



Budget & Finance Committee

Wednesday February 18, 2009 – 9:00 a.m.
Room 212 – Otsego County Building
Gaylord, MI 49735

MINUTES

CALL TO ORDER

Mr. Beachnau called the meeting to order at 9:00 AM

Roll call – Present: Erma Backenstose, Ken Glasser, Paul Beachnau, Clark Bates, John Burt

Others present: Brian Webber, Matt Nowicki, Mike Thompson, Rachel Frisch, Diann Axford

APPROVAL OF MINUTES

Motion by Ms. Backenstose to approve the minutes from the January 21, 2009 Budget and Finance Committee meeting. Motion passed unanimously.

UNFINISHED BUSINESS

A. Computer Software Fund (fund 402)

Mr. Glasser explained that the residual dollars from the BSA Software purchase should not remain in a separate fund now that the software has been paid for.

Motion by Mr. Glasser to recommend to the full board to transfer \$50,000 out of the Computer Software Fund (fund 402) into General Fund contingency. Motion passed unanimously.

NEW BUSINESS

A. 911 Truck Purchase/Public Improvement Loan Request

Mr. Thompson presented a letter to the Committee requesting a loan from the Public Improvement Fund (fund 245) to purchase a new truck. He explained that the truck he currently uses is very old and not worth repairing. He will send out bid documents to area dealerships, in accordance with the county's purchasing policy.

Motion by Mr. Glasser to recommend to the full board loaning the 911 Fund (fund 261) monies from the Public Improvement Fund (fund 245) to purchase a new truck for the 911 Director. Motion will not go before the full board until the bids have been received and a truck has been selected for recommendation. Motion passed unanimously.

B. Sheriff Vehicle Bids

Mr. Burt presented the Committee with the bid summary for Sheriff vehicles.

Motion by Ms. Backenstose to recommend to the full board accepting the lowest bid from Signature Ford, for \$20,725, to be paid for out of the Equipment Fund (fund 266). Motion passed unanimously.

C. Summary of Asset Sales - Sheriff

Undersheriff Nowicki informed the Committee that in September 2008, the board approved purchasing new firearms for the Sheriff Department at a total cost of \$14,315. The old firearms were to be sold, with the monies deposited into the Equipment Fund (fund 266). Undersheriff Nowicki reported that the sale has been completed, and a total of \$7,780 was collected, leaving a \$6,535 net cost to the county for the new firearms.

D. Jail Budget

Mr. Webber informed the Committee that the final 2008 bills for jail medical and pharmacy expenses totaled a much higher figure than he originally estimated. His budget does not have enough to cover the expenses; we are \$18,800 short (\$18,000 for the jail budget and \$800 for the sheriff's budget). Mr. Webber stated the main reason for the shortage is letting the bills pile up for a length of time and not paying them as they come in. He intends to resolve this problem by keeping up with his bills from now on. The Committee expressed concern and will expect to see improvement in this area. Ms. Frisch presented a proposed budget amendment to fund the shortage.

Motion by Mr. Glasser to recommend to the full board approving the budget amendment to fund the jail budget shortage, as presented. Motion passed unanimously.

E. MMRMA Retention Fund Level

Ms. Frisch explained to the Committee that MMRMA retention fund level is below industry standard. As of 12/31/08, the retention fund cash balance was \$79,285.79, and reported reserved totaled \$55,096.37. Reported reserves are the estimated total liability of outstanding lawsuits for Otsego County. The difference between the cash balance and reported reserves of \$24,189.42 is low compared to industry standards, according to our MMRMA representative Bob Hauch. For a county our size, the amount should be approximately \$125,000.

Mr. Glasser directed Ms. Frisch to inquire further into how the reported reserves are figured, and to obtain loss reports for Otsego County.

F. Computer Purchase

Mr. Burt informed the Committee that Susan Premo is in need of a new computer, as hers is very slow and inefficient. The total cost is estimated to be \$800.

Motion by Mr. Glasser to recommend to the full board authorizing the purchase of a new computer for the Administrative Assistant not to exceed \$800, paid for out of the Computer Software Fund (fund 402). Motion passed unanimously.

G. BSA .Net Upgrade

Ms. Frisch updated the Committee of the BSA Software upgrade to a dot-net version. The upgrade will be free of charge for our new general ledger package. However, there will be costs associated with the older modules, as follows: equalization/assessing \$14,995, county tax \$10,995, delinquent county tax \$18,995, animal license \$1,500, PRE audit \$1,500. A 20% discount is available if we purchase before the end of May 2009. Empiric Solutions has reviewed the equipment requirements for the new version, and we will need to replace some computers. They are working on the number of computers and a cost. Once total costs are available, Ms. Frisch will re-address the Committee with a proposed course of action.

H. Budget Amendment – Health Care Coverages

Ms. Frisch informed the Committee that since we are no longer budgeting in a cushion for health care, we are going to have to do budget amendments each time coverage changes. She presented a budget amendment to the Committee which takes care of all changes thus far in 2009.

Motion by Mr. Bates to recommend to the full board approving the budget amendment for health care coverage changes as presented. Motion passed unanimously.

I. Brownfield Redevelopment Authority Update

Ms. Frisch explained to the Committee that the BRA will be a component unit of Otsego County and its financial activities will run through the county books. She will work with Treasurer Diann Axford and BRA administrator Jeff Ratcliffe to make sure things are handled appropriately.

J. January 2009 Budget Reports and Discussion

Ms. Frisch presented the January 2009 financial reports.

K. Administrator Vehicle

Mr. Burt explained to the Committee that the vehicle previously purchased for the Administrator's use is better suited as a motor pool car, to be used by county employees for traveling on county business, because it gets excellent gas mileage but is not good in the snow for back-roads traveling. The Administrator was granted permission to look into a new vehicle and begin the bidding process.

L. Northwestern Bank – Investments

Mr. Glasser reported to the Committee that he, Ms. Axford, and Ms. Frisch attended a proposal meeting with Northwestern Bank. The county is looking into diversifying investments to minimize investment risk.

M. Financial Updates

Mr. Glasser informed the Committee of his concerns that revenue sharing will not come back to the county, at least in the same form. This was one of the topics from a MAC conference he had attended recently. He directed Ms. Frisch to provide the Committee with updates on the revenue sharing reserve fund, the delinquent tax fund, and the budget stabilization fund. He would like to discuss these topics at next month's meeting.

N. Investment Policy

Mr. Glasser mentioned he would like to move forward with an updated investment policy. He would like the Committee to be ready to discuss this topic next month. Mr. Burt suggested that he, Ms. Frisch, and Ms. Axford put together a draft policy for the Committee's review.

O. Liability Insurance

Mr. Glasser reminded the Committee that we will be bidding out insurance services after the completion of the 2008 audit.

P. Meeting Times

Mr. Beachnau suggested moving meeting times to 9:30 a.m. from now on, as he has a conflict with another obligation. The Committee agreed that 9:30 a.m. worked for everyone.

Mr. Beachnau adjourned the meeting at 10:21 AM.