



**FINANCE COMMITTEE
MEETING MINUTES
AUGUST 9, 2022**

Attendees

Tom Counts, Chairman; Heather Karr, Committee Member; Andrew White, City Manager; Rosa Ocheltree, Finance Director; Brad Coomes, Citizen's Representative; Yaz Ashrawi, Law Director

Call to Order

Tom Counts called the meeting to order at 7:00 p.m.

Approval of Minutes

Minutes of the July 12, 2022 Finance Committee Meeting were approved by consensus.

Financial Reports – July 2022

Rosa Ocheltree reviewed the financial results for July. Revenues are 67.2% of budget, a favorable variance of 10.5%. Tax receipts for the year are 2.89% higher than all of 2021. The cash balance across all funds has increased \$5.8 million. Expenditures are 53% of budget, a favorable variance of 5.3%. There are no notable expenditures for July. RITA submitted a report showing that YTD work from home withholdings are \$684,000 compared to about \$22,000 in 2021. This is 15.5% of all withholdings.

Verona Sewer Assessment

Andrew White led discussion on the Verona Sewer Assessment. In 2016 through Ordinance 2016-30, Council endorsed a sewer assessment as an economic development incentive to bring property into the City. The meeting minutes consistently reference a 7 year assessment and further presentations and documents also reference 7 years. The binding document that was attached to the legislation and sent to the county auditor referenced a 5 year assessment with 10 semi-annual payments. The intent for 7 years is clear, but the county began collecting 5 years in 2016. In 2019 the assessment collection was changed to 7 years due to concerns that the fund would not be liquid. There was concern with fairness for some properties who had paid for 5 years and had their assessment drop off while others continued to pay for 7 years. Law Director Yaz Ashrawi confirmed that by way of the ordinance, Council can return those 2 years to the properties that stopped in 2021. If all homes are under a 7 year term, calculations show that the City would have a very good return on the initial investment with potentially \$250,000 available after the debt is paid. Those funds are restricted and can only be used for the purpose that they were initially sought, such as maintenance on the utility line. Tom Counts asked if the

funds would be restricted to the Verona Sewer or all sewer lines in the City. Andy White referenced legislation that the funds would be limited to the lots that were assessed. Staff would like to make sure that the liability of close to \$1 million can be met. Andy would recommend that if possible, all lots be made consistent at 7 years. As the balance declines, staff can have policy discussions on what the surplus funds can be used for. Rosa Ocheltree pointed out that if nothing is done, the City would have a deficit with regards to the principal amount due. Her preliminary estimates show \$500,000. Resident Dan Harmon spoke. He appreciates staff's work on the assessment, but stated he believed the \$250,000 surplus to be excessive. Based on his calculations, 6.5 payments would be sufficient and leave a surplus of \$93,000. He proposes that the City collect less money. He referenced Ohio Revised Code 727.38 stating that excess funds collected can be returned to the people they were collected from. Andy White and Tom Counts stated these discussions will continue and the priority is making sure the City has sufficient funds to pay the debt. Committee members agreed that giving the excess funds back could potentially be recommended to Council. Brad Coomes asked if there might be unintended consequences for other developments that are in a similar situation. Tom Counts stated the CIFA is the only other similar situation. Yaz Ashrawi stated that lots that are unbuilt when money is returned would get the benefit without paying. Tom Counts summarized discussion: new properties should be assessed at 7 years, properties that had been assessed at 5 years should be assessed an additional 2 years, and how overage is handled will be left open for a later date.

Draft Variance Report

Rosa Ocheltree presented a first draft of a variance report that has been requested by the committee. It presents any expense line item that is over the percentage spent target for the month and a monetary variance of over \$500. Tom Counts stated the transfers do not need to be on the list. Tom and Heather both questioned if \$500 was too low, Rosa stated that she tried with \$1,000 and it returned only 3 line items.

Appropriation Requests

Rosa Ocheltree reviewed current appropriation requests. In the IT department, \$33,964 is being requested for 3 priority items the operations committee gave the IT consultant to complete this year, including a third party security audit (this may result in additional items needing to be addressed). \$4,430 is being requested for equipment needed by the building department for electronic plan review. \$1,650 is needed for accounting software as the contract for this year has increased. Additional funds of about \$30,000 will be needed for insurance claims. The City's insurance company has been paying for claims this year, but the City still needs to record the expense, which will exceed what was budgeted for this year. In the street maintenance fund, \$55,995 will be needed for this year's rock salt contract. \$5,000 is needed for the refunded room deposit trust account due to a large number of refunds being processed when the reservation software was upgraded. The committee agreed that all requests can proceed to Council. Rosa stated that staff is looking into updating the City's website, but it might have to wait until next year due to lack of available funds. Tom suggested using Council's contingency funds for this purpose as it seems high priority.

Debt Schedule

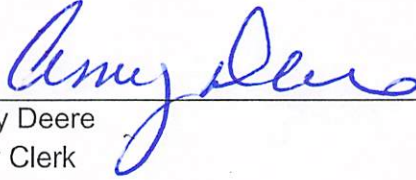
Rosa Ocheltree reviewed the debt schedule, which lists open obligations under the debt funds. There are seven, including the SIB loan, which is under street maintenance instead of a debt fund.

Adjournment

Adjourned at 8:24 p.m.



Tom Counts
Chair



Amy Deere
City Clerk