

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
June 17, 2024
5:45pm

The Finance Committee met in Council Chambers June 17, 2024 with these members in attendance:

Doug Marmie – Chair
Jonathan Lang - Vice Chair
Bradley Chute
Bill Cost Jr.
Michael Houser

We wish to report:

Mr. Marmie - The unappropriated balance of the General Fund is \$727,195.00 and the balance of the Budget Stabilization Fund is \$716,018.00.

1. Resolution No. 24-61 Exp APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 100 General Fund, in the amount of \$1,350.00 (Additional monies needed due to 7.4% increase in premiums)

100.204.5124	Health Insurance	1,350.00
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Bill Spurgeon, HR Director – The several pieces on this are related to the city’s health insurance fund. We were made aware in May that there are some strains on that fund, so we immediately tried to determine what the cause of those factors were, and some kind of remedial action to get that fund up. It’s a lot of moving pieces. I sent an email to give as much detail as I could. We are facing inflation pressures. We had metrics in the fourth quarter of last year. We built in some safe guards that we felt could get us through 2024, and sustain those pressures without any additional appropriations from the legislative body. Five months in things continued to erode, so we need some help with that fund. There’s a lot of detail. I certainly want to answer your questions.

Mr. Marmie – So, we figured this out in May and that was our first indication of when this happened? I know we have to take money out of the rainy-day fund, the budget stabilization fund in order to make sure of things. Why did it get to that point?

Director Spurgeon – The Department of Human Resources does not track the ins and outs where a facilitator gets an invoice from MedBen, sends to the Treasurer, to the Auditor, and back to us. I don’t have the spending authority. I don’t watch that cash account. I watch claims

experiences, spending on our pharmacy, those types of things. What I do think that we need to talk about as the year goes on is a COLA. It's always difficult to ask for additional money, but I don't think we're going to need it. I think we need to talk about a COLA. I'd like to wait until later in the year because the changing of federal spending priorities due to the election. Might be some things to consider.

Mr. Marmie – What I guess I'm asking for then is a procedure or a system implemented and put in place because we should never be caught behind and have to pull from our budget stabilization. Somebody needs to be monitoring that. If we need to legislate who needs to monitor that, then we have to do that. Here we have to pay for it, and we didn't pass that on because the employees pay a portion of it, and the city pays the rest. When we get behind like this where we have to make it all up, the city pays 100%, and that's not the way the plan is supposed to work. So, I'm asking for a system that we put into place that ensures that we don't get behind like this. We should never be at a detriment with that fund because we have the authority to pass that on to the employees' portion. Yes, we can increase ours, and we're going to increase ours at the same time as the employees. I'm not saying change the percentage. I'm just saying sometimes we need to have COLAs or whatever we need to do. I'm asking for some kind of stopgap to make sure that we don't have to pull from the budget stabilization ever again.

Director Spurgeon – I agree with everything you just said. I try hard to stay in my lane when working with the Auditor's office. Jackie and Jim have been great to work with for helping us understand the numbers. The question is, where does that lawful authority lie? In the Department of Human Resources, I don't have money. I can't appropriate. I can't transfer. I can't spend those monies. We merely facilitate an invoice. Again, Treasurer, Auditor. We'll work closely with whomever in the building, because I agree with you, it doesn't look good to be caught off guard. It's not enjoyable to ask for money.

Mr. Marmie – Benefits fall under HR, so my ask is that is where it should lie. You should get a report every single month to make sure it's monitored. If you don't have access to the numbers, then we need to set up a report that is sent to you on a monthly basis at a minimum, if not every pay period, as far as where that stands.

Director Spurgeon – The Auditor's staff has been wonderful to work with. I'll be happy to reach out to Jackie in the morning and see if there is some kind of reporting mechanism.

Ryan Bubb, Auditor – I just want to be very clear. I know a lot of you are new to this. Doug is not. HR has full access to these numbers. It's an HR benefit. They're the ones that deal with this benefit. This falls under their department.

Mr. Marmie – We just need to make sure we are tracking that and we should have a stopgap. It should never go below a certain amount to make sure we have enough funds in there. When Bob Layman set this system up it really was a huge benefit to the city. We need to make sure we are keeping up with the cost of it. The price of health insurance has increased. Our fund does not always increase the same way that health insurance cost does. We've tried to make it manageable and the most affordable as we can. We try to keep those low. My ask is just to make sure that we remain solvent, because our budget stabilization should not have to pull us out of things.

Director Spurgeon – We would be happy to collaborate to resolve this. I agree with you philosophically.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Section 2. There is hereby an appropriation of the unappropriated balance of the 100 General Fund, in the amount of \$83,800.00 (Additional monies needed due to 7.4% increase in premiums, dept 102 – new employee has family coverage, original budget for single)

100	102	5124	Insurance	11,250.00
100	106	5124	Insurance	15,550.00
100	107	5124	Insurance	10,200.00
100	112	5124	Insurance	7,000.00
100	114	5124	Insurance	6,400.00
100	121	5124	Insurance	4,400.00
100	127	5124	Insurance	3,600.00
100	115	5124	Insurance	1,400.00
100	203	5124	Insurance	20,500.00
100	601	5124	Insurance	1,600.00
100	602	5124	Insurance	1,900.00

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Section 3. There is hereby an appropriation of the unappropriated balance of the 231 Probation Grant, in the amount of \$362.00 (Additional monies needed due to 7.4% increase in premiums)

231.113.5124	Insurance	362.00
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Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Section 4. There is hereby an appropriation of the unappropriated balance of the 661 Sewer Fund, in the amount of \$24,700.00 (Additional monies needed due to 7.4% increase in premiums)

661.713.5124	Insurance	15,500.00
661.714.5124	Insurance	4,500.00
661.715.5124	Insurance	4,700.00

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Section 5. There is hereby an appropriation of the unappropriated balance of the 621 Water Fund, in the amount of \$36,410.00 (Additional monies needed due to 7.4% increase in premiums)

621.706.5124	Insurance	22,000.00
621.707.5124	Insurance	2,010.00
621.708.5124	Insurance	12,400.00

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Section 6. There is hereby an appropriation of the unappropriated balance of the 261 Judicial SR Fund, in the amount of \$265.00 (Additional monies needed due to 7.4% increase in premiums)

261.161.5124	Insurance	265.00
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Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Section 7. There is hereby an appropriation of the unappropriated balance of the 221 Street Fund, in the amount of \$5,800.00 (Additional monies needed due to 7.4% increase in premiums)

221.302.5124	Insurance	5,800.00
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Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0.

Meeting stands adjourned.

Doug Marmie, Chair