

The Menominee County Board of Road Commissioners held a regular meeting in their offices north of Stephenson on Tuesday, July 12, 2011. Chair Betzinger called the meeting to order at 9:00 a.m. with the following persons present or absent:

PRESENT: William Anderson, Roger Betzinger, Anthony Kakuk, Darrell Moilanen and Lisa Savord. Also present were Chuck Behrend, Darlene Nerat, John Nerat, Dale Axtell, David Wesoloski, Leslie Serletic, Jeff Lynott, Dale Miller and Mark Jasper.

ABSENT: None

Public comments – Dale Axtell asked what decisions were made at the June 20, 2011 meeting regarding the Menominee shop. Moilanen stated that steel siding would be applied to the face of the building and the cement slab from the old office building would be removed.

Public appearances – None.

Additions/corrections to minutes of 06/07/11, 06/20/11 and 06/30/11 – Kakuk asked that the following correction be made to the 06/30/11 minutes to correct the quote price submitted by Wickstrom Builders:

Install firing, insulation, and siding on front façade of existing building – Quotes for this project had been received as follows: Beal Contracting, Menominee, MI \$,8,500.00, with \$4,500.00 paid up front and balance of \$4,000.00 upon completion; and Wickstrom Builders, Inc., Stephenson, MI ~~\$4,512.00~~ \$8,512.00. Moved by Anderson, seconded by Kakuk, to award the project to Wickstrom Builders as their quote did not require any upfront payment. Carried unanimously.

There being no further additions or corrections, Betzinger declared that the minutes of 06/07/11 and 06/20/11 will stand as recorded and the minutes of 06/30/11 will stand as corrected.

Financial Report:

| | Receipts | Expenditures | Payables/ Reserves | Balances |
|--------------------------------|------------|--------------|-----------------------|----------------|
| Balance, June 06, 2011 | | | | \$1,601,632.93 |
| Receipts thru 06/30/11 | 53,167.07 | | | |
| Expenditures thru 06/30/11 | | 251,293.62 | | |
| Balance, June 30, 2011 | | | | \$1,403,506.38 |
| Michigan Transportation Funds | 260,289.68 | | | |
| Receipts thru 07/11/11 | 0.00 | | | |
| Expenditures thru 07/11/11 | | 70,819.57 | | |
| State Maint. & Equip. Advances | | | 76,676.00 | |
| Balance, July 11, 2011 | 313,456.75 | 322,113.19 | 76,676.00 | \$1,516,300.49 |

Payables & Reserves

| | |
|--|------------|
| Payroll 07/21, 08/04 (Est.) | 130,000.00 |
| Soc. Sec. 07/21, 08/04 (Est.) | 9,945.00 |
| Reserve for workers compensation insurance | 20,030.00 |
| Reserve for liability insurance | 35,883.00 |
| Reserve for rental grader lease (Dec 2009) | 73,871.12 |
| Reserve for rental grader leases (Oct 2010) | 323,179.20 |
| Reserve 4% set-aside for township allocations (2005/2006) | 12,110.91 |
| Reserve 4% set-aside for township allocations (2006/2007) | 39,557.03 |
| Reserve for MCRC balance of Old US2 over Wilson Creek | 85,059.58 |
| Reserve Hannahville 2% Funds-Town Line Rd to Vincent Ln Const. | 17,632.69 |
| Reserve Hannahville 2% Funds-Town Line Rd to Vincent Ln Pave | 26,092.51 |
| Reserve for MCRC balance of Town Line Rd to Vincent Ln Pave | 47,907.00 |
| Reserve Hannahville 2% Funds-County Line Rd. Borings | 1,217.76 |
| Reserve Hannahville 2% Funds-Office Copier | 5,000.00 |

| | | |
|---|------------|-----------------|
| Reserve Hannahville 2% Funds-Sign Truck | 22,500.00 | |
| Reserve for Design of F-4 Bridge over Big Cedar River | 5,940.79 | |
| Reserve for Culverts for special projects | 20,000.00 | |
| Reserve for 2011 bridge inspections & load ratings | 30,505.00 | |
| Reserve for F-4 Lane bridge (Harris Twp) | 24,536.00 | |
| Reserve for County 3-way Road Program | 200,000.00 | |
| Reserve for Forest Funds | 161,023.46 | |
| Reserve for equipment | 30,974.00 | \$1,322,965.05) |
| | | \$ 193,335.44 |

There being no questions or comments, Betzinger declared the financial report accepted as read.

Vouchers # 11-0046, 11-0048, 11-0050 and 11-0630 – Moved by Kakuk, seconded by Anderson, that the vouchers be approved and ordered paid. Carried unanimously.

Open bids for Con-span installation at Old US2 over the Wilson Creek – Bids were received and read aloud as follows:

Havelka Construction, Wallace, MI: \$ 64,923.00
 Snowden, Inc., Escanaba, MI: \$130,000.00

Moved by Anderson, seconded by Kakuk, to award the bid to the low bidder, Havelka Construction. Carried unanimously.

Open bids for Crack Sealing – Bids were received and read aloud as follows:

American Pavement Solutions, Green Bay, WI:

| | |
|--|-----------------|
| CR 380 – US-41 thence 3.2 miles east, 20 ft. wide (3.2 miles) | 10,734.24 |
| CR 380 – CR 557 to Robinson Road, 22 ft. wide (2.25 miles) | 5,513.64 |
| CR 571 – CR 346 to No. 15 Road, 22 ft. wide (1.0 miles) | 660.32 |
| CR 571 – No. 14 Road to No. 13 Road, 22 ft. wide (1.0 miles) | 1,461.80 |
| CR 571 – No. 11 Road to Bay De Noc Ln, 20 ft. wide (1.0 miles) | 2,189.44 |
| G-08 - US-41 to Menominee River, 30 ft. wide (2.3 miles) | <u>9,725.76</u> |
| Total | \$30,285.20 |

Fahrner Asphalt Sealers, Plover, WI:

| | |
|--|-----------------|
| CR 380 – US-41 thence 3.2 miles east, 20 ft. wide (3.2 miles) | 11,080.61 |
| CR 380 – CR 557 to Robinson Road, 22 ft. wide (2.25 miles) | 7,791.05 |
| CR 571 – CR 346 to No. 15 Road, 22 ft. wide (1.0 miles) | 3,462.69 |
| CR 571 – No. 14 Road to No. 13 Road, 22 ft. wide (1.0 miles) | 3,642.69 |
| CR 571 – No. 11 Road to Bay De Noc Ln, 20 ft. wide (1.0 miles) | 3,642.69 |
| G-08 - US-41 to Menominee River, 30 ft. wide (2.3 miles) | <u>7,964.42</u> |
| Total | \$37,224.15 |

Moved by Kakuk, seconded by Anderson to award the bid to low bidder, American Pavement Solutions, pending a satisfactory reference check. Carried unanimously.

Act on MERS Benefit E COLA – Moved by Anderson, seconded by Kakuk that the Benefit E COLA would not be adopted at this time. Carried unanimously.

Discuss permit for Aquila Resources - Leslie Serletic and Jeff Lynott were in attendance on behalf of Aquila Resources/Hud Bay. Mr. Lynott explained that a wire that would be laid across the road in some areas was being used to measure conductivity in the bedrock. It is a 10 gauge wire that carries 180 volts (8 amps) which should not cause harm to humans. The wire is setup to break apart if it should become caught up in a passing vehicle. Betzinger asked if there was any danger of electrical shock to our mower operator if the wire should become tangled in the mower blades. Mr. Lynott stated that there would be no danger. A permit to allow Aquila Resources/Hud Bay to work within the right of way will be issued once a proper Certificate of Liability Insurance is received by the road commission. Leslie Serletic and Jeff Lynott left the meeting at 9:21 a.m.

Adopt GASB #54 Fund Balance Policy - Moved by Anderson, seconded by Kakuk to adopt the following GASB Statement No. 54 policy. Carried unanimously.

Menominee County Road Commission, Michigan
Fund Balance Policy in Accordance with GASB Statement No. 54

Purpose. The following policy has been adopted by the Menominee County Road Commission in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*. The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Road Commission and jeopardize the continuation of necessary public services. This policy will ensure that the Road Commission maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,
- b. Secure and maintain investment grade bond ratings,
- c. Offset significant economic downturns or revenue shortfalls, and
- d. Provide funds for unforeseen expenditures related to emergencies.

This policy and the procedures promulgated under it supersede all previous regulations regarding the Road Commission’s fund balance and reserve policies.

Fund type definitions. The following definitions will be used in reporting activity in governmental funds across the Road Commission. The Road Commission may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The general fund is used to account for all financial resources not accounted for and reported in another fund.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the government’s purposes.

Fund balance reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact.

Classification – Nonspendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- The Road Commission will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of the government)
- The Road Commission will maintain a fund balance equal to the value of inventory balances and prepaid item
- The Road Commission will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained in-tact
- The Road Commission will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the Menominee County Road Commission. A majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

Assigned fund balance

Definition – includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign – The Menominee County Road Commission delegates to the Engineer/Manager or his/her/their designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

Definition – includes the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Operational guidelines. The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Menominee County Road Commission to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Menominee County Road Commission that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Implementation and review. Upon adoption of this policy the Menominee County Road Commission authorizes the Engineer/Manager to establish any standards and procedures which may be necessary for its implementation. The Engineer/Manager shall review this policy at least annually and make any recommendations for changes to the Menominee County Road Commission.

Act on amendment of 2010/2011 Budget - Moved by Kakuk, seconded by Anderson to adopt Budget Amendment # 1. Carried unanimously.

| | FY 2009/2010 | Budget 2010/2011 | Budget 2010/2011 <u>Amended</u> | Budget 2010/2011 <u>Final</u> |
|--|---------------------------|---------------------------|---------------------------------------|-------------------------------------|
| | <u>Actual</u> | <u>Recommended</u> | <u>Amount #1</u> | |
| <u>REVENUES</u> | | | | |
| Mich. Transportation Funds | \$3,240,611 | \$3,073,900 | \$0 | \$3,073,900 |
| Special State Funds | 562,350 | 698,343 | 72,276 | 770,619 |
| Federal Funds | 2,089,071 | 404,280 | 164,567 | 568,847 |
| County Raised Funds | 1,033,536 | 710,500 | 13,282 | 723,782 |
| Gain/Loss Equip. Disposal | 77,561 | 0 | 0 | 0 |
| Other Contributions | <u>225,492</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL REVENUES | <u>\$7,228,621</u> | <u>\$4,887,023</u> | <u>\$250,125</u> | <u>\$5,137,148</u> |
| <u>EXPENDITURES</u> | | | | |
| Primary Roads | \$2,831,494 | \$1,900,240 | \$66,701 | \$1,966,941 |
| Local Roads | 2,977,135 | 1,664,600 | 261,730 | 1,926,330 |
| State T/L Maintenance | 576,499 | 535,000 | 0 | 535,000 |
| TWA/Other T/L Maintenance | 17,075 | 12,500 | 1,322 | 13,822 |
| Equipment Expense (Net) | (26,445) | (225,000) | (83,000) | (308,000) |
| Administrative Expense (Net) | 323,701 | 188,700 | (10,000) | 178,700 |
| Distributive Expense | 0 | 1,450,000 | 39,456 | 1,489,456 |
| Capital Outlay (Net) | 143,274 | 105,000 | 100,000 | 205,000 |
| Miscellaneous | 1,169 | 3,000 | (2,030) | 970 |
| Special Projects | 0 | 0 | 0 | 0 |
| Contingencies | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL EXPENDITURES | <u>\$6,843,901</u> | <u>\$5,634,040</u> | <u>\$374,179</u> | <u>\$6,008,219</u> |
| YEAR END | | | | |
| Budgeted Net Revenue (Expenditures) (NOTE: 4% Township Funds from prior years) | 9/30/2011 | <u>(\$747,017)</u> | | <u>(\$871,071)</u> |
| YEAR END | | | | |
| Current Estimated Operating Surplus (Deficit) | 9/30/2010 | \$384,720 | | |
| Accumulated Avail. Surplus (Deficit) from Prior Yrs. | DATE | | | |
| | 9/30/2009 | <u>\$2,257,857</u> | | |
| | 9/30/2010 | <u>\$2,642,577</u> | | |
| Projected Surplus at End of Budget Year | | <u>\$1,895,560</u> | | <u>\$1,771,506</u> |

Discuss nominees for open MCRCSIP Board of Directors positions – Moved by Anderson, seconded by Kakuk to vote for the following candidates. Carried unanimously. Brian Gutowski, Darrel Spragg, Steven Puuri, Charles Anderson, Mike Larrabee

Permission to bid gravel crushing for 3-way Funding Program projects and MCRC projects – Moved by Anderson, seconded by Kakuk to grant permission for Moilanen to advertise for bids. Carried unanimously.

Any other business – Betzinger updated the board on the 3-way Funding ad hoc committee meetings. The next meeting will be on August 11, 2011. Discussion will be held regarding different avenues to raise funds for roads such as a millage or county sales tax and how much revenue would be generated.

Public comments – David Wesoloski stated that the cost of paving No. 9 Road was \$59,960.00 and that Menominee Township wants to use the \$48,939.00 available to them through the 3-way Funding Program to pay for the paving. He asked how the billing/payment should be handled. He will contact the county treasurer for more information.

John Nerat asked if the road commission would be renting a chip sealing machine this year. Moilanen stated that the road commission's work load was already too heavy this year and that the machine would possibly be rented next year.

Mark Jasper asked if all entities had responded with projects for the 3-way program. It was noted that Brian Bousley, County Administrator had sent a letter to all parties stating they need to respond by August 1, 2011 if they wish to be included in the program.

Darlene Nerat asked what hours Aquila Resources would be working on the testing that they are requesting the permit for. Moilanen stated during daylight hours only.

Dale Axtell asked who would be installing the steel siding on the Menominee shop. Moilanen stated that Wickstrom Builders would be doing the work.

Darlene Nerat asked who was responsible for paying for the insurance coverage that is required for Aquila Resources/Hud Bay to be issued the permit. Moilanen stated that Aquila Resources/Hud Bay would pay for the insurance.

There being no further business, Betzinger declared the meeting adjourned at 9:45 a.m.

Road Commission Finance Director/Clerk

Chair