

Marion City Council
Finance Committee Minutes
6/5/2023

Members Present: Mr. Schaber, Mr. Gerritsen, Mr. Rollins

Absent:

With a quorum present, Mr. Schaber called the meeting to order at 6:30 PM.

Item 1. Treasury Investment Board Meeting

- [ORDINANCE 1983-083.pdf](#)
- [ORDINANCE 1999-117.pdf](#)
- [1999 MINUTES REGARDING TIB MEMBERSHIP.pdf](#)

[ORDINANCE 2023-036](#): ORDINANCE AMENDING CHAPTER 123 TO AMEND 123.01
(Law Director Russell)

This is an ordinance to clearly incorporate ordinance 1999-117 into MCC 123.01 as a housekeeping/cleanup issue. This adds the language that the treasurer and chairman of the finance committee are voting members to the Treasury Investment Board per the 1999 ordinance.

Mr. Rollins made a motion to send on to a council with a recommendation for approval, Mr. Gerritsen 2nd. Roll Call: Ayes – Mr. Schaber, Mr. Gerritsen, Mr. Rollins; Nays – none.

Legislation sent on to council with a recommendation to approve (3-0)

Item 2. [ORDINANCE 2023-030](#): ORDINANCE DESIGNATING DEPOSITORIES OF PUBLIC MONEYS OF THE CITY OF MARION, AND DECLARING AN EMERGENCY (Treasurer Reese)

Mr. Schaber explained that this is an ordinance that Mr Reese needs to be completed every five years. There is a section regarding the members of the TIB that is contradictory so there was a question as to how to proceed.

Since Ordinance 1999-117 naming the board members was in effect and Ordinance 2023-036 is seen as simply a housekeeping measure, the committee wanted the corrected members of the board (including treasurer and chair of finance) listed in Ordinance 2023-030 to go through council.

Mr. Rollins made a motion to send a cleaned-up ordinance on to a council with a recommendation for approval (with corrected TIB members), Mr. Gerritsen 2nd. Roll Call: Ayes – Mr. Schaber, Mr. Gerritsen, Mr. Rollins; Nays – none.

Legislation sent on to council with a recommendation to approve (3-0)

Item 3. Bank Reconciliation Project (Auditor Meginness) -- UPDATE ON STATUS (Veritas stated 05/22/2022: journal entries provided to auditor who is reviewing recommendations; that review should complete in 7-10 days to begin making entries; final report available in 4-6 weeks)

A representative from Veritas was in last full council meeting on 05/22/2022 and said that he provided journal entries to the auditor to review. It was expected that review would be done in 7-10 days and that they should be able to begin making entries with a final report available in 4-6 weeks. Mr. Schaber requested an update.

Auditor Meginness – There's been some development, not a ton right now. There's actually been a couple of things that we had for New World because the access they had for New World wasn't as complete as we wanted it to be. So, both I'm reviewing it as well as one of their staff accountants is reviewing it. But there's no additional updates at this point.

Mr. Schaber asked for additional clarification.

Auditor Meginness – The New World software... they couldn't access the ability to search by journal entry which is how we were getting the general ledger account numbers to make the corrections for. So we had to contact New World to fix that. Now they're able to do that. So they're working on it as well as I'm working on going through the adjustments to confirm that general ledger accounts.

Mr. Schaber -- So your data from Veritas did not go into New World correctly?

Auditor Meginness -- No we haven't put anything into New World yet for the adjustments. We're still reviewing the adjustment list adding the journal entries or adding the account numbers to the journal entry so we can put them in New World. It's a lengthy process because, especially with payroll, there's so many different accounts that it has to touch. You have to come through quite a bit in order to find the right ones.

Mr. Schaber -- And what was it again that you had an issue with me with?

Auditor Meginness -- We have to look up one specific journal entry that lists all the general account numbers... general ledger account numbers to add to the adjustment list so that we make sure we're hitting the correct one and payroll has so many general account numbers... general ledger account numbers that it's a lengthy process. That's what we're going through right now is payroll.

Mr. Rollins -- So are you actually making adjustments in real time?

Auditor Meginness – Not yet. We are completing the list of the adjustments first and then once they're completed, we're going to go ahead and make all of them at once.

Mr. Rollins -- When do you anticipate that to be done?

Auditor Meginness -- I do not have a completion date right now. I think there's 20 some adjustments in payroll and like I said each one has anywhere from 10 to 15 GL accounts to touch so I have to make sure they're all correct before we adjust them

Mr. Rollins -- Do you think we'll still be getting a final report from Veritas by like the end of the month or no?

Auditor Meginness -- That's the goal.

Mr. Schaber -- You have to go through each line I guess and review it compared to what Veritas... and then what?

Auditor Meginness -- Right. So each journal entry has however many lines on it. You have to cross-reference that journal entry with the adjustment list that Veritas has for us. And we have to -- as long as it's correct -- we have to input those GL accounts that are on that journal entry into the adjustment list so that when we enter the adjustment into New World it's correct... fixing the problem. Once the adjustments are in and all balances are confirmed then we can get that over to Charles Harris and continue with the audit.

Mr. Schaber -- So you are checking for accuracy before you make the adjustments.

Auditor Meginness -- Correct.

Mr. Schaber -- So you're checking everything first?

Auditor Meginness -- Correct.

Mr. Schaber -- And you're not... it can't be done as in Mr Rollins I think was asking if when you're in there checking something and you see that it is correct, you can go ahead and make the adjustment?

Auditor Meginness -- We can probably. I didn't think about that, but we can. I can talk to Greg tomorrow and see what he says about that. Because the general fund account adjustments are finished at this point, so those are the listing for the adjustments. It's completed. The adjustments have not been made, but the listing is completed. So if the list is completed, I don't see why we wouldn't be able to go ahead and adjust those. But I can have a talk with him tomorrow about that and then at least that portion will be done.

Ayers Ratliff (Second Ward) -- If the adjustment list is done, do we know the amount that our books are off at this point?

Auditor Meginness -- Not as of right now because the general fund is the list is complete, but the payroll is not. So if you're looking for an end of story bottom line figure I don't have that yet.

Mr. Gerritsen -- So the most current difference between the two funds is \$863,000?

Auditor Meginness -- That's based on the reconciliation process that you have in front of you. That's the old way. I wouldn't bet on that accuracy. But we are going through updating with the new process as well. General fund is up to date with that. Payroll is through October of 22. But again, those aren't completed yet because we don't have confirmed fund balances. So we have all the information in there, we're just waiting for the confirmed fund balances to make sure everything balances out.

Item 4. 2021 Audit (Auditor Meginness)

Pending completion of Item 3. Still on target for 4-6 weeks completion date.

Item 5. S&P Credit Watch (Auditor Meginness)

Pending completion of Item 3. Still on target for 4-6 weeks completion date.

Item 6. [ORDINANCE 2023-031](#): ORDINANCE AMENDING CHAPTER 123 TO PROVIDE FOR 123.02 ACCOUNTS (Treasury Investment Board recommendation)

Law Director Russell spoke on behalf of the TIB which has recommended that the auditor and treasurer both be on the signature card for all accounts. Additionally, that both signatures be required on transfers greater than \$50,000.

There was considerable additional discussion about the need to have a secondary signer for the both the auditor and treasurer in case of emergency. In case of the auditor, the ORC provides for the deputy auditor. There is no such provision for the treasurer. Law Director Russell suggested that if council wants the assurance of a secondary signer, they can name that person within legislation. It would be a preference without any real guidance from the law.

Law Director Russell clarified that these are not correcting errors. There is no guidance. This legislation is just making it abundantly clear how our accounts are going to be handled.

Mr. Rollins made a motion to approve and send to council. Motion died for lack of a second.

Mayor Schertzer suggested that they consider back ups for the treasurer since the issue is coming up right now and write it into legislation. He suggested considering others on the TIB. He suggested excluded the law director since they may need to go to him for legal advice.

Treasurer Reese said that there has never been a back up for the treasurer in all of the years of the office. Mr. Rollins asked who he would recommend as a back up for him

should he be unable to serve. His response was “no one”. When asked why, he responded, “after all these years – I don't know how long the treasurer has been a treasurer – they never had a backup. I don't see where it would ever be a problem for what we want to use it for. No.”

Mr. Ratliff (3rd Ward) said that he thinks that they need to clean up the language and add a backup for both, because it does not even allow for the ORC alternate. He believes that it limits the city with the language.

After considerable discussion, there was no consensus on language or if there should be a secondary signor or even who the secondary signor should be. No change was made to the proposed language.

Mr. Rollins made a motion to send on to a council with a recommendation for approval (language was not changed), Mr. Gerritsen 2nd. Roll Call: Ayes –Mr. Gerritsen, Mr. Rollins; Nays – Mr. Schaber

Legislation sent on to council with a recommendation to approve (2-1)

NEW BUSINESS

Item 1. Fire Truck Financing Update (Auditor Meginness)

Mr. Schaber -- Have you signed papers? Are we earning (accruing) interest from the day we signed?

Auditor Meginness -- Application was filled out and submitted last week or the week prior. I spoke with Jesse Taco at the dealership. He said that was fine because they hadn't gotten anything... any invoices from manufacturer yet. Application was reviewed and approved. I believe the contract was signed. That was signed last week but I don't recall the actual date. I did clarify the interest is being accrued once it's entered into. So we are earning interest right now however our interest... we are accruing interest as of right now. But the first years' worth of interest is less than the discount that we've received so just for peace of mind.

Mr. Schaber -- Mr Law Director Russell, so earlier we spoke about intent of what council's wishes were back in 99 (regarding the TIB related to council intent) and we did this ordinance to clean that intent up. My intent when I voted for the purchase of the fire truck was, I thought that we weren't incurring any interest until August. And the decision was made to vote for the ordinance that went through, we revisit it in July, no interest is occurring, and then we would make a decision if we wanted to go cash or continue with the financing. With that intent, I voted yes. Now we are earning interest daily and that wasn't the intent or the wishes of counsel. Was the auditor given legal permission to enter into that contract?

Law Director Russell -- So the council passed an ordinance. The ordinance passed by Ohio law. The council -- as with any ordinance that has passed -- wants to exercise its right to at its next regular meeting to call for the reconsideration they can do that. That's general rules that we apply however there's an additional factor. This particular ordinance entered into a contract with the purchase of capital equipment which has another statute that once those monies are engaged that you're not going to be able to reverse it. So that's the best opinion I can share. But it's just it's not really a legal question. If your legal question is what steps could the council person take, that's what I would say. Reconsideration at the next meeting but you're going to run into roadblocks in regards to that.

Mr. Schaber -- Well I'm not asking how what steps to take I know what steps... we should have had a special meeting before any contract was signed. We didn't. Because we had the intent and we were presented with information no interest until August of 2024. I know that's how I based my vote. I can't speak for the two other members on the finance committee nor the council members in the audience. But I guess the legal opinion I'm asking for is if that was the intent and the wishes of counsel how did the auditor sign a contract that was the exact opposite of what the information that was portrayed to the council.

Mr. Gerritsen -- This is why Mr Ratliff and I thought we should just spend the money out of the fund on the truck and pay ourselves back with interest. But it was deemed to us not prudent because of the financial position and the audit and blah blah blah and the bond rating and so here we are. And now we're accruing you say earned I think it's accruing interest on our payments before August of 2024 so that's aggravating. I just want to make that statement.

Mr. Rollins -- It is aggravating. That's exactly why we put the July provision right in there.

Mr. Schaber -- Right so let me ask this question a different way. How is the city protected by the \$150,000 of interest that was just signed a week ago? Because council did not want that at all. So how do we get that that \$150,000 or roughly \$150,000 back? And to say that a discount that we got by prepaying covers it, I think that's an insult to us.

Mr. Rollins -- We would have got the discount have we paid cash.

Mr. Ratliff -- The purchase of the truck is not a concern because I think everybody wants to purchase the truck. I'm glad the truck is purchased. I'm glad the truck is ordered. We need the truck. How we pay for the truck is still the question and as we stated when we have this the discussions in this room and that's the reason we were going to visit it in July is because we could exercise an option at that point to pay cash. We can still exercise that option. I personally am still glad that the truck is ordered. I think we were

given bad information. I think whatever steps it took for us to receive the information that we got need to be ensured that will never happen again. I think a lot of people -- although skeptical -- that's the information that we had. I still think that the conversation is warranted on if we're going to just pay for the truck early. The problem that we have, and that this Council has and this Council has over and over and over again is that the questions were asked: what are options were of how to do that probably 45 days ago. We still don't have that answer we have only gotten opinions of: no you shouldn't or yes you should. We've never been given the facts. We've never been given the numbers. We've never been actually allowed to make up our own minds. That's what should be frustrating all of us is that we are spoon fed a yes or a no and not given the information so that we actually have all the information there so that we can make the most intelligent decision that we can make. I will go back to the fact that I'm glad that the truck is ordered and we need to have conversations and dig into the fact of if we should pay cash forward or not and how that happens if we so chose to do that.

Mr. Rollins -- It's not that we weren't given information. We were given false information.

Mr. Ratliff -- Yes. We were given false information. The question was asked: what funds did we have available to do that and never did get an answer for that. It was we talked to Fifth Third Bank and Fifth Third Bank doesn't think that you should. That's basically the information that we've received back.

Mr. Schaber -- In the email I believe the auditor sent out about Fifth Third and what cash is available, there was 1.6 or there's a little million and a half that was available. After May 16th, believe that total went up to \$2.1. So I guess I don't know who calls the investment board meetings? When will that investment board be meeting again? Because that 2.1 needs to be reinvested. Are we acting on that? When I thought we had no interest until July or August, I thought we would invest that 2.1 million dollars in the short term for a year earn whatever we could off of that and then pay cash. Well now that's not the case so again my question is that board going to meet soon to figure out what can be done and what is going to be done that two million dollars because with that information maybe we can come back to council and say we have this and we can pay cash.

Auditor Meginness -- There was an email sent to Brian Carter at Fifth Third shortly after the last treasury investment board meeting. I believe that was May 11 and I asked him what options we had to invest both of the funds that were already matured prior to May 16th and what we could do for afterwards. I have not received an email back.

Mr. Schaber -- Is that what you do Mr. Reese is invest that?

Auditor Meginness -- Fifth Third is interim money and that is treasury investment board. But there was difficulty with that because I wasn't on the account prior to May 11. So we

got a letter from the law director to get me added to the account. I got added and therefore started asking questions about what we can do.

Mr. Schaber -- Who calls the treasury investment board meetings, and do you plan on calling one to talk about reinvesting that 2.1?

Auditor Meginness -- We can but the question that the last treasury investment meeting was "reach out to Brian Carter and see what his advice was" and I haven't gotten any information back yet but there.

Mr. Schaber -- There's no banker alive that will say "take your money out of my bank".

Victoria Arndt (410 Clover) -- I think tonight is a night where we're hearing we're not being held accountable and we've had misinformation.

Matters Not on the Agenda

Item 1. RESOLUTION 2023-009: RESOLUTION APPROVING AND ADOPTING THE BUDGET OF THE CITY OF MARION, OHIO OF THE YEAR ENDING DECEMBER 31, 2024 AND DECLARING AN EMERGENCY

Mr. Rollins made a motion to send an ordinance with corrected members on to a council with a recommendation for approval, Mr. Gerritsen 2nd. Roll Call: Ayes – Mr. Schaber, Mr. Gerritsen, Mr. Rollins; Nays – none.

Legislation sent on to council with a recommendation to approve (3-0)

Reports

- [2023.04 CREDIT CARD REPORT.pdf](#)
- [2023.04 BUDGET PERFORMANCE REPORT.pdf](#)
- [2023.04 RECONCILIATION.pdf](#) (Difference between Auditor and Treasurer Balance \$863,071.78)

ADJOURN

With no further business, Mr. Schaber adjourned the meeting at 7:23 PM.