

BUDGET COMMISSION

The Geauga County Budget Commission met in special session on Monday, August 28, 2018 at 10:02 a.m. in the Auditor’s office at 215 Main Street, Chardon, Ohio. Present: Geauga County Auditor Charles E. Walder and Geauga County Treasurer C. P. Hitchcock. Absent: Geauga County Prosecutor James R. Flaiz

Also Present: Deputy Auditor Beverly Sustar, Kate Jacob; Newbury Township Resident Mike Reardon; Russell Park District Commissioners; Russell Park District Fiscal Officer Donna Weiss Carson; Former Park District Fiscal Officer Charlie Butters; Newbury Township Trustee Greg Tropf and Newbury Fiscal Officer Marcia Mansfield.

2019 Public Library Fund Distribution

Motion by Charles E. Walder, seconded by C. P. Hitchcock to certify the distribution the 2019 Public Library Fund money to the libraries and park districts according to the funding formula submitted by the Geauga County Library and Burton Public Library.

Chester Park District	5,028.35
Russell Park District	5,028.35
Thompson Ledges Park District	4,732.56
Burton Public Library	501,960.77
Gauga County Public Library	2,844,444.34
 Grand Total	 <u><u>3,361,194.37</u></u>

Voice vote: Two ayes. Motion carried.

2018 Amendments

Bainbridge Township – Amendment #2

Motion by C.P. Hitchcock, seconded by Charles E. Walder, to amend the Bainbridge Township Official Certificate of Estimated Resources to reflect the following changes to revenue previously certified:

Special Assessments Fund

Increase other source revenue 902.06, from 8,600.00 to 9,502.06

New Special Assessments Fund Total:	\$ 9,502.06
New Total 2018 Certificate:	\$ 28,355,137.54

Voice vote: Two ayes. Motion carried.

South Russell Village – Amendment #4

Motion by Charles E. Walder, seconded by C. P. Hitchcock to amend the Village of south Russell Official Certificate of Estimated Resources to reflect the following changes to revenue previously certified:

General Fund

Increase other source revenue 17,350.00, from 651,613.00 to 668,963.00

New General Fund Total:	\$ 1,484,001.53
New Total 2018 Certificate:	\$ 7,957,663.84

Voice vote: Two ayes. Motion carried.

School Year 2018/2019 Amendments

Kenston LSD – 2018/2019 Amendment #1

Motion by C. P. Hitchcock, seconded by Charles E. Walder, to amend the Kenston LSD Official Certificate of Estimated Resources for the 2018/2019 School Year to reflect “actual” July 1, 2018 Unencumbered balances and a revised estimate of Other Source Revenues per their Treasurer’s year-end balance sheet.

	New Fund Totals	Net change over (under) their 2/22/18 Original Certificate
General Fund	50,167,660.05	698,888.31 in the beginning balances 326,151.00 in other source revenue
Special Revenue Funds	1,913,279.86	198,561.79 in the beginning balances (498,868.18)
Debt Service	6,327,596.82	(122,767.73) in the beginning balances (423,446.00) in tax and other revenue
Capital Project Funds	2,232,800.77	(317,305.18) in the beginning balances 21,550.00 in other source revenue
Enterprise Funds	1,285,862.98	37,054.51 in the beginning balances (487,742.15) in other source revenue
Internal Service Funds	9,595,088.32	(291,434.59) in the beginning balances 191,112.72 in other source revenue
Fiduciary Funds	217,721.15	(49,867.69) in the beginning balances 15,927.06 in other source revenue
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New Total – All Funds	71,740,009.95	
Net Change over original certificate		-702,216.13

Voice vote, Two ayes. Motion carried

Berkshire LSD – Amendment #3

Motion by Charles E. Walder, seconded by C. P. Hitchcock, to amend the Berkshire Local School District Official Certificate of Estimated Resources to reflect the following changes to revenue previously certified:

Special revenue Funds

- Decrease EMIS other source revenue 4,000.00, from 4,000.00 to 0.00
- Increase Data Communication other source revenue 1,800.00, from 3,600.00 to 5,400.00
- Increase Title IV other source revenue 2,500.00, from 1,240.00 to 3,740.00

New Special Revenue Funds Total:	\$ 3,344,392.39
New Total 2018/2019 Certificate:	\$ 26,803,271.93

Voice vote: Two ayes. Motion carried.

2018 Supplemental Appropriation

Gauga Health District – 6037 For Sale of Property

Motion by C. P. Hitchcock, seconded by Charles E. Walder, to approve the 6037 Fund appropriations totaling 17,500.00 for 6037-053-00-601 - Contract Services.

New Total 2018 - 6037 Fund Appropriations \$366,038.15

Voice vote, Two ayes. Motion carried

Prosecutor Flaiz joins the meeting.**Reconvene 2019 Budget Hearings at 10:11 a.m.****Russell Township 1545 Park District**

Mr. Walder presented a summary of the Russell 1545 Park District. 2019 budget submission is incomplete and contains errors in data and math. The park district requested .15 inside millage. The Budget commission asked for 10 year history of operation expenses and a five year forward plan. The information has not been provided. Park district requested certification of both a 1.0 mill levy, and a .5 mill levy.

Issues identified in the last meeting include:

Not on UAN. Financials from 2014 & 2015 have been restated in subsequent budgets.

Ending balances in land acquisition fund has been adjusted several times.

Fund balances cannot be confirmed.

Apparent misreporting of Rollback in 2017

Question of expenditures of closing costs from the P40 Land Acquisition Fund.

Met with Scott Wayt on the 17th of August and went over data from the auditor's office from the real estate tax apportionments of amounts distributed through 2017. Mr. Walder, with the assistance of the Auditor's office staff, compiled a breakdown of inside and outside component. Series of anomalies starting in 2014 through present day significant variance totaling about \$4,000, and a shifting of revenue from the P40 Land Acquisition Fund to the General Fund in an amount of approximately \$52,000. Scott confirmed that they have hired an accounting firm to assist in rebuilding financials from 2014 forward. They have also voted to use UAN. He believes that they can have correct accounting in two weeks.

Mr. Walder stated that the Budget Commission has a firm date of September 1st to complete the budget certification process. Both Mr. Flaiz and Ms. Jacob looked into the options and the responsibilities of the Budget Commission.

The Budget Commission is charged with the duty of reduces the rate of taxation if the tax budget does not clearly show the need. Mr. Flaiz stated that they could not find an example of this happening in the past. He asked what happens if they don't pass a budget. He stated that they are in unchartered waters. He does not see how they can certify a new levy should it pass.

Mr. Hitchcock stated that as far as cash goes, they have enough to run for two and a half years on their current funds. Mr. Wayt disagrees. If they are treading water that would be true, but they are looking to build a trail and there would be additional operating costs related to the Modroo Farm property. Mr. Hitchcock asked who is paving the parking lot. Mr. Wayt stated that \$50,000 has been set aside by the land conservancy. Mr. Hitchcock asked if that was park money or the land conservancy money. Mr. Wayt confirmed that the Land Conservancy is paying for the paving. Mr. Hitchcock says for the past seven or eight years, the park has averaged about \$30,000 annually in operating costs. Mr. Wayt suggested that the parks have not been maintained in the manner they should have been. Mr. Flaiz stated that the land acquisition levy that was voted was the most restrictive he has seen. But that is what the voters approved.

Mr. Butters, the former fiscal officer, was in attendance. Mr. Flaiz stated that one of the problems with the budget was that when Mr. Butters was in charge, it looks like levy money was being put in the General Fund. Mr. Flaiz asked Mr. Butters if he had done that. Mr. Butters denied doing so. He also denied that he had committed to using UAN financial software. Mr. Butters stated that as far as allocating funds to the Land Acquisition and general fund, he went off of what was done before. He stated that they had a lot on their plate. He said he never took money away from the levy and put into the general fund. He just followed what was in the budget. Mr. Flaiz explained that it was not a budget issue. He believes that Mr. Butters looked at the prior year's budget and applied the tax revenue according to the old budget breakdown. When the inside millage was reduced and then eliminated, Mr. Butters continued to apply the tax dollars to the general fund in the same manner as when the inside millage was in place.

Mr. Flaiz stated that when the inside millage had been shut off; Mr. Butters should have realized that those levy dollars should be shut off as well. Mr. Butters stated that they had a lot on their

plate, and if he had more time, he could have looked into it. Mr. Butters relied on the former fiscal assistant, who carried over the figures from the previous year.

Mr. Butters stated that they were very busy that year. He was relieved when they made it through the state audit. He had hoped it was right, because he was unable to reconstruct it. He didn't have time.

Mr. Walder stated two things. First, in the Park Board's own minutes in March 14, 2016 unanimously voted to proceed with UAN. There was no action taken for a year. Mr. Butters stated that was when Modroo happened. He opined that when they were only writing four of five checks a month, it wasn't that complex. Mr. Walder replied that is what is so concerning to the Budget Commission. It isn't that complicated of a budget. So to move \$52,000 from a protected fund into the general fund just because you didn't know what to do with it, when there are only a few sources of revenue, that is exactly the type of budget that you would least expect to see this many errors. The fact remains that you re-reported previous budgets. Year over year, the beginning and ending balances change. That is called restating your financials. Mr. Walder also read the audit report from 2014/2015. There was no audit report, because there was not sufficient data to audit. It said that the Park District did not submit the necessary data to conclude an audit. Mr. Butters said that he had no idea where that information was. Mr. Walder suggested that they could have hired an accountant. That is what is happening now. Mr. Butters was asked, what new information is presented to the current board that he didn't have.

Mr. Butters stated that there was a computer that Mr. Walder (as a Russell Township resident) donated to the Park District. It was used by the previous park district fiscal assistant. The current fiscal assistant said it was so outdated that it was hard to work with. So she just did it on her own machine. Mr. Butters said that he just put it on his shelf and he just found it last week. After hearing about last week, he thought maybe there is something on there. When he opened it, there was the information for 2014 & 2015. He gave it to Scott for the accounting firm. He guesses that is what they are working on now.

Mr. Walder stated that he is dumbfounded that it took the Budget Commission to help the park district find data when a previous park board had the computer that had the data on it. The data was on a shelf but no one could find it. Proper maintenance of records is the fiscal officer's primary role.

Scott Wayt appreciates all of the help that the budget commission has offered. Mr. Hitchcock stated that the issue before the board is the approval of the budget before the budget commission. Mr. Walder stated that the commission cannot determine the beginning balance. The commission knows that the prior year's ending balances are not correct. The budget is flawed. Mr. Flaiz is struggling, knowing that what has been reported in the past is not correct.

Mr. Flaiz made a motion to officially not approve the park district budget. Mr. Walder seconded the motion.

Vote vote: three ayes. Motion is carried to deny approval of the Park District 2019 Tax Budget.

Mr. Markowitz, the Park District legal counsel, stated that by denying the budget, the budget commission put the park board in the position where their only remedy is to file an appeal with the state, causing significant expenditure of money. Mr. Markowitz opined that if the Budget Commission had done nothing, it would have been better than denying it. Mr. Markowitz said in the 43 years that he has been around; he has never seen a budget not get approved.

Mr. Walder stated that they are in the eleventh hour. First the Park Board asked for inside millage. The Budget Commission met months ago and said that they could not approve inside millage without a proof of need. They asked for ten year history and five years looking forward. They received no response. That should have sparked someone to say we can't prove need. Then the asked for a one mill levy to be certified and a one half mill levy to be certified. All that is being asked for to date is more money. He can appreciate the quagmire that they are in. How can you ask for more money when they can't manage or report correctly the money that they do have? \$52,000 that should have been put in the P40 Fund (land acquisition) was put in the general fund.

Mr. Markowitz asked what happens to the Public Library Fund. Does that get transferred to the park for next year? Mr. Markowitz opined that the park board is in this position now because the

Budget Commission failed to do their job years ago. He again suggested that the board approve the budget as estimated balances, contingent on corrected figures in a few weeks. Or to not do anything until the accounting firm can confirm what the actual numbers should be.

Mr. Flaiz stated that he was afraid that if the Budget Commission did not deny the budget that Mr. Markowitz would file a mandamus action against the Budget Commission.

Mr. Flaiz said that the Budget Commission cannot micro manage the park board. The problem in the past was that the park was sitting on a huge pile of money that they weren't doing anything with. For the last couple of years there has been an accounting problem. He understands that the new board is stuck with the mess of the past. Ms. Carson said they would clear it up. Mr. Flaiz reiterated that he cannot certify balances that they know are wrong. Ms. Carson asked if it could be done by September first. Mr. Wayt said that he does not believe it can be done and he doesn't want to waste everyone's time.

Mr. Hitchcock restated that they had the information all along, but because of previous procedures that were already in place and were wrong, there is \$52,000 in taxpayers' money that has been misallocated. No one benefited from the misallocation. Hopefully with new leadership, things will be better going forward.

Mr. Markowitz turned the conversation back to the letter that requested a ten year history and five year projection of operating expenditures. He said that there was nothing that indicated that there was an irreconcilable difference between the beginning balances. Mr. Walder explained that they didn't have any of the records. Mr. Markowitz said they had no notice.

Mr. Walder stated that the purpose of the request was to determine need. You can't state need based on a \$1 million dollar purchase. The cost to operate comes out of the general fund. As he looked through the old budgets, the numbers changed from year to year. Mr. Markowitz said that they didn't understand that's what was needed. Mr. Walder explained that they could have called if they had any questions. They could have responded, or sent an email.

Mr. Flaiz said the park was asking for more money. The budget commission needed to understand what they need it for.

Mr. Wayt said that he couldn't find ten years. He has found information in three different places. Mr. Walder said that the lack of response from that park was interpreted to mean that they didn't have the information. From what is now being said, that seems pretty accurate.

Mr. Markowitz stated that in the decades that he has been doing this, he has never been asked for information like this. Mr. Walder asked when was the last time that he requested inside millage. Requirement to allocate inside millage is first to determine need. Without history you cannot determine need. He also stated that the park has tax levy authority.

Mr. Flaiz asked if the levy passes, when would they start receiving tax revenue. IF the levy passes, collection would begin in January 2019. Would the Budget Commission certify the tax levy for 2019? The auditor's office will check with Shelly Wilson at the Department of Tax Equalization for direction on the new levy certification.

Mr. Wayt stated that he believes that the accounting firm should have the forensic accounting completed within two weeks. He would like to get back together with the Budget Commission and present the findings at that time.

Newbury Township

2019 BUDGET HEARINGS

Newbury Township

Reconvened

10:43 a.m.
August 28, 2018

Marcia Mansfield, fiscal officer and Greg Tropf, trustee
hearing representing Newbury Township.

attended the

General Fund	Estimated 1/1/2019 Unencumbered Cash Balance	\$	351,973.56
	Estimated Revenue		\$301,080.00
	Estimated Expense		\$467,370.00
	Estimated 12/31/2019 Cash Balance		\$185,683.56

Requested \$305,240.00 *Approved* \$301,080.00
over estimated Local Government Fund distribution

Road & Bridge	Estimated 1/1/2019 Unencumbered Cash Balance		\$37,709.02
	Estimated Revenue		\$277,079.00
	Estimated Expense		\$214,000.00
	Estimated 12/31/2019 Cash Balance		\$100,788.02

Requested \$277,079.00 *Approved* \$277,079.00

Fire Fund	Estimated 1/1/2019 Unencumbered Cash Balance		\$12,767.92
	Estimated Revenue		\$266,004.00
	Estimated Expense		\$272,600.00
	Estimated 12/31/2019 Cash Balance		\$6,171.92

Requested \$266,004.00 *Approved* \$266,004.00

Road Improvement Fund	Estimated 1/1/2019 Unencumbered Cash Balance		\$370,309.85
	Estimated Revenue		\$663,521.00
	Estimated Expense		\$932,550.00
	Estimated 12/31/2019 Cash Balance		\$101,280.85

Requested \$663,521.00 *Approved* \$663,521.00

Debt Fund None

Special Assessments
No Special Assessments

<u>Total millage for Tax Year 2018 (2019 Collection)</u>			
0.80	Inside General Fund		
1.60	Inside Road & Bridge		
3.90	Outside Road District	2.0 mill levy renewal certified /1 year early	
1.60	Outside Fire		
7.90	Total Mills		

Mr. Walder spoke: August 17th post hearing meeting with Newbury Township. He had a discussion with Engineer's office regarding number of road miles and grading of roads. Given time limits, suggested five year plan for roads only. Focus on road reconstruction, capital equipment, manpower, facilities upgrades specifically for roads. He made a recommendation to use only Capital Improvement Special Road District for capital improvements to Roads, not for maintenance and repairs. Recommend increasing allocation towards projects by about \$100,000 from 250,000-275,000 based on number of road miles and the condition of those roads. He suggested a list of issues to be addressed with small summary. If that is successful, that process could be carried over to the rest of the township budget. Ms. Mansfield thought that she was providing that information.

Mr. Tropf distributed materials to the Budget Commission members, starting with a recap of the anticipated road projects. Mr. Tropf was not a trustee at that time, and thought starting from that point would be helpful for him. In 2017 the Hotchkiss Road project was on the list of projects. That did not get done and so it is being carried over.

Mr. Walder said that he had a specific conversation with the County Engineer and he confirmed that the Hotchkiss project is in his hands. He has not written the specification for it yet. There is a

centerline issue on the Newbury Township side that must be resolved. The engineer is working on that problem. The project will involve OPWC money. Fiscal lead will be Burton Township.

Mr. Flaiz said that he had spoken with the Engineer's office as well and the problem seemed to them that the road is so old that it had never been surveyed properly. There may be some right of way issues involved. The delay isn't anyone's fault. The Engineer's office is working overtime to be able to realize those results.

Mr. Tروف was directed at the meeting to list goals for the road department. First is to use an outside consultant to look the roads, building and equipment and get on track. He would like to work with the county to develop a road plan and grading system. Develop a cost code system for employees that would be job specific. He knows they work in Newbury, but not how much time is spent on the park, or the cemetery or plowing the roads. There is no breakdown. Just a tracking system for how much time is spent on what project. Every year in July the road department says they have extra money, let's buy a truck or a skid steer. In lieu of that, Mr. Tروف would like to have an alternate road program. That way if they find they have additional money, because a project came in under budget, they can choose to go ahead with an alternate project that has already been bid and is ready to go. Need to review and consolidate excessive equipment, for use and/or sale. Mr. Tروف stated that the township has an abundance of equipment. He would like to hold off on purchasing any new equipment next year. Road Projects for 2018 was a chip and seal of Kiwanis Lake that was carried over from 2017. They had some miscellaneous repair with Munson Township, but not a real road program. Get into a service building. Reviewing if they actually need a new building and if they are, where is the money coming from. Mr. Tروف said he did not change any of Marcia's numbers on the second page. Greg did add two alternate road projects.

Mr. Hitchcock asked if the numbers on the second sheet were real quotes, or wild guesses. Ms. Mansfield stated that the pickup truck they actually ordered it, but cancelled, because it wasn't available anymore through the state bidding system. They are still going to be able to get one, but they have to wait for the 2019 pricing. The one ton truck cab and chassis is actual cost. They have a purchase order open for that. The add-ons are the road superintendent's estimates. Mr. Hitchcock compared last year's capital project estimates with what was being presented. Last year's estimate for the pickup was \$35,000 higher. Mr. Hitchcock wondered whether that was just a wild guess last year. He also asked why the other trustees were not present. It is important that all the trustees are present for this is a very important meeting each year.

Mr. Flaiz said that he appreciated Mr. Tروف's comments about the road grading. Mr. Flaiz spoke with the engineer's office. Road grading is free from the Engineer's office. All they need to do is ask. They will provide a list and free estimates, so the township can prioritize projects. He also said that when he was on council with South Russell, they always did this. Having these alternates, a project might come in under budget and you have the extra money. For instance when you found out the Hotchkiss road project was being put off, if you had a list of alternate projects, you could have moved ahead with one of those. For Budget Commission to be harping on the township to spend money, you have to have something else for these guys lined up. The chip and seal was supposed to happen last year. You did it this year, but it really was last year's money. The Hotchkiss Road project is put off again. So now all you have done this year is a \$28,000 concrete repair; and a \$25,000 joint project with Munson. Every year the township should have \$50,000 in road repairs. So essentially, the township had no road program for 2018. If you would have had a road program or alternates, you could have easily have paved a couple of hundred thousand dollars on roads this year. Now you have lost another year on them. It is just really bad fiscal management. Partially it is operational, and partially it is on you.

Greg Tروف said that he has increased the road program for next year.

Mr. Walder agreed that coming from the fiscal side, he gets that the responsibility always falls on the fiscal person, but the reality is the department heads work for the trustees. There is no authority from the fiscal side to tell the department head that they will have a plan. It has to come from the trustees. From his perspective, Ms. Mansfield could not have created this plan. This has to be done by the group as a whole. She has a part in it, but it is essential that the other two trustees appreciate and understand that they have a responsibility to adhere to this plan. Or if it modifies the plan, to understand where the modifications are coming from and communicate that so it is understood by the budget commission. Mr. Walder also said that they did a lot in a week and commended Mr. Tروف for pushing this from the trustee's side.

Mr. Hitchcock pointed out that money is not the problem. Newbury Township is extremely well funded in the Road & Bridge Fund. The Road & Bridge 2017 budget said it would spend \$420,000. It only spent \$300,000. That is \$120,000 that could have been spent on another project. The trustees are made up of three people. You need another person to get on board.

Mr. Flaiz said this should not be controversial. Let the Engineer, for free, grade your roads and give you estimates. Put out some bids with the alternates on it. We have been around with the trustees on this. He has never had a trustee, alone, come in and do this much work. In the last meeting you provided actual expense in all these categories. Mr. Flaiz commended Greg, saying that this is a great solution. Greg took time to meet with Chuck and went above and beyond. Mr. Flaiz was certain that he would not be able to pass the budget, but solely because he believes in him and his efforts he can.

Mr. Walder reminded Mr. Tropf that he needs to get another trustee on his side. It takes two of you to get it through. You have to convince one of the others.

Motion made by Charles E. Walder, seconded by C. P. Hitchcock, to approve the 2019 Tax Budget as presented with revenue and balances for Bainbridge Township totaling \$2,501,222.11

Being no further business to conduct it was moved by C. P. Hitchcock to adjourn the August 28, 2018 regular meeting at 11:07 a.m.

Respectfully submitted,



Charles E. Walder, Auditor
Secretary/Budget Commission

