City of Pataskala Finance Department

James M. Nicholson, Finance Director

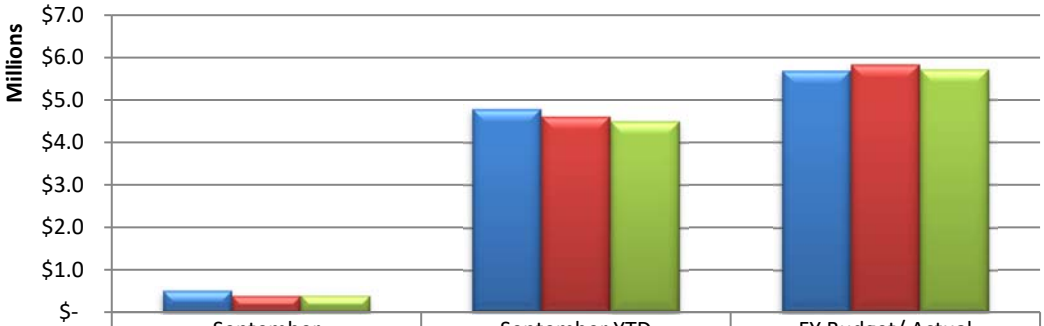
Finance Director's Report to Council

Current Projects & Issues

- **August 2020** – The financial results through August 31st have been compiled and summarized in the monthly Financial Condition Report, which was previously distributed and is currently available on the city's website. At this point in time, I am able to update Council on the status of September's income tax collections.

  - ***Income Tax Revenue*** - Collections for the month of September were $497,667 and are approximately $119.9 thousand (31.76%) higher than the September 2019 collections. On a year to-date basis, total collections are $4.79 million and are $178.5 thousand (3.87%) higher than last year. This amount equates to 84.27% of the revised full year budget and is dramatically higher than the 75% straight-line rate (assuming revenues were to be collected evenly throughout the year). In 2019 this rate was equal to 79.11% and it was 78.70% in 2018. If this trend were to continue in October through December, the full-year forecast could end up being as much as $200 thousand higher. With the economic uncertainty surrounding the COVID19 situation, I am somewhat reluctant to increase the forecast. I am carefully optimistic, however, that we would end the year the higher overall rate of collections. This rate would also carry through to the 2021-2025 budget planning process as well, as future revenues are based upon current rates of collection.

Income Tax Collections - All Funds



	September	September YTD	FY Budget/ Actual
FY2020	$497,667	$4,791,901	$5,686,348
FY2019	$377,718	$4,613,383	$5,831,708
FY2018	$385,455	$4,496,437	$5,713,222

- **2022 Budget** – We have completed the initial reviews of all budget submissions. At this point, a summary document is being prepared that will summarize all of the budget highlights. It will provide summary information on revenue, expenditures and fund balances. In addition, an initial CIP document (including a separate unfunded CIP report) will be provided. It is my plan to have

this prepared prior to the September 21st Council meeting so that all will have time to review it prior to the September 28th budget workshop.

- **Employee Handbook Update** – We completed the process of reviewing the employee handbook which was last done in 2018. Since that time, a number of labor-related laws and regulations have changed during that time. In addition, the recently ratified union contracts have resulted in a number of differences between union and non-union employees, including holidays, longevity pay, overtime, etc. The goal of this process is to update the handbook so that all documents align and are not contradictory. After Council approval, we'll make bound copies for all employees and publish to the city's website to ensure that everyone needing access to the document has it.

- **Internal Control Audit**: Spoke with Tony Ielase (Schneider, Downs & Co.) to discuss scoping of the internal control audit. He will be providing the city with a proposal (and letter of engagement) that has two levels of review. The first level would be a 'walk through' and evaluation of all current and existing internal control processes. They would meet with all parties involved in the specific processes to ensure that they are being used, and that the actual processes align with the documentation of such processes. This process would involve only a very limited amount of testing, with the goal being simply to ensure that the appropriate controls are being used. The second option (and which would be in addition to the walk through just described) would be to perform a 'deep dive' into the transactional data, using statistical analysis to select the appropriate number of transactions to test. In either case, they believe that they could begin this project sometime in early-November, with at least a progress report provided at the December 7th meeting. If both options are selected by Council, the testing will take a longer time to complete and document completely and that's what might cause the final report to be completed at a later date.

- **Human Resources**: Working on the recruiting process for the replacement of a part-time Police Clerk and Equipment Operator due to pending retirements later this year. Waiting on responses from the USW and Police in order to proceed with placing advertisements in the Newark Advocate.

- **2021 Medical Insurance Renewal**: The COHCC Board is continuing to work with USI (our agent) to review recent claims history, plan design options and recent related legal changes that might impact our employee health insurance program. We anticipate having renewal rates by either the end of September or by early-October. At first blush, I believe that we might be looking at an increase in the 5-9% range (although we haven't completed the review/negotiations process).