

February 13, 2025

City of Northwood Finance Committee Meeting Minutes

CALL TO ORDER

The meeting of the Northwood Finance Committee was called to order by Louis Fahrbach at 06:00 PM on February 13, 2025 in the Council Chambers and via Live Stream.

ROLL CALL

The roll was called by Emily Popovitch and those in attendance were as follows: Louis Fahrbach, Mark Stoner, Pat Huntermark, City Administeaator Kevin Laughlin, and Finance Director Ken Yant.

APPROVAL OF MINUTES

December 5, 2024 Meeting Minutes

MOTION: Councilor Stoner made a motion to **Approve**; seconded by Councilor Fahrbach. **ROLL CALL:** **Yes:** Councilor Fahrbach, Councilor Stoner; **No:** None; **Abstain:** Councilor Pat Huntermark
Result: Passed

ELECTION OF NEW CHAIRMAN

Nominations & Voting

Mark Stoner nominated Louis Fahrbach for chair of the Finance Committee; seconded by Pat Huntermark; All members voted in favor. Louis Fahrbach was declared as chair of the Finance Committee for 2025.

TOPICS/ISSUES

Review of 2024 Revenue and Expenditures

Chairman Fahrbach turne it over to Finance Director, Ken Yant.

Overview of Year-End Financial Performance

2024 Year End tax collections

Finance Director Yant discussed the end of year income tax collections from 2024 as compared to 2023. He noted a decrease of \$849,000 for the year. Additionally, the general fund revenue was \$469,000 below expectations but some of the gap was made up through interest income of about \$140,000 to offset the shortfall. A report was prepared showing RITA figures through the end of the year compared from last year. Notes from the spreadsheet include: of the top 14 withholding accounts we were down \$304,000, Municipal net profit was down was down \$218,000 and then the top business accounts were \$58,000 down from the prior year.

Louis Fahrbach asked if we started to see overall gains in November and December? Finance Director Yant stated he did not have a month by month report however, looking at the general fund coming in at \$456,000 at the end of the year was better than what we were looking at back in October. PatHuntermark asked if Ritas projections were still down for this year, Finance Director Yant stated the budget for what we think we will get in collections is \$7M for 2025, what we actually collected in 2024 was \$6,500,000 but hopeful that will increase. Louis Fahrbach made note that in 2024 the original budget was \$7.3M and we finished from a revenue standpoint at \$6.4 Louis Fahrbach asked if the projections used for the investment earnings for 2025 was the same as what was used for 2024. Finance Director Yant stated that he met with our investment advisor and they estimated our income is going to be over \$500,000; an increase of around \$130,000 from the previous year. Additionally, he noted that when interest income comes in it get allocated and there is currently an ordinance on the agenda allocating 54% to the general fund.

Louis Fahrbach asked the Finance Director his opinion on the Stormwater Management Fund and its current balance in relation to upcoming projects. Finance Director Yant stated there are 3 projects, Wolf Creek Enclave Ditch and Curtice Road ditch; Enclave ditch project is estimated at \$130,000 and \$500,000 of the fund is supposed to be set aside for the Curtice Road ditch. City Administrator Laughlin stated the city pursued a Service Transportation Block Grant (STBG) for Curtice Road, where the ditch funds would have served as a match for road improvements, but we did not receive the grant. As a result, the Curtice Road project is no longer a priority, leaving Wolf Creek and the Enclave as the main stormwater projects.Louis confirmed the fund balance at \$637,000 and the fund typically receives between \$270,000 and \$275,000 annually in revenue.

Key Insights and Variances

February 13, 2025

2024 Budget vs Actual

Discussion with Community Center Director

Recreation Director Pat McGaharan gave an update on the current membership numbers: 504 Primary members, 901 total members as of February 13.

The committee reviewed the financial projects and revenue at the NCC; noting that \$72,000 was projected for membership revenue based on current enrollments. There was uncertainty about whether the current membership revenue projections were realistic as the center has only been open for 8.5 months in addition to the other variables including the various membership categories offered and seasonal nature of memberships. City Administrator Laughlin stated once the center has been open for at least a year we should be able to provide clearer projections.

Looking further into the financial reports, and noting the projected loss, Louis stated council needs to determine what the city is comfortable funding to cover losses, which will then help the Recreation Director come up with a proper price structure. Other members of the committee suggested waiting 2 years to see how the community center grows, then look at restructuring prices if needed. Rentals were discussed as an area of opportunity for increased revenue, however it was noted that there have been difficulties securing larger rentals that would bring in more money due to the size of the room. The committee further discussed the importance of determining the goals of the community center (Ex: increasing memberships, cutting expenditures) to ensure that the center's direction is in line with what the council is comfortable with financially. Additionally, it was mentioned the community center was bonded, and part of the tiff; any tiff revenue that comes in over and above what we need to meet the bond applications could be allocated towards the community center as well. So in a few years there's another potential source of revenue for the city.

Topic was recommended to go to Committee of the Whole for further discussion.

Future Financial Projections

2024 Actual and 2025 Budget

Break-Even Analysis

Review of City Health Percentages and Contractual Agreements

City Administrator Laughlin and Finance Director Yant explained the insurance renewal process, stating that in part of the consideration of the new health insurance contract, the city followed past precedent in relation to the percentage of employee contributions. Collective bargaining agreements state employee contributions can be up to 15% of total premium costs, currently employees are paying 6.16%. Over the years, the percentage has evolved, and the city has navigated health insurance increases by balancing how much of the increase is covered by employees, the city, or a blend of both. Louis pointed out that the city is currently paying more than it's contractually obligated to, covering nearly 8.5% more than what the contract stipulates. He further expressed concern over the city's financial shortfall over the last 14 months and suggested that council should discuss whether it makes sense to increase employee contributions as stipulated in the contract. Pat Huntermark commented that we've struggled with pay and keeping up with other communities and this is a benefit provided to our employees and ties into keeping them happy.

Pat Huntermark made a motion to refer the topic to Committee of the Whole for further discussion, seconded by Louis Fahrbach. All Ayes.

Current Employee Health Care Contributions

Employee contributions

Discussion on Contract Renewal or Adjustments

NEW BUSINESS

OLD BUSINESS

ADJOURNMENT

06:37 PM

February 13, 2025

ATTEST: _____
Council Clerk

APPROVED: _____
Mayor