

FINANCE COMMITTEE MEETING

January 19, 2023 @ 5:00 p.m.

**DRAFT**

Members present: Joette Dedden, Connie Miller, Chris Colvin

Staff Present: Kitty Crockett, Finance Director; Jamie Morley, Clerk of Council

Guests Present: Zack Gallagher, Chuck Dedden

- 1) Mr. Colvin made a motion to approve the Finance Committee minutes for December 22nd, 2022 and was seconded by Mrs. Miller.  
3 Yeas
  
- 2) Ms. Crockett informed the committee of several issues.
  - a) The Village collected approximately 130K more in RITA income taxes from 2021 to 2022.
  - b) The bank rec for December 2022 has been balanced and provided for review.
  - c) Almost done closing out 2022.
  - d) The Village collected a total of \$67,172.78 in interest for 2022.
  - e) Ms. Crockett stated that she and Ms. Morley were going over planned projects for the next couple of years. Ms. Morley stated that the OPWC grants scheduled for 2023 (Third Street and Phase I Franklin) will cost the Village at least 760K this year. 300K will be paid out of the ARP (American Rescue Plan) funds and 100K out of Storm Sewer, but the rest is coming out of the water capital fund. There are still Well 10 and OPWC Franklin Phase II projects that the Village plans to pay for out of the water capital fund. The \$10 water capital only brings in approximately 200K a year. Ms. Morley suggested that the Finance Committee consider having an ordinance transferring 500K from the water fund to the water capital fund. She also suggested that the Committee consider using funds from streets and storm sewers to help fund the OPWC projects as improvements of the storm sewers and streets are part of these projects. Ms. Crockett added that Council may want to consider lowering the percentage the Village pledges to match for future grants.
  - f) Ms. Crockett stated that there is a need to transfer funds from the General fund to the HRA fund. She suggested 20K.
    - Ms. Dedden made a motion to have legislation written up for the next Council meeting to transfer 500k from the water fund to the water capital fund and transfer 20K from the general fund to the HRA fund. This motion was seconded by Mrs. Miller.  
3 Yeas
  - g) Ms. Crockett also addressed the status of the Police Levy fund. She stated that the Village has recently gone to full-time staff and no longer relies on part-time officers. The current levy will not be able to support this. The .25 income tax increase was intended to help pay for 1 new officer. Currently, two officers are being paid out of the general fund. For 2022 the police fund revenue was 460K which came from the police levy and SRO revenue. However, 549K was spent from the police levy fund in 2022. Ms. Crockett asked the committee to consider updating the levy. The first step would be to make a request to the auditor for the purposes of evaluating to get the amounts a levy would bring in. It

was discussed that the current police levy amounts are based on the housing prices at the time the police levy was originally passed which was about 13 years ago.

- Ms. Dedden made a motion to have legislation for the next Council meeting to request from the auditor the amount of an additional 1 mill levy and the amount for a repeal and replacement for the current 7 mill levy. This motion was seconded by Mrs. Miller.

3 Yeas

(h) The Committee discussed repaving streets for this year and agreed all funding should be used out of the street levy. They also agreed that the micro-surfacing has saved quite a bit of money and seems to be a good option to mill and fill.

- 3) Mr. Colvin made a motion to appoint Ms. Dedden as chair of the Finance Committee and Mrs. Miller seconded the motion.

3 Yeas

- 4) At this time the Committee discussed Wayne Local Schools owing withholding penalties and interest for paying Waynesville income tax late. Ms. Crockett was asked by the Committee at the last meeting to do research and give her opinion as the Village of Waynesville Tax Administrator on how she recommends Council deal with the request for abatement by Mr. James, the former treasurer of Wayne Local Schools. See attached recommendation. In short, Ms. Crockett proposed reducing the penalty from 50% to 15%, which is what an individual taxpayer would pay for a late penalty.

- a) Mr. Colvin asked if the school has changed how they operate their finances to ensure this does not happen again. Ms. Crockett stated she did not know. Mr. Gallagher added that he believes the school has changed its operation by appointing a person to oversee the Treasurer by hiring a Business Manager. A new Treasurer has been hired. Furthermore, a Board member has been assigned to check the books periodically.
- b) Mr. Colvin asked why RITA did not contact the Village about Wayne Local School's delinquent income taxes. Ms. Crockett stated that there may be a report she could have printed off, but RITA is contracted and paid to keep the accounts. It is RITA's job to notify individuals and businesses if delinquent. Ms. Crockett stated that the only time she is contacted is if individuals are asking for forgiveness on penalties and interest. This is her job as the Tax Administrator. But, speaking with Council members in the past, abatement of taxes, penalties, and/or interest is not the Village's policy. She stated she has never issued an abatement.
- c) The Committee discussed the difference in penalties for businesses and individuals. An individual pays a 15% penalty whereas a business will pay a 50% penalty. These penalties are set by the ORC and included in the Village's Income Tax Policy. The 50% penalty is considered a withholding penalty because the business collected the money from employees and held onto the money.
- d) Mr. Colvin asked whose responsibility it will be to pay this back. Ms. Crockett stated that will be determined by the State but thinks Mr. James would be ultimately responsible. Mr. Colvin added he was amendable to Ms. Crockett's recommendation provided the

Schools prove that it is updating its accounting methods to ensure this does not happen again. Ms. Crockett added her decision was only based on the request from Mr. James as there are most likely to be more penalties for late payments made in July, August, and September of 2022 based on the information recently gathered from RITA. Ms. Crockett said she did confer with Jeff Forbes, and he stated that Ms. Crockett's recommendation is within the law.

- Mr. Colvin made a motion to have legislation presented to Council to reduce the withholding penalty for Wayne Local Schools as requested by Mr. James from 50% to 15% based on the recommendation of the Village of Waynesville Tax Administrator and was seconded by Ms. Dedden.

3 Yeas

5) Mr. Colvin made a motion to adjourn at 6:06 PM and all were in favor.

This was a very tough decision.

I do believe this error was not made with any malicious intent by Mr. James but he is the one who is responsible for the finances of the school.

The person who was responsible was the employee who did not follow thru with their responsibilities but this person was under the umbrella of Mr. James. I am not clear as to if she had been there a number of years and started making errors or was hired within the last 2 or 3 years and was unaware of her duties as payroll clerk. I believe this was a lack on internal controls.

After speaking to RITA (Al Dolezal) I was informed that the late notices were mailed to 659 Dayton Rd and was to no one's attention. My guess is that they were directed to the payroll clerk, as they are directed to me here at Waynesville, and I believe Mr. James was not aware of the late payments.

This was a special audit and my understanding is there may be more findings for recovery to follow.

According to Section 18, (C), (2) (b), Interest and Penalties, of the RITA Rules and Regulations that with respect to any unpaid withholding tax, this municipality may impose a penalty equal to Fifty percent (50%) of the amount not timely paid. The 50% is set by the State of Ohio and we have to follow the State.

Mr. James did submit to the Village of Waynesville a letter asking for forgiveness and a copy of the invoice totaling \$27,074.94. The penalty fees totaled \$24,621.30.

Mr. James requested that the Village reduce or abate the penalty.

The Village of Waynesville does have the right to reduce or abate the penalty fees. There is a onetime occurrence aloud to lower or abate for any non-payments for payroll withholdings. The Village cannot reduce or abate on a mass basic to lower the 50% fee. Each occurrence has to be done individually and then approved by Council along with a Resolution.

If this would have been the first late payment made to RITA I would have understood and waved the penalty. But since this was reoccurring over the period of 2 years and only 9 payment were submitted to RITA instead of 24 (paid monthly) I would have waved the penalty.

My determination is to only reduce the penalty fee to 15% for this incident. The penalty is in the amount of \$24,621.30 which would now be an estimated total of \$3,693.20 due. This decision would then close this request. Interest balance would be paid in full with no reduction or abatement.

Regional Income Tax Agency  
PO Box 94951  
Cleveland Oh 44101-4951

Reference: Account 316001003  
Wayne Local Schools

Dear Rita Please find attached a billing statement that the Wayne Local School District recently received. Wayne Local resides in the taxing district the Village of Waynesville. In regard to the enclosed statement I am shocked that we have any liability due. Over the period of 2019-06/2022 I never received any notice of any issue with RITA payments.

Our Payroll person Becca Small does her bank reconciliation each month. A question I asked every month: Are we up to date on Rita payments and our 941. As the treasurer during this time-frame I have not been given one notice by RITA of any late ACH payments. If you have been sending she was never giving them to me.

I asked her about this notice and Becca shared that she felt her ACH dates were correct but that she may have misunderstood by two days per payment. Can you share the actual due dates vs the date she made the ACH?

As a small school we cannot afford to pay penalties. In talking with the Village of Waynesville Treasurer/CFO Kitty Crockett she would not want to hurt our district. Becca cannot afford to pay this if there is a finding of recovery against her.

Can you please help us and forgive these penalties and interest? Is it possible to get Kitty on a phone call with all of us for resolve? Her number is 513-897-8015 and mine is 937-776-9391.

If Becca was given notices, they never came to me. We are a two person department. I can share that I was pro-active in getting the RITA set up for withholding when the village of Waynesville first initiated an income tax. I stood firm to ensure the village got their funds. A few years back the Village tax was defeated by vote and then reinstated in July. Most of our staff is on typical teacher stretch pay. The Union wanted us to NOT withhold tax for the village for the stretch months that year of July and August. They wanted paid out in June to avoid the tax. I successfully convinced the union that though the money was earned by them by June 30th, that we should still do what is right for the village. We continued to stretch pay in July and August and the village was able to get tax dollars for those months. We are great teammates of the Village.

I sincerely ask that these amounts be abated and forgiven by the Village of Waynesville. I say again I was never aware of any late payments by our Payroll person. I know the Village would support forgiveness. Please let me know of your and the village's direction.



Ron James CPA  
4237 Laura Marie Drive  
Waynesville Ohio 45068  
937-776-9391

Cc: Kitty Crockett  
Village Manager: Chief Gary Copeland.  
Al Porter Wayne Local Schools



ACCOUNT ID  
**316001003**

WAYNE LOCAL SCHOOLS

**Municipal Income Tax Billing Statement**

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**Employer Withholding**

| Tax Year      | Taxes            | Penalty          | Interest        | Total Liability  | Payments/Credits  | Balance Due      |
|---------------|------------------|------------------|-----------------|------------------|-------------------|------------------|
| 12/2019       | \$ 5,574.19      | \$ 725.98        | \$ 236.50       | \$ 6,536.67      | \$ -4,122.22      | \$ 2,414.45      |
| 11/2021       | 5,331.96         | 2,815.98         | 46.02           | 8,193.96         | -5,331.96         | 2,862.00         |
| 12/2021       | 8,692.88         | 4,576.71         | 39.25           | 13,308.84        | -8,692.88         | 4,615.96         |
| 01/2022       | 5,062.14         | 2,681.07         | 155.33          | 7,898.54         | -5,062.14         | 2,836.40         |
| 02/2022       | 6,048.82         | 2,674.41         | 135.56          | 7,858.79         | -5,048.82         | 2,809.97         |
| 03/2022       | 5,084.69         | 2,689.00         | 113.87          | 7,867.56         | -5,084.69         | 2,782.87         |
| 04/2022       | 5,153.12         | 2,701.56         | 105.89          | 7,960.57         | -5,153.12         | 2,807.45         |
| 05/2022       | 5,038.01         | 2,619.00         | 82.13           | 7,739.14         | -5,038.01         | 2,701.13         |
| 06/2022       | 6,115.18         | 3,157.59         | 87.12           | 9,359.89         | -6,115.18         | 3,244.71         |
| <b>Totals</b> | <b>51,100.89</b> | <b>24,621.30</b> | <b>1,001.67</b> | <b>76,723.96</b> | <b>-49,649.02</b> | <b>27,074.94</b> |

**MESSAGE BOARD**

**Credit Card Payments**

Taxpayers who elect to pay their municipal income tax bills by credit or debit card will incur a 2.75% service charge. This fee is charged by a third party vendor and is not paid to RITA or any of its member municipalities. Taxpayers electing to pay by check or via ACH will not incur this service charge.

**Understanding Your Bill**

Your billing statement contains all of your billing information in a simplified, easy-to-read format. Please visit ritaohio.com for an overview of the information that may appear on your bill.

RITA collects and administers municipal income taxes for over 300 Ohio cities and villages, serving both taxpayers and local governments since 1971. Learn more at ritaohio.com.

**Recent activity on your account**

| MM/YYYY | Description                               | Amount |
|---------|---|--------|
| 09/2022 | Form 11 Tax Year 2022 Period 01           |        |
| 09/2022 | Form 11 Tax Year 2022 Period 02           |        |
| 09/2022 | Form 11 Tax Year 2022 Period 03           |        |
| 10/2022 | 201.92 Refund For Tax Year 2021 Period 12 |        |
| 10/2022 | Form 11 Tax Year 2022 Period 04           |        |
| 10/2022 | Form 11 Tax Year 2022 Period 05           |        |
| 11/2022 | Form 11 Tax Year 2022 Period 06           |        |
| 08/2022 | 18.30 Interest Tax Year 2019 Period 12    |        |
| 09/2022 | 113.87 Interest Tax Year 2022 Period 03   |        |
|         | 2,689.00 Penalty Tax Year 2022 Period 03  |        |
|         | 135.56 Interest Tax Year 2022 Period 02   |        |
|         | 2,674.41 Penalty Tax Year 2022 Period 02  |        |
|         | 155.33 Interest Tax Year 2022 Period 01   |        |
|         | 2,681.07 Penalty Tax Year 2022 Period 01  |        |
| 10/2022 | 82.13 Interest Tax Year 2022 Period 05    |        |
|         | 2,619.00 Penalty Tax Year 2022 Period 05  |        |
|         | 105.89 Interest Tax Year 2022 Period 04   |        |
|         | 2,701.56 Penalty Tax Year 2022 Period 04  |        |

Need Additional Information? Login to MyAccount at www.ritaohio.com

RETURN THIS PORTION  
MAKE SURE OUR ADDRESS SHOWS THROUGH WINDOW



PO Box 477900  
Broadview Hts OH 44147-7900

\*Make check payable to RITA  
**Employer Withholding** MINIMUM DUE BY  
**UPON RECEIPT**

Check here to amend an estimated tax or change a name/address and complete the reverse side.

MINIMUM AMOUNT DUE  
**\$27,074.94**

TOTAL BALANCE DUE  
**\$27,074.94**

AMOUNT PAID

008 1 316001003 61846 00655

ACCOUNT ID - 316001003

#BWNFNFN  
#0000572512312282#

\*\*\*\*\*AUTO\*\*MIXED AADC 197 C 1 P 1 159 1 MB 0.512

Seq=150

WAYNE LOCAL SCHOOLS  
659 DAYTON RD  
WAYNESVILLE OH 45068-9588

REGIONAL INCOME TAX AGENCY  
PO BOX 94951  
CLEVELAND OH 44101-4951

31600100316184600800000223120027074940027074940



ACCOUNT ID  
**316001003**

WAYNE LOCAL SCHOOLS

**Municipal Income Tax Billing Statement** Page 2 of 2

**Employer Withholding**

**Recent activity on your account**

| MM/YYYY | Description                            |
|---------|--|
| 11/2022 | 18.10 Interest Tax Year 2019 Period 12 |
| 11/2022 | 87.12 Interest Tax Year 2022 Period 06 |

The following forms are delinquent:  
Form 17 For Tax Years 20 21

Total Balance Due Upon Receipt: \$27,074.94



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**Jamie Morley**

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**From:** Al Porter <aporter@wayne-local.com>  
**Sent:** Thursday, December 8, 2022 2:35 PM  
**To:** Jamie Morley  
**Subject:** data requested

11/02 RITA iFile R.I.T.A.  
5,361.02-  
2/18 RITA iFile R.I.T.A.  
8,953.42-  
9/29 RITA iFile R.I.T.A.  
5,038.01-  
9/29 RITA iFile R.I.T.A.  
5,048.82-  
9/29 RITA iFile R.I.T.A.  
5,062.14-

Al Porter  
Interim Treasurer

\* Verbal Public Records request to Wayne Local  
Schools for all RITA payments made b/w  
Nov 21 - Sept 22



# Village of Waynesville Income Tax Policy

## SECTION 18

### INTEREST AND PENALTIES

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(A) As used in this section:

(1) "Applicable law" means these rules and regs, the resolutions, ordinances, codes, directives, instructions, and rules adopted by this municipality provided they impose or directly or indirectly address the levy, payment, remittance, or filing requirements of this municipality.

(2) "Federal short-term rate" means the rate of the average market yield on outstanding marketable obligations of the United States with remaining periods to maturity of three years or less, as determined under Section 1274 of the Internal Revenue Code, for July of the current year.

(3) "Income tax," "estimated income tax," and "withholding tax" means any income tax, estimated income tax, and withholding tax imposed by this municipality pursuant to applicable law, including at any time before January 1, 2016.

(4) "Interest rate as described in division (A) of this section" means the federal short-term rate, rounded to the nearest whole number percent, plus five percent. The rate shall apply for the calendar year next following the July of the year in which the federal short-term rate is determined in accordance with division (A)(2) of this section.

(5) "Return" includes any tax return, report, reconciliation, schedule, and other document required to be filed with the Tax Administrator or this municipality by a taxpayer, employer, any agent of the employer, or any other payer pursuant to applicable law, including at any time before January 1, 2016.

(6) "Unpaid estimated income tax" means estimated income tax due but not paid by the date the tax is required to be paid under applicable law.

(7) "Unpaid income tax" means income tax due but not paid by the date the income tax is required to be paid under applicable law.

(8) "Unpaid withholding tax" means withholding tax due but not paid by the date the withholding tax is required to be paid under applicable law.

(9) "Withholding tax" includes amounts an employer, any agent of an employer, or any other payer did not withhold in whole or in part from an employee's qualifying wages, but that, under

applicable law, the employer, agent, or other payer is required to withhold from an employee's qualifying wages.

(B)(1) This section applies to the following:

(a) Any return required to be filed under applicable law for taxable years beginning on or after January 1, 2016;

(b) Income tax, estimated income tax, and withholding tax required to be paid or remitted to this municipality on or after January 1, 2016.

(2) This section does not apply to returns required to be filed or payments required to be made before January 1, 2016, regardless of the filing or payment date. Returns required to be filed or payments required to be made before January 1, 2016, but filed or paid after that date shall be subject

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to the ordinances and/or rules and regulations, as adopted before January 1, 2016, of this municipality to which the return is to be filed or the payment is to be made.

(C) Should any taxpayer, employer, agent of the employer, or other payer for any reason fails, in whole or in part, to make timely and full payment or remittance of income tax, estimated income tax, or withholding tax or to file timely with this municipality any return required to be filed, the following penalties and interest shall apply:

(1) Interest shall be imposed at the rate described in division (A) of this section, per annum, on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax.

(2)(a) With respect to unpaid income tax and unpaid estimated income tax, this municipality may impose a penalty equal to fifteen percent (15%) of the amount not timely paid.

(b) With respect to any unpaid withholding tax, this municipality may impose a penalty equal to fifty percent (50%) of the amount not timely paid.

(3) With respect to returns other than estimated income tax returns, this municipality may impose a penalty of \$25 for each failure to timely file each return, regardless of the liability shown thereon for each month, or any fraction thereof, during which the return remains unfiled regardless of the liability shown thereon. The penalty shall not exceed \$150 for each failure.

(D) Nothing in this section requires this municipality to refund or credit any penalty, amount of interest, charges, or additional fees that this municipality has properly imposed or collected before

January 1, 2016.

(E) Nothing in this section limits the authority of this municipality to abate or partially abate penalties or interest imposed under this section when the Tax Administrator determines, in the Tax Administrator's sole discretion, that such abatement is appropriate.

(F) By the 31st day of October of each year this municipality shall publish the rate described in division (A) of this section applicable to the next succeeding calendar year.

(G) This municipality may impose on the taxpayer, employer, any agent of the employer, or any other payer this municipality's post-judgment collection costs and fees, including attorney's fees.