



GOODHUE COUNTY BUDGET COMMITTEE
MINUTES
Administration Conference Room
May 30, 2006
9:00 a.m.

Present: Ted Seifert, Richard Samuelson, David Hamilton, Brad Johnson, Amy Hove, Lisa Hanni, Stacy Bystrom and Andrea Benck.

C/Seifert called the meeting to order.

Car Pooling/Sharing. In late 2005, the Assessor's office and Public Health office met to discuss means to reduce the mileage expense for PHS by sharing cars in the Assessor's Department. A joint schedule was worked out so that members of both departments could reserve cars and log their usage. Public Health has no gasoline, license, and maintenance items in their 2006 Budget, the Assessor's office handled the costs and billed PHS quarterly on a pro-rata basis of mileage.

PHS cost using employee cars	2,772 miles x \$0.445=\$1,234
PHS cost using Assessor cars	2,772 miles \$ 306.73
Total Savings, first quarter 2006	\$ 927.27

The Public Health staff has worked very cooperatively with the Assessor's department. Mr. Johnson thanked staff from both offices for their cooperation for this new process.

The Assessor's cars are currently running at 11¢ per mile compared to 44.5¢ for the mileage rate. The 11¢ includes gasoline, maintenance, and license. For the first quarter of 2006, gasoline cost the County \$60,494.22. Mileage cost \$54,960.20 (or 123,506 miles billed). Using the 11¢ rate, mileage costs could be reduced to \$13,586 for a savings of \$41,374 per quarter or \$165,496 per year.

The one problem is determining the necessary number of cars to meet the majority of needs and amortizing that cost into the equation. The last Taurus cost \$12,500. Estimating 10,000 miles a year for ten years, equates to 12.5¢ per mile. This still indicates a savings or roughly one-half the paid mileage rate of 44.5¢.

Though further study is needed, this has the potential to lead to significant cost savings for the County in the future.

Mr. Johnson stated that at this time, this was for information only.

C/Seifert felt that this was right on. With new staff for South Country Health Alliance they will be on the road even more.

C/Samuelson asked who would manage this fleet project. Mr. Johnson indicated that that had not been determined at this point, however, currently, the staff involved were from Public Health and the Assessor's Office. The plan was that they would like to setup a lot of the templates so that if it does go county wide, the entire process will be ready to go.

C/Samuelson asked what departments would be involved if this went county wide. Mr. Johnson felt that Public Works and the Sheriff's Department would be specialized and not be included. Other than that, all other departments would be included in the fleet policy.

C/Samuelson asked if Springsted would be involved with this process. Mr. Hamilton stated that the vehicles in the pool will be in the Capital Plan. Springsted brought the asset plan to the county so technically, Springsted was involved at that level.

Mr. Hamilton thanked Mr. Johnson and Ms. Hove for handling the issue and taking charge of the whole idea. He wanted the board to be aware that this was happening.

C/Samuelson asked if this would be brought to a Committee of the Whole. Mr. Johnson stated that eventually it would be brought to the board for discussion.

The committee agreed that this idea of car pooling be presented to the full board for discussion.

Fund Balance Analysis. The "Springsted" Finance Plan requires a comparison of year-end undesignated, unreserved fund balances to goals specified in the plan. Each year-end fund balance is compared to the following year's budget as a percentage. The goals are, for the operational funds, 25% of the fund's budget except for the General Fund, which is 42% and includes the Contingency Fund (10%). The funds vary greatly in size, so a large variation in percentage from the goal may be a "small" amount of money comparatively.

The operational funds are General, Public Works, Public Health, Human Services, Waste Management, and Land Use. The other funds such as Debt Service are so specific in purpose that the fund balance comparison is ineffective.

Regarding the year-end fund balance, the County Auditor's office issues a report on the cash balances in each fund every month-end. However, the State Auditor compiles the annual financial statements for year-end based on the *modified accrual method*. This method includes income not yet received and expenses not yet paid. In simplest terms, it is similar to a pay check situation. You receive your final 2005 paycheck on December 25, but you earn salary for the final week of the year and receive payment for it on January 7. Under the accrual method, your 2005 income would include that final week of earned but not yet received salary.

As this is undefined in the Springsted plan, it is appropriate to choose a standard method of measuring the year-end undesignated, unreserved fund balance. Staff recommended using this modified accrual method, which parallels the State-Auditor produced financial statements for the County. This adds in the settlement of taxes which is a large share of each fund's cash flow until

taxes are received again in May. Mr. Johnson used those reports to compare fund balances to the Springsted goals for the years 2002-2004, which are attached.

As a refresher, since tax and aid money are only received twice a year, part of the year-end unreserved, undesignated balance includes cash-flow money for the next five or six months. For example, the General Fund depends on tax money for 75% of its budget. I quote from the State Auditor’s comments on fund balances:

“Counties should have relatively large fund balances at the end of the year in order to meet expenditures occurring in the first five months of the next fiscal year, before the first property tax and state aid payments are received.” (Anderson, Pat, 2006, p.6).

In summary, here are the funds’ positions (at year-end, December 31) compared to the Springsted goal. The years 2002-2004 are taken directly from the State Auditor Financial Statements. The General Fund goal includes a 10% contingency fund in its 42% goal.

	2002	2003	2004	Goal (minimum)	Preliminary 2005
General Fund	23.4%	31.4%	34.8%	42%	37.2%
Public Works	40.9%	35.7%	27.6%	25%	15%
Human Services	25.3%	40.3%	40.1%	25%	40.7%
Public Health	20.9%	23.7%	22.0%	25%	21.3%
Waste Management	51.6%	92.6%	53.2%	25%	48.1%
Land Use	99.6%	71.5%	97.4%	25%	115.2%

	Variation from goal, percent	Variation from goal, dollars
General Fund	-4.8%	-\$837,374
Public Works	-10%	-\$1,117,459
Human Services	+15.7%	+1,352,111
Public Health	-3.7%	-\$127,445
Waste Management	+23.1%	+\$211,422
Land Use	+90.2%	+\$517,336

The Springsted Plan does not provide a set procedure when funds are over or under their goal. For those under the goal, the Board may wish to consider the following:

- Include an amount in the 2007 budget to increase fund balance in the “deficit” funds. Attaining the “goal” fund balance may have to be accomplished over multiple years.
- Part of the General Fund goal is a contingency fund that can be used to backstop future shortages in all funds. We currently have no established contingency fund for unexpected situations.

- Factor part of the fund balance into the 2007 budget for those funds over the fund balance goal; this would reduce their levy needs.

C/Samuelson asked about Public Works. Mr. Johnson stated that they have some reserves, but are lower than what Springsted is recommending. C/Samuelson asked what he recommended to do with the Waste Management Reserve. Mr. Johnson stated that he has talked with both Public Works and Lisa Hanni regarding their reserves. Ms. Hanni stated that the Land Use Reserve is the back stop for the Ordinance Enforcement Fund which has been running with a negative balance.

C/Samuelson noted that the county has big plans with Public works, but if there are no reserves, then nothing will get done and that was not what his constituents wanted. Mr. Johnson agreed and noted that adjustments can be made within the 2007 budget to help balance out the reserves.

Mr. Hamilton stated that this was important information and will be brought to the board for review.

Recorder's Compliance Fund. Ms. Hanni reported that there are statutory requirements for the Recorder's Compliance Fund. After meeting with the Recording staff and the Auditor/Treasurer and Assessor staff, they have developed a plan on how to utilize these dollars and improve service to the citizens.

Effective July 1, 2005 the following was adopted by legislation:
MS 357.182:

Subd. 7. Restriction on use of recording fees.

Notwithstanding any law to the contrary, for county budgets adopted after January 1, 2006, each county shall segregate the additional unallocated fee authorized by sections [357.18](#), [508.82](#), and [508A.82](#) from the application of the provisions of chapters 386, 507, 508, and 508A, in an appropriate account. This money is available as authorized by the Board of County Commissioners for supporting enhancements to the recording process, including electronic recording, to fund compliance efforts specified in subdivision 5 and for use in undertaking data integration and aggregation projects. Money remains in the account until expended for any of the authorized purposes set forth in this subdivision. This money must not be used to supplant the normal operating expenses for the office of county recorder or registrar of titles.

As of the April report of the Reserves and Designations, this reserve has \$122,891. The first priority of utilizing this money is to get and keep the Recorder's office in the statutory 15 day compliance of recording documents. They are currently in compliance with this timeframe.

Staff from the Recorders, Auditor/Treasurer, and Assessor's offices met and discussed projects that were felt to be important in improving our land records processes. Following is a list of projects we felt were should be priorities.

Transfer Cards

- Currently updating on the card and in the AS400
- The cards have the complete transfer history back to 1975 (closest thing we have to tract index)
- Title companies, real estate attorneys, and Assessor's use them on a daily basis

PLAN:

- ❖ Data entry information into the AS400 will
 - eliminate duplicating work
 - search records from computer interface
 - safeguard information from destruction by computer backup
- ❖ Estimate one full time (temporary) person doing data entry for approximately 12 months

Parcel Updates (GIS)

- Currently two years behind in parcel splits
- Staff and public rely heavily on GIS data on the web and internally to show this information

PLAN:

- ❖ Continue to work towards updating the information and backlog (getting transfer cards in the AS400 will help reduce staff researching and phone inquires and leave time for this process)
- ❖ Work the split/combination process into daily work flow

Vital Records

- We are the sole source of information for marriage data between the years of 1855-1994
- We are the sole source of information for birth and death records between the years of 1870-1934
- These records contain confidential information (1979 forward) and must remain under a secure system to prevent unauthorized viewing or copying
- Most records exist only in paper form

PLAN:

- ❖ Scan old books containing the birth, death, and marriage information
- ❖ Re-bind damaged books
- ❖ Eliminate handling of these old books because of the wear and loss of information
- ❖ Estimate one full time (temporary) person for 12 months

Torrens Records

- Most of the Certificates exist only in paper form
- The files containing the information that originally created the Torrens Certificate are not attached to the computer record (if the Certificate is in the computer)

PLAN:

- ❖ Continue to work on transferring the Certificates into the computer
- ❖ Proof the information before finalizing the computer entry
- ❖ Scan Certificate file information to be able to correspond it to the Certificate
- ❖ Estimate backlog can be completed within six months with current staff depending on daily workload

Abstract Records

- Documents are scanned into the computer from November 2000 forward
- Previously recorded documents are in either paper (book) form or on microfiche
- Microfiche is deteriorating and the machines used to view the microfiche are breaking with no parts available for repair or replacement

PLAN:

- ❖ Continue to back scan the microfiche documents
- ❖ Replace microfiche machines with a newer version that can scan as a document is viewed to help the back scanning process
- ❖ Evaluate the option of either continuing the contract with ImageMax or hiring full time (temporary) person for 18 months to scan and computer archive

Staff recommended the following:

- 1) The County Board approve the above list of projects, to be completed as dollars become available in the Records Compliance Reserve. (Note: specific details of how to accomplish the project will be evaluated before each project will be implemented, included but not limited to: hiring of temporary staff, purchasing equipment or services, etc.)
- 2) The County Recorder will work in conjunction and cooperation with the other land departments (Auditor/Treasurer, Assessor, Survey, GIS, Land Use Management) to coordinate the projects and provide the County Board an annual list of projects.
- 3) The County Recorder provides the County Board an annual update on the progress of the projects and the funding availability.
- 4) The County Recorder will be responsible for budgeting and disbursing the dollars for the approved projects.

Ms. Hanni felt that it would be more effective to hire a temporary position to enter in the information on the transfer cards. This building is the one and only source for a lot of information. There are a lot of different projects going on.

C/Seifert asked if the money had to be spent on these types of projects. Ms. Hanni stated that the state requires you to be within the 15 day compliance. After that, the money can be used on board approved issues other than the normal operating expenses for that office.

C/Seifert asked if the cards are an on going thing. Ms. Hanni stated that they are used every day. They all need to be typed into the i5..

C/Seifert stated that Goodhue County Abstract has some of the records and asked about the impact down the road. Ms. Hanni stated that typically, they only go back 40 years and the

county has the cards back to the 70's so the county is getting close. Depending on what the public is looking for, the county will maintain 40 years and if they want to go back further, then they would need to go to Goodhue County Abstract.

C/Samuelsan asked about fees. Ms. Hanni stated that the state required the county to set the fees and that is what has built up the money in this fund.

Ms. Hanni and Mr. Bystrom will be going to Olmsted County to view a program that will allow the public to view land information on line. Some of the information may require a fee, but if there were any fees to be charged, it would have to be board approved. Ms. Hanni stated that each county does things a bit different and it was not to see what was out there.

C/Seifert suggested that there be a set of directions at the public computer in their office. Mr. Bystrom stated that staff helps anyone that goes to the machine. Typically, the only people that use it are familiar with it. Ms. Hanni added that the i5 was not very user friendly. Their first point is to get the sources backed up and stored off site. Eventually, they would like to get new software and make things more user-friendly.

C/Samuelsan agreed that the county needed to do what ever they could to make things more user-friendly for the public.

The committee agreed to forward the recommendation to the county board.

2007 Draft Budget. Ms. Benck reviewed the first draft county budget for 2007. Assumptions built into the budget include a 3% wage adjustment for county staff and step increases where eligible. Also included was a 15% increase in health care costs, additional funding for SELCO, a 30% increase in gas, mileage, electric and natural gas, and State Aid equal to what will be received in 2006. All funds combine, the first draft budget was \$48,868,090 with a levy of \$24,391,467 which would represent approximately a 3% increase over last year. Ms. Benck reviewed each fund pointing out the major increases related to signed union contracts, an increase in personnel taxes, and an increase health care costs.

Mr. Johnson reviewed graphs relating to the reduction in interest over the next five years as well as the overall reduction in debt. Mr. Hamilton reviewed his Administrative message noting that top issues for the 2007 budget would include probation, jail, and the 800 MHz Radio System. Mr. Hamilton stated that the reduction in debt and the increase in interest earned had a big impact on the first draft budget.

This budget will be presented to the county board on June 6. Staff was available for any questions at any time.