

Audit/Finance Committee Meeting Minutes
February 24, 2017
7:45 AM City Commission Chambers

Committee Attendees: Moncher, Gardner, Hoffman, Stahl, Nickles, Ruthsatz, Wobser, Solowiej, and Murray.

Nickles called the meeting to order at 7:52 A.M. Nickles advised the committee that he was going to go a bit out of order from what the agenda has listed, because the auditors have another meeting they need to go to at 9:00 A.M. He asked for a motion to go into executive session to meet with Rea & Associates to discuss the upcoming 2016 audit and Gardner made the motion, with a second from Solowiej. Roll call: Nickles - yes, Hoffman - yes, Solowiej – yes, Moncher– yes, Murray – yes, Gardner - yes, Ruthsatz – yes, Wobser – yes, Stahl - yes

A motion was made to return to the regular meeting by Solowiej and seconded by Gardner at 8:04 A.M. Roll call: Nickles - yes, Hoffman - yes, Solowiej – yes, Moncher– yes, Murray – yes, Gardner - yes, Ruthsatz – yes, Wobser – yes, Stahl - yes

Nickles asked for a motion to approve the minutes from the last meeting. Moncher made the motion, with a second from Garner. There was no further discussion. **All ayes – motion carried.**

Monthly Report:

Solowiej then presented the January financial report. He explained that there was not much to discuss since we were only one month into the calendar year. The month of January has been a bit of a drain in the past, but this year we have a positive cash flow. Nickles noticed that the income tax number is down, which he thought would be up because January is a true up month. Solowiej advised that the numbers are looking better in February and should balance out next month. Gardner then recalled from the last meeting that Solowiej had mentioned we were waiting on some payments from the County and wondered if they had been received. Solowiej advised that we received half of the payments and anticipated the other half to come in June. He also noted that we had just billed them for their portion of some sewer projects and had met with Dave Moyer, who had taken over for Jack Meyers, to go over how we bill the county in a hope to get our money quicker. It's a technical process to understand and we wanted to have open communication with them to avoid any confusion. Moncher then asked Solowiej if there was any particular reason the admissions tax was up in January. Solowiej explained that it was a true up month for one of our major businesses. Nickles asked if there were any other questions and there were none.

Budget Update:

Solowiej then began with the General Fund budget update. Solowiej explained that he would present the numbers and Wobser would then go over some of the details of the budget. He advised that it was setup similar to last year with page 1 showing the Executive Summary, which consisted of a balanced budget for the General Fund. He also advised that this budget would get us to a 20% reserve balance, which is in our target range. He noted that this budget was not significantly different from the November 1 budget that was previously submitted to them. Page 3 summarizes the police budget, which includes one additional officer. We are looking to add back an animal control officer, which had been cut in the past. Page 4 summarizes the fire budget which includes the retirement of the Fire Chief. Nickles asked if we were prepared for

these large dollar retirements. Solowiej advised the committee that we funded the Payroll Stabilization fund by about \$300,000 last year. Ruthsatz asked if we had started the search process for a new chief. Solowiej advised that at the last City Commission meeting the process was started, by selecting a review committee. They will begin the search and then present Wobser with their top picks. An interim Chief has been selected (Mario D'Amico). Also included in the Fire budget is an additional position of Assistant Fire Chief, who if hired, would be mid-year at the earliest. We would like to have the new Fire Chief provide feedback if the position is needed. Nickles then asked if the new Chief choose one from within, would we have to hire another firefighter. Solowiej advised that we would, but that too was built into the budget. Gardner then asked if the state pension board thought our funding was acceptable. He wondered if there was any risk in the future for us. Solowiej advised that the percentages are set by the state and he hasn't heard of any changes coming in the near future. He advised that the state has been investing conservatively. He also explained that health insurance is not guaranteed to retirees and spouses and that is where they are balancing their budget, that way they can keep the pensions set.

Solowiej then explained to the committee that we have increased our commitment of Issue 8 funds. Wobser advised that the committee would see an increase in expenditures, but the commitment of funds have also increased. Economic development has increased from \$450,000 to \$500,000, Housing & Blight has increased from \$250,000 to \$300,000, and Infrastructure has been increased from \$1,000,000 to \$1,500,000. These splits were determined by Commission feedback. These increases are for now and can be changed if the Issue 8 dollars were to trend down. Again, it was noted that the budget was flexible, many of the new positions suggested are being pushed to mid-year hires to ensure that the funding has come in for them. All of the new positions suggested are to enhance services to the public. They are all boots on the ground type of positions. If we triple the number of capital projects, you are going to need an additional engineer to cover those projects. Wobser then asked the committee if they had any questions regarding the budget. Nickles asked if anyone had specific questions for Eric and there were none. Nickles noted that we have refined the budget process over the years and have a pretty thorough process in place. Solowiej advised that we were looking for a recommendation from the committee. Gardner asked if the city hall move was included in this budget. Wobser explained that he would see it in the debt service section of the budget. Phase 1 would be \$1.6 million, phase 2 would be \$301,000. He also noted that you would see several pieces of debt falling off, this allows us to take from previous facilities and move it over to the new building. Hoffman then made a motion to recommend the budget submitted to the city commission with Moncher providing the second. There was no further discussion. **All ayes – motion carried.**

Solowiej then presented the committee with a recommendation from the Administrative Benefit Review Committee. It was recommended that Paige Doster be awarded a one-time \$1,000 merit adjustment for filling in for Kelly Kresser as Commission Clerk while she was out on medical leave. Solowiej then read a letter from the Administrative Benefits Review Committee that was signed by all members to the finance committee for their approval. Moncher then made a motion to recommend the merit adjustment to city commission, with his thanks to Paige for all of her hard work. Gardner then second the motion. There was no further discussion. **All ayes – motion carried.**

A handout was provided to the committee on the Issue 8 funds. It was noted that these funds had a very good impact on the city last year, especially in the area of infrastructure. A number of street improvements were made, along with long needed vehicle purchases, tree removals, and many improvements to the city parks. The committee was reminded that this information is available online to the public, so that they know we are tracking it. We have also added it as a

bullet proof to the agenda, so that we will speak to it each meeting. Lasko advised the committee that in 2016 they had improved over 123 houses and planned on enhancing an additional 150 in 2017. He also noted that we had spent \$100,000 in CDBG funds on demolitions. He advised that there are approximately 3,000 properties in the city that need enhancements made to them, to avoid them becoming a demolition type of property. Lasko noted that with the increased code enforcement going on, property owners are voluntarily demoing properties. We have approximately 200 that currently need to be torn down. We have also awarded between 30-40 down payment assistant grants to residents that have purchased property in the city. Many of these homes were previously vacant and are not being occupied.

Nickles reminded the committee that the next meeting would be on March 24, 2017. Solowiej advised the committee that he and Wobser would be meeting with Sandusky City Schools and Moody's on Tuesday for the school's rating review. We just wanted to be there to lend our support to them. Unfortunately, they have different analysts than we do. Wobser explained that Dr. Sanders had called with great excitement from the schools on their per capita construction plan over the next 3 years. That will be a huge stimulus for our community.

Nickles then opened the meeting up to the public.

Public Participation:

Sharon Johnson asked about the financial indicators report and wondered what our two cautious things were. Solowiej explained that one was in the area of our capital assets, we have not been investing in our equipment, buildings, infrastructure in the past as we should. The items were getting old, but we now are getting our fleet up to date. He advised he'd have to check on the second cautionary item. Johnson asked if this was just vehicles and Solowiej explained it would be anything that was depreciable like buildings and equipment. Johnson then asked how many street projects were planned this year and Wobser explained that this was just the operating budget right now. The capital budget would be coming in the near future and he could answer that question at that time. Johnson then asked to confirm the increase Issue 8 allocations were \$500,000 to Economic Development and \$300,000 Housing & Blight, and \$1.5 million to infrastructure and that was confirmed. She also wanted to confirm that the Issue 8 increases were due to us having a good year and they could be decreased if the money didn't come in this year. Nickles confirm that was correct, that nothing was set in stone. Wobser advised that there are the thresholds we won't go below, but anything above that is flexible. Nickles then thanked everyone for coming and hoped for another good year for the city.

Motion to adjourn made by Moncher and seconded by Gardner. **All ayes – motion carried.**

Adjourned at 8:45 A.M.