

Menominee County Finance Committee
Minutes of Meeting
02/24/ 2017

*****Approved 4.13.17*****

The Finance Committee met on February 24, 2017 at 8:30 AM at the Menominee County Annex (MSU-E) Stephenson, MI

Others present at the meeting were Sherry DuPont,

Call Meeting to order: Com. Nelson called the meeting to order at 8:37 A.M.

Pledge of allegiance: was recited by all.

Roll Call: All Finance Com. Commissioners are present.

Agenda motion by Com. Gromala and supported by Com. Cech to approve the agenda as written. Motion approved 4/0. One question from Com. Schei: Why is the BayComm Invoice on, seeing as how it was voted on already? Com. Nelson had sent out email explaining that it was taken from General Funds because didn't know where the problem occurred. Now there is information verifying that and wanted to have discussion on whether to keep it from General Fund or not.

Previous Meeting minutes: 1.10.17 & 1.31.17 Motion to approve minutes Com. Schei and second by Com. Gromala. Motion carried

Public Comment: None

Department Head/Elected Official Reports: None

Business Items

- a. **BayComm Invoice Nelson** Originally there had been no indication that Administration had had any knowledge about this situation, that the Sheriff's department had been responsible for the error, and if so should pay for it. Since then, we have received information that the former administrator had been well aware of this grant, because there are emails and a letter that had gone to him in 9/2013. Rich Sexton also had emails with further information. People need to be held responsible, otherwise money could be spent however they want and adjustments would have to be made all the time. **Schei** Problem there, is that they are no longer here and can't defend themselves. **Nelson** It had been indicated that there had been no knowledge between BayComm and the Sheriff's Department, but now information has been found that proves otherwise. **Sherry** When Trina Rabida was in charge of Emergency Services and she left, that duty went to the County Administrator. **Nelson** The Sheriff's Department should have been handling this, the grant was not completed. We can let this die, but whenever a department overspends would recommend that the money be taken from that budget. We need to let departments know that policies have to be followed when buying goods and services. **Schei** Who was the grant supposed to be from? **Nelson** Homeland Security/Port Security. **Cech** So now

how much money does the Sheriff Department have? Do they have this much money?

Nelson It would be up to them to find it. If any department miss-spends money they have to follow thru, it affects all departments. Have to be held culpable. **Cech** So they don't have an excess or secret bank account that they can just buy things. I understand that they need to be held responsible, but I wonder where they will come up with money. **Gromala**

A policy should be established that states that one person is supposed to oversee the application of all grants and then also close them out after they are done. **Nelson** We already have that, but in addition, the other part that was missed is that this should have been a "bid out" process. Nothing over \$5000 is supposed to be just given. I suggest sending out letters to all department heads reminding them of correct processes.

- b. Parks-new "advertisement" line item Sherry** Any advertising done within the courthouse is taken out of the 101.101. Parks is a revenue account, they should pay for everything they do from their own account. Any advertising that they do comes out of the 101.101 and it gets expensive. **Gromala** Knows for a fact that in the past the parks had their own advertising budget. **Sherry** Somehow it went away and it had to be created. **Nelson** He suggests that in the Parks budget they create that portion of it because that will show a true reflection of what is being done with the parks, an actual dollar amount. **Schei** I will make a recommendation or move that we do that. **Sherry** We did create an account number, **Schei** I make a motion that we create an advertising account, in the parks budget, and go from there. **Cech** seconds the motion. Motion carries. **Schei** I make a motion that we appropriate the funds from the 3 expenditure accounts that are on the sheet and decrease 208-751-755.02 and 801.00 and 981.00 by \$1000.00 each and transfer that \$3000.00 to 208-751-901.00, parks advertising. **Gromala** seconds, motion carries. **Sherry** This \$3000, will include \$2500 for Morning Dove Productions that leaves \$500 for other advertising. Question now is, do you want me to start taking all advertising out of this account for the parks? All are in agreement. **Cech** It was just brought up that there were some maps that were made, 2500 maps, this should come out of this fund as well? **Sherry** Maps are not even complete yet, there were a few additions, changes, so it will be a bit of time yet. **Cech** So with basically \$500 left over, it might not be enough. **Nelson** We will be meeting again, in fact in 2 months will start with the budget. We can have time to do budget amendments or adjustments at that time? **Gromala** Are these maps just parks or could they be considered office supplies. If a customer is coming and you "X" where is his site is, it might be looked at something other than advertising. **Nelson** It is still an advertisement, we will keep it there. **Gromala/Sherry** It could be admin/office supplies as well. **Nelson** It's \$240, it promotes the park. We will leave it there, we have an account for it. **Schei** Airport also has an account for advertising.
- c. 2016/17 Budget Amendments Sherry** Per the auditor, they want two accounts created for the Airport loan; one for the principal one for the interest. Jesse has done this. It is coming from the Capital Outlay account, it was placed there and will come from there. **Gromala** moves that this is done, two accounts created.**Schei** seconds and the motion is carried. **Schei** This loan happened when Marinette separated? **Sherry** No, Admin did know about this, we had discussions with Jason Lauzer. Result was that the County had to have a second signature on the loan. **Schei** Airport committee was never made aware of this. There was negotiation for a 3.5% loan. 95% was paid for by state and federal and the 5% share is what the loan was for. Believes that 6 payments are left. This was for upgrading the fuel farm. Payments are \$6,072 a year for 6 more years. **Sherry** Security screening area, this was used for computer equipment, to get the cameras up and running. This account was set up, but it was last year with no money budgeted in it. There has to be more work, it is not done. **Nelson** So what is the additional cost, is there a projection?

Sherry No idea, we put it off until the new budget process so that we can budget for it.

Nelson When was this approved to do this? It's over \$5000, was there a bidding process?

Sherry The costs came in separately, and it had to get done.

Nelson I don't think it was discussed among the committee, I don't recall \$8000 being brought up. This is a real problem, monies being spent without approval, and not going through the correct procedures.

Sherry and at this point in time, we are not finished, we are running with two separate systems. We still need the swipe cards for people to enter the building. Extra cameras have been put in to the area and a few throughout the courthouse, but there is a separate program.

Schei Mike Holmes said that there was an app on his phone that enables him to access the cameras at the annex.

Nelson So this is already purchased, it wasn't budgeted for, and no request put in for it to be done.

Schei with big trial, the sheriff department is responsible for securing the courthouse, but also the County Board is responsible. How do you divvy that up?

Nelson The county board is responsible for finance, budget and tracking money. Those boards are open for people to come to you, saying we need money for our budget, in advance! When money is spent without following procedures, it is bypassing the board.

Sherry For these items they went to her, "we need a desk, we need a chair, we need this we need that or we are not going to open".

Schei Did any of that come out of trial expense?

Sherry No, there was a rollover account from a few years back that still had money in it. A video-conferencing acct. \$22-28,000 in it, this paid for the TV and a lot of the equipment in the vestibule.

Nelson Department heads need to know the procedures and with next years budget, they will get a certain amount and that is it. For this \$8132, should we pay it or put it back to the department.

Schei There were several vendors involved and they have to be paid.

Sherry They have already been paid, from the account that has no money in it....now this account needs to be covered.

Nelson We need approval now, where to take the money from. Sherry recommends the building fund.

Schei makes a motion that \$8132 be taken from "designated building fund" to the courthouse security screening account.

Cech seconds. Motion carries.

Sherry The Park Improvement Fund received a donation from Shakey Lakes Association for picnic tables. Also a grant (Hannahville).

Cech makes a motion that the \$1500 dollars be moved into the designated park fund, **Schei** seconds, motion carries.

Cech When it came to putting the roof on that big building, a \$31,000 roof.

Sherry This came from the Parks fund balance. Last year they did not receive any money from the county, they paid their own. Prior to that, the county had been putting money in to balance their accounts.

Cech confused because he is on the park committee and they paid for it out of the park fund, then John told him no, that it was paid for out of the general fund.

Nelson County Board approved expenditure of the roof, when the board approves it, it is the counties money...

Cech Yes, the money is county funds, but the reason for creating accounts is so that we can account for the money spent.

Sherry What happens with a revenue account is, if there is fund balance money in there that the county has had to put in to cover expenditures, this money remains there as a rollover. It is put into a specific account, FROM the general fund.

Nelson/Sherry Buildings and Grounds committee met with a recommendation to receive \$1500.

Schei Moves that up to \$1800 be moved from building expenditure fund to courthouse building fund.

Gromala seconds. This is to cover move to the new equalization area, a door between Gail's office and probation, and a door for the veteran's services room. Not clear as to where these monies are coming from.

Sherry Do we want to create a new account, rather than use designated building fund, and have it be for moves and expenses within the courthouse? \$50,000 was for the expenses of the new building. Previous motion carried.

Sherry Next item is having to pay citation for the asbestos violation, Jim and I got the citation down to \$1500 from \$3000. Citation

should come out of window fund, and Pearson separate. Motion requested to take \$1500 from designated building fund put in window fund. Motion made by Gromala, second by Schei, motion carries. **Cech** Who is Pearson? **Nelson** Dennis Pearson, does asbestos out of Escanaba. One of the few people that does it. **Sherry** We had to sign a contract with him for the courthouse, jail and the new building. An estimate of \$2,500 for all three buildings. What account is it coming from or do we make a new account...**Nelson** Why can't it come out of Building and Grounds? Motion made by **Gromala**, second by **Cech** to decrease designated building fund by \$2500 and put it into the B&G contractual fund. Motion carries. **Sherry** Boring for the fiber install to the new building, one quote from Ron(\$3175) and two others. **Nelson** As this is under the \$5000, he can sign off on that.

d. 911 Budget Nelson Budgetary problem in this department. Feels it important that it doesn't wait until Aug.- Sept. **Brian Barrette** Two funding sources for 911, one is a local telephone surcharge, based on the number of cell phones purchased in Menominee County. For some reason this expired last year, June/2016, and the amount received now is .08 less. Also, if the prefix is from another state, there is no surcharge given. The predicted revenue has dropped significantly and the department is running behind (not being able to maintain with current surcharge). Expenses, however are going up. Last year, money had to be taken out of the fund balance to cover expenses. This year looks much the same. **Nelson** Last year they were not made aware that it was over budget. Were kept in the dark about the need to transfer funds to cover expenditures. **Schei** Is the money gotten from the state always timely? Do you get it when you expect it? **Brian** The cell phone companies are supposed to be sending in monthly, so exactly when it comes in is an unknown. Not necessarily within the budget year you are supposed to get it in. Now he realizes that the budget isn't balanced. \$330,000 had been transferred as revenue, Brian took those number out so as not confuse anyone. If the numbers are run for local sure charge the expenditures are \$625,949, (this is not accurate) while the projected revenue is \$545,000. (This is not consistent either, and can fluctuate). The budget as presented is \$80,949 short, based on original budget. On page 2, is the state revenue money, of \$155,000, expenditures are \$138,000, puts us to the good of \$18,000. With Debra Wormwood's pay-out the budget is short \$98,139 **Nelson** We had the MERS unfunded liability, correct? What is the current to cash value for 911 for the MERS retirement. **Brian** So based on budget, we are \$98,139 in the red. Discussion carried on about Fulltime and Partime Employees and the amount of hours being put in. The 911 contract states that hours may go over, but it was never presented to the board. The reason that last year's budget was so in the red, is that there was an employee that on administrative leave, close to \$1000.00 a week, you take that out of there, it was paid leave, you replace it with paid leave, that was time and 1/2. If we keep sucking out of the fund balance, it is going to run out of money at some point in time. This is current budget, not what will be for next budget year. What is left in the fund balance, will be needed to cover the shortage. **Schei** So there needs to be a plan for how not to spend the rest of the fund balance. **Cech** so about \$65,000 was paid out for help that wasn't even help, to pay leave and a person to fill that place while that person was gone. So still in a deficit. So had this not occurred, and Deb Wormwood's pay-out, it would be ok. **Brian** No **Gromala** Sometimes our department heads take funds from accounts, shifting them without letting the board know or the finance committee know. There should be a trigger mechanism that goes off. **Schei** You have to remember that there used to be an administrator, **Nelson** Budget adjustments should always come thru the board, there was never an adjustment that came through for 911. The administrator should have brought it to their attention, now Sherry has. **Schei** Maybe we should look at quarterly financial standing of the budget. **Nelson** BS&A should help to keep us up to date. Budget changes

need to be done across the board. **Sherry** We need to take this \$330,000 capital outlay out, and put the surplus in the revenues. The accounts for overtime and part-time employees need to be increased, there is not enough to cover them now. **Nelson** So, take out the \$330,000, put it into revenue/expenditure accounts, then remove from the fund balance the increase we have across the board. That should give us a bottom line for a fund balance going into next year. Then add projected costs for next year so we can go to the board and say here is where we are at with 911. **Sherry** But for now we need to add monies into the overtime and part-time balances. **Brian** Going through line items will be somewhat guesses. We are at 57.43% part time salaries, \$30,000 increase needed? Overtime salaries/ increase \$33,000. Comfortable leaving the fulltime as is for now. **Sherry** Retirement will be affected, and medical. The only way to know for sure, is to make the changes in the system, then it will be reflected. **Nelson** We will bring to the board approval for the changes, with the numbers blank. The numbers have to be figured out. Opt-out vrs. Insured. **Sherry** Is going to set up a separate account for the opt-outs. **Brian** for general training, I would like at least \$1000 in there. **Nelson** Wants to know what training would be necessary for 911...this would be a "wish list" item. **Nelson** Going to redo the budget for 911, show balance, check MERS for unfunded balances, to see true cash value, present it to the boards. Console is whole other item which will need a bid process. **Schei** Will you be moving your location to another physical location? **Brian** No Quick synopsis on console, it will most likely be a \$500,000 project. **Nelson** Need a motion, there was discussion, we need a presentation to adjust these amounts for salaries, \$30,000 PT and \$33,000 OT, opt-out plan and changes in MERS which Sherry is going to calculate. Motion made by **Nelson**, seconded by **Cech**, motion carries.

Public Comment:

Commissioner Comment: John thanks for coming.

Adjournment: Moved by Com.Gromala, supported by Com. Cech to adjourn the meeting at 11:11 AM. Motion approved 4/0.