

**Finance Committee Meeting**  
**Friday, September 16, 2022, 8:00 a.m. Village Hall**

**Members Present:** Chairman Galicki, Council Member Berger, Fiscal Officer

Galicki called the meeting to order.

With there currently being no Fiscal Auditor, the Fiscal Officer gave the committee a document to review with the monthly finances and the bank reconciliation. She reviewed the supporting documentation with the committee. She explained that several of the bills are paid online or over the phone to avoid them being late. These are Home Depot, WEX Bank, Medical Mutual, and Bureau of Workers Compensation. Galicki clarified that it was an issue with the mail of getting the bills in time to pay them. The Fiscal Officer concurred. Berger explained that Home Depot and Medical Mutual bills can be emailed to the Fiscal Officer and suggested setting this up. He asked why the Village was not paying all bills online. The Fiscal Officer explained that some bills she is paying online and as time permits, she would like to do more. Berger asked if there would be a control problem with paying electronically. The Fiscal Officer would have to check with the Auditor. Berger proposed that the committee would have to review the bills and authorize their payment.

Regarding the bank reconciliation, Berger clarified that only the Fiscal Officer saw it. The Fiscal Officer explained this is why she is giving it to the committee to review. Galicki and Berger verified that everything looked good. The Fiscal Officer explained that she changed the Fiscal Auditor's report to the "Monthly Financial Summary Report" which reflects the totals previously provided by the Fiscal Auditor and shows totals that match her bank reconciliation. The Fiscal Officer explained the Check Register report for the committee. Berger noted that since the Fiscal Auditor is not a required position, there is no set of rules as to how the job must be done. It may be that they choose to go forward differently. Galicki asked what the Village had before the Fiscal Auditor, and the Fiscal Officer explained that it was a Clerk and a Treasurer, who were elected. The Treasurer's job was to do the financials, but in the Ohio Revised Code (ORC), some of the responsibilities were the Clerk's. The Council of the time attempted to accommodate these responsibilities by appointing the Clerk as secretary to make the job full-time. It is not legal for an elected official to also be appointed, and eventually the Treasurer and Clerk were combined into the Fiscal Officer. The Council of the time wanted to keep Fiscal Auditor Lechman as another set of eyes, so they created the position of Fiscal Auditor.

Berger noted the current balance, and the Fiscal Officer explained that the balance was down \$42,815 since July, but would be seeing additional decreases with large payments for the Manor Brook and Central Retention Basin projects. The Road Program will also be coming due. In total, close to \$1 million in payments in the next month or so. July is the highest point of the year with the receipt of Real Estate Taxes. It goes down from there. Berger asked if the Village should be considering forming other Reserve Funds for "parking" money. He suggested creating one for a salt dome fund with \$100,000. The Fiscal Officer explained that this will likely be proposed for next year's budget. Berger said that does not matter. The Fiscal Officer explained that the Village would not need a Reserve Fund because it would be coming out of next year's

budget. The Reserve Funds are for more long-term projects like a savings account where you are saving up for something that is coming up. If the Village is doing it next year, the Village has already been through the Tax Budget process so there would be no benefit of setting it up. Galicki added that at the time of the Tax Budget Hearing, the cost of the salt dome was not known. It is necessary for them to determine this cost because if it is more costly than anticipated, then perhaps it is beyond next year's budget and it would make sense to set up a Reserve Fund. Galicki stressed the need to identify those costs. The Fiscal Officer thought the committee would be discussing this in its upcoming meeting and hoped they would be getting quotes for several options.

Berger said from a finance perspective, there is a significant amount of unencumbered cash sitting in the Village's account. From the Tax Board's perspective, if funds are earmarked for projects the Village plans to do within six months or a year or two years. The Fiscal Officer reiterated that the Reserve Funds are not for the short term. If the project is to occur next year, the funds will be encumbered at the end of the year in the Appropriations for next year's budget. By the time the Village goes before the Tax Board next year, the project could already be done, so there would be no point in creating a Reserve Fund until it is known if the project will be done next year or in the future. The Reserve Funds serve to act more as a savings account to save for something a little further out to justify why the Village has its cash balances. Berger said they have a different perspective on the use of Reserve Funds. He is looking at it as a practice, not as a specific issue that the Village, as part of its Strategic Planning, should be asking the questions, 'what are the projects?' and 'what should be put in Reserve Funds going forward'? In his opinion, the salt dome should have a Reserve Fund. He thought the committee should be asking how the Village earmarks funds for those projects to ensure that the Village is committed doing it. The Fiscal Officer provided the example of the discussion of creating a Village campus. If this is something Council would want to do, then this would be a good project for a Reserve Fund. Berger thought this was nebulous. Galicki offered that there had also been discussion about storage and another bay for the Streets building. This would also be a potential project, but first it should be determined if it is something that would be combined with the concept of a new Village campus. These are all strategic planning issues. Berger interjected that from a finance perspective, if the Village locks money in for the salt dome, for example, then it demonstrates a commitment to the project. Galicki offered that if the project is budgeted for 2023, then that also makes a commitment. Berger asked if Bell Rd. would be budgeted for 2023, and the Fiscal Officer said no, it would be 2024, which is why the Bell Rd. east Reserve Fund was created. The Fiscal Officer expressed concern with the financing requirements of the project given the timeframe. It is a \$1.5 million project and if the project does not go forward in 2024, it will be necessary to close the Reserve Fund and start over.

Berger reiterated that the Village could use the Reserve Funds as a tool to clarify the commitment of Council to these projects. The Fiscal Officer added, however, that the projects for which the Reserve Funds are created must be realistic. Creating a Reserve Fund without being completely sure the Village will do the project would be frowned upon by the Budget Commission. Galicki recalled that Council committed to setting aside money for a restroom at the park and asked if this was de facto a Reserve Fund. The Fiscal Officer said no. She

explained that it was initially discussed at the Budget Work Session last year but not mentioned in July when the Tax Budget was done. As a result, when Council did the first budget of the year, she could not appropriate \$60,000 for a restroom. When the budget was adopted, it was adopted without the restroom with the intention of amending the budget to put the \$60,000 in. However, the Village has not obtained quotes, and as a result, there was no amendment for the expense. If the committee were to have its three bids and Council decided to do it, it would be necessary to amend the transfers to transfer the \$60,000 over to the fund, and then amend the appropriations to cover the expense. Berger added that this would be only with the intention of building in the next fiscal year.

The Fiscal Officer explained that in July, the Village tells the Budget Commission where all its revenues will be. She explained the funding of the different Village departments and how this relates to her report to the Budget Commission in July. Once the county approves the Tax Budget, the Village cannot amend it until after the year-end balances are certified with the county in January. It is a process.

Berger addressed the obligation to be fiscally responsible to the taxpayers. If the Village is not going to use the money, then the Village should not have the levies. This was the position of the Budget Commission a year ago. With regard to the Reserve Funds, the more Council locks into a plan, the more committed Council is to the idea of completing projects. The Fiscal Officer concurred and added that if the money is locked into a Reserve Fund on a thought, and then the Village does not do the project, the Village will get into just as much trouble from the Tax Board. Berger thought that if the Bell Rd. east project could not be done in a timely manner due to increase in fuel costs, this would be a legitimate reason to give the Budget Commission as to why the fund did not get spent as intended. There would be intelligent thought behind it to provide transparency. He thought they were all on the same page. It was a matter of taking the finance process and making it understandable to the Finance Committee, Council, and the taxpayers at large. He did not think the Village had not done a great job of in the past. The Fiscal Officer added that with her CPM course, she would be completing a five-year forecast which would lend itself to serving this purpose. She also thought it was necessary to get all the committees to understand the importance of sharing information.

Regarding review of the financial documents provided by the Fiscal Officer, Galicki wanted to further review them after the meeting. The Fiscal Officer explained that the committee would sign off that it reviewed the bank reconciliation. Berger said that when the Village eventually has a Fiscal Auditor, he hoped there would be a form signed by the Fiscal Auditor that verifies he/she reviewed the information. Berger said that after signing off on the documentation, the committee could recommend to Council to approve the fund balances. Galicki concurred that this was a good process.

The Fiscal Officer verified she transferred \$1 million to U.S. Bank where Meeder would pull the money for investments. She and the Mayor met with Meeder on September 15<sup>th</sup> to review the process. There will be an investment board meeting with Meeder on November 29<sup>th</sup>.

The Fiscal Officer then addressed two bills provided to the committee. One was from Bill Timmons and one from Blue Dog. The Mayor brought them to her on September 15<sup>th</sup> at which time he indicated that the address was wrong on the Blue Dog invoice and crossed it off. The Fiscal Officer explained that when lawns are too long in the Village, the Building Department sends a letter giving the resident 15 days to cut the lawn and if not done, the Village will do it and it will be put on their tax assessment. Apparently, the Mayor saw long grass in a ditch and called the Building Department and told them to call Blue Dog. Instead of following the process, Blue Dog was called and directed to do it because of the Mayor's instructions. The Fiscal Officer addressed the issue with the Building Department and requested a corrected invoice with the proper address and an explanation of what happened. The Village cannot put this on the resident's tax assessment, so it will have to be a Village charge. Galicki clarified that it was the Mayor or the Zoning Inspector who observed the overgrown grass, and the Fiscal Officer said she did not know the details, but it was her understanding the Mayor sent the Building Department Administrative Assistant a text with instructions.

Regarding the Timmons invoice, the Mayor crossed off the title on the invoice and asked that the Fiscal Officer pay Bill Timmons directly. The Fiscal Officer informed the Mayor she had to pay what was in her system from the W-9's. She discovered there was no W-9 for him and forwarded one to the Mayor to get to Timmons. She will be sending W-9's out to all other vendors for a periodic update. The Fiscal Officer added that the amount on the Timmons invoice was \$4,000. The grass has been cut and invoice received and there is no purchase order. Per ORC, it must go to Council. Berger asked what was paid last year, and the Fiscal Officer thought possibly \$3,600, she did not know for sure off the top of her head. Berger noted that this is a yearly event and a purchase order was not cut. He asked if there was an ORC rule as to what requires a purchase order for the Village. The Fiscal Officer answered everything. If it is over \$3,000 and the invoice is dated before the purchase order was approved, it must go to Council. Berger asked who should have issued the purchase order for this. The Fiscal Officer said it was whoever called Timmons and told him to come do the grass. Berger thought perhaps the committees needed to direct who would be responsible for issuing the purchase order and the committee needs to know what person to go to get it done. Galicki added that the Street Commissioner is the person responsible for the park. Berger asked if the chair of the Parks Committee was aware of the issue, and the Fiscal Officer said no. Berger thought the Properties and Park Committees should be advised and that a purchase order is issued by the Service Department. Galicki thought what was more fundamental is who called Timmons to cut the grass? Berger assumed that the Mayor had the conversation as past practice. Galicki said if this was the case, the Mayor should have gone through the Department Head who should then follow procedures with cutting a purchase order. In terms of expenses, Berger did not see the increase as significant, but what if it had been doubled? What recourse is there?

Berger asked if there was a purchase order procedure, and the Fiscal Officer said yes and explained it. He asked why the Fiscal Officer issued all the purchase orders and why can't Department Heads issue their own. The Fiscal Officer explained that is how it is in ORC. The Fiscal Officer explained that Department Heads do a request. When she issues the purchase order, it is verifying that the money is in the budget for their expenses. Berger responded that the

Department Heads cannot be trusted to issue their own purchase order if it is in their budget. The Fiscal Officer reiterated that it is the law. Berger concluded that he will have to review the ORC. It seemed absurd to him and complicated. The Fiscal Officer said first, it is against the law. Secondly, if the Department Heads were allowed to do this there would be a lot of issues. Galicki offered that the Department Heads are not really paying attention to their budget numbers. The Fiscal Officer added that some do not understand the process. Berger thought perhaps they should be. Galicki relayed his experience when first on Council where the Streets Department was out of money, but did a project because someone told them to do it. There was no consideration of where the Department Head would take the money from in the budget to pay for the project. The response was that the Department Head would just ask for more money. He thought it would be great if all Department Heads paid a little more attention to their budget and stayed within it, but he questioned the level of budgetary management in the Department Heads today. Berger said they were highly compensated and not to be able to run to a budget is a significant issue in any review of their performance. Galicki agreed.

The Fiscal Officer said she would provide the invoice to the chair of Properties/Parks.

The Budget Work Session will be held on October 4<sup>th</sup>. The meeting will begin at 5:30 p.m. and food will be available to Council at 5:00 p.m. The committee discussed whether or not to include Parks Committee separately or in the October 4<sup>th</sup> session.