

Lorain Port and Finance Authority
Board of Directors
Financial Planning & Audit Committee Meeting
Tuesday, January 25, 2021, at 5:00 p.m.

Committee: Messrs. Bansek, Kuzsnir and Nielsen

Board Members: Messrs. Mullins, Veard, Zellers and Zgonc

Staff: Tom Brown, Executive Director
Tiffany McClelland, Assistant Director
Yvonne Smith, Accountant
Kelsey Leyva, Office Manager
Lil, Goose Dog

Guests: None

I. Roll Call

A. The committee meeting was called to order at 5:03 p.m. by Vice Chairman Matthew Kuzsnir with a roll call indicating a quorum present.

II. Disposition of Meeting Minutes

A. **February 4, 2020, Financial Planning & Audit Committee Meeting:** Mr. Nielsen moved to approve the meeting minutes without question. Mr. Bansek seconded. Motion carried.

III. Report of Chairman

A. 2021 Budget Work Session: Mr. Kuzsnir said he met with Mrs. Smith to review the 2021 budget. Mr. Kuzsnir thinks the Port staff did a good job of putting a really good budget together. Mr. Kuzsnir turned it over to Mrs. Smith and Mrs. Smith turned it over to Mr. Brown to speak first. Mr. Brown said the staff had a meeting last week and reviewed the 2020 actual figures. There were dramatic changes due to covid. He said we were very conservative on some revenues but if things change, we can adjust those revenues at that time. Under recreational fees on page one, we made \$600.00 in 2020. We're anticipating \$1,000 in 2021. We kept expenses relatively the same, with the exception of electric. If we have Rockin' on the River and International

Festival come back, the electric will go back up. Payroll was updated based on approved changes in December. Under other professional technical services, there is a \$20,000 place holder for the stage top proposal. Mr. Brown said it's time to start figuring out the future of the stage top. Regardless of the architect, the original proposal will cost that amount. Maintenance remains pretty status quo. We'll always have items to take care of from year to year. Under capital, we didn't budget as much as we don't have many projects yet, but there will probably be three to four projects to present to the board in the future. Mr. Brown opened the floor to Mrs. Smith for any line item questions or concerns. Mrs. Smith said this budget covers the life of the levy and includes the true figures for 2019 and 2020. The beginning fund balance in 2021 does not calculate correctly because there are a couple of different instances that would change that. The auditor of state (UAN) does not allow you to change your fund balances. So, if you write a check in 2020 and in 2021 you need to void that check, you would have to go back and change that, so they do not allow you to change the beginning fund balances. Another case is if you have a purchase order that remains open from 2020 to 2021 and then in 2021 you close that purchase order the amount does not change your beginning fund balance. She said we start with a fund balance carryover in 2021 of \$555,468.00. Prior year encumbrances are a little over \$50,000.00, so the unencumbered balance is \$505,387.59. Mrs. Smith said we did get an increase in the amount of taxes coming in by about \$16,000. Before it was \$812,000.00 now it is \$828,000.00. The ODNR submerged land lease figure cannot be changed. In 2019 recreation fees were a little over \$36,000.00 and in 2020 they were \$600. In 2021 we are putting \$1,000.00 in there. We are hoping the revenue goes back up in 2022, 2023 and 2024. The lots for sale are highlighted in green. In 2020, we got \$5,000. 2021 should be \$4,000 and not \$15,000. A motion to amend that will be done before the resolution is passed. Under Charges for Services, Oasis Marinas has an increase of 3% each year. This year we're up to \$51,500 and that will increase each year. CenturyLink stays the same due to a contract. Under Black River Landing we

put it at \$2,500.00 hoping things get better as far as covid regulations. Under Charges for Services (Economic Development) is the \$10,000 from Ariel on Broadway for the next few years. The KIFBL revenue charges for services are also included. The Lighthouse Foundation has planned their schedule for 2021, so we budgeted \$6,000. The last item on page one is the \$10,000.00 from Mr. Bob Earley for ROTR. Mr. Brown said as of right now he told staff not to rent the building or grounds due to covid-19 restrictions. We're waiting on guidance from Lorain County Public Health. Mrs. Smith said page three starts the expenditures for the general fund. They're pretty standard. Under other professional and technical services (river tours), we didn't do a whole lot in 2020 because we didn't run the shuttle boats as much. We budgeted \$7,000.00 in 2021 with the hope of running more trips. The "Ferry Boat" line item is the Jet Express and nothing was done in 2020. We put in \$1,000 as a placeholder in case we're able to offer trips. Mrs. Smith said we left supplies and materials (shuttle boats) the same as we still cover insurance and maintenance. Electric is \$45,000.00. Natural gas and water are the same in case we do get to open up. The salaries were increased based on what the board approved in December. There is a cushion of about \$1,000 in case the hourly employees work additional hours. All benefits are calculated with that. We increased the travel line item this year in case we open up again. On page four is rents and leases. The second line down is ODNR, and it is not changeable. Neither is the Army Corps of Engineers. We did have accounting and legal fees (Economic Development). This year we will need a single audit as well as a federal audit because we had more than \$750,000 in federal funds. We did put some under Economic Development because the federal single audit is a direct result of economic development (KIFBL project). We also included this for next year because we will need another single audit and single federal audit. Mr. Brown said the amount budgeted for the next audit is higher because the auditors did not come into the office in 2020 due to covid-19 and the fee was far less. We are budgeting for the worst-case scenario if they work in the office and charge more. Mrs. Smith continued saying UAN

fees are pretty standard as well as the tax collection fees. There were no engineering fees in 2020 but we budgeted \$5,000 in 2021 and going out. Planning consultant (Economic Development) is set at \$25,000.00. Under other professional and technical services, we added \$20,000.00 for the stage project. Insurance is standard, as well as dues and fees and dues and fees (Economic Development). Office supplies is down a huge amount as we print much less than when Mr. Rick Novak was executive director. We now retain most of our records digitally. Repairs and maintenance of buildings and land is at \$175,000 this year, and the Goose Dog account is at \$1,500. Machinery, equipment and furniture is at \$5,000 as we try to purchase a new computer each year and we have improvements planned for the board room. After this year it goes back to \$2,500. Capital outlay has \$100,000 for now but can be adjusted if needed. Total expenses in the general fund is \$1,149,905.25. Mr. Sommers asked why dues and fees (Economic Development) went from \$3,200 to \$6,000? Mrs. Smith explained in 2020 we did not go to a lot of meetings, conferences and events due to covid-19, but we are expecting more once places open back up. The line item is usually at \$6,000. Mrs. Smith said page six shows special revenue, which is Marine Patrol, and it has a beginning fund balance of \$193.52. We have an outstanding purchase order for \$110.00, which leaves an unencumbered balance of \$83.53. We have state funds coming in at \$35,000 and the expenditures are listed for a total of \$35,083.52. We have not factored in the match yet because we intend to use the in-kind match from the Lorain Police Department. In the past that in-kind from LPD has covered our match and it should cover is again this year. The next item is the Special Revenue Paddling Enhancement Grant, which is federal funds at \$32,175.00 and the expenditure going out under capital is \$32,175.00, which cancels out. On page eight is capital projects, which is the Kelley's Island Ferry Boat Line Project. It does start with .04 cents due to a rounding issue, but it will come out in the end. We moved what we didn't pay in 2020 to 2021. We have the federal restricted funds coming in at \$3,300,750.55 and the capital contributions, which is from KIFBL in an

escrow account, is \$2,659,677.12. The expenditures to that is the balance of the engineering services, dues and fees. That figure will come from KIFBL as an expenditure to the general fund for charges for services for Ms. McClelland's work. The total expenditure is \$5,960,427.71. Mrs. Smith opened the floor to questions and/or concerns. Mr. Brown said the KIFBL project is the reason for the emergency meeting. He thanked the board for meeting on such short notice. We need to get the budget over to the county, get everything back and then pay a \$2,000,000.00 bill to the shipyard, so we couldn't wait until February's regular meeting. Mr. Nielsen moved to send the budget to the full board with the amended amount of \$4,000 for the sale of lots. Second by Mr. Bansek. Motion carried.

IV. Other Business

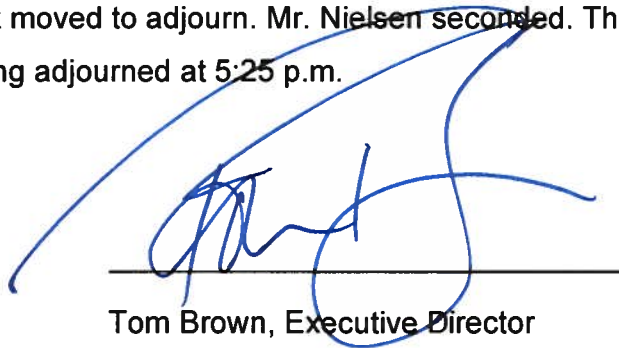
- A. None. Mr. Brown said we can always come back if things change. He said he appreciated the board's time and thinks it is a good budget.

V. Adjournment

- A. There being no further business to come before the Financial Planning and Audit Committee. Mr. Bansek moved to adjourn. Mr. Nielsen seconded. The motion carried and the meeting adjourned at 5:25 p.m.



Matthew Kuszniir, Vice Chairman



Tom Brown, Executive Director