
MINUTES OF SYMMES TOWNSHIP FINANCE & AUDIT COMMISSION
REGULAR MEETING
AUGUST 15, 2019

The meeting was called to order at 6:00 p.m. Members of the Committee present were: Rik Vonderhaar, Mike Tranter, Joe Grossi, Laura Sharp and Pete Sayles.

Also present: Administrator - Mrs. Kim Lapensee, Township Trustees – Mr. Philip Beck and Mr. Ken Bryant, and Fiscal Officer – Ms. Carol Sims.

Huntington Bank – Ted, gave the committee a presentation on CD’s. He shared a handout that stated he could invest our additional cash reserves and receive interest rates from 1.5% to 2.0%, but we will have to buy for a longer term with a max of 5 years. He stated that we could also invest in treasuries and commercial papers for a max of 9 months. He stated that the CD’s are the best investment at this time. He stated that the three-year investments are the best. He stated that we currently have 4.6 million in CD’s at 2.25% for 16 months, 1.8 million in treasuries and agency bonds for 12 months (these were brought from PNC), and 1.5 million in cash in our money market account earning 1.7%. He stated that there is no cost to the township. He stated that the issuer pays the cost. He stated that the interest rates were recently lowered by the Feds and that is why we would have to invest for a longer period. He asked if there was someone else that could give us a better rate because he doesn’t see how anything could be any better.

Mr. Vonderhaar asked what other governments he is working with. Ted mentioned Sycamore Township and Union Township in Clermont County. Mr. Vonderhaar asked how much interest we made over the last year. Ms. Sims stated that to date we have earned \$114,000 (\$56,000 for the first quarter and \$58,000 for the second quarter). Ted stated that just through his account alone, the township has earned \$94,947.50. Mr. Vonderhaar asked how much was earned in 2018. Ms. Sims stated that just in the general fund we earned \$147,000.00. Mr. Vonderhaar asked Ted if he had all the money to invest, how much interest could we earn. He stated that if he knew he could lock up all the funds for 3 to 4 years, he believes we could make around 1.5% or lower or \$120,000.00 per year. Ms. Sims stated that all the money we have at Huntington is extra cash that we do not need at this time because the cash flow is enough to pay our bills unless there is some big project that requires a large amount of money. Mr. Vonderhaar asked if the money we are talking about investing is around 8 million. She stated yes. She stated that the remainder (2 million) is a sweep account at PNC that earns minimal interest (1%). She stated that we could also invest in a STAR account which is a money market account that the state manages. She stated that you can get it out just as easy as they can at PNC bank. Mr. Sayles stated that we should probably invest in commercial papers by taking that 2.5 million X 1.8% and could make \$40,000 for a year and just keep rolling that over every three months. Ms. Sims stated that she is not certified yet for commercial papers but is certified for treasuries. Ms. Sims stated that the Board approved a transfer of money to investments about 3 months ago, but she was not able to transfer that money because she did not receive the advances yet from the county. She stated that she is going to hang onto it to pay for some bills. Ted stated that we would be crazy not to invest in CD’s.

Mr. Nick Viccari, Meeder Public Funds, gave the committee a presentation on what they typically invest in their portfolio management. Mr. Viccari stated that Meeder is the 2nd largest investment firm in the country and the largest in Ohio for public funds. He stated that they are very well versed in the ORC and what investments are permissible for local governments. He stated that he would be the portfolio manager and it would be his job to keep you all informed of any changes in the market, etc. He stated that they are registered investment managers instead of a security advisor. He stated that a security advisor only sells you securities when something comes due. He stated that they watch your money the whole time and advise you of how much to have in each category (Fiduciary model). He stated that they manager over 25 million dollars and they specialize in government money management. He stated that they were able to review all their cash balances as of 6/30/19. He stated that the economic outlook has changed drastically since last December when they made their first presentation. He stated that everyone needs to make investments for a longer period now. He went over short-term investments vs long term. He recommended commercial

paper investments (A1P1 corporate debt). He would look under all permissible investments for treasuries. He stated that he would shop many brokers at one time for different investments vs just having one broker.

Mr. Vonderhaar asked who the local entities they work with. Mr. Viccari stated that they work with Hamilton, Warren and Clermont counties, school districts, townships, Loveland, but around the state, there are over 250 local governments.

Mr. Sayles asked how he would change the asset allocation vs what we have now. He stated that he would look longer term, 3 to 5-year securities (2.3% to 2.6% yields), short term securities that are callable and commercial papers.

Mr. Vonderhaar asked about the interest earned. Mr. Viccari stated that we would have to make longer term investments to keep the numbers up or we could lose money.

Ms. Sharp asked how they get paid. Mr. Viccari stated that they charged a flat fixed fee based on the amount of investment or 10 basis point or .10 percent. He stated that if we invest 8 million dollars, the total fee would be \$8,000.00. He stated that there is a third-party custodian watch dog and they don't own the money in your account, they only manage it. Mr. Beck asked if it was all inclusive. Mr. Viccari stated yes.

Mr. Sayles asked how often the funds get turned or should they hold until they mature? He stated that they typically buy and hold until they mature. Mr. Sayles asked if that meant when they received the money, they would go in and sell off some items, then reinvest in our securities and hold them? Mr. Viccari stated yes. Mr. Sayles wanted to know if they do any benchmarking on their sales/investments. Mr. Viccari stated yes, they look at years side by side and he can send us examples.

Mr. Beck asked what happened with investments the last time the market declined. Mr. Viccari referred him to page 6 of the presentation and showed the committee the investment market at that time. He suggested long term investments to ride out the slump.

Mr. Sayles asked if they get involved in recommending how much money should be left in cash, savings and investments? Mr. Viccari stated yes, they will do a cash flow investment model just for us.

Ms. Sharp asked who the third-party holding company was. Mr. Viccari stated that US Bank is their third-party holding company and they get 1 basis point for keeping it. She asked if they had insurance. Mr. Viccari stated yes, for trades and errors and omissions.

Mr. Bryant asked what the committee recommends as far as investments are concerned. He stated that this committee is an advisory board and he wants to know how everyone feels. Mr. Tranter stated that we really can't go wrong either way, but he feels that the Meeder group is a better alternative for a longer term because they take a global look at all the investments. Ms. Sharp stated that we should do what is easiest because the money difference is not going to matter much. Mr. Sayles stated that Meeder is always looking all the time where the bank is only looking when the CD matures. He feels that there is more sophistication with Meeder. Mr. Vonderhaar stated that all he heard from Huntington was business as usual. He stated that he liked the analysis part from Meeder and that they are constantly looking for us for investments. Mr. Sayles stated that the risk is very low and so is the cost. Mr. Tranter stated that it will be more managed with Meeder and he feels that they will work harder for us. Mr. Grossi stated that he likes Meeder's management style. Ms. Sharp stated that Meeder will not be looking just at Symmes, they are looking at a broader base. Mr. Grossi stated if we are getting the same thing with Huntington. Ms. Sharp stated probably not, but she did not want to make any misrepresentations. Ms. Sims stated that we are small potatoes and Huntington calls her all the time. Mr. Beck stated that they would be creating a portfolio for a larger entity, but we would tag along. Mr. Vonderhaar stated that there are some benefits to that. Ms. Sims stated that the 8 million dollars can just sit there because we have good cash flow already and we don't need it. She stated that she does not need Meeder to look at it.

Mr. Beck asked if there was a ceiling that we can't go over or an amount. Ms. Sims stated that we can't invest money for longer than 5 years at a time and that there is no limit on an amount.

Ms. Sharp suggested that we could also split the money between the two firms to see who performs the best. Ms. Sims stated that is what she did with Huntington and PNC bank and PNC never did invest in anything that made money and it cost us \$1,800 a quarter. She stated that is why she moved the 2.5 million over to Huntington last year.

Mr. Sayles stated that he likes the idea and then we could compare. Mr. Vonderhaar asked if it was all 8 million. Mr. Sayles stated yes, and whatever else we put in from the money market account.

Mr. Bryant stated that he would like to see a recommendation. Mr. Sayles asked everyone what they think about splitting the money and giving them each an equal share. Mr. Vonderhaar stated that he was against that and that he votes for Meeder 100%. Mr. Tranter stated that he agrees with Mr. Vonderhaar, but they can't go wrong either way. He stated that he likes the idea of having multiple brokers. Mr. Grossi stated that he agrees with Mr. Vonderhaar.

Mrs. Lapensee stated that she emailed Ms. Sims after the last meeting with a list of questions that the committee had from the last meeting. She stated that she is here tonight to answer the questions.

1. Mr. Vonderhaar asked about the salary line items and why that no money has been shown as expended to date. Ms. Sims stated that she is surprised that no one explained that to him. She stated that the Township Trustees took away the payroll function from her and now contracts with Paycor to provide that service. She stated that she does not get anything in the form of journal entries from them. She stated that she pays from multiple funds and there are salaries, OPERS and deductions that need to be divided amongst the funds. Mr. Vonderhaar asked how this could be resolved. Ms. Sims stated that we are trying to develop a worksheet for each payroll. Mr. Vonderhaar asked what the time frame is to get it resolved. Ms. Sims stated that it must be done by year end. Ms. Sims stated that right now they have over \$500K in undocumented deductions. Mr. Sayles asked if she was working with Paycor to resolve this. Ms. Sims stated that they can break down the salary portion of it but have not yet broken down the deductions portion which follows the salaries. Mr. Sayles stated that it sounds weird that they can't figure it out. Ms. Sims stated that Paycor made mistakes with the first payroll and took out social security and not OPERS, unemployment tax and sales tax. Mr. Grossi asked if they were still making mistakes. Ms. Sims stated no it is all fine now, but they did make the mistake of taking out both social security and OPERS in one check. Mrs. Lapensee stated that they credited it all back. Ms. Sims stated that she requested copies of the taxes paid to date. Mr. Bryant stated that we should be working with Paycor to resolve the issue. Ms. Sims stated that we are in the process of testing the worksheet. Ms. Sharp wanted to know why we moved to Paycor. Mr. Beck stated that it is an easy way for the employees to check their balances, etc. on-line. He stated that it is a very simple program and is user friendly for the employee. Ms. Sims asked if the employees can use it on-line. Mrs. Lapensee stated no, and she is still working with Paycor to work out the bugs so we can roll it out to the employees. Mr. Tranter asked if Paycor will come to the building to work through these issues. Mrs. Lapensee stated that they charge you to come out to the location, but they will work with the client over the phone for free. Mr. Grossi stated asked if there is problem now because there was little cooperation at the beginning when it was transferred over. Ms. Sims stated no. Mrs. Lapensee asked why the information that is provided to her via the reports from Paycor along with the time sheets can't be entered into the system in the same manner as they were before Paycor started doing payroll. She asked why Ms. Sims would waste her time on a worksheet if the software she has now already calculates the totals that she needs for the journal. Ms. Sims stated that the software system would print a check once the information is put into the system. Mrs. Lapensee asked how online payments are processed. Ms. Sims stated that a check is processed for all the online payments. Mrs. Lapensee stated that there should be a way to bypass printing a check if you don't need to. Ms. Sharp stated that she believes we have covered number 1 and we should move on. Ms. Sims asked about the comp time and how it was earned and paid out. She stated that we need to track it. Mrs. Lapensee stated that all comp time/overtime is listed on the time sheets which she gets a copy of it. Ms. Sims stated that she is sorry that everyone does not understand the software

system. Mr. Grossi stated that maybe its time to upgrade the software system. Mr. Vonderhaar asked when the budget gets submitted to the county and the salary line items will be updated. Ms. Sims stated that they are only estimates when submitted. Mrs. Lapensee asked what line item in the budget does the deductions come from that are not OPERS (federal, state, local, schools, Def Comp and Medicare). Ms. Sims stated that it follows the salary line items.

2. Employer Contribution in the TIF account – Mr. Sayles asked why there is money coming out from the OPERS line item in the TIF. Ms. Sims stated that it is a mistake and should be principal.
3. Mr. Vonderhaar wanted to know what Fund 7B is for Special Improvement District. Ms. Sims stated that it is for the energy district created. Mrs. Lapensee explained to the committee that Five Seasons did energy improvements to their building and was able to write off their payment for the bond in the taxes because they are paying the bond payment through their taxes to the county and then the county sends them back out to us for payment on the bond. She stated we are just a pass through.
4. Mr. Vonderhaar asked what fund 20-A-06 Improvement to sites is for. Ms. Sims stated that it is the safety services fund and she typically pays for improvements to the sites from the Fire Fund, but this year there is not enough money, so she must pay it from the safety services levy fund. She stated that this year we had planned to replace the windows at Remington.
5. GF 01-K Fines – Mr. Vonderhaar asked what this is for. Ms. Sims stated that it is for police fines. He wanted to know what the 9-C is for then. Ms. Sims stated that is where she used to put police tickets, but the Auditor says you can't put the fines in the police fund, we must put them in the GF.
6. Mr. Vonderhaar asked who pays for the Safety Service building. Ms. Sims stated that is a board question. Mr. Tranter asked when the contracts were up. Mr. Bryant stated in March of 2020 for police and the end of this year for fire. Mrs. Lapensee stated that ultimately it is going to come back on Sycamore Township who also pays the Sheriff for service. Mr. Vonderhaar asked who else was there because there are so many cars are there. Mrs. Lapensee stated that the rest of the cars are from Hamilton County. Ms. Sims stated that the original intent behind having the county there was a larger police presence. Mr. Beck stated that we met earlier this week to talk about the police and fire contracts and we are working on all those costs. Mrs. Lapensee asked how the utilities were broken down for the building. Ms. Sims stated that she takes out 50% fire/50% police.
7. Mr. Vonderhaar asked if he could have multiple years broken down to compare the budget numbers – 2019/2020 and the percentage change. Mr. Sayles stated that we should show the appropriations and then how much we change them to see if we are staying on track.
8. Mr. Sayles asked about the Other category in the GF. Mr. Vonderhaar stated that we have talked about this before and every line item that has more than \$25,000 was going to get its own subcategory. Ms. Sims stated that she keeps the other fund to transfer money to other line items that need money periodically throughout the year. She stated that it is easier to transfer line items than it is to amend the appropriations. If they amend the appropriations, then she must send that information to the auditor and get another certificate of estimates resources (1-A-26, \$198,000.00 for 2018). He stated that we should take another look at all these cushions and budget less. He does not believe we should underestimate the revenue and overestimate the expenditures. Ms. Sims stated that the auditor can cut back on the money if we are not showing we are spending it. He stated that he is not okay with a lot more or a lot less. Mr. Bryant stated that if there is \$150,000 in other and the other categories that are broken down further total over \$137,000, those two numbers become huge.
9. Mr. Tranter asked if anyone has ever tried to consolidate all these form into one form? Ms. Sims stated that this is how we are given the information from the state. Mr. Tranter stated that he just wants something simple and understandable and wants to see if we can fix it for the committee and the general public. Mr. Vonderhaar asked what other townships do. Mrs. Lapensee stated that everyone uses different reporting software. Mr. Grossi asked how old our software is. Ms. Sims stated that it is updated every year.
10. Mr. Sayles stated that we covered other finance questions during the finance presentation.
11. Mr. Vonderhaar stated that the remaining questions pertain to the police and fire levy. Ms. Sims stated that she won't be able to come up with numbers until the final cost is figured out or agreed upon. Mr. Vonderhaar asked that we investigate getting quotes from the cities

that surround us to try and reduce the costs. Mr. Tranter stated that the costs will keep going up and we need to try and stabilize the rates. Mr. Vonderhaar stated that we can just combine with Loveland just like the fire department. Mrs. Lapensee stated that LSFD is a private fire company who provides personnel to the city and township for fire service. She stated that we own the equipment and the buildings. Mr. Tranter asked again how much we would need to increase the police levy for provide the same level of service. Mrs. Lapensee stated we will need 1.1 to provide the same level for police and 1.5 to provide for a 3rd car and .6 to break even for the fire. The committee had a discussion over asking the neighbors for costs and if we could split it into three different districts (Montgomery, Loveland and Indian Hill). The committee suggested we meet again in the fall to discuss levy options.

Meeting Adjourned 8:34 p.m.