

# City of Gahanna

## Meeting Minutes

### Finance Committee

200 South Hamilton Road  
Gahanna, Ohio 43230

*Michael Schnetzer, Chair*

*Merisa K. Bowers*

*Jamille Jones*

*Nancy R. McGregor*

*Kaylee Padova*

*Stephen A. Renner*

*Trenton I. Weaver*

*Jeremy A. VanMeter, Clerk of Council*

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Monday, February 26, 2024

City Hall, Council Chambers

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Immediately following the Committee of the Whole meeting on February 26, 2024

**A. CALL TO ORDER:**

*Councilmember Michael Schnetzer, Chair, called the meeting to order at 9:06 p.m. The agenda was published on February 23, 2024. All members were present for the meeting. There were no additions or corrections to the agenda.*

**B. ITEMS FROM THE DEPARTMENT OF FINANCE:**

[ORD-0010-2024](#) AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF BONDS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$4,600,000 FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING BONDS PREVIOUSLY ISSUED BY THE CITY FOR THE PURPOSE OF PAYING THE COSTS OF VARIOUS PUBLIC INFRASTRUCTURE PROJECTS; WAIVING SECOND READING AND DECLARING AN EMERGENCY

Director Bury shared that Baker Tilly reviewed the City's outstanding bonds and found an opportunity of refund on the 2002 outstanding bonds at a savings of approximately \$116,000. The most cost-efficient way to do it is to roll it into either the Series A or Series B Notes. It avoids an additional issuance cost associated with doing this. Market conditions will determine which series it will be rolled into. Bury is requesting an emergency and waiver. If the market is better to roll that into Series A, the City is then prepared to do so.

President Bowers asked over what time period is that savings realized. Brian Cooper, Baker Tilly, said the bonds being refunded have maturities starting in 2024 to 2030. The savings will be realized over that term. To maximize savings, they are going to accelerate those savings so that the majority of those savings will be realized in 2024.



Chair Schnetzer said this is a municipal version of refinancing your mortgage. There is fixed cost of issuance. The same way there are closing costs on a mortgage, there are fixed cost every time you go to market. With the ability to realize those savings and roll it into a larger deal that is already being done, doing this makes since.

Vice President Weaver said he is getting hung up on the wording of refunding and asked for an explanation on the logic of issuing a refund versus issuing bonds in a lesser amount. Bury said the City is reducing interest cost, the principal is the same. The savings is from borrowing at a lesser interest rate than what the current bonds are outstanding.

Councilmember McGregor asked if we are refunding but not getting money back. Bury said she is not sure why the word refunding and not refinancing is used. Allison Binkley, attorney with Squires, Patton & Boggs, said the Internal Revenue Code uses the word refunding; that is why it is being used. It is refinancing the debt. McGregor said it is not getting money back as in refunding a fee. Binkley said that is correct, and the City will realize savings and will issue less debt to pay off the existing debt.

**Recommendation: Introduction/First Reading with Waiver and Adoption as an Emergency on Regular Agenda on 3/4/2024.**

#### [2024-0041](#)

#### 2023 Year End Report to Council

Director Bury shared the 2023 Year End report with Council. See attached communication 2024-0041. Bury gave a Governmental Accounting Overview. The General Fund Q4 revenue ended 18% higher, income tax was nine percent higher in revenue than what was projected. Basically, every revenue source exceeded projections except for property taxes and lodging taxes. Compared to 2022, there is a 19% increase, mainly driven by investment income and increases in income taxes.

President Bowers asked if charges for services included water billing. Bury said charges for services in the General Fund is charges for providing services for New Albany Mayor's Court and the charges for park shelter rentals. Bowers asked what attributed to the collection of a third more revenue than what was anticipated. Bury shared that the Creekside rent was received in 2023. During COVID, it was forgone for 2021 and 2022. The City is still working on how to recoup a portion of it based on what the tenants' rent was at that time. There was an increase in shelter rentals and in the Mayor's Court fees in 2023.

Chair Schnetzer asked Bury to discuss how property taxes are set at the City level. In the audit, there is a nice graphic that shows every dollar a resident pays and what percentage goes to the city in the form of property taxes. Bury said the property tax received by the City is approximately two percent of the total effective tax rate. The City is collecting 2.4 mills in comparison to the remainder, the largest portion of which goes to Gahanna Jefferson Public School District. A lot goes to county services and the vocational schools, too. The portion that comes to the City is small compared to the remainder that goes to these other entities. Schnetzer asked how that tax is set. Bury said they receive the



information from the county each year. In October, when council accepts the amounts and rates, Bury receives an estimate for the next tax year on expected collections. Bury starts with that number but also looks at historical trends. Knowing that the county has more information about valuations, she tends to go with that number, but if she sees something that is trending differently, she may reach out to the county. Schnetzer asked if the county dictates the amount collected as opposed to the City of Gahanna. Bury said that is correct.

Director Bury said that expenses were at 84% of what was planned but with outstanding encumbrances taken out, the amount is about 91% of what was planned. Compared to the previous year, it is up about eight percent. Most of this is from salaries and benefits which was anticipated. There were union negotiated increases, increases from the salary ordinances, new positions, and there were some vacancies that were filled.

Next, Bury talked about the fund balance impact. Once you take into consideration other financing sources, transfers out is what is sent to other debt service fund which is used to pay off leave pay-outs. There was a final advance that came in from the Water Fund. The balance is approximately \$7.4 million added back the General Fund balance brings it to \$35.6 million. Of that amount, \$2.1 million is for encumbrances, and \$7.45 million as emergency reserve, leaving an unencumbered balance of approximately \$26 million, or about one years' worth of operations. She noted this was way more than the two months required by policy.

Continuing, Bury gave a summary of the three Special Funds. This is looking at how they compare to what was budgeted for the year. Similar results as the General Fund, increasing from 2022 across all three. The Parks & Recreation charges for services did well due to the increase of activities. The public safety has a one percent decrease in income tax and looks a little odd. That is due to changing the allocation of income tax for 2023 with more going towards public service. Ending the year, Public Safety was at about \$633,000, Parks & Recreation at about 1\$.5 million, and Public Service with about \$1.8 million in fund balance.

Chair Schnetzer asked for a broad overview of how the 25 basis points of income tax is allocated to these funds. They must follow expenses. Bury said she will provide this information during her first quarter reporting for 2024.

Director Bury shared the Capital Improvement Fund is the last fund that receives income tax. This is seeing a similar story of out-producing compared to the budget. There is a nine percent increase compared to last year due to the income tax. There are special assessment dollars coming in now. Those are the charges for services amount of \$29,000. It looks like there is a big decrease, but she said to keep in mind that 2022 was when the city purchased 825 Tech Center Drive. Taking out that purchase at \$8.5 million, there was an increase the capital outlay in 2023. Ending the year, the City was adding back approximately \$618,000, bringing the fund balance to approximately \$21.5 million with approximately \$10.6 million reserved for encumbrances and leaving an unreserved balance of approximately \$10.9 million.



Director Bury shared how the income tax produced through the end of the year. Looking at the individual tax, the 19.1% increase is considered an anomaly. The one percent increase in the individual will not be seen moving forward. It is not sustainable. The net profit tax is seeing that recovery and normalizing. There is an increase over 2022. There was an increase of about 10% in both.

Director Bury shared the majority of funds are invested either in STAR Ohio as part of the portfolio in government bonds, CDs, and commercial paper. There was a slight decrease for the first time since March 2022 in the two-year treasury. Going from about 4.41% to about 4.23%. The last increase from the federal reserve was July 2023. It is holding steady currently. STAR Ohio is holding steady at about 5.6% and the portfolio is about 3.6%. Based on the ability to take advantage of the high interest rates, the City brought in about three times what was brought in during 2022.

President Bowers asked about the income tax slide. She assumes that the 1.5% and the 1% have to do with the Issue 12 dollars versus the base. Bowers asked why they would change at different rates and the percent change not being uniform. Bury said because there are delinquent taxes that are coming into play. It is due to taxes that were due before 2019, which was only the 1.5%. That is why there is the anomaly for the individual tax. It wasn't only a windfall, but it looks like it was for prior years. They are catching up to these windfalls for these taxes to be paid. The allocation is slightly off also. Anything going from 2019 forward you will see a 60/40 split. This year, there is 62 going into the General Fund because there are the old tax liabilities that are coming in against the 1.5%.

Chair Schnetzer commented that the market's estimation on when the feds are going to start to reduce interest rates keeps getting pushed further and further out. As it relates to investment income, that is a good thing. On the borrowing side, not so great.

Director Bury concluded that inflation is coming down. Interest rates are holding steady. The most recent predictions she has seen was that interest rates were probably going to hold through the first quarter. It will probably be towards the end of the second quarter where there might be a slight decline and inflation might rest at about 2.4%. As you are seeing some economic stabilization, there will be employment stabilization, wage stabilization, job security and the market looking better. We will continue to see revenue increases and with that inflation coming down, and hopefully the cost of doing business coming down, maybe not spending so much as predicted for 2024. The City anticipates continued growth.

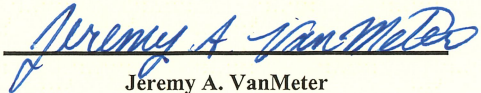
President Bowers said during budget cycles last year Bury gave some predictions of revenue and expenditures. She said there have been a number of job growths with economical development proposals that have come before Council during this first quarter of 2024. She asked if the revenue projects provided in the budget cycle included anticipated job growth. Bury said it did, and it also included some potential negatives



that the City might not be aware of yet. Considering the job growth, and then what we don't know, the City landed at about four percent growth coming into 2024. Bowers asked if the four percent looked at the actual or anticipated performance. How does the City evaluate the best-case scenarios versus just what has been done over the past? Bury said the first look is based on actual results usually through July or August. As the budget process is going on she continues to lay in the actual dollars to see where it looks more likely that the city is going to land, and then she will adjust accordingly. The biggest part of it in 2023's budget was when they were seeing that the City was heading to recovery much faster, she adjusted the projection for the 2023 income tax.

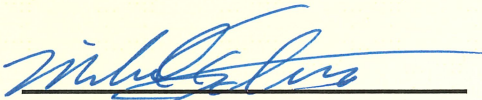
C. **ADJOURNMENT:**

*With no further business before the Finance Committee, the Chair adjourned the meeting at 9:39 p.m.*



Jeremy A. VanMeter  
Clerk of Council

APPROVED by the Finance Committee, this  
*4<sup>th</sup>* day of *March* 2024.



Michael Schnetzer