

Finance Committee Meeting  
January 10, 2025, Village Hall, 9:00 a.m.

Present: Chairman Canton, Council Member Porter, Council Member Berger, Mayor Koons, Fiscal Officer Romanowski, Street Commissioner Young

Canton called the meeting to order at 9:01 a.m.

The Fiscal Officer (FO) suggested reviewing the purchase order (PO) process with the new Street Commissioner. Prior to the meeting, she emailed the committee the Ohio Revised Code sections regarding POs as well as the Village's policies. She cautioned that this process is carefully audited by the State Auditor, and the Village will be undergoing an audit early this year. The State Auditor has agreed to do the audit soon after the FO completes the state report so that she can move forward with transitioning to new financial software since her current software will be phased out this year. The updated version of her current software would be approximately \$25,000 to migrate the history over and fees for one year. After that it would be approximately \$16,500 per year. If the Village goes with the Auditor of States Uniform Accounting Network (UAN), it would cost approximately \$5,000 and that also includes a computer and printer. The state creates the laws and does the auditing, so it may make the most sense to have the state software which is used by most villages and townships in the state. She made inquiries with Russell Township whose Fiscal Officer gave her a demo of the UAN system. A decision on whether or not the Village will be migrating to the new platform of the current provider is needed by June. Moving to the state software would mean setting up all the financials in the system which will be a big task, but eventually the software will make reporting and audits easier.

She explained that several years ago, the Village received a ding on its audit which resulted in updating the purchase order policy. Canton interjected that there was a question concerning the number of steps involved, and verified it was dictated by the State of Ohio and the Village's policy. The FO concurred. She distributed step-by-step instructions for the PO process. She explained that the process begins with the requisition form which is on the shared drive between the departments and the FO. The Department Head (DH) fills out the form describing what they are requesting a PO and the line item from which it will come. Once she receives that, she creates the PO which is then printed on blue paper, and she signs it indicating the money is available for the expense. It is given to the DH for a signature. The DH returns the blue copy to the FO, keeping a copy for themselves. The expenditures are recorded on this copy to track how much is left in the line item since the PO is made for a larger amount than the expense. Additionally, a copy of the PO is required to be attached to the invoice. Berger asked if everyone could view the POs from the shared drive, and the FO explained that the DHs can see their individual requisitions on the drive and the PO# assigned, but she can see all POs in her system. Berger further inquired whether the DHs could see what they need to see through the computer system. The FO explained that this is only for the request of the PO. She continued that the blue copy of the PO with the original signatures is kept for the auditor. Berger asked if the shared

drive keeps track of how much is left on the PO, and the FO said it did not. The requisition form is in excel and is not tied to the financial software's PO software. Berger concluded that this sounded antiquated and asked if this would change under the new software. The FO replied that from what she saw at Russell Township, POs are still printed and handled by paper. She further explained that the process used by Russell Township to cut the PO. The requester must attach documentation of what is to be purchased, and then the Trustees sign off on it before a purchase can be made. Porter asked if there is a way to maintain a running balance of a particular account, and the FO advised that this is the reason the DHs keep a copy of the PO so that they can subtract off the amounts of the invoices. She provided a copy of the Chief's process as an example. Porter concluded that it is being done manually. Berger said he was questioning this because the Village has computer systems but is using a calculator to keep track of the total on the PO. He was flabbergasted that it cannot be computerized. FO explained it is an old system put into place prior to her joining the Village 18 years ago and it has reached its end of life which is why the vendor is discontinuing it.

The Mayor asked the Street Commissioner what he was familiar with, and the Street Commissioner said that in Independence, they had VIP. He would go into it, choose the line item and then put in the amount requested. It would then go to Finance for approval. He would get that number back in the system and it would track everything. It would also cross the director's desk to approve and there were a series of checks along the way. The FO replied that the UAN system currently would not do that. The new Fund Balance system would, but it is about \$25,000 for the first year and migrate everything over.

Canton asked how many steps there were in the current process, and the FO stated that it was not that difficult and thought it was being made a bigger deal than it was. She explained that the DH gets the PO and keeps track of the balance or not, but the DH submits the invoice with a copy of the PO, and it is put in the system. Canton asked if the Village's policy mirrors what the State wants the Village to do or is there an addition with the Village's policy. The FO explained that it is necessary to attach the PO to the invoice when they submit it for billing. This is part of both the policy of the Village and state. Canton concluded that the Village's policy is to follow the state and there is no way to modify it. The FO said not with the current system. She thought the new financial software could do it, but it comes at a higher cost. Porter asked how much that was, and the FO thought it was about \$25,000 versus the state's, which was about \$5,000. Porter thought that the DHs should be able to bring up the line items that are authorized and know to a penny what the balance is on a PO. The FO explained that she has this with her current system, but she is the only one with access and reiterated this is an old system that has reached its end of life. The Street Commissioner explained that the FO knows the balance in the line but does not know what he may have sitting on his desk to be applied to it. The FO concurred that she knows what POs are out but does not know what invoices will be applied to them.

Canton verified that because of the current computer system, it is necessary to go through this process. Porter asked if the new system would be an improvement, and the FO explained that in

viewing UAN at Russell Township, the current version does not have had the features described by the Street Commissioner. The newer software provided by her current vendor did have the feature described, but at a significantly higher cost than the UAN system.

Berger asked what record would exist for a PO from 2020. The FO explained that dependent on the records retention, there are hard copies in the basement as well as on her computer. The PO in her system would be the originally issued PO and she could obtain a list of all bills that came off of it. Porter asked if she could also pull up the invoices, and the FO said not in the current system, but with their new system they could. UAN could not. The Street Commissioner added that in Independence, he scanned everything and sent it to City Hall for PO stuff.

Berger asked where all the data in the FO's system is stored, and she explained that it is stored in her computer and in the cloud with ADP. Berger concluded that this information does not go away when the FO changes software. The new version of her software is cloud based. UAN would be backed up in the cloud. Porter observed that it was a lot of paper. FO agreed and said it is an old system that is outdated which is why they are retiring it. She stated if the Village is willing to spend more than the approximate \$5,000 UAN from the state would cost, she will continue to talk to her current vendor about the new software which is very nice and has a great workflow process from what she has seen so far. Berger thought that \$25,000 for a computer system seemed to be a lot of money. The FO explained that was migrating the current information over and a year of service. Berger thought that if they looked at the paperwork trail over a year and found that the Village had spent \$100,000 to manually do the process, then \$25,000 to electronically do it does not sound like a bad deal. Berger said the Village is shuffling a whole lot of papers, it may work but it is an expensive process from a time and effort standpoint. He stated it behooves the Village to look at the software options that are available and whether there is a more efficient way to handle this.

The Mayor asked if VIP was the software program used by Independence, and the Street Commissioner concurred. He suggested to reach out to Dennis Zdolshek and Glenwillow which is similar in size to the Village. "Maggie" does both municipalities. Berger advised that he in looking the VIP software up, he found that it is government procurement software but does not know if it interfaces with accounts payable and general ledger accounting. He thought they would want to have something that integrates directly to the general ledger package for printing financial statements and accounts payable. The Mayor thought the timing of the meeting was perfect with the need for new software. The FO added that the matter cannot wait because her software is being phased out and she needs to give the current vendor a decision by June. She said she would call to find out about VIP and research the expense of the upgrade to her current software. The state UAN system was discussed. The FO verified that the state system was acceptable to ADP and basically everyone in the county has the state software, including Russell and Bainbridge. He asked if there is a module for purchase orders in UAN. The FO would double check, but said when she viewed the system, she saw the POs that were produced by the system, and it was all on paper. The FO explained that when the state performs the audit, they

can go into the UAN system and pull information they need so they do not have to spend so much time on site or bother the finance office with requests for documents. She reiterated that there is a hard deadline notifying the current software company, and she will continue to do her due diligence researching vendors, software capabilities, pricing, migration, etc. FO stated that while it is currently a lot of paper, until a change is made to a new software system, the process she distributed to the committee was the process that had to be followed. Porter said he did not mind spending the money to make everyone's life easier and referenced the efficiency factor discussed by Berger. If the state system is superior, and easier for audits, it might be the right choice. The FO said she was leaning towards the state's software since reporting was a push of a button and auditing would be easier, but if the Village is willing to spend the money on a workflow system, she will gladly continue to research those systems as well.

Berger said the process seemed to work previously, but he thought it was a great question and good timing if it meant moving from the 1990's into the 2020's. He thought they were on the right track.

For the new committee members, the FO explained that when the Finance Committee meets, she will provide a copy of the bank reconciliation for the committee to review, and the committee also signs off on the check register and credit card report. Regarding review of the bank statements and account balances, she indicated she moved money from STAR Ohio back to Huntington to make sure there was enough money at the end of the year. She further explained that she keeps a closer eye on the balances to ensure the Village is benefitting from the higher STAR Ohio interest rates. Canton asked what the current cash balance was, and the FO stated it was \$3.3 million at the end of the year.

The FO advised that the Chairman of the committee needed to be determined because that person also serves on the Treasury Investment Board. They meet twice a year typically during the day.

The previous Finance Committee recommended approving going out to bid for the salt structure, which is on the agenda for the next Council meeting. Once the dollar amount is determined for this project, Council can address other requests. Berger relayed that the Engineer requested estimates from various vendors, but no one would provide a number because they did not want to show their hand to the competitors or be tied to a number. The Village needs to go out to bid to get a good number. Porter asked about the timeline, and the FO said that once the Engineer compiled the necessary information, it had to be advertised for at least two weeks. She did not think the bid opening could potentially occur in about six weeks. Berger further explained that if the bids come back at over \$1 million, then they will have to rethink the design. Although this may be the case, Porter thought the current structure would not last much longer. Porter said that Orange built a larger structure for \$750,000 last year.

The Verdantas engineering contract was discussed and will be on the agenda for Monday's meeting. Although the Solicitor recommended a two-year contract instead of the three-year contract provided, Porter said he preferred long-term contract if the pricing is favorable.

The FO reiterated that the Village ended the year at \$3.3 million, which means that the Village is up \$497,000 but still has the salt structure, police garage, and park restroom that were supposed to have been done in 2024. She reported that the final financials should be in the next Council packet. Porter added that the Village also has the paving of Bell Rd. east in 2025.

The committee schedule was discussed. The FO specified that she wanted the meeting to be after the first council meeting of the month. The next meeting was scheduled for February 13<sup>th</sup> at 5:30 p.m.

There was further discussion about financial software and reducing the paper.

Porter made a motion to adjourn, seconded by Canton at 9:49 a.m.