



City of Gahanna

Meeting Minutes

Finance Committee

200 South Hamilton Road
Gahanna, Ohio 43230

Stephen A. Renner, Chair
Merisa K. Bowers
Jamille Jones
Nancy R. McGregor
Kaylee Padova
Michael Schnetzer
Trenton I. Weaver

Jeremy A. VanMeter, Clerk of Council

Monday, March 24, 2025

City Hall, Council Chambers

Immediately following Committee of the Whole at 7:00 PM on March 24, 2025

A. CALL TO ORDER:

Councilmember Stephen A. Renner, Chair, called the meeting to order at 8:44 p.m. The agenda was published on March 21, 2025. All members were present for the meeting. There were no additions or corrections to the agenda.

B. DISCUSSIONS:

2025-0068

Fiscal Year 2024 Year-End Report

Director of Finance Joann Bury introduced the agenda. It included a discussion of the year-end results for the General Fund, Special Funds that receive income tax, and Capital Improvement Fund; a brief summary on the Capital Improvement Plan; income tax trends through the end of the year; investments; and a conclusion based on year-end results.

Bury stated that the General Fund year-end revenue trended higher than expected. There was an 11% increase over 2023. Income tax trended as expected. Similar to Q3 results, the property tax was higher than expected based on the sexennial appraisal. Investment income is higher than anticipated, and income tax is as anticipated.

Year-end expenditures were similar to previous quarters. Total expenditures were around 73%. Adding encumbrances increased the totals to about 90-91%. Salary and benefits were at about 90%. There are still some vacancies but increases over 2023 are expected due to increases in salaries and benefits. Contract services are at about 70% and are about 27% higher than last year, which was anticipated.

Chair Renner asked Bury to expand on why the final expenditure number is 73% and not higher like in previous years. Bury explained that there are things

that may be encumbered and are obligated but were purchased toward the end of the year and invoices may not be received or paid yet. Additionally, the capital outlay number related to facilities is part of a multi-year contract. Seven million was set aside, of which \$1.7 million has been used.

Bury then provided the year-end fund balance impact. Transfers out are related to debt service requirements and transfers to payouts for those who separate from the city. Around \$6.5 million has been added in fund balance, bringing the total to \$42 million, of which \$7.9 is reserved for encumbrance. A large portion of that is for the new facility. There is about an \$8.45 million emergency reserve, leaving the City with about \$25.7 million in unreserved fund balance, which is equivalent to about 11 months of operations. There is a two-month minimum requirement.

Bury then provided information on three special revenue funds compared to the budget. She stated all had higher revenue and lower expense than expected. Public Safety was at 90% and Public Service was low due to some initiatives that could not be achieved in 2024.

President Bowers asked a question about the General Fund balance. She asked, for clarification, if the \$8.45 million reserved for emergencies is separate from the two-month requirement for operating expenses. Bury confirmed they are separate. Emergency reserve is set at 25% of the anticipated expenses for a year, which is set by a risk matrix. The two-month minimum reserve was part of a new policy. In essence, there are two reserves, one for emergencies and one to meet the two-month operating expense requirement.

Councilmember Schnetzer asked if the two-month reserve was recommended to maintain a certain credit rating. Bury said it was what she brought forward as a comfort level, so that the unreserved fund balance would never be eliminated. She said in the past there was a concern that would be gone because of lack of capital resources. It serves as a comfort that the unreserved fund balance will never be gone.

Bury returned to the three special revenue funds. Compared to 2023, there was a reduction in income tax revenue because there was a difference in allocation compared to 2023. The allocation is based on the funds' operations, income tax resources, and additional revenue they bring in. There was an increase in Public Safety because a fourth School Resource Officer was added. Similarly, Parks & Recreation saw an increase due to additional full-time and seasonal staff. Parks & Recreation brought in almost \$1.4 million in charges for services. Public Service, which represents the Engineering Department, saw an increase due to being better staffed in 2024 than they were in 2023.

The Capital Improvement Fund shows similar results as previous quarters, outproducing estimates. While only 28% was expended, there are many multi-year projects. When encumbrances are considered, about 89% of the

plan has been reached. At the end of the year, \$17.2 million is remaining in the Capital Improvement Fund. Bury provided a summary chart of the projects in the Capital Improvement Plan, and where they stand at the end of 2024.

Vice President Weaver noted there were some projects where nothing was encumbered but there were expenditures. Bury said these were likely projects that were complete, and the purchase orders were closed out.

Bury shifted to income tax, which is trending as anticipated. There has been an increase in withholdings due to economic growth. Net profit is normalizing. There was a slight bump in net revenue.

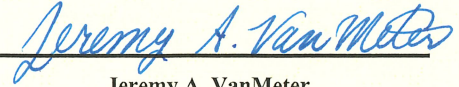
Investments are seeing a high interest rate. Star Ohio is at 4.7% and the overall portfolio is about 4%. Since the last interest rate cuts in November and December, which were 25 basis points each, there have been no indications of further cuts in the future. Inflation crept up to 2.9%, and while there is still confidence 2% will be reached, Bury did not anticipate any changes to rates. Economic growth is expected to continue into 2025. The strategic plan and economic development plan will lay the groundwork to address the City's shrinking ability to develop and how the City handles additional needs of its resources.

Councilmember Schnetzer reiterated his understanding on several points. General Fund revenue is up 11% year-over-year, and General Fund expenditure is up 17% year-over-year. Real estate tax outperformed estimates by 20%. Investment and interest income outperformed by 120%. He wondered if the outperformance stemmed from bonds being invested. Bury said it is not. She noted the interest raised on the bond proceeds consisting of \$1.7 million and going back into the Capital Improvement Fund. Absent the bond proceeds, the city is still outperforming. Bury explained that the 2024 budget did not include estimates from STAR Ohio, which was an unintentional omission. Schnetzer recalled Bury stating that the current yield of STAR Ohio was around 4.7%, and he asked for clarification if the balance of the overall portfolio is at 4%, or the portion that Red Tree handles is at 4%. Bury stated only the piece that Red Tree manages is at 4%. The blended rate is around 4.3-4.4%. Schnetzer referred to page 2 of the report, which references that real estate taxes are still being paid. Bury clarified that the city is no longer paying on those, and a refund has now been requested. Schnetzer referred to a bullet stating "General Fund expenditures have increased by 177% or \$4.4 million with the largest increases coming from Capital outlay for construction of the new municipal building and contract services." Schnetzer wondered how much of the \$4.4 million is the taxes that will come back to the city. Bury stated she can provide this information to Council but did not have it immediately available.

C. ADJOURNMENT:

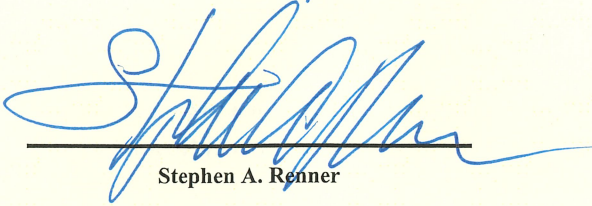
With no further business before the Finance Committee, the Chair adjourned

the meeting at 9:08 p.m.



Jeremy A. VanMeter
Clerk of Council

APPROVED by the Finance Committee, this
7th day of April 2025.


Stephen A. Renner