

Special Finance Committee Minutes
Monday, November 14, 2022, 8:00 a.m. Village Hall

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

Visitor: Patrick Holtz, Garden Park Dr.

Galicki called the meeting to order. Fiscal Officer read the roll.

The Fiscal Officer distributed the monthly review of the bank reconciliation, the outstanding checks, the check register, and the monthly summary report previously provided by the Fiscal Auditor. The committee reviewed the material, and Berger verified it was appropriate for him to sign off on the bank reconciliation even though it contained payments relative to the Manor Brook project. The Fiscal Officer explained that his signature verified everything balanced.

The Fiscal Officer met with the State Auditor who was finishing up the Village's audit. There were no problems with the 2019-2020 audit. Next year, the 2020-2021 audit would be conducted. The auditor noted that there were a couple of items that were not classified correctly but were in the correct fund and were just a matter of internal processing. Galicki asked when to expect the final report, and the Fiscal Officer said by the end of the year. The Auditor will meet with all of Council, just the committee, or whatever Council wishes. Galicki and Berger agreed that it should be to all of Council. The Fiscal Officer would arrange the meeting.

The Fiscal Officer spoke to the Auditor about the Fiscal Auditor leaving and the process that the Village is now using for checking the monthly bank rec. He thought it was a good process. The Fiscal Auditor's position was not a required position under the Ohio Revised Code (ORC), so he thought the Village was covering its bases well. Galicki verified that the State Auditor did not take issue with the vacancy, and the Fiscal Officer concurred. Because the Fiscal Officer is legally responsible, she and the Auditor discussed her questions about the fact that the Fiscal Auditor previously moved money around. The State Auditor stated that the Village has certain positions that are dictated by ORC. They are the Village Mayor, Clerk, Treasurer, and the Village Administrator. The Village does not have an administrator and it has combined the Clerk and Treasurer into one position, the Fiscal Officer. Per ORC, the Fiscal Officer is the one who is the responsible party for the money. There was no problem having the Fiscal Auditor auditing the money, but he should not be moving the money. Berger noted that there are still applicants for Fiscal Auditor, and that Council wanted a Fiscal Auditor in place. He wondered if a job was being created unnecessarily. In looking at the real job duties of the Fiscal Auditor, it appeared there were not many. The Fiscal Officer concurred and explained that the former Fiscal Auditor was the Treasurer, which was an elected position. When Council combined the Clerk and Treasurer positions, the Fiscal Officer became the new person. Council had a comfort level with the Fiscal Auditor at that point and perhaps were not as comfortable with her as the new person. As a result, they created the position of Fiscal Auditor for him and gave him the authority to move money. However, according to the State Auditor, the money was always her legal responsibility. This being the case, she is not comfortable with someone else touching it. The Auditor was impressed with the process they had instituted with the bank rec where the committee reviews it and signs off on it. As

long as the committee is getting copies of the check register, outstanding checks, reconciled checks, and are watching it, this is what is required by law. The Village is doing it more formally where the committee is signing off on it, and Council is passing a motion. The Auditor had no issues with it. He has also said that this is a position the Village created, and while it is a 'nice to have' but not a 'have to have.' Berger asked then what the recommendation would be from the Finance Committee in terms of continuing to look for candidates for the Fiscal Auditor position. Galicki said that his recommendation as Chair of Finance would be that there is no need to go further in pursuing hiring a Fiscal Auditor. However, if Council is uncomfortable with the oversight as it currently exists, the committee would entertain the input from the HR Committee. Berger explained that the Village has applicants who live a distance from the Village and questioned whether it would be realistic to ask them to drive an hour to do a couple hours of work a month. He offered the alternative of finding a resident with a financial background to do an hour of work a month reviewing bank statements and finances to verify they all make sense instead of hiring someone for four hours a week. He did not know what that person would do for four hours a week.

The Fiscal Officer advised that the person did not have to be a certified public accountant (CPA). Furthermore, the Village is still looking for a part-time Administrative Assistant to float and this person could do the bank reconciliation. She reminded that this suggestion had been proposed to Council, and they wanted a Fiscal Auditor. Berger suggested addressing it at the Council meeting. Galicki added that much information about the former Fiscal Auditor's duties and legal responsibilities had come to light after the previous Council discussion. Galicki summarized that oversight was the main objective, and if the Finance Committee is providing this function, there is an argument for not needing the Fiscal Auditor position. In combination with the State Auditor's opinion, there would be food for discussion with Council. The Fiscal Officer added that Council would also have the ability to express their concerns with the State Auditor when he addresses Council.

Regarding the Treasury Investment Board, there are two interested parties, Tom King and Tim Thie. Berger thought the Treasury Investment Board should interview them and then make a recommendation. Galicki asked who appoints the members, and the Fiscal Officer thought it was probably a recommendation of the committee and appointment by the Mayor. It is a volunteer position.

The Fiscal Officer explained to the committee that during the pandemic, there was a large problem of fraudulent claims involving the Ohio Department of Jobs and Family Services (ODJFS). The Village had three cases. The Fiscal Officer did everything necessary with reporting the fraud. This has been ongoing since 2020 and the Village continues to receive invoices. She has followed up with phone calls to ODJFS and the response she has received is that it has been reported and not to pay the bill. It takes a while for it to go through the system. However, the Village continues to get the invoices and they increase since there is interest. As of last week, the ODJFS website acknowledges the large number of fraudulent claims and states that no further action on the employer's part is necessary. If the employer receives the notices about the claims and has already reported them as being fraudulent, they should save them as a record, but no further action is necessary. After the claims are closed, the Village should no longer receive notifications. The Fiscal Officer relayed that the Village continues to receive increasing invoices. She further

explained that usually, if the Village were to pay a fraudulent invoice knowing that it was fraudulent, there would be a finance recovery because it was fraudulent. However, according to a State Auditor bulletin, in this case, if the Village pays it, they will not come back with a finding for recovery. In other words, they are taking the position that either way, paying or not paying is fine. The Village is not paying it, and now owes \$2,200. She has done everything she has been instructed but is uncomfortable that this keeps increasing and wonders if it will ever go away since it has been two years. Berger offered that the Village had hired HR attorneys and suggested consulting them. This would cover the Village.

Regarding the budget, the Fiscal Officer explained that the Village is limited by the Tax Budget and the first swipe at the budget must be within those revenues that were known in July 2022. This would mean that it would not be possible to do everything Council wanted on the first swipe but would mean that after adopting the budget in December and getting the year end Certificate of Balances from the County Auditor, the Village could then amend for the things Council wanted. She relayed that Tom King had been very helpful in addressing her concerns that included the issues with the County with the Tax Budget in 2021, and then what appeared to be the intention of spending everything down yet having Bell Rd. east and other projects. She and King collaborated to put together an analysis which included items Council wanted done next year like the Salt Dome, culverts, Traffic Light, loader, and a \$900,000 Road Program. If the Village were to do everything, at the end of next year, the balance would be \$900,000. It could be done but cannot be on the first swipe of the budget since the Village is limited by the Tax Budget. Galicki expressed his concern about the \$900,000 Road Program. He offered that there are area townships that are borrowing money for their Road Programs. He understood there was an element of Council that wanted to spend down any surplus the Village had. It appeared the driver was that they wanted to do a five-year plan project in one year. He thought there was an opportunity to conserve some of the Village's resources by examining this proposed Road Program which is out of line with the Village's expenditures for the past couple of years. Berger said according to the month end cash balance history, the Village has grown its cash balance \$1,000,000 over the last five years. Galicki asked if this included money banked for ongoing projects. The Fiscal Officer said that some of it was, but that the balances have also gone up because the Village put in a Road Program levy five years ago, which was renewed, and there were also projects. She added that Income Tax collections have gone up, and the Village was saving for the bigger projects, like Bell Road east in 2024 or 2025. The balances have gone up, but there are expenses coming as well. In 2023 there will be the Salt Dome, etc. and 2024 the Service Building addition, a one ton, a large truck, and Bell Road east. The hope is that the Village will get funding for Bell Rd. east, but it is not known how much. Berger said that if the Village does not get funding for Bell Rd. east, the Village will not do Bell Rd. east on its own. Historically, the Village has received funding for its Road Programs. There is a \$900,000 Road Program on the table, but he did not think Council had any intention of spending \$900,000 of Village money to complete those projects. They are waiting to see what kind of grant money comes in from the State. The Fiscal Officer said the Village is not looking at any funding for the \$900,000 Road Program, other than the \$130,000 in the Permissive Tax money for Washington St. There is no grant funding for the rest. The Village does not receive a lot from grants unless it is a big project like Bell Rd. or the through streets where Permissive Tax money can be used.

Berger reviewed that the first swipe of the budget is based on the tax budget. The Fiscal Officer explained that there were things in the budget this year like the traffic light which were anticipated to be done this year but were not. It was predicted that this fund balance would be zero, but now will have \$250,000 in it because the light will be getting done next year. On the first swipe of the budget, the Village cannot do the traffic light, but the second swipe it can because the Village will have that cash balance. Berger proposed that in the first swipe to take out part of the Road Program. The Fiscal Officer explained this is what she would have to do. Those would be further discussed now or later. Berger thought that the process could be explained to Council, and that after the cash balances are certified in January, Council can decide what they want to do with the Road Program or other projects.

To finish the budget, the Fiscal Officer would need to know the raises. Galicki said that historically, the Village has done about 3%. What skews it is runaway inflation. Given that, should the committee consider an additional amount to ease the pain of inflation? He thought there was merit in some increase. Berger said that any raise within reason could be supported financially by the Village. Berger said he did not have a problem with 4%, but thought it is good to be cautious and acknowledged the Village would always be behind the curve. The committee would make the recommendation for 4%.

The Fiscal Officer summarized that between now and the next meeting, she would go through the budget and trim the things the Village cannot do because of the limitations. Hopefully, Council will be able to adopt the budget at the next meeting in November.

Galicki acknowledged the exceptional fiscal responsibility that Council and the Fiscal Officer have demonstrated that has resulted in the sound financial state of the Village, especially in comparison with some surrounding communities.

The Fiscal Officer advised that she is working on a five-year forecast for her Certified Public Manager course. She thought it could be used next year and helpful in moving forward.

Legislation that would be presented at the November 14th Council meeting were reviewed by the Fiscal Officer to include one for engineering and one for reforestation of the 319 project which will come out of the American Rescue Plan Act (ARPA) money.

Patrick Holtz addressed the committee about Council's submission to the Northeast Ohio Areawide Coordinating Agency (NOACA) for Bell Rd. in terms of the no left turn sign. Galicki suggested he bring the matter to Council where the Engineer could be included in the conversation.

Galicki adjourned the meeting at 8:54 a.m.

Dennis M. Galicki, Chairman