



The Budget:

The budget process can be one of the great mysteries of municipal government. Here in Norwood, for example, there is little consensus on how, from year to year, that process should be handled. That's not to say it doesn't "get done." Every year the City puts together a budget. We manage to hit the reporting dates outlined in Chapter 5705 of the Ohio Revised Code for such things as:

- An official certificate of estimated resources
- A certificate of year-end balances
- An amended official certificate of estimated resources

This year is no exception. The Finance and Audit Committee has been meeting frequently to make sure appropriations are established and the proper ordinances have been finding their way to Council floor where we have voted on them. The Auditor's office has been working with the County Auditor on such things as the filing of a "certification of appropriations within estimated resources" and with the State Auditor's office on any number of reports needed to officially end our "Fiscal Watch" status. Bills are being paid. Employee paychecks have been distributed on time.

Yet, there is a consensus among all of us that the "system" needs to work better. Today, the process is more like a series of stopgap measures with little focus on the "big picture." Council person Moore summarized the dilemma nicely during the March 4, 2008 Committee of the Whole meeting. You can see the replay on Time Warner Cable, Government Channel 4. Basically he asks this question: How we can plan for the future if we don't know precisely how much money we have available today? A reasonable question.

One reason that question is so difficult to answer right now can be traced to the situation over the last year or two in the Auditor's office. The passing of the Deputy Auditor, Ms. Kennedy last year combined with the resignation of the long-time Auditor Don Jones has had a very disruptive effect on the operations of the Auditor's office. Newly installed Auditor Jim Stith has, in a very short period of time (roughly two months), done much to re-establish consistent day-to-day operations and enable the office to provide the "bigger picture" information needed by Council and the Administration for long-term planning.

What has not been resolved, however, is exactly how the City will proceed with badly needed long-

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term planning and budgeting. This issue is at the heart of discussions going on within City Hall. At this stage, two basic approaches are being examined.

The first approach is to work within the existing structure of the Auditor's office by solidifying the positions of Deputy Auditor and Assistant Deputy Auditor. A little explanation is in order for those unfamiliar with this structure (as I was before taking office). The Auditor's department is managed by a part-time, elected official whose job, among other things, is to fill the positions in the department. The vast majority of the day-to-day "accounting" business is the responsibility of the Deputy Auditor, a full time, appointed position. The Assistant Deputy Auditor, also an appointed position, has traditionally been in charge of payroll and other personnel related matters (new hire sign-ups, managing benefits, tracking vacation usage, etc.). For many years the Deputy Auditor's position was held by the late Ms. Kennedy who was widely acknowledged as doing the lion's share of the core "auditing" work within the office. Since her untimely passing, the Deputy Auditor's position has been filled by an individual appointed by the previous Auditor who, by his own admission, does not have the accounting background the job requires. As for the Assistant Deputy Auditor's payroll responsibilities, for the last few those have been handled by different individuals in both a full-time and part-time capacity. Currently payroll responsibilities are handled on a part time "contract" basis by an individual who was once the City's full-time payroll person and now does the same job for the Norwood City School District.

The result has been a department that, for the second half of 2007, struggled to cope with the loss of their most knowledgeable member and the infrequent attentions of a department head who was, famously, working a full time job in Florida.

With the resignation of the previous Auditor, Mr. Stith was appointed to the position and assumed office eight weeks ago on January 19th of this year. In that time, Mr. Stith has moved quickly to solidify the structure of the department while simultaneously working with Council's Finance and Audit Committee and the Administration to provide the information they need to develop this year's budget in time for the April 1st deadline for submission. Although Mr. Stith is not an accountant, he has demonstrated a clear grasp of the organizational issues facing the Auditor's office while working long hours to accommodate the Finance and Audit Committee's many requests for detailed data.

In talking with the Auditor, he has expressed his desire to address the issue of how to best structure the budgeting process by fully staffing his department within the confines of the current system that

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has served the city well for the last several decades. In his opinion, the system is not broken, it merely needs the right people in the right place. To this end, the Auditor has recently hired a Deputy Auditor's who has the accounting background needed for that position. The current Deputy Auditor in turn will assume the duties of the Assistant Deputy Auditor and will be charged with handling the previously outsourced payroll functions while providing much needed help in implementing the computer system and software upgrades that will greatly improve the City's financial operations (a skill set in which he is particularly strong). All of this is being done to assure that the Auditor's department is run efficiently and effectively in order to deliver relevant information to those who are responsible for actually developing the budget. In our conversation, Mr. Stith told me that he fully supports the idea of the Administration bringing on an experienced budget analyst/director who can work with the Auditor's staff and with Council's Finance and Audit Committee to develop a successful budgeting process.

The other approach being discussed is one that has been outlined on the floor of council in recent weeks by the Mayor. He has, on more than one occasion, made the case for Norwood adopting an arrangement modeled on the current set-up in the City of Sharonville. There, a full time budget analyst was hired who reports directly to the Mayor and is tasked with developing the City's budget. After hiring this individual, however, the City of Sharonville's full-time Deputy Auditor (in a move unrelated to the hiring) unexpectedly resigned. At that point it was determined that the person hired to be the budget analyst had enough "bandwidth" to also take on the official duties of the Deputy Auditor. By all reports, the system in Sharonville is working well. On the floor of Council, the Mayor has raised the possibility that he may seek to institute a similar system and fund the Budget Analyst position by eliminating the Deputy Auditor position, the assumption being that, as in Sharonville, the Budget Analyst would also execute the duties of the Deputy Auditor. As in Sharonville, the intent of the Mayor is that the Budget Analyst/Deputy Auditor position would report directly to the Administration and not to the Auditor.

I spoke with the Mayor the other day about his plan. Though he has yet to reveal the details, in discussing his approach with me the other day the Mayor clearly indicated that his frustration with the current process of budgeting has lead him to the conclusion that we need to consider a "new approach."

In speaking with the Auditor, he has expressed to me concerns regarding the legal implications of such an arrangement in that the State apparently has very strict rules regarding the Auditor's respon-

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sibility for different reporting functions. This is why, he points out, the Budget Analyst in Sharonville is officially recognized as the Deputy Auditor. Mr. Stith's concern is that here in Norwood that sort of arrangement could, conceivably, put the Auditor in the position of assuming legal responsibility for actions taken by an individual over whom he has no direct supervision. As a result, the Auditor has asked the Norwood Law Department for a legal opinion on this and other potential issues. In speaking with the Mayor, he expressed his "disappointment" that the Auditor has taken such a step.

My view is that having a highly qualified individual in the Deputy Auditor position is key to achieving the structural integrity the Auditor's department needs to meet the City's financial planning needs. Mr. Stith has acted quickly and decisively to fill that position and I applaud his efforts. I also support his plan to install the former Deputy Auditor into the Assistant Deputy Auditor's position. I agree with Mr. Stith's assessment that the current structure has been successful for many years and, with the right people in place, can once again succeed. My view is that the problems the Mayor sees in our system are the result of not having a clearly defined budgeting process. In our conversation neither of us could say with any authority who, ultimately, is responsible for working-up the City's budget. It is my understanding that, in the past, the job has been handled by any combination of people and committees ranging from the Service Director to the Finance and Audit Committee. The conventional wisdom is that the same individual who is responsible for auditing the budget should not be the one that is responsible for proposing the budget.

In the end, I believe the Mayor should move quickly to put in place the system he and his administration needs to facilitate the budgeting process. If that means a full-time budget analyst, I support that idea. If it means a part-time specialist or hiring an outside accounting firm to do the legwork needed to develop a sound budget, (something Sharonville apparently also does) let's do it. While, in the end, it may mean that we have added a salaried position to the ranks of appointed City Hall employees, I believe the need is there and that the citizens will support such an expenditure.

I also urge my fellow Council members, particularly the members of the Finance and Audit Committee now under the direction of their new chairperson Chuck Barlow, to put the needs of the City before all others as they move forward in the process of appropriating the necessary funds to establish the most effective system for handling the City's finances.

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