



## Budget & Finance Committee

Tuesday, November 10, 2015 at 1:30 p.m.  
Room 100 – Otsego County Building  
225 West Main Gaylord, MI 49735

### MINUTES

#### CALL TO ORDER

Mr. Beachnau called the meeting to order at 1:30 p.m.

Roll call – Present: Paul Beachnau, Ken Borton, Erma Backenstose, Lee Olsen, John Burt

Others present –Diann Axford, Rachel Frisch, Theron Higgins, Dona Wishart, Tom Deans, Becky Jerry, Maureen Derenzy

#### APPROVAL OF MINUTES

Motion by Mr. Olsen to approve the amended minutes from the November 3, 2015 Budget and Finance Committee meeting. Seconded by Mr. Borton. Motion passed unanimously.

#### UNFINISHED BUSINESS

None

#### NEW BUSINESS

##### A. Bus System Request for Cash Flow Advance

Ms. Frisch explained that she had discussed the issue of cash flow shortfalls with Mr. Higgins, Director of the Bus System. The shortfalls are mainly due to a lag time in payments from the State. Mr. Higgins distributed a cash advance request/remediation plan narrative for the Committee's consideration. He is requesting that \$25,000 be advanced as a short-term due to/due from loan at September 30, 2015, and then an additional \$125,000 by the end of 2015. The monies will be repaid by the end of March 2016. The advance will come from the Delinquent Tax Fund (fund 516). Mr. Higgins also indicated that he has increased his budget request from the State going forward, to help alleviate some of the cash flow challenges the Bus System has been experiencing.

Motion by Mr. Olsen to recommend to advance \$25,000 to the Bus System (fund 588) as of September 30, 2015 and an additional \$125,000 by the end of 2015 to assist with cash flow shortages caused by a lag time in State funding payments, set up as a short-term due to/due from loan from the Delinquent Tax Fund (fund 516), to be repaid in full by March 2016. Seconded by Mr. Borton. Motion passed unanimously.

##### B. Copier Leases

Ms. Frisch informed the Committee that three bids were received for new copiers from: Dunn's Business Solutions, Vans Business Machines, and Michigan Officeways. She distributed a financial summary of the proposed prices. She indicated that Dunn's erroneously included in its proposal a copy machine that did not meet the bid specifications that were provided in the request for proposal. She stated that Dunn's was allowed to make the correction, and they held

the price at the same rate in the original proposal, so no amounts were changed. The Committee agreed this was a fair way to proceed. Dunn's is a local vendor and was given the 5% allowance as authorized in the County's purchasing policy. Even without the allowance, Dunn's bid was the lowest one.

Motion by Mr. Borton to recommend to the full Board entering into a 48-month leasing agreement with Dunn's Business Solutions for 8 new copiers, at a total cost of \$951.87 per month. Seconded by Mr. Olsen. Motion passed unanimously.

### C. **Budget Discussion 2016**

Ms. Frisch distributed the fourth version of the General Fund (fund 101) proposed 2016 budget document. The Committee discussed the main changes and updates from the previous version. The Equalization Director has indicated that we can safely increase the estimated property tax income to a 1% gain over 2015. This provides us with enough funds to balance the General Fund budget. Ms. Frisch had also distributed the budgets for all other funds of the County, and the Appropriations Act for the Committee's review. Mr. Burt and Ms. Frisch also explained that Consumer's Mutual, the company that provides the County's health insurance, is going bankrupt. We will have to change vendors, and there may be a change in cost. However, the cost differential is unknown at this time, and the best way to move forward with the 2016 budget is to adopt it as is, and we can amend it when the new healthcare figures are available. Mr. Burt and Ms. Frisch have already investigated the matter to the extent possible and have come up with options to fund a potential cost increase if necessary. Ms. Frisch then indicated that this is the last scheduled budget workshop, and if the Committee feels that they have reviewed the information thoroughly and had all questions answered, then the next step is to recommend the budget to the full board for approval.

Motion by Mr. Olsen to recommend to the full Board entering into a truth-in-taxation hearing for the purpose of adopting the 2016 budget for Otsego County. Seconded by Mr. Borton. Motion passed unanimously.

### D. **Budget Presentations – Commission on Aging, Road Commission, Library**

**Commission on Aging** – Ms. Wishart distributed the 2015/2016 budget for the Commission on Aging (a 9/30 year end component unit). She discussed the funding challenges the COA is facing. She also provided a history of the fund balance level and that their Board has a goal to retain 35% expenditures in fund balance – they are projected at the end of 2016 to be at 33%. She indicated that there is a staff of 37, ranging from \$11.44/hour to \$32/hour.

**Road Commission** – Mr. Deans and Ms. Jerry distributed the 2016 budget for the Road Commission. They discussed plans for the millage dollars they now collect and the status of ongoing projects. They also indicated that they are now paying in an additional \$120,000 each year toward their MERS obligation but are still at only 63% funded. Employees now contribute 1.5% toward MERS, and they recently changed their plan from a B4 to a B2.

**Library** – Ms. Derenzy distributed the Library's 2016 budget and discussed revenue sources and how she is managing expenditure levels. She indicated that the majority of her staff is part-time clerical, with a pay range of \$9-\$12/hour.

Mr. Beachnau adjourned the meeting at 3:45 p.m.