

MINUTES

KIRTLAND CITY COUNCIL FINANCE COMMITTEE

July 10, 2023

The meeting of the Kirtland City Council Finance Committee (Council as a Whole) commenced at 6:31 p.m. Council members present were: Ronald Fenstermaker, Scott Haymer, Richard Lowery, Matthew Schulz and Joseph Smolic. Absent: Suzanne Grazia and Eric Ziegler.

Also in attendance were Mayor Kevin Potter, Finance Director Louis Slapnicker, City Engineer Douglas Courtney, Service Director Joseph Fornaro, Police Chief Brian McCallister, Fire Chief Anthony Hutton and Senior Center Coordinator Teresa Szary.

Mr. Slapnicker noted that he sent an email to Council members regarding the May reports; he was on vacation last week and just returned this evening. He noted that the month of June is not yet closed, but he will send out the updated reports when they are done.

With regard to the revenue side, Mr. Slapnicker said that the income tax collections were at 49.7 percent at the end of May; it is 59.16 percent collected through June. The City budgeted \$4.6 million, and \$2.7 million has been collected.

Mr. Slapnicker advised that property tax collection is at 59 percent; \$705,000 was budgeted, and year-to-date revenue in the General Fund for the property tax line item is \$418,000.

Councilman Schulz inquired about an increase in property tax of 2 percent for re-evaluations. Mr. Slapnicker said the 2 percent was factored into the tax budget. He noted this relates to inside millage, for new developments or evaluation changes; those increases are estimated for next year, and it is a standard 2 percent.

With regard to the gas tax and motor vehicle registration, Mr. Slapnicker said that through May the City is at 38.5 for motor vehicle registration and 40.64 percent collected on gasoline excise tax. Looking at June, the City stands at 48 and 49 percent; it is close to that expected when budgeted in March.

Mr. Slapnicker advised that County Local Government through June is at 51 percent collected. Out of all these major sources of revenue, the City is where anticipated, and slightly ahead on the income tax and property tax. These items make up approximately 80 percent of the total governmental revenue.

Councilman Schulz inquired if there has been a substantial change as a result of residents being called back into the office for work. Mr. Slapnicker said the peak was when the stay-at-home order was in effect. It has leveled out from that point, but the City is still in good shape with revenue generated from residents working from home.

On the expense side, Mr. Slapnicker said that labor, capital and debt are the most significant items. With regard to labor, the City is where expected through this point of the year. Citywide overtime was budgeted at \$145,000, and \$84,000 has been spent; the remaining balance budgeted is \$60,750. Mr. Slapnicker noted that almost \$15,000 was budgeted in overtime for snow removal; \$3800 has been expended and there is a remaining balance of \$11,000. Mr. Slapnicker said that \$68,000 was budgeted for the Police Department; \$48,000 has been expended for overtime. He noted that with the recent hiring of the new officer, that overtime is expected to decrease a little bit.

With regard to the grant money received for the three firefighters, Councilman Schulz inquired about the effect on overtime. Mr. Slapnicker said that the City submitted for the first quarter 2023 and it was received.

The funds were deposited in Fund 215, and an expense adjustment will be made. He said he will have to look at the effect on overtime. Answering Council President Smolic, Mr. Slapnicker said this will be submitted quarterly for two years. Fire Chief Hutton said the overtime for shift fills has been reduced dramatically; the call-back overtime and training overtime is still the same.

Mr. Slapnicker said there has been no change in debt; capital is the same as authorized in the budget. The City never has enough funds to build the capital reserves, so only the dollars that are planned to be spent this year are transferred.

Responding to Councilman Fenstermaker regarding depreciation of equipment, Mr. Slapnicker said all capital equipment is straight line depreciation; in the year of purchase and the year of disposal it is half-year depreciation. There was discussion regarding the depreciation period for various pieces of equipment.

Councilman Schulz inquired about the General Fund balance. Referring to the May report, Mr. Slapnicker said the General Fund balance was \$1.7 million at the end of May. He noted this information is posted on the City website. Mr. Slapnicker noted that one minimal debt transfer will need to be made.

Mr. Slapnicker said he will send out the June reports, and he will point out anything that needs to be brought to Council's attention.

Mr. Schulz moved to adjourn, with the second by Mr. Fenstermaker. The motion of Council passed by unanimous vote and the meeting adjourned at 6:51 p.m.

President of Council

Clerk of Council