Nickles again stated he is pleasantly surprised with these figures and hopes we can continue in 2022 with this success.

Reeder discussed the Benefits Committee met to discuss the 2022 wages for administrative employees. As a reminder in addition to the administrative employees, the City also has three unions with a police, fire and AFSCME union. The City is currently in negotiations with these unions to establish their contracts for 2022, 2023 and 2024. When the Benefits Committee met, they recommended a 2% cost of living adjustment and a one-time bonus of \$1750 for each non-probationary, administrative employee. The administrative employees did not receive a wage increase in 2021 and were the only employees not to see a wage increase this year. The Police & Fire union employees received a 3% increase and the AFSCME employees received a 2.5% increase. This bonus reflects a nice gesture to the administrative employees that did not receive a wage increase in 2021. This wage increase will go into effect the first pay period in 2022 if approved. The one-time bonus we expect to pay prior to the end of 2021. Nickles asked what the cost of the one-time \$1750 bonus would be. Reeder explained the cost was \$73,500 and the cost will be split according to the fund where the employee works. The cost of a 2% raise would be \$47,000. Nickles asked if the Police & Fire Chiefs were administrative employees, Reeder stated they were. Allen asked why a flat dollar amount for the bonus was considered. Reeder stated the \$1750 bonus was a benefit for the employees making a smaller wage, and that was intentional. Moncher made a motion based on the current financial situation of the city to recommend the 2% raise and one-time bonus be approved and send the recommendation to City Commission for final approval. All members voted in favor of this recommendation. Nickles expressed his gratitude to the employees and said thanks as a lot of employees had to pick up additional work through the pandemic.

Reeder began a slide presentation on the 2022 budget. Nickles asked when the new deal with Cedar Fair will begin. Wobser explained that we begin collections in 2022, but budgeted conservatively in 2022, as many 2022 admission passes were sold prior to the increase in tax rates. We will see the full effect of the increased taxes in 2023. Reeder began with a slide showing all funds and historical expenditures, along with the 2022 proposed budget. We have a proposed a \$25,040,321 expense budget for the general fund in 2022. The total budget for expenditures in all funds is \$81,804,185 in 2022. The next slide showed the expenditures of all funds and the amount spent on salaries & fringe benefits versus all other expenditures. The next slide showed the number of full-time employees by department in 2021 and what we have budgeted for employees in 2022. Nickles asked about the employee count in police and fire divisions. Orzech stated the Fire department will have a new employee on January 3rd and expect the Fire Chief to be named soon. The Fire department has been fully staffed all year. Orzech continued with Police department has struggled finding applicants, the last test for the police department only produced 16 candidates. The police department should be fully staffed by early Spring of 2022. Wobser reminded everyone that as we talk about the 2022 budget, we are still at a reduced number of full-time employees. Reeder stated we had 253 full time employees in 2020 and are only budgeted for 245 full time employees in 2022. The next slide displayed the expenses budgeted by each department in the general fund. The next slides showed the amount of salaries & wages and other expenditures for the police and fire department respectively. The general fund revenue is expected to be at \$25.2M in 2022. This shows that we are presenting a well-balanced budget. The revenue slide showed 45% of our revenue coming from income taxes, and 25% from admission tax. Nickles asked about the timing of passage of the 2022 budget. Reeder stated that ORC states we need to have a budget passed by April 1st each year, and our City Charter states that we can not pass a budget prior to the 1st meeting in January. This allows new Commissioners in January to weigh in on the budget before passage. The plan is to have the first reading of the budget in December and Commission can pass the budget at the first meeting in January if they so choose. Stahl asked about the reimbursement of police officers, while they are stationed at Cedar Point. Orzech explained that the city is reimbursed for each private detail from organizations such as, Cedar Point, the Library, Schools and Bike Week organizers. The next slide showed the cash flow and the months that the City's revenue exceeds the expenditures. The next slide showed the Payroll Stabilization fund and the historical revenue and expenses in the fund. Moncher asked why there was no funding in the payroll stabilization fund in 2020. Reeder stated that the payroll stabilization fund balance at the end 2020 was such that we did not need the transfer, however we were able to make an additional transfer in 2021 to this fund. Allen asked about the health insurance fund and projected expenditures. Reeder stated that we have a \$2M balance in the fund currently, and that is where we have targeted to be, to ensure we can cover future expenditures. We also have a health insurance stop loss policy that covers employees with more than \$150,000 in insurance claims each year.

Stahl expressed his pleasure with the Finance department in preparing and presentation of the 2022 budget. He enjoyed the format as it was presented. Nickles discussed he is pleased with the budget and asked about the future of any grant possibilities. Wobser stated that we are actively monitoring all grant opportunities and know that the grant opportunities available will be very competitive. Moncher stated that he wanted the Commission and the public to hear the praises of the Finance Department and all departments that helped prepare this budget. Moncher and Nickles made a motion to present the budget as presented to Commission for final approval. All voted in favor.

Nickles discussed the 2022 meeting dates for the Finance Committee. We are looking at quarterly meetings in 2022. The meeting dates for 2022 will be on February 18, June 17, September 16 and December 16th.

Brady thanked the Finance Committee for their roles in this community. No other public comments were made. Moncher then made a meeting to adjourn with Allen seconding, all were in favor.