

**Special Finance Committee Meeting  
October 17, 2022, 8:00 a.m. Village Hall**

**Present:** Chairman Galicki, Council Member Berger, Mayor Koons, Fiscal Officer Romanowski

Galicki called the meeting to order. Galicki reported that he and the Mayor attended the Ohio Municipal League (OML) Annual Conference. From a finance perspective, he commended the financial stability of the Village. Through conversations with similar municipalities, he found there are more municipalities struggling with finances and how to get projects done. He acknowledged that the Village has used its resources well and wanted to see it continue. South Russell's tax base and amount of money in the treasury are far above the average in Ohio. He offered 'well done' to those who got the Village to this position.

The Fiscal Officer provided the committee with a September bank reconciliation with the supporting documents to review. The month end balance was \$3,306,731.59, which was close to a \$1 million reduction in balances from August. The September summary report formerly provided by the Fiscal Auditor will be distributed in Council packets. She explained that these large expenses were anticipated; the Road Program, Manor Brook 319 project, and the Central Retention Basin payments were made and there were still outstanding payments on all of them. She asked the committee to review the bank reconciliation, the check register, and the credit card report.

Regarding the Treasury Investment Board, there was legislation passed in August which states that the board is made up of the Chair of Finance, the Mayor, the Solicitor, the Fiscal Officer in lieu of the Auditor, and one member of the community. It was suggested this individual be identified by the November 29<sup>th</sup> Treasury Investment Board committee meeting. Berger contacted three individuals, two of whom could not do it, and he did not hear back from the third. Galicki verified that there was no statutory obligation to have a citizen on the board and that it was an idea of Council. The Fiscal Officer stated that by statute, it would be the Mayor, Solicitor, and in the absence of the Fiscal Auditor, it would include the Fiscal Officer. The Chair of Finance and resident were add-ons. The Fiscal Officer stated that in addition to reaching out to people they know, it could be advertised, which formerly had been done for all boards and commissions. Berger stated that individuals working in the financial sector are prohibited by their jobs from taking a position of advising on finances for the Village. This limited the pool to the retired, or persons who are financially oriented but do not work in the financial sector. The Mayor suggested advertising the position and reaching out to qualified people they know and asked if they wanted one or two. The Fiscal Officer advised that the ordinance specifies one. Galicki offered that government investment has different law and guidance than what a financial advisor in the private sector may have experienced. He understood the desire to have community participation, but in the world of investments, one size does not fit all. The field was a niche. The Fiscal Officer thought it would be good to have someone with financial understanding, but on the other hand, the Village has Meeder Investments to provide advice on how the Village may invest money per Ohio law. Galicki saw it as a check and balance for these recommendations. The Fiscal Officer added that it was also transparency to the community, much like the

requirement of the Village to have a resident on the Public Records Commission. For the Treasury Investment Board, the individual would not be advising the Village how to invest, because this is what Meeder does, but rather, it would be a matter of whether the citizen agrees with what the board is doing. The Mayor thought transparency would be the best asset to the Village. Galicki agreed. The Mayor suggested having interested persons contact Galicki directly, and Galicki deferred to the Fiscal Officer as the authority on municipal policy in terms of fiscal authority, responsibility, and accountability. He suggested advertising and posting the position and having the Fiscal Officer collate the responses and then have the committee decide. The Mayor told the Fiscal Officer to spend the next week thinking about the ad and discuss it at the October 24<sup>th</sup> Council meeting. The Fiscal Officer advised that Council should make a motion to advertise for the volunteer for the Treasury Investment Board. She could then provide the committee with the responses to review. Berger reminded the committee of the deadline of the November 29<sup>th</sup> Treasury Investment Board meeting, and the Mayor said he could appoint the individual at the November 28<sup>th</sup> Council meeting. Galicki added that if no applicants were received, then Council could always eliminate the requirement for this position and potentially the Chair of Finance to keep the committee at an odd number. First, however, the committee should investigate whether there are interested individuals.

The Fiscal Officer reported that the Mayor asked the committee to consider the need to change the Village's Investment Policy. The Fiscal Officer provided the committee with the investment policy from 1997. The Village's policy is very restrictive in that the Village cannot invest in very much. Meeder said there are more options available and will discuss it at the November 29<sup>th</sup> Investment Board meeting. She envisioned the Treasury Investment Board reviewing the policy. She did not think changes should be made before obtaining Meeder's recommendation. The Mayor asked the Fiscal Officer to have Meeder's recommendations for policy change prepared ahead of the Treasury Investment Board meeting.

The Fiscal Officer provided the committee with the budget, which is not 100% complete due to information she has not yet received or was pending, such as the Police Cruiser. She thought this would be approved at the Special Meeting on October 18<sup>th</sup> and would not have to be put in the budget again for next year.

The Fiscal Officer spoke to the county about paving East Washington Street, and the county estimates it will be \$155,000 to \$175,000 and the Village's permissive funds are \$121,000. The Village's share will be about \$54,000, which added to the \$850,000 Road Program brings that to \$904,000. This will be split up \$660,000 from the Street Fund and \$244,000 from the Road and Bridge Fund. The Mayor noted that it had gone up almost \$50,000 and the Fiscal Officer explained that they do not know, which is the problem. Last year they underestimated, and the bids came in higher. Hopefully it will be lower, but the Village locked in the Permissive funds. The Mayor asked if the Village had to use the permissive funds, and the Fiscal Officer said the Village already committed and looking at the budget numbers, it would be necessary.

Regarding the culverts, the total is \$414,000 and the Village is getting \$96,700 in grants, which brings the total to 317,000 in Village funds to cover this project. She met with the Engineer regarding the Traffic Light project. Since the Engineer said much of the work and expense will

be done in 2022, she will budget for this and encumber the balance over to next year. For Bell Rd. east, the hope is to get it done in 2024, but the Village is working with the Northeast Ohio Area Coordinating Agency (NOACA) and the Engineer is applying for the OPWC money. As a result, it might have to be pushed to 2025. If that happens, the Village will have to determine what to do with the Reserve Fund with the county.

Regarding American Rescue Plan Act (ARPA) funds, she thought there would be about \$57,000 left for another stormwater project for next year. She put it in the budget because it must be used or returned.

The Fiscal Officer explained that the Tax Budget determines what the Village's revenues are and what the Village's budget must stay within. At year end, the cash balances get certified and then can be used to adjust the budget. As a result, the Village is limited by what it knew in August. It was anticipated the culverts would get done, but they were not. The cash balances will be higher than thought, but she cannot budget for it until year end when everything is certified. As a result, as of this time, she knows there will be a \$17,000 adjustment for body cameras, \$96,000 for the culverts, and \$100,000 into the large equipment fund since it was not accounted for in the Tax Budget. The Fiscal Officer contacted the Central Collection Agency and is working on revising the number for Income Tax revenue for next year and then the Permissive Revenue for \$121,000 for the county. She still needed to review the budget with a fine-tooth comb.

If Council keeps everything that is in the proposed budget, the Village would be \$452,000 over what it is approved for by the County Budget Commission with the Tax Budget. There will be cash balances that are higher, and more income tax than initially thought, so it may not be this large of a deficit. She still needs to review and determine what the Village will have. The Mayor asked if they needed to cut \$452,000. The Fiscal Officer explained that this would be the dream budget. On the first swipe of the budget, Council must cut \$452,000. Once they have the year-end certified balances, then Council can amend for additional expenses. She needs to determine what the Village will be over in its cash balances. For example, if there was \$300,000 more in cash balances, but \$450,000 in wishes, then something will need to be cut. Berger clarified that it would be necessary to remove some items from the budget in order to be in compliance with the county. The Fiscal Officer concurred. Berger further verified that on January 1<sup>st</sup>, those items can go back in the budget. The Fiscal Officer explained that this could occur after the Village gets its year end balances certified by the county, typically by the end of January. Berger summarized that there is \$450,000 that needs to go on the blacklist until they are allowed to put it in the budget at the end of January or February. The Fiscal Officer added that that would be if there were enough revenues to cover these expenses. Based on the revenues in 2022, Berger asked if there would be enough revenues and cash in order to sustain the expenditures as currently proposed. The Fiscal Officer did not know yet. She explained that there are a lot of moving parts and numbers she did not yet know. There will be engineering costs for the salt dome, which she does not have, for example. Galicki added that he did not think any estimates had been obtained for the salt dome and he hoped there would be enough money earmarked for it. There is also a question of the impact of inflation on the entire budget. The Fiscal Officer added that it was thought that paving of East Washington Street would be a

wash, instead it is \$50,000 more than Council thought. She also did not know whether Council realized how much the culverts would cost. The Village is expecting a \$400,000 cost, but the bids are not in yet. There is also Bell Rd. east coming in 2024, and what the Village will get in grants is unknown. The Mayor said that for Bell Road east, NOACA was talking about 90% that they would cover. The Fiscal Officer added that the Engineer indicated to her he thought that was dreaming. However, she hoped the Village could get some good funding for the project.

Berger said he was trying to understand whether this was accounting or real deficit and should they be concerned. The Fiscal Officer explained that it would not change until she can figure out what was budgeted for this year that was not done, Berger asked if this would be in November, and she said she was working as quickly as she could. Her best estimate would be before the first November meeting.

As an aside, Galicki asked if the Village buildings were heated with gas because a 30% increase was anticipated. With inflationary costs and increase in fuel costs, it presents an unknown for the Village in 2023.

The Fiscal Officer offered that she understood having a larger Road Program but going from a \$350,000 Road Program to a million-dollar Road Program was a large increase especially with Bell Rd. east coming up, and funding and inflation issues. She understood the desire to get the roads in better shape, but according to the Engineer, the Village's worst road is better than a lot of cities best roads. Galicki added since the Budget Work Session, he had struggled with the fact that they took a goal that was part of a 5-year plan to bring all the road evaluations to the 75% level or above and crushed it into one year. He did not know if this was necessary or fiscally responsible. He had concerns that the result might be that those streets would require work at the same time five to ten years from now. The Village has had a very temperate program in the past which seemed to serve the residents well and he wondered if this proposed Road Program was a little too ambitious with the unknowns of the coming year.

Berger thought the committee had gone far afield of its mandate for the meeting. The first thing to determine was if the Village had an issue with financing the expenditures as proposed by Council. If it does, then Finance Committee would communicate to Council and the committees that it does not recommend this budget because it is too aggressive in expenditures. The committee could plan out the areas where there was a need for conservatism and offer it to the committees to determine where they could cut back. He did not think it was the job of the Finance Committee to just arbitrarily say they will not get a million-dollar road program but rather a \$500,000 one. The committee agreed. However, Galicki thought it was in the committee's charter to indicate that Council was being a little too open with the pocketbook. Berger said that until the Fiscal Officer had the numbers, it was all theoretical. The Mayor said \$850,000 came out of the blue and the Village did not have to do anything until they got the bids next April.

The Fiscal Officer summarized that she had to fine tune the numbers and work on estimating what actual year end balances would look like. Once she had these estimates, she would have better numbers. She could put the current draft in the Council packet and let Council know this

was how it was shaping up along with a summary of what and from whom she was waiting for information. The budget is everybody's budget. The committees can make requests, but it has never been just the Finance Committee saying yay or nay. This was why she was surprised at the Budget Work Session because usually there would be discussion where all members of Council weigh in and not just the committees. Berger thought the Finance Committee could recommend to Council that the budget was too aggressive or not or somewhere in between, and then it would be up to the individual committees to decide what projects they could push off. While the Budget Work Session was valuable, it was a wish list because all Council knew was that the Village put \$1 million in investments so there must be money. So everyone is asking for all the things they could possibly want. Now it is time for Finance Committee to come back with a dose of reality if that is the case. He noted that the actual expenditures for 2021 was just over \$4 million and the requested budget for 2023 is \$6.5 million, which is a 40% increase in budget requests. Galicki thought this was significant. Berger said it is only significant if they intend to spend it, which has been the problem in the past with budgeting for projects that had no definitive plan to go forward. The Fiscal Officer explained that there was a problem with the Budget Commission with the Village's cash balances, but now the reserve funds have been established. They do not have a problem with the Village having cash balances if there is a purpose. She reiterated what she still needed to do to determine where the Village will be at the end of the year. She concluded that she thought it was an aggressive ask although it was a wish list. Berger said he had no problem with a wish list and thought it was great. This could be taken with the view that the Village does not have unlimited funds and now they must be realistic. The Fiscal Officer proposed putting the wishes on a schedule. Berger added that part of the proposed Road Program could be pushed out to 2024 or 2025. He was not critical of the wish lists but said it was time to marry it with reality. Galicki said that in putting together an annual budget, wish lists are one thing, but wish lists without priority or that are asking for \$2.5 million for an annual budget is an issue. There is some responsibility of the Department Heads and committee members to determine if it is reasonable and affordable for the Village. With the wish lists, it was like everything was thrown out there with the hope of maybe getting something. It is part the responsibility of every employee and Council member to make sure that what they are asking for is reasonable and will not overtax the taxpayers.

The Fiscal Officer addressed the proposed Budget Work Session scheduled for October 24<sup>th</sup>. She could provide the draft to Council with a summary of what she was waiting for and where she sees there might be issues, so Council has time to digest it. She asked if another whole Budget Work session was necessary, especially if it was just being limited to an hour. She asked if they could discuss it in the Council meeting. Berger did not think the question could be answered until the numbers were known. He thought that with this information, it would take Council all of 30 seconds to answer the question and decide what the next step is. The Fiscal Officer said she did not think she would be ready by Monday, and Galicki said Council would address it when the Fiscal Officer was ready. The Mayor thought it was a matter of the Fiscal Officer telling Council how much money needed to be cut from the proposed budget and within 30 seconds they could determine that with Streets Department the \$850,000 Road Program was now \$550,000. Berger said they could identify big chunks that could be potentially deferred, so he did not think this would be difficult. Whether this would be the right decision is another

question. The Fiscal Officer explained that it can be deferred if the Village knows it will have the revenue next year, but there is a difference between deferring budgeting for the expenses until there is the revenue, or cutting the expenses because there will be no funds to cover it. The Mayor thought it was a lot of pressure to have it done by October 24<sup>th</sup>. Berger agreed and had no problem postponing budget considerations until the first Council meeting in November. Galicki suggested not setting an arbitrary deadline. He recommended the Fiscal Officer crunch the numbers and the committee will determine when and if there is another Budget Work Session. The Mayor said that they have the easy job slicing. Galicki noted that the Fiscal Officer had the tough job.

Berger addressed staffing issues from a finance perspective. He reviewed that there was previous discussion about needing help from an additional part-time administrative assistant and he had not heard anything for 60 days. He asked if it was still on the list. The Fiscal Officer said that they were doing well in Admin and setting up processes which would help things run smoothly going forward. The Building Department Administrative Assistant said she was fine in the Building Department. The Fiscal Officer spoke to her contact whom she hoped would be interested in a very 'as needed' position, but this colleague seemed to be enjoying retirement. She concluded that they are in a good place now that the Administrative Assistant is full time and has taken on a lot of work. This has allowed her time to work on the finance and grant issues, etc. Berger appreciated the work that had been done to catch up, but his concern was coverage for staff who would be taking vacations, etc. The Fiscal Officer said that when the Building Department Administrative Assistant goes on vacation, the Administrative Assistant has been able to do work out of the Building Department to provide coverage. Berger asked if this was workable, and the Fiscal Officer said it was workable from her point of view. Additionally, the Building Department Administrative Assistant was willing to help if the Administrative Assistant were to go on vacation. She continues to look at the resumes but finding the right person for the Village's needs who will not require 20 hours per week has been challenging. Berger clarified that 20 hours was too much, but there may be a need for some casual additional coverage. Berger said this discussion would continue in HR committee.

The Fiscal Officer provided Berger with the Fiscal Auditor resumes and Berger said he would consider them on Friday. He thought it was possible the committee may have a recommendation for the October 24<sup>th</sup> Council meeting.

The Mayor verified that the Administrative Assistant gets vacation time, and the Fiscal Officer said she does after a year of full-time employment.

The Mayor addressed a 45-minute phone call from a resident to the Solicitor and said the Village cannot have residents just calling the Solicitor to question and complain. The Solicitor should say no and to have the resident deal directly with Council.

The Mayor addressed an issue whereby the hotel would not take a personal check at the OML Conference. The Fiscal Officer explained that it was because the Village is tax exempt and therefore payment cannot be made with a personal check. Moving forward, the Village will need to get the dollar amount ahead of time and if there is time, cut a check directly that the

participant will take with them. Otherwise, it would be necessary to pay cash and be reimbursed. Galicki explained that in his experience in the Federal Government, government credit cards were issued and/or the individual paid with their own check or credit card and then submitted a reimbursement request. The Fiscal Officer explained that now credit cards have benefits, and it was not lawful to get personal perks off of a Village expense. There is a lot of paperwork required with this in addition to a report that must be filed with the State. The Village has a policy that either the Village credit card is used and sales tax is not paid, or the individual pays and gets reimbursed. With this situation, the State appears to be cracking down more and would not allow the hotel to accept the personal check with the charges being tax exempt. The Mayor said that two of his buddies used a credit card from their municipalities. The Fiscal Officer indicated that the Mayor does not have a Village credit card. The Department Heads have credit cards that go on their personal credit history and have their social security numbers associated with them. It would be up to Council to get the Mayor a credit card. Berger asked if there were a prohibition from having Village Credit Cards. The Fiscal Officer said it is very much frowned upon by the State and many cities do not allow them and only allow check or reimbursement. Galicki added that issues also arise when, for example, someone attends a conference and utilizes services or meals that are charged to the credit card when such purchases are not an approved expense. The administration of the cards becomes unwieldy. The Mayor asked what Nick Divita did for his training, and the Fiscal Officer said this was another problem because the State is being stricter. He used the Chief's credit card since it was for the Police Department, and the hotel contacted the Village to fill out a form for him as well since the credit card had Chief Rizzo's information associated with it. Furthermore, this was also a different hotel. The State is getting stricter and does not like credit cards. The Mayor thought this made it tough. Berger asked what the Village policy should be. The Fiscal Officer said she had no problem with the way it is now, and with this most recent experience, a check will be cut for the participants. Galicki added that he provided a personal credit card to secure the room and at check-in verified that he could pay with a check at the end of his stay, and they said yes. Then the Mayor had a problem checking out, but this was because it was a personal check and not a Village check. The Fiscal Officer reiterated that in the future, the hotel will be contacted for the exact dollar amount and a Village check will be cut. The Mayor verified that all the Fiscal Officer needs from the participants is a claim for mileage.

Galicki adjourned the meeting at 8:59 a.m.