THE VILLAGE OF OAKWOOD

FINANCE MEETING

September 3rd, 2026

ATTENDANCE

Council President- Eloise Hardin	Finance Director- Karen Howse
Ward 1- Taunya Scruggs	
Ward 2- Yvonne Evans-Warren	
Ward 4- Mary Davis	
Ward 5 – Malcolm Sims Jr.	

Late arrival*

Absent-Paggie Matlock

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1. Meeting called to order by Hardin at 5:43PM.
2. Pledge of Allegiance
3. Roll Call.

COUNCIL WAGES & BUDGET DISCUSSION

Key Issues Discussed:

1. **Council Wages Status**
    - Council wages were legislated in 2012 and are set to expire in 2028
    - 2025 budget: $80,000 | 2026 appropriation: $88,286
    - As of August 14, 2026: $70,161.47 spent (approximately 8 months of spending)
    - Committee calculated approximately $11,034/month spending rate
    - Estimated need for remaining 4 months: ~$44,000+
    - Finance Director Howse confirmed current expenditure status and promised updated figures after the next payroll
2. **Wage Increase Concerns**
    - Question raised about whether the $88,286 reflects wage increases for 2026

- Some council members receive staggered raises every two years (President, At-Large, and individual ward positions)
- Finance Director explained that the 2026 budget included 3-4% increases for most departments, but council is governed by separate legislation

3. **Videography/Mediagrapher Contract**
    - Council member Evans raised that a videographer contract needs to be formalized for recording council meetings (2nd and 4th Tuesdays)
    - Services include videotaping, recording, editing, and streaming
    - Budget line item: Media/Camera expenses (101-7701) shows $6,500 appropriated vs. $7,500 everyday expense
    - This cost was previously thought to be covered under miscellaneous contractual services

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POLICE DEPARTMENT BUDGET REVIEW

Highlights:

1. **Police Car Outlay**
    - Originally requested: $48,000
    - Already spent: $45,824
    - Increase needed: $3,000 more
2. **Printing & Reproduction**
    - Appropriated: $3,500
    - Already spent: $3,684.95 (over budget)
    - Question: Should this be increased?
3. **Professional Dues & Fees**
    - Appropriated: $2,500
    - Spent: $1,050
    - Over by $50 (deemed immaterial)

4. **Police Training**
    - Appropriated: $20,000
    - Spent: $9,000
    - Department indicated they may use remaining funds for planned training
5. **SEAL Expenses** (appears to be a consortium)
    - Originally budgeted at $28,000, reduced to $15,000
    - Finance Director explained this was adjusted after conversations with department heads about actual needs

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BUDGET STRUCTURE & MANAGEMENT DISCUSSION

Finance Director Howse Explained:

1. **Budget Categorization**
    - Budgets are now being presented with two main categories: **Salaries** and **Other**
    - This allows better tracking of salary vs. operational expenses
    - Provides more transparency than line-by-line budgeting
2. **Inter-Fund Transfers**
    - Explained as moving money between accounts (like transferring between savings and checking)
    - Allowed under ORC as long as total appropriation isn't exceeded
    - Example: If one line item is over but another is under, money can be transferred to stay within total budget
3. **Miscellaneous Contractual Services**
    - Defined as any agreement with a vendor (PO-based)
    - Can include one-time purchases or long-term contracts
    - Blanket POs can be used for recurring monthly expenses (e.g., videography)
    - Cannot carry blankets over to the next year

4. **Budget Amendment Necessity**
    - Original 2026 budget: $11,465,948
    - Proposed amended budget: $11,725,125
    - Increase of approximately $259,000
    - Reasons for increase:
        - Activities in 2026 differ from 2025 projections
        - Economic factors (fuel, utilities, repairs costs higher)
        - Prior year expenses posted to current year (audit adjustments)
        - Grant funding didn't come through as expected

REVENUE DISCUSSION

Income Sources for Oakwood:

1. **Income Tax** (75-80% of revenue)
    - Collected through RITA (Regional Income Tax Agency)
    - Cross-referenced with IRS for compliance
2. **Property Tax** (smaller portion)
    - Distributed twice yearly by county
    - Can receive advance distributions if agreed upon
3. **Other Revenue Sources:**
    - Building permits and fines
    - Mayor's Court fines
    - Local government share (~$400,000 annually)
    - Levies (small margin)
4. **Revenue Challenges:**
    - Large income tax refund request pending (could reduce revenue by ~$3 million)

- This significantly impacts cash flow projections
- Residents sometimes file in wrong municipality (e.g., Beachwood instead of Oakwood), reducing village revenue

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ENDING FUND BALANCE & CASH FLOW

Projected Ending Balance for 2026:

- **$502,583** (if budget is approved as presented)
- This is significantly lower than previous years ($146,000 previously, $125,000 before that)
- Reason: Large potential income tax refund reduces projected revenue from $10.2M to ~$7M

Monthly Payroll: ~$200,000

- Ending balance would cover approximately 2.5 months of payroll
- Finance Director expressed concern about cash flow sustainability

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BUDGET COMPLIANCE & CONTROLS

New Control Measures Implemented:

1. **Purchase Order (PO) Requirements**
   - All expenditures must have PO before purchase
   - Invoice must be dated AFTER PO approval
   - Workflow: Department → Mayor → Finance Director
2. **Line Item Overage Pause**
   - If a department's line item goes negative (over budget), requisitions are paused
   - Requires approval from Mayor, then Finance Director
   - Council questioned whether this applies to them (legislative vs. administrative distinction)

3. **Credit Card Controls**
    - Moving away from auto-pay credit cards
    - Cards must be signed out and returned
    - PO must be in place before card can be used
    - Goal: Prevent unauthorized spending and ensure proper documentation
4. **Purchasing Policies**
    - Tax exemption forms must be used (no taxes on government purchases)
    - Three quotes recommended for significant purchases
    - Emphasis on zero-based budgeting (don't just add percentage to prior year)

PRIOR YEAR FINANCIAL STATEMENTS

Ongoing Issue:

- Resident requested prior years' financial statements (2021-2025)
- Finance Director acknowledged this is a legitimate request under sunshine law
- Explained challenges:
    - Prior year posting errors being corrected
    - Encumbrances and credit card statements carrying over
    - Audit adjustments being made
    - Process requires public records request to law department

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SALARY STRUCTURE & EQUITY CONCERNS

Issues Identified:

1. **Inconsistent Salary Administration**
    - Some employees at top of salary range but receiving additional raises
    - Bonuses being used instead of salary adjustments
    - Lack of clear criteria for raises

2. **Recommendations from Finance Director:**
    - Create comprehensive salary ordinance
    - Establish HR/Personnel Committee
    - Use salary ordinance as guidance for all compensation changes
    - Equity adjustments (permanent salary increases) preferred over bonuses
    - Bonuses complicate W-2 reporting and pension calculations
3. **Boards & Commissions**
    - Council wanted to give $5 raise to board members
    - Deferred to 2027 budget due to current constraints

RAINY DAY FUND DISCUSSION

Proposed: 5% of total budget annually set aside as emergency reserve

Finance Director's Position:

- Advocates for it long-term
- Currently recommends focus on:
    - Strengthening general reserves
    - Building accrued time liability reserves for retiring employees
    - Aging workforce with significant accrued vacation/sick time

Challenges:

- Community not wealthy; limited revenue sources
- Heavy reliance on income tax (vulnerable to economic changes)
- Aging infrastructure (roads, sewers)
- Limited federal/state grant funding

2027 BUDGET TIMELINE

- **September 11:** Department budgets due

- **Mayor's budget hearings:** First
- **Council budget hearings:** Second
- **Goal:** Complete review and voting by **first week of November**
- **Reason:** Avoid holiday scheduling conflicts and year-end rush
- **Format:** Three readings for full budget passage (not emergency)

COMMUNITY EVENT (SEPTEMBER 12)

Concert & Community Activities:

- **Time:** 2 PM - 6 PM
- **Shred Day:** 9 AM - 12 PM (separate)
- **Features:** Two bands, vendors, ice cream truck, drag racing coalition cars
- **Council Table:** Will have Oakwood Village pins, raffle tickets, registration for mailing list
- **Balloon Release:** 4 PM honoring former Mayor Gary Gastroff (33 years of service)
- **Invited:** Previous council members to participate in balloon release
- **Budget:** ~$9,000 allocated; ice cream being provided free to residents

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OUTSTANDING ITEMS FOR COUNCIL AGENDA

Finance Director requested four items be placed on Tuesday's agenda:

1. **County Tax Rate Adoption** (due by Sept 30)
2. **Nuisance Special Assessment** (24 parcels; due to county by Sept 14)
3. **Appropriations Amendment** (2026 budget)
4. **Outstanding Invoice** (tracked since 2024; attorney general matter)

PUBLIC COMMENTS

Resident Concerns Raised:

Resident #1 - Financial Oversight & Public Records

This resident raised concerns about:

- **Lack of financial transparency** - They had repeatedly requested prior years' year-end financial statements (2021-2025) and never received them
- **Sunshine Law Rights** - They emphasized that residents have a right to public financial documents
- **Request Process** - They explained that public record requests should be submitted in writing to the law department
- They expressed frustration about not being able to verify how the village's money is being managed

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Resident #2 - Income Tax & Revenue Tracking

This resident asked detailed questions about:

- **Where income tax comes from** and how it flows into the community
- **RITA (Regional Income Tax Agency)** - Asked how it collects taxes
- **Property tax distribution** - Asked how often it comes in
- **Fines and other revenue sources** - Asked what other money comes in
- **Tracking residents in apartments** - Concerned about how the village tracks people moving in/out of apartments to ensure they're paying taxes to Oakwood (not Beachwood)
- **License plate fees** - Referenced a past issue where companies were listing Beachwood instead of Oakwood, causing lost revenue
- **Verification of financial data** - Asked if the village has access to records showing where revenue is coming from

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Resident #3 - Major Community Concerns (Lengthy Statement)

This was the most extensive resident comment. They raised several critical issues:

School District Spending:

- Expressed concern that schools are "arbitrarily doing things" that will cost the community millions
- Suggested council should be more active in requesting meetings with the superintendent and treasurer
- Stated: "You have people that are arbitrarily doing things at that school that are gonna cost us millions"

Property Valuations - "Totally Arbitrary":

- Criticized property valuations as completely arbitrary and unfair
- **Specific Examples Given:**
    - Apartments are **undervalued** (should pay more)
    - A commercial parcel (T) valued at $80,000 for land
    - A residential house on Forbes Road valued at $133,000 for land - "that's totally wrong"
    - Stated valuations should be consistent and fair, not arbitrary

Accountability:

- Called on council and mayor to "get the county back in here" and demand fair valuations
- Emphasized: "Council, you can pass laws, you can pass legislation, you can make those people accountable"

Data Analysis:

- Suggested council needs to understand **percentages and trends** in revenue, not just raw numbers
- Recommended tracking how revenue percentages are changing to identify problems early

Shaker Heights Tax-Exempt Property:

- Pointed out that Shaker Heights has 22 acres on Bartlett and Columbus Road that **pay no taxes**
- Questioned how this is permitted and whether similar situations exist in Oakwood

School Building Demolition:

- Bedford is demolishing buildings (including potentially the high school auditorium worth $20M)
- Suggested council negotiate acquiring demolished school buildings for village use

Valuation Expertise:

- Resident indicated they have professional valuation experience and offered to help
- Stated: "I know this stuff obviously because I do valuation all the time"

Council's Response to Residents

- Acknowledged this was the **second conversation in two days** about these issues
- **Committed to action:** "I'm going to ask this council to contact Joe because there's some very valuable information there. And I think this council needs to consult with him, and we will do that. There will be a meeting and contact with you soon, okay?"

Finance Director's Response to Public Records Request

Finance Director Howse acknowledged:

- It is residents' **right under sunshine law** to receive public financial documents
- She committed to providing financial statements going forward
- Explained the challenge: Prior years had posting errors that are being corrected
- Stated she doesn't want to present inaccurate information
- Promised to work on getting accurate financial statements to residents

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Summary

Residents raised legitimate concerns about:

1. **Transparency and access to financial records**
2. **Revenue tracking and tax collection accuracy**
3. **Arbitrary property valuations**
4. **School district spending oversight**

5. **Tax-exempt properties**

   The council appeared receptive, with the chair committing to follow up with the resident who provided detailed valuation concerns.

KEY TAKEAWAYS

1. **Budget is tight** with only ~$502K ending balance and significant income tax refund pending
2. **Cash flow concerns** for January startup
3. **New controls being implemented** for spending and PO requirements
4. **Prior year accounting issues** still being resolved
5. **Salary administration needs overhaul** for consistency and equity
6. **Revenue heavily dependent** on income tax (75-80%), making village vulnerable
7. **Community engagement** planned for September 12 event
8. **Conservative approach** recommended for 2027 budget planning

The meeting emphasized the need for careful financial management, proper documentation, and transparency in budget operations going forward.

Motion to adjourn meeting made by Sims and seconded by Hardin.

Vote YES: Hardin, Evans-Warren, Scruggs, Davis, Sims.

Meeting adjourned at 9:14PM.

Nov 10, 2026 — Approved (Date)

Eloise Hardin — Council President, Eloise Hardin

Nov 12, 2026 — Posted (Date)

Carol John — Clerk of Council, Carol Jackson