



Budget & Finance Committee

Wednesday, August 19, 2015 at 9:30 a.m.
Room 212 – Otsego County Building
225 West Main Gaylord, MI 49735

MINUTES

CALL TO ORDER

Mr. Beachnau called the meeting to order at 9:30 a.m.

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

Others present –Diann Axford, Rachel Frisch, Patricia Osburn

APPROVAL OF MINUTES

Motion by Mr. Olsen to approve the minutes from the June 16, 2015 Budget and Finance Committee meeting. Motion passed unanimously.

UNFINISHED BUSINESS

None

NEW BUSINESS

A. Otsego Conservation District Request

Patricia Osburn, OCD Director, explained to the Committee that since 2012, they have been discussing the idea of putting a Nature Center at the Community Gardens (this property is owned by Otsego County). The building will be 40'x80' and will have classrooms, bathrooms, and storage. The total estimated project cost is \$83,809. The building would be owned and insured by Otsego County. Ms. Osburn is applying for a \$50,000 State DNR grant (the grant would be in the name of Otsego County), and has secured funding from other local agencies totaling \$24,700. This leaves them \$9,109 short of the total cost.

Motion by Mr. Olsen to recommend to the full Board to provide funding not to exceed \$10,000 for the Nature Center project, with funds to come from contingency. Motion passed unanimously.

B. Travel Policy Update

Ms. Frisch presented the following language to be added to the existing policy: "For out-of-town mileage, a copy of a Mapquest (or similar service) printout verifying the miles of travel requested for reimbursement must be submitted with the request form as supporting documentation." She explained that there are no problems with employees submitting incorrect mileages; this is just meant to be a way to strengthen the internal controls over the reimbursement process.

Motion by Mr. Olsen to recommend approval to the full Board for the additional language in the Travel Policy". Motion passed unanimously.

C. Telephone System Project Update

Ms. Frisch informed the Committee that she received a letter from Telephone Support Services (TSS) in response to a concern over the possibility of the County's phone lines becoming obsolete by the year 2020. This concern was discussed at a recent Michigan Association of Counties (MAC) Summit meeting, where attendees were informed that AT&T will no longer be providing service for the older type of circuits. The letter from TSS assures us that Otsego County's phone lines will not be affected by this, as our existing circuits are already compatible with the more modern requirements that will be necessary.

She reported that the request for proposals for the new telephone system have been mailed out, and are due on Friday, September 4, 2015.

D. Sheriff Patrol Car

Mr. Burt reported that one of the Sheriff's current patrol cars is in need of being replaced. He has received two bids for a new Ford Interceptor. With the 5% variance allowed for local vendors, Gaylord Ford has the lowest bid at \$29,633.46. Additionally, there will be \$8,000 - \$10,000 needed for the light bar, cage, radios, decals, etc. The funds for this purchased have already been planned for and established in the 2015 Equipment Fund budget, so an amendment is not necessary.

Motion by Mr. Borton to recommend to the full Board to approve the purchase of a new Ford Interceptor patrol car from Gaylord Ford. Motion passed unanimously.

E. Land Use Vestibule/Bathroom

Mr. Burt explained that Vern Schlaud, Land Use Services Director, has notified him that a vestibule on the front of the building (the former AT&T building) is really needed to protect the main doors from the wind. Currently, the wind oftentimes blows the doors open, and it becomes a bigger problem in the winter. Additionally, there is a need for another restroom for the public during the evening meetings held in the building. Mr. Burt has received an estimate for both projects, totaling \$15,000. He will pay the \$1,200 architect fees out of the Buildings and Grounds Fund (fund 637). He will be bidding out the project in the near future.

F. Court Budget Amendment

Ms. Frisch presented a budget amendment on behalf of the Courts. One of the part-time court security officers is off work for temporary medical leave. During the employee's absence, they will be contracting with a retired State Police officer to fill in during that time.

Motion by Mr. Olsen to recommend to the full Board to approve transferring \$7,000 within the Court's budget from part-time wages into contracted services, due to a need to fill a temporarily vacant court security position. Motion passed unanimously.

G. Credit Card Statements

The Committee reviewed and discussed the activity of the July 2015 credit card statements.

H. June and July 2015 Financial Reports

Ms. Frisch distributed and discussed the reports.

I. Component Unit Discussion

Mr. Burt reminded the Committee that the full Board has charged Administration with the task of updating the language in the Component Unit (CU) operating agreements. It is the intent of the Board to have consistent, updated language for all CUs. Ms. Frisch had the following questions/topics to discuss (the Committee's responses are below, in italics):

ITEMS THAT ARE DEEMED NECESSARY TO INCLUDE IN THE AGREEMENTS (the Committee concurs with all of the proposed items, 1-10)

- 1) Require additional audit procedures
- 2) All budget amendments submitted to the county, so the county at all times has a current, amended budget
- 3) Budget is already required to be adopted by the Otsego County Board of Commissioners (BOC) – also require list of staff and pay rates and benefit levels for each staff person
- 4) Liability insurance certificates of coverages forwarded to the county
- 5) Clearly state that all assets are the property of Otsego County
- 6) Clearly state that all debt must be assumed by Otsego County if the CU defaults
- 7) If the CU dissolved, describe the protocol of how assets, debt, and other funds and fund balances revert to the county
- 8) Indicate that the day to day operations, management of employees, and budget management stays with the CU
- 9) Any planned use of fund balance, construction projects, etc must be reviewed and approved by the BOC
- 10) County BOC selects/approves CU board members – and also has input or final say on CU director selection – County Administrator (or Administrator's designee) must be on the hiring committee.

ITEMS THAT REQUIRE FURTHER DISCUSSION/ANALYSIS (the Committee provided answers to the questions posed in items 11-17; answers are typed in italics)

- 11) Require financial statements to be submitted to the county –how often? *Quarterly. What will be the expectation of the county as far as reviewing the f/s and verifying the accuracy of the underlying data? Work with the County's attorney on how to best word that.*
- 12) Rates for charges for services approved by BOC, and list of all rates provided to county annually, and any time there is a rate change
- 13) Capital asset disposal? If assets are ultimately county-owned, should we govern the disposal process? *Yes, they should be required to follow the County's asset disposal policy.*
- 14) County-imposed fund balance requirements? What if a CU is getting into financial trouble? *Require a deficit reduction plan, etc. Work with County attorney if need be.*
- 15) County Treasurer retains custody of cash/investments? Millage only, or all cash/investment accounts? Spell out what is under Diann and what is not. *Yes*
- 16) Specify that 501c3 portions of agencies are subject to audit and governance too? *Yes – agreed upon procedures with auditors.*

17) County BOC reviews and approves and has the final say on CU union contracts? (Road Commission only CU with a union at this time). *Yes, and also the Administrator, Human Resources Director and possibly the Finance Director (if necessary) "sit at the table" during negotiations. Work with Road Commission to work out the details.*

J. Community Center and Courthouse Lawn Projects

Mr. Burt informed the Committee that there is a flooring issue at the Community Center with water and salt damaging the integrity of the floor by the main entrance of the building. The architects recommend building a subfloor underneath to support it, at an estimated cost of \$12,000. Mr. Burt recommends moving forward with this, and also recommends replacing the old carpeting. He will obtain pricing on the carpeting.

He reported that the lawn project bids are due Friday, August 21, 2015.

K. Streetscape

Mr. Beachnau discussed the \$75,000 amount the County contributed toward the cost of the Downtown Streetscape project that was recently defeated by the voters. He indicated that the funds may need to be returned back to the County. Mr. Burt pointed out that the project may move forward in some fashion, and the Streetscape Committee is having meetings to discuss what can be done at this point, if anything. He recommended to wait and see what the Streetscape Committee comes up with, and go from there. The Committee concurred.

Mr. Beachnau adjourned the meeting at 11:10a.m.