

The background features a wooden surface with several white wooden letter tiles scattered around. A prominent wooden abacus is positioned diagonally across the center. The tiles contain various letters, including 'S', 'Y', 'W', 'E', 'B', 'D', 'G', 'E', 'T', 'F', 'H', and 'R'.

March 16, 2026

Special Trustee Meeting
Fiscal Officer Presentation

Introduction

- Terminology
- Review of our past Budget process
- Review of 2025 Cash carry over – General Fund
- My recommendations to better align our 2027 Budget process

Introduction

- As Fiscal Officer my primary role is to maintain accurate financial records and manage township funds – \$15,000,000 in 2026.
- The Fiscal Officer does not have a vote in any Township matter, including Budgets, Appropriations or Levies.
- The issue of excess carry over is not a new problem.
We don't have a revenue problem; we have a planning & execution problem.
- We won't get better at Budgeting unless we accept what we've been doing is not working.
- After numerous previous attempts to spur the Board to address these issues, I am glad that there is now an appetite to do so.

Terminology

Fund Accounting is different from traditional cost accounting (see handout)

Each Fund has its own rules based on purpose – some are Restricted (e.g. Road, Police, Fire, OPIOD, etc.), some are not (e.g. General Fund)

In 2025 the Township budget included 30 Funds

Our four “main” Departmental Funds are

- General Fund
- Road & Bridge
- Police District
- Fire District

Terminology

Each Fund is budgeted based on:

Starting balance

Add in Revenue

- County GCA-001 (or GCA-001E) gives us property tax Revenue (IM and Levies) based on the collection rate as set by the County Treasurer
- Transfers In
- Other non-levy revenue (e.g. Grants, Fees, PILOT, Rents, SSO, LGF)
- Sale of Assets

Subtract Expenditures

- O&M spending
- Capital spending
- Transfers Out

Ending balance

Terminology

Certificate of Estimated Resources (CER):

- Total resources (money) available to TWP
- BC issues the Certificate based upon our estimated (following BC hearing) or actual (following YE) year-end unencumbered cash balance, plus the revenue identified in the Budget adopted by the Board, and the revenue from all Levies

+Encumbrance:

- Capture of funds to meet an obligation (e.g. a purchase order or contract) – The encumbrance must be opened prior to an obligation for services or goods (R.C. 5705.41).
- At year end, when the Township has ordered something but has not yet received the equipment or an invoice, the purchase does not show up in expenditures, instead it is a carry-over encumbrance

Unencumbered Cash Balance (UCB):

- Fund balance less encumbrances as of 12/31- reported on the Township's Year End Certificate when the "books" are closed at year-end.

Terminology

+Cash Reserve: Amount of unencumbered funds left over at the end of the year after all Revenue is received and all expenditures are met. This should minimally be the money needed before 1st half tax advances or settlement from the County.

Appropriations: The portion of total resources as approved by the Board that is available for encumbrance. **At year end any unencumbered Appropriations become part of the UCB.**

+ClearGov – Portal for documenting requests for and collaborating on specific capital projects for each Department

+Reasonableness and Need: Criteria the BC utilizes as the taxpayers' check and balance when reviewing all Budgets, including Russell Township's.

Past Budget Process

Statutory requirements:

- Trustees are responsible to set the Budget
- Budget must show - for each fund - 2 yr proceeding actual revenue & expenditures; current year anticipated revenue & expenditures; ensuing year budget
- The statutory Budget refers only to the ensuing year (versus a forecast, which looks out 5 years)
- Trustees must hold public hearings prior to adopting the Budget
- Trustees must adopt a Budget by July 15
- Budget must be submitted to GCA by July 20 (or we lose local government funding)
- After July 20, the Township may not alter the Budget until the beginning of the ensuing year (i.e. Permanent Appropriations)

Past Budget Process

Timeline:

Budget preparation starts in Mar or April, when we receive the GCA-001E

Budget assumptions are established

+Department heads prepare a five-year capital forecast

+Workshops with each Department are held in June to discuss

Depts staffing & capital needs for 1yr and 5yr horizons

General Fund staffing & capital needs for 1yr and 5yr horizons

Funding transfer to Reserve funds and from GF to other Funds

Projected budget shortfalls & ways to address it (reduce spending, increase revenue)

After the workshops, the proposed budget is finalized and advertised in newspapers and on website

Public hearing and adoption by Board usually done in late June meeting

Public hearing before the BC in August

BC may alter Twp Budget prior to Sept 1

Past Budget Process

Relationship between the **Budget** and **Appropriations**

At end of the year, the fiscal office prepares Temporary Appropriations based on Budget and the Certificate provided by the BC at the Hearing

+ Once the YE is completed, the fiscal office prepares Permanent Appropriations based on the adopted Budget and the Amended Certificate provided by the BC based on our YE balances for each Fund

- PA include updated capital requests, because priorities can change from June
- Trustees are not required to follow the Budget for any Appropriation measure

Permanent Appropriations must be adopted by end of March

Past Budget Process

Challenges with this Process:

The budget for the ensuing year is prepared before the current year is half over

The Starting Fund balances in the Budget are based on the inherent assumption that ALL revenue is received and all appropriations are expended – no more, no less

Supplemental revenue and appropriations for current year made after June are not reflected in the Budget

“Stuff happens”

2025 Cash Carry Over – General Fund

General Fund expenditures include

- **Salaries** for Elected Officials, Admin, Fiscal, Zoning & Cemetery staff
- **O&M** for Zoning, Cemetery, Town Hall, Admin Building, Community Room
- **Reserve funding** for replacement costs for Cemeteries, Town Hall, Admin Building, Community Room, Recycling area & Ball fields.

The first challenge is that we started out 2025 with \$520k more in unencumbered cash balance vs the Budget – this is a compounding problem that is experienced in all Departments and has been noted repeatedly by the Budget Commission.

2025 Cash Carry Over – General Fund

GF received \$142k more revenue than budgeted in 2025.

- +Funding for Projects indicated in the Budget were appropriated but not encumbered or spent:
 - \$50k for Road Garage concept & prelim plans –concept only cost \$7k
 - \$45k for Town Hall in both 2024 and 2025
 - \$25k for a part time CR event coordinator
 - \$125k to Road to do extra paving
- +The Budget included estimates for revenue and expenditures for CR as it was first year for the new building, but these were not realized.
- +\$125k released at yr end for prior year MM claims & other blankets

When you combine these factors — the result is significant carryover

2027 Budget Process

Where are we?

Levy estimates & valuation have been received from GCA
Expenditure trends by Dept updated with 2025 amounts

Recommendations to the Board

1. Return excess carry over to taxpayers

My preliminary analysis in the excess carry over in the GF alone is over \$900,000

I will do a similar analysis for other departments once Permanent Appropriations are adopted

2027 Budget Process

2. Adopt a different mindset

In 2025 we reduced collection of one levy for “revaluation relief” in the same year that we put a new levy before voters –this is a confusing message for our residents

Stop telling our taxpayers – via the Budget - of initiatives that we don’t have a plan to follow through with (i.e. No more placeholders!)

When “stuff happens”, assess the impact to the Budget

- If Board decides not to undertake a project, unless the funds are allocated to another project, it becomes carry over
- When a project comes in significantly less than budgeted, unless the remaining funds are allocated to another project, it becomes carry over

2027 Budget Process

3. Take a more active role

- In establishing a realistic cash carry over target for each of the 4 main funds **I believe there is a misconception regarding a “county standard” for cash carry over - I recommend that the Board meet with the BC for clarification**
- In establishing the Assumptions of future revenue & costs for Budget
- In working with each Dept to discuss, review, and then advise my office of changes to O&M & staffing and capital needs for the ensuing year and the 5-year forecast (i.e. **Separate “wants” from “needs”**)

2027 Budget Process

Other Recommendations

- **Review the Capital project funds that were included in the 2026 Budget for the GF.** If these projects are not ripe for execution and alternate uses are not identified, then return this excess to taxpayers.
 - General Fund: \$25,000 for CR Door Operators
 - General Fund: \$6,000 for Computer upgrades
 - General Fund: \$100,000 for Town Hall renovations
 - General Fund: \$67,000 for balance of FD Dormitory project
 - GF Reserve Fund: \$16,500 for Town Hall Stair rebuild
 - GF Reserve Fund: \$30,000 for Bob Hall backstop
 - GF Reserve Fund: \$39,000 for Cemetery pavement
 - GF Reserve Fund: \$7,500 for Flag Pole replacement
 - GF Reserve Fund: \$100,000 for Admin Exterior Siding, Soffits & Fascia
 - GF Reserve Fund: \$3,000 for Admin bldg. hardscape/plantings
- Recommend the Board seek resident's input wrt Town Hall's future use to establish a realistic plan for renovation and/or maintenance.
- We have heard a lot of feedback regarding need for more parking at the Community Room. The Board may want to consider this as part of the planning process.

2027 Budget Process

Other Recommendations:

- **Conduct the Budget Workshops earlier** in the budget process to allow sufficient time for the Board to consider Departmental expenditures, and if needed, to consider the use of inside millage to supplement revenue of other Depts, thereby avoiding a Levy.
- **Budgeted Transfers** from GF to other Depts for the budget year should be re-assessed once the prior YE is completed and actual balances are determined.
- **Additional Transfers** to fully fund Reserve Funds per the Reserve Study should be considered in Oct each year, based on YTD revenue & expenditures, along with a fresh assessment of reserve elements (both condition and replacement cost).

2027 Budget Process

Other Recommendations:

- **Establish an alternate process** for collecting department capital requests rather than continuing with ClearGov. Although the platform has provided significant value to the fiscal office for capital planning, it has not been widely adopted or appreciated by the Board and department heads. At a renewal cost of \$25,000 for a three-year subscription, the current level of utilization does not justify the expense to taxpayers.
- **FO Action Item:** Revise Township encumbrance recommendation for HRA Benefits to better align with experience.

2027 Budget Process

My goal is to help the Board develop a budget process that is more accurate, more transparent, and more responsive when circumstances change.

I believe the recommendations I've outlined today will help us do that.

With that, I'll turn it over to the Trustees for discussion on how we can improve the 2027 budget process

