

*"Menominee – Where the best of Michigan begins"*

## MENOMINEE COUNTY BOARD OF COMMISSIONERS

*Menominee County Courthouse  
839 10th Avenue  
Menominee, Michigan 49858*

*Brian R. Bousley - County Administrator  
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The Menominee County Board of Commissioners  
will meet as a **Committee of the Whole**  
on **Tuesday ~ September 20, 2016 at 5:30 PM**  
**Menominee County Courthouse ~ In Courtroom B**  
**839 10<sup>th</sup> Ave., Menominee, MI 49858**

***(A Quorum of the Menominee County Board will be present)***

### **AGENDA**

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of the Agenda
- E. Approval of Previous Minutes
- F. Public Comment (statements not debate, limited to 5 minutes per person on agenda items only)
- G. Business

**1. Discuss County Administrator Contract**

- K. Public Comment
- L. Adjournment

*Bernie Lang    Charlie Meintz - Chairperson    Larry Schei - Vice Chairperson    James Furlong  
Raymond Williams    John Nelson    William Cech    Gerald Piche    Jan Hafeman*

# COMMITTEE OF THE WHOLE

Friday ~ May 3, 2013

Menominee County Courthouse ~ Courtroom B

\*\*\*\*\*DRAFT\*\*\*\*\*

The County Board met as a Committee of the Whole on Friday ~ May 3, 2013 at the Menominee County Courthouse, Courtroom B at 1:00 PM

The meeting was called to order by Chairman Meintz

The Pledge of Allegiance was recited.

Roll call was taken with the following in attendance:

Present: Commissioners Furlong, Lang, Meintz, Schei, Krienke, Nelson, Plutchak, Piche, and Hafeman.

Absent: None

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**Approval of the Agenda:** Com. Hafeman approved the agenda, supported by Com. Piche. Motion carried 9/0.

**Approval of the Previous Meeting Minutes:** Previous minutes from June 25, 2012 were approved by Furlong supported by Lang. Motion carried 9/0.

**Public Comment:** None

## **Business:**

1. Ray LaMarche ~ Anderson, Tackman, & Company, PLC – Discussion of the Menominee County Audit for the year ending September 30, 2012.

What's important for the board to know is we work for the board. In the audit report there are two letters; those are the only things that belong to Anderson, Tackman. The Auditor's report (opinion) and the letter at the very back that basically describes the audit in accordance with the Government Auditing Standards. Everything else belongs to the County.

Page 3 – Management document, is an unaudited document. Page 13 – gives the reader a long term perspective of the county funds. Lang: the assets don't include the value of the property the County has? LaMarche: Not market value, but it will include historical value. If you bought land for \$1, it's in there as that. Net assets \$15,524,071 – that is not cash that can be liquidated. Pg. 14 expenses broken down by function. Five columns over (Governmental Activities), that's the net cost to the taxpayers to provide that service. Mid page General revenues – taxes and revenue sharing. Hafeman: I noticed we put \$ from the revenue sharing reserve. Did we do that in order to get the revenue sharing from the state? LaMarche: YES, Quick history – a few years back, the state said we're going to make every taxpayer in MI pay their county property taxes one extra time over a three year period. That's where that money came from. Then the counties no longer were getting revenue sharing from the state. So each year then the state tells the counties they can have x amount of money from the revenue sharing reserve fund (which came from the taxpayers) and it can be transferred over to the general fund in lieu of the state paying revenue sharing. Some counties will be on their own revenue sharing for 20 years, some counties only last for 4 years. In 2012, Menominee Co. used what was left over in the fund and some from the state. In 2013 all of our revenues will come from the state, so any revenue sharing fund cuts will hit us. You are fortunate; you

don't have any long term debt. Pg. 15-16, three Major funds (General Fund, Road Patrol, and 3-way road program). Non major – all the other funds. In the General fund column, the total fund balance is 5,370,773. If you take that, that's approx. 77% of one years expenditures and transfers combined. That's a good thing. If you take the unassigned amount 3,888,039 that's only 55% which is still fantastic, as far as what you have sitting in the fund balance. From the general fund standpoint, you are healthy. Road Patrol we have an unassigned deficit fund balance of \$34,671 and an overall fund balance of \$26,491. The treasury will require you to file a deficit elimination plan with the treasury. With the millage coming on, this will probably not be an issue for you moving forward. Page 17, we show a reconciliation from the total fund balance to the total net assets on the accrual (Pg. 13) these are the differences on how we got from one to the other. Page 18-19 we have fund financials. The third number from the bottom in the GF column shows an increase of \$305,304 for the year. Meintz: back up to page 17, how we get to the 11.5 mil. When you include the twin county airport, 2.5 mil., That is not a saleable item, but you're dealing with a fake dollar amt. That's a number, but not a realistic value in any way. LaMarche: That's why it shows up in the full accrual statements, you can't take this stuff and sell it. Hafeman: what is the depreciation time on property? Usually 20-25 years. Page 20 – Reconciliation on how we got to the change in fund balances and the change in net assets. Page 21, proprietary funds, enterprise funds, basically the DTRF and PA 123 Foreclosure funds. Hafeman: What is the DTRF? LaMarche: Delinquent Tax Revolving Fund – the fund that the county uses to buy the taxes from the townships/cities (the real property taxes). We pay them off and subsequently collect them, plus interest and fees. Lang: Do you keep a record of what is required to be in the DTRF? LaMarche: There is no requirement for any specific amt. in the DTRF. If you don't have enough cash to buy your taxes, then you'd have to borrow to buy them, that cost money. We encourage you to leave enough in the DTRF fund to buy taxes every year. That 1.3 mil. that's been reserved for building projects came from the DTRF fund profits. That was transferred some years ago, and that's where that money came from. If you look at that, you basically have over \$3 mil. of assets. That's a pretty solid number. Cash flow statement on pg. 23. Cash payment for taxes, 2012 the county Treasurer had to spend almost 1.6 mil. to buy the delinquent taxes from other units, and then the county gets reimbursed, plus fees. In 2011 it was 1.9 mil and 2010 it was 1.9 mil. So it fluctuates each year. Looks like 2 mil. is a minimum to leave in there. PA123 foreclosure fund; we handle the process, generating more profits. That fund has grown consistently. Page 22, the third number from the bottom on both the DTRF and PA123 funds look good and are growing. If we have properties that need to be torn down, the PA123 has to cover the cost of that. Hafeman: What is imprest cash? LaMarche: Petty cash. Page 44/45, retirement plans. Under Actuarial Accrued Liability – you see where they assume 8% return on the assets, salary increases are projected at 4.5% each year and a 0-13% based on age and seniority. This is the first year where MERS did the actuarials themselves. Is there an idea of how close to accurate this is? You have to request the more comprehensive report. Page 46, the county's liabilities \$18.5 mil. Net assets \$13.4 mil. market value on those assets are \$11.1 mil. Nelson: this shows us at 73% funded. Using the Market value, we're at 60% funded. Our actuarial value went up almost 1 mil. Is this sustainable at any point and time? We pay out \$800,000 per year and we're losing \$250,000 right away up front. I can't see how this ever works out. LaMarche: We see a lot of entities closing their defined benefits plan now and going to defined contribution like 401K. Meintz: at what point and time are they going to mandate this to become the real losses within the budget? LaMarche: If you close your divisions, you're going to see a short term increase in your pension costs. This crams the amortization to a shorter time, which makes it difficult for the units to pay out. Hafeman: Are we stuck with MERS? LaMarche: that I'm not sure of. Until you close them, you keep putting people into the system. Hafeman: And once you close them, then you have a number to work with. LaMarche: Yes, because your population is set. Meintz: it hasn't been good for any gov. entity. I'm not sure why the state has backed them (MERS) so strongly. If you look at the top of page 47, annual pension costs for those years. You've continued to pay more into MERS those years. Now look at the funded ratio on the table below that. It keeps getting less. If the funding ratio were going up, it would be great. Schei: budgeting for MERS, is it possible to put a budget figure in the budget that would be accurate on what they're going to cost you, to get your fund down to where it should be? LaMarche: You would have to let them know you want to pay

it down sooner and they can figure out a plan for you (which will probably cost you). Lang: I was in the defined contribution where I worked, all they did is contract with a bank, put money in the bank and the banker invested it. Why do we have to deal through MERS to go to a defined contribution? LaMarche: That's a good question for MAC, they should be able to answer that question. Nelson: I believe it came from a 1968 law, once you got into a retirement system; you got stuck there for the duration. LaMarche: I don't know that you can stop it if you don't close it. Nelson: Even if we're fully funded, if they lose everything (poor investments), we still have to pay it all back in. LaMarche: From what I've seen, It's not an easy decision. There'll be a lot of time spent on the breakdown of the funding. Lang: If we were to change new employees to the defined contribution system, would we have to go through MERS? LaMarche: I would go through MAC on that, that's more of a legal question that I can't answer. Hafeman: If you were doing this, where would you go with it? LaMarche: My belief is, in thirty years people will look back and say it's the best thing the County ever did. Look at the trends of these numbers? When your funding keeps going down, and your contributions keep going up, how long can you continue to do that? Yes, if it were my company, I would shut them down (freeze them), Yes, it's going to be tough to pay this out. Krienke: Page 50: looking down at the 911 program, what is the "Nonspendable" prepaid expense? LaMarche: By definition of the GASB 54 standard, if you have a prepaid expense, they say it's a nonspendable net asset position. Say we paid our ins. in Sept. for Oct. that would be considered prepaid cash expense. Manager's report – comments and recommendations are only items to consider. Nelson: Budget violations, finance com. to meet quarterly to approve amendments, it appears we should be doing this. That would fix the problem. LaMarche: Overall, I'd say it's a very clean report. I think management has done a really good job over the last few years, from what they were 4 or 5 years ago. Nelson: this is my second audit review in abt. 20 hours. I want to say you do an excellent job explaining this to us. Meintz: I will say Ray, you're probably the best communicator as far as the audit. Ray commends the employees for their help getting through the audit process.

**Public Comment:** Diane Lesperance: Meeting four times per year, Brian does look over the budget and has called in department heads to discuss the line item overages. Anderson, Tackman, & Co. PLC. (Ray) Has always been there to answer any questions we may have throughout the year. Very helpful answering questions anytime we have any.

**Adjournment:** Moved by Com. Nelson, supported by Com. Hafeman to adjourn this meeting at 2:22 PM. Motion carried, 9-0.