



GOODHUE COUNTY BUDGET COMMITTEE
MINUTES
Administration Conference Room
March 23, 2004
11:00 a.m.

Present: Noah, Roseanne Grosso, Brad Johnson, Amy Hove, and Andrea Benck.

C/Noah called the meeting to order

1. Coroner's Budget Reconciliation. Mr. Johnson filled in for Mr. Hamilton while on vacation. Mr. Hamilton's report indicated that Goodhue County is one of seven counties that fund the Regional Coroner's Office. At the end of each year, reconciliation is forwarded to each county based on actual usage. Included in everyone's packet was a report requesting the payment of \$9,461 as Goodhue County's final balance due at the end of 2003. In 2003, we budgeted \$61,000 for the Regional Coroner and spent \$60,129. The budgeted balance is \$871. Mr. Hamilton was requesting a transfer from Reserves into the budget to pay the additional amount requested of \$9,461. The Auditor/Treasurer's office recommends that we cover this with a transfer from Reserves into the budget.

2003 Coroner's Budget	\$61,000
Actual 2003 spent to date	<u>\$60,129</u>
Balance of 2003 budget	\$871
Addition requested	\$9,461
Less balance of 2003 budget	<u>-\$871</u>
Transfer from Reserves	\$8,590

Ms. Hove pointed out that the entire amount that would need to be transferred from reserves would be \$9,461. The residual from last year's coroner's budget went into reserves as well.

C/Grosso questioned if this has happened before. Ms. Hove stated that the county typically receives a bill like this every year to make up for the shortfall that is unpredictable. Ms. Hove stated that there was additional funding in the coroner's budget for 2004; however, it was reduced by the board when the levy was set in December.

The committee recommended \$9,461 be transferred from reserves to pay the residual for the 2003 coroner's fees.

2. Northland Securities. Mr. Johnson reported that he received a call and visit from Mr. George Ellertson with Northland Securities. Mr. Ellertson has analyzed the county's Jail Bonds and has calculated a savings of \$504,120.46 with a Present Value Benefit of 5.1-5.2% (3% is the

minimum requirement). The Court bonds could save approximately \$250,000 per year, though there are different legality issues which would need to be investigated further.

Mr. Johnson stated that a second question here was the status of who we use as a financial consultant. He questioned if we should use Springsted for everything or use other companies for certain issues. He questioned if he should begin a cost comparison between them, or if this should be run past Springsted. Mr. Johnson felt that since two different agencies other than Springsted had recently approached him on refinancing possibilities, it was necessary to discuss this issue with the committee.

Mr. Johnson distributed additional information at the meeting to be included in the packets. C/Noah asked if this was net savings. Mr. Johnson stated it was.

C/Grosso asked about the arbitrage fee. Mr. Johnson stated that it's hard to say that one plan is absolutely better than the other. C/Noah pointed out that it does not hurt to shop around to save money. He questioned if the county were to wait another year, would the savings decrease. Mr. Johnson stated that it depended on the rates; however, projections show that the savings would decrease. Mr. Johnson noted that it was also important to look at the risk issues involved and questioned how to approach it.

C/Noah pointed out that Northland Securities is a reputable firm. Mr. Johnson suggested having them come in for a presentation. C/Noah questioned the ethics. Mr. Johnson noted that issue was brought up, and he had been in touch with the County Attorney's Office and was waiting for a response.

C/Grosso agreed that it was a good idea to shop around to make sure the county is receiving the best deal. Mr. Johnson agreed that Springsted has done a good job for the county, however, Bob Thistle mentioned at the last county board meeting that he was keeping an eye on the county's jail bonds and it was not beneficial to refinance at this point.

C/Noah felt that with that great of a savings, the commissioner's owed it to the taxpayers to look into it.

Mr. Johnson stated that he would first get an opinion from the County Attorney's Office on the ethics of the situation and then possibly line up the group to give a presentation to a future budget committee.

C/Noah asked Mr. Johnson for his opinion. Mr. Johnson thought the savings was possible, but was concerned about the risk factors involved. He felt it would be beneficial to look into what other entities do business with Northland Securities. C/Noah did not want to waste time. He suggested Mr. Johnson check with Northland after getting the opinion from the County Attorney's Office.

The committee agreed that Mr. Johnson get the opinion of the County Attorney's Office and follow up with Northland Securities for a possible presentation.

3. Financial Definitions. Mr. Johnson reported that they have often discussed financial goals and steps to bring the County's fund balances, particularly the General Fund, into reasonable financial health. In doing so, some questions have been raised over definitions and appropriate goals. This report was to explain some of this terminology.

First, the term *Budget* refers to a document that lists proposed activity, primarily revenues and expenditures, for each department and fund within the County. The Budget is a prediction based partially on past history and partially on predicted changes in the next year. A budget is set up to net out to \$0; in other words, the final result of revenues and expenditures will be \$0 by year-end. Any net result other than \$0 either adds to or subtracts from the *fund balance* of the appropriate fund at year-end.

When the financial health of the County is considered, two documents produced each month are of particular importance, the *Trial Balance* and the *Reserves & Designations* (General Fund). The County's year-end *Trial Balance* report lists the cash or total fund balance of the County's statutory and designated funds which remain after the year's budgeted activity is concluded. The total of the various fund balances equals the *cash* in the County's name at that time. These funds are generally governed by statutory restrictions and for the most part, cannot be appropriated for uses other than those approved for the departments tied to that fund (i.e. Public Works, Public Health, Debt Service, etc.). In other words, it is necessary to have cash available to cover all the fund balances. The year-end fund balance(s) are typically used in considering the financial health of a government body, and draw review from Moody's in rating bonds and from the State Auditor's Office. The General Fund carries particular weight because it can be applied to all funds. It is the last line of fallback for cash-flow and emergencies.

Cash is carried in only a few different accounts (checking, money markets, and government securities), and cash for various funds is co-mingled (pooled) as recommended by the State Auditor. By statute, except in certain required cases, all interest earned is receipted to the General Fund. This is calculated in the Budget as revenue to the General Fund.

An *expenditure* or *revenue* results in two adjustments (along with recorded activity in the departmental budget): a credit or debit in the fund's balance and a withdrawal or deposit of cash. If a fund balance sinks to \$0 or below, payment can still be made with available cash, but carrying funds with continual negative balances is not a sign of a well-run or financially healthy organization.

Each fund can also contain *reserves* and *designations*. This is of particular significance to the General Fund, which serves most of the County's departments and is the fall-back fund for emergency needs.

Mr. Johnson distributed a glossary of definitions and reviewed them with the committee. He asked if they had any comments or concerns.

C/Noah felt it was important to point out that the county is operating on a plan and we need to stick to it. Mr. Johnson stated that he will be submitting a follow up report to this with a target at where we should be at.

4. **Budget Adjustment Requests.** Veteran’s Officer, Bob Davis, submitted a request to transfer \$5,708 to account number 01-121-6290, Employment Services, to cover the costs of hiring a temporary person to fill in for a paternity leave within his department.

The committee agreed to transfer \$5,708 to 01-121-6290, Employment Services, to cover the short fall in the Veteran’s Office budget.

Mr. Johnson stated that the remaining budget adjustments were necessary to account for the 1% COLA the board approved back in January for the elected officials.

	Salaries 6108	PERA 6161	FICA 6171	Medicare 6174
Sheriff (201)	799.20	74.33		
County Attorney (091)	842.40	46.58	52.23	12.21
Recorder (101)	669.60	78.88		
Auditor/Treasurer (041)	421.20	23.29	26.11	6.11
Assessor (055)	421.20	23.29	26.11	6.11

C/Noah asked how these changes would impact the budget. Mr. Johnson felt that they were small amounts. C/Noah pointed out that these raises were already approved by the board. Mr. Johnson stated that this was simply the paperwork.

The committee recommended the budget adjustments within the Sheriff, County Attorney, Recorder, Auditor/Treasurer, and Assessor’s budget to account for the 1% COLA approved by the board in January 2004.

C/Noah mentioned that at the last Park Board Committee the Byllesby Dam was discussed. They would be asking for \$100,000 from the Dam fund, \$50,000 this year and \$50,000 next year. He wanted them to be aware that this was coming.