

Chairman Al Nickles called the meeting to order at 8:03 a.m.

Members present: Naomi Twine (arrived after roll call), Steve Tomasula, Dan Moncher (arrived after roll call), Al Nickles, Jim Ruthsatz, Craig Stahl, Richard Brady (City Commissioner), Michelle Reeder (Finance Director).

Ex-Officio members and staff present: Sally Martin

APPROVAL OF MINUTES

Upon motion of Mr. Tomasula and second of Mr. Stahl, the members voted to approve the minutes of the February 17, 2023, meeting and dispense with the reading of the minutes. Mr. Nickles declared the motion passed.

NEW BUSINESS

- **RITA 2022 True Up**

Ms. Reeder shared that every year RITA (Regional Income Tax Agency) will go through and do a true up of what the city's actual costs should be for the year. In 2022, RITA handled a transaction count of 134,056 transactions for the city of Sandusky. RITA put that up against everyone else's transactions for all the municipalities that RITA handles. Every dollar collected by RITA; they initially take three percent off the top, then they complete a true cost analysis each year in May. Instead of the three percent collection rate which equated to \$453,967 the true rate was calculated at 1.26%, which equates to \$181,131 being paid to RITA to process all our income tax transactions in 2022. The costs for 2022 were less than what was paid in 2021. The city saw a refund of \$272,836 in May from RITA. Mr. Nickles asked about past due letters being sent regarding RITA. Ms. Reeder shared that they did the subpoena program in 2021. RITA will continue to send letters for 2022, but not the subpoena program, which is a more formal "next step" and costs additional money.

- **June 2023 Financials**

Ms. Reeder shared that for June 2023, income tax revenue was up \$250,000 compared to this time last year. Admissions tax saw a \$1.2 million increase, which is due to the increase to an eight percent tax rate and also the revenue for admissions tax is now the following month, no longer upon admittance. Regarding general fund total revenue, June of 2022 the city was at \$11.2 million. This year the city is at just over \$14 million. Admissions tax and lodging tax are part of the increase along with other smaller increases. Interest income is \$500,000 more this year than last year. The leader in expenses is the administrative support department. This is where the transfer dollars, from the general fund to other funds are expensed. Police and fire departmental expenses are comparable to each other. Expenses by category included wages and benefits at \$6.8 million, which is less than the amounts spent in 2018 and 2019. Total general fund expenditures, the city is at \$14.1 million and this is about 48 percent of

what was budgeted for the year. The cash balance at the end of June was \$5.8 million. Currently, the city has 244 full-time employees, the largest being the police and fire departments. Mr. Nickles asked if there were any unusual expenditures coming up between now and of the year or any retirements. Ms. Reeder shared that the payroll stabilization fund has a balance of \$403,000 and year-to-date the city has paid out about \$186,000 but does not expect anything out of the ordinary. Ms. Reeder added that regarding income tax, the numbers for June of last year compared to June of this year, the areas of increases are in the net profit returns and the individual returns. The city is up about \$408,000 compared to last year. \$130,00 of that is individual income tax returns and \$280,000 is net profit returns.

Upon a motion of Mr. Ruthsatz and a second by Mr. Tomasula, the members voted to accept the financial statement for June 2023.

- **RFP for 2023-2027 Audit**

Ms. Reeder shared that the State of Ohio has released the city for audits for fiscal years 2023 – 2027. The state has been the city's auditor for the last two years. The city is currently going through the RFP process with a pre-proposal meeting next Tuesday with final proposals due back August 2. Six firms were invited to participate and submit proposals. Mr. Nickles asked if the firms were qualified firms, to which Ms. Reeder said yes. Mr. Stahl asked if all things are equal if there was an advantage to Rea and Associates because they really know the city. Mr. Nickles shared that he and Ms. Reeder discussed this. Rea and Associates have two separate divisions, so they would not be auditing their own work.

PUBLIC PARTICIPATION

- Sharon Johnson asked if anyone was concerned about the water and sewer as she saw red flags. She went on to add looking at water and sewer, including the outstanding encumbrances comes up with a shortfall for the last six months. Ms. Reeder shared on the water and sewer fund balances, there is unexpended balance, outstanding encumbrances, and an ending balance column. Projected revenue is not in this calculation. There is a negative balance in the ending balance on the sewer fund as the city has a \$30 million high-rate treatment and UV project. There is a loan and a grant tied to the project. As soon as the expenditure hits, the revenue hits. When looking at just the cash balance and what the city has for promises going out, there will be a negative amount. This does not include the expected revenue. On the water side, there is a large project on Perkins Avenue which is a water line replacement project. There are loans and grants for the project. Ms. Johnson asked if another column should be added to account for expected revenue. Ms. Reeder shared that she has a statement of cash position that monitors all of this, but can look further to potentially adding additional information to the report. Mr. Stahl suggested adding a footnote as opposed to adding

another column. Ms. Johnson also asked about the MOU that was signed with Cedar Point. She added that the city promised a lot of projects to Cedar Point in exchange for additional revenue. She added that she is concerned that the city would have a lot of debt if Cedar Point were unable to deliver on the revenue promised. Ms. Johnson shared that she has perceived less traffic going to Cedar Point and that Cedar Point had a discounted ticket, so she was concerned about revenue. Mr. Stahl shared that he is a resident of Cedar Point Road and that Cedar Point has been doing a great job getting people in and out of the park, resulting in less traffic jams.

A motion was made by Ms. Twine to go into executive session for the purpose of having a conversation with the Auditors pursuant to ORC 121.22d(2). Mr. Ruthsatz seconded the motion. Roll call: Ms. Twine, yes; Mr. Tomasula, yes; Mr. Moncher, yes; Mr. Nickles, yes; Mr. Ruthsatz, yes; Mr. Stahl, yes; Mr. Brady, yes; Ms. Reeder, yes.

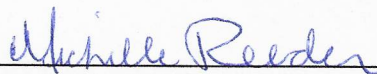
Mr. Nickles noted that the city audit is not complete and will not be complete until September when the auditors return with the completed audit.

ADJOURNMENT


Upon motion of Mr. Moncher and seconded by Ms. Twine the members voted to adjourn. Chairman Nickles declared the meeting adjourned at 8:50 p.m.

NEXT MEETING:

- September 15, 2023



Attest: Michelle Reeder
Finance Director
Date: 11/3/23



Attest: Allen Nickles
Chairman
Date: 11/3/23