

**FINANCE COMMITTEE**  
**July 18, 2018**  
**Minutes**

Members Present: Grebner, Crenshaw, Tennis (arrived at 6:05 p.m.), Anthony, Koenig (arrived at 6:10 p.m.), Louney, and Schafer

Members Absent: None.

Others Present: Treasurer Eric Schertzing, Commissioner Schafer, Stacy Byers, Tim Dolehanty, Rick Terrill, John Dinon, Tim St. Andrew, Jeanna Paluzzi, Bill Brickey, Alan Fox, Teri Morton, Jill Rhode, Michael Townsend, Lindsey LaForte, and others.

The meeting was called to order by Chairperson Grebner at 6:00 p.m. in Conference Room D & E of the Human Services Building, 5303 South Cedar Street, Lansing, Michigan.

Approval of the June 20, 2018 Meeting Minutes

WITHOUT OBJECTION, CHAIRPERSON GREBNER RECOGNIZED THAT THE JUNE 20, 2018 FINANCE COMMITTEE MEETING MINUTES WERE APPROVED AS PRESENTED. Absent: Commissioners Tennis and Koenig

Additions to the Agenda

5. Community Agencies
  - b. Resolutions to Amend the 2018 Community Agency Contract with Advent House Ministries for the Weekend Day Shelter Program

Chairperson Grebner stated that Agenda Item Number 5 will be renumbered 5a.

14. Sheriff's Office – Resolutions to Purchase Three New Tasers and Associated Equipment for the Sheriff's Office from Axon Enterprise, Inc.

Substitutes –

7. Health Department
  - g. Resolution to Fund Support Staff for the Ingham County Youth Commission
9. Farmland & Open Preservation Board – Resolution to Submit a Renewal of the Special Millage for Farmland and Open Space Preservation to a Vote of the Electorate
13. Controller/Administrator's Office
  - b. Resolution to Adopt the 2019 Juvenile Justice Community Agency Process Calendar

Removed from Agenda

8. Special Transportation Millage – Resolution Authorizing the Fourth Amendment to the Agreement with the Capital Area Transportation Authority Dated January 1, 2016 through December 31, 2020

Limited Public Comment

None.

MOVED BY COMM. SCHAFFER, SUPPORTED BY COMM. CRENSHAW, TO APPROVE A CONSENT AGENDA CONSISTING OF THE FOLLOWING ACTION ITEMS:

1. Financial Services
  - c. Resolution to Change the Retiree Health Insurance Expense Accounting Treatment for the Community Health Network Fund and to Amend the 2018 Budgets to Reflect this Change
  - d. Resolution to Authorize the Annual Retiree Health Care Actuarial Study and Second Year Update
  - e. Resolution to Transfer Additional Funding to the Brownfield Fund for Debt Service
  - f. Resolution to Authorize Additional Payment to Plante Moran for 2017 Audit
2. Prosecuting Attorney – Resolution to Authorize an Amended Memorandum of Understanding between the Ingham County Prosecutor’s Office and the Department of the Attorney General and a Subcontract between the Ingham County Prosecutor’s Office and End Violent Encounters (EVE)
3. Homeland Security and Emergency Management – Resolution to Purchase 2018 Ford Transit 350 Diesel Command/Communications Van and Upfitted by Kodiak Emergency Vehicles
5. Community Agencies
  - a. Resolution to Terminate a Community Agency Contract with Greater Lansing Housing Coalition and Authorize a New Contract with Capital Area Housing Partnership
  - b. Resolutions to Amend the 2018 Community Agency Contract with Advent House Ministries for the Weekend Day Shelter Program
6. Parks Department
  - a. Resolution to Authorize a Contract with Moore Trosper Construction Company
  - b. Resolution to Authorize a Contract with L. J. Trumble Builders, LLC
  - c. Resolution to Authorize the Acceptance of the Project Agreement for a Michigan Natural Resources Trust Fund Grant
  - d. Resolution to Authorize a Contract with Bornor Restoration, Inc.
7. Health Department
  - a. Resolution to Amend Resolution #16–233 Agreement with Cross Country Staffing, Inc.
  - b. Resolution to Amend to Resolution #18–158

- c. Resolution to Authorize Amendment #3 to the 2017-2018 Comprehensive Agreement with the Michigan Department of Health and Human Services
  - d. Resolution to Enter Agreement with Reglantern<sup>tm</sup>
  - e. Resolution to Enter Agreement with Messagemakers
  - f. Resolution to Authorize a Short Term Lease with VOA–MI Dental Clinic
  - g. Resolution to Fund Support Staff for the Ingham County Youth Commission
  - h. Resolution to Convert Two Part–Time Nurse Positions
  - i. Resolution to Amend Resolution #18–159 to Authorize an Agreement with University of Michigan-Flint for Implementation of the Engaged Father Program
10. Facilities
- a. Resolution to Authorize Professional A&E Services for Replacing Two Chillers at the Jail
  - b. Resolution to Authorize an Agreement to Replace the Flooring in the DHHS Lobby
  - c. Resolution to Authorize an Agreement with MSDS Online to Manage Material Safety Data Sheets
11. Road Department
- a. Resolution to Approve Local Road Agreements with Alaiedon, Aurelius, Bunker Hill, Ingham, Leroy, Leslie, Locke, Vevay, Wheatfield, White Oak and Williamstown Townships
  - b. Resolution to Authorize the Extension of RFP #61-17, Purchase of Equipment Needed for New Tandem Axle Truck Chassis
12. Human Resources – Resolution to Approve Ingham County Employees’ Association Agreement for the Park Rangers Unit Reclassification Request
13. Controller/Administrator’s Office
- a. Resolution to Authorize Budget Adjustments for 2018 Based on the Annual Evaluation of the County’s Financial Reserve Policy
  - b. Resolution to Adopt the 2019 Juvenile Justice Community Agency Process Calendar
  - c. Resolution to Amend the Emergency Purchases Section of the Purchasing Procedures Policy
14. Sheriff’s Office – Resolutions to Purchase Three New Tasers and Associated Equipment for the Sheriff’s Office from Axon Enterprise, Inc.

THE MOTION CARRIED UNANIMOUSLY. Absent: Commissioners Koenig and Tennis.

THE MOTION TO APPROVE THE ITEMS ON THE CONSENT AGENDA CARRIED UNANIMOUSLY. Absent: Commissioners Koenig and Tennis.

Please note that later in the meeting, the rules were suspended to allow Commissioners Tennis and Koenig to vote on the items on the consent agenda. Commissioners Tennis and Koenig voted to approve the items on the consent agenda.

4. Law & Courts Committee – Resolution Submitting to a Vote of the Electorate Authorization of the Telephone Surcharge for Emergency Telephone Services (9-1-1 Services)

MOVED BY COMM. CRENSHAW, SUPPORTED BY COMM. MAIVILLE, TO APPROVE THE RESOLUTION

Chairperson Grebner stated that there was no long-term plan for setting money aside for system enhancements. He further stated that in the past there had been a set amount of funding dedicated to be saved for system enhancements.

Chairperson Grebner stated that over the long term, some of these funds should be saved in order to continue to make upgrades to the system.

Commissioner Tennis arrived at 6:05 p.m.

THE MOTION CARRIED UNANIMOUSLY. Absent: Commissioner Koenig.

MOVED BY SCHAFER, SUPPORTED BY CRENSHAW, TO SUSPEND THE RULES AND ALLOW COMM. TENNIS TO VOTE ON THE CONSENT AGENDA.

THE MOTION CARRIED UNANIMOUSLY. Absent: Commissioner Koenig.

Commissioner Tennis voted to approve the items on the consent agenda.

9. Farmland & Open Preservation Board – Resolution to Submit a Renewal of the Special Millage for Farmland and Open Space Preservation to a Vote of the Electorate

MOVED BY COMM. SCHAFER, SUPPORTED BY COMM. TENNIS, TO APPROVE THE RESOLUTION.

Commissioner Anthony asked for some background on the millage renewal.

Stacy Byers, Farmland and Open Spaces Millage Program, stated that the millage was passed in 2008. She further stated that to date the program has preserved about 6,000 acres of farmland and open space.

Ms. Beyer stated that this millage had two components for preservation: farmland and open space. She further stated that it benefited the County socially, economically, and environmentally and it benefited the agricultural community.

Ms. Byers stated that by preserving development outside of the urban areas, it benefits the County by helping development and vitality remain within that corridor. She further stated that they were trying to preserve the green belt around Lansing and there were several applications in Alaiedon Township and Delhi Charter Township for the next round.

Commissioner Koenig arrived at 6:10 p.m.

Commissioner Anthony asked about purchases in the City of Lansing.

Ms. Byers stated that there were none because the City of Lansing's ordinance did not allow it.

Commissioner Anthony asked about the total number of properties this millage has dealt with.

Ms. Byers stated that there were about 30 properties and 5 waiting to be closed out in the current year.

MOVED BY ANTHONY, SUPPORTED BY LOUNEY, TO SUSPEND THE RULES AND ALLOW COMM. KOENIG TO VOTE ON THE CONSENT AGENDA.

THE MOTION CARRIED UNANIMOUSLY.

Commissioner Koenig voted to approve the items on the consent agenda.

Commissioner Koenig asked how many properties had been protected.

Ms. Byers stated that they had about 30 properties.

Commissioner Koenig asked how much spent.

Chairperson Byers stated that about \$9 million.

Commissioner Anthony stated that \$9 million had been divided between 30 properties.

Ms. Byers stated that it was about 6,000 acres that had been preserved.

Commissioner Louney asked about the flood plain properties which were being farmed in the City of Lansing. He asked if there would be opportunities to use this for any funding for them.

Ms. Byers stated that if the property was within City of Lansing limits it would not be eligible, but Lansing Township property would be.

Commissioner Anthony asked who wrote the City of Lansing ordinance.

Ms. Byers stated it was written in 2007.

Commissioner Anthony asked if it could be amended to include the city in the millage.

Ms. Byers stated it would most likely be able to be amended, if it was the will of the Board of Commissioners.

Commissioner Schafer stated that current State Senator Curtis Hertel was a key player in getting this passed when he was a member of the Board of Commissioners.

Commissioner Koenig asked why the millage was written that way.

Chairperson Grebner stated that it was basic language and originally only farmland and not open space were being preserved.

Ms. Byers stated that they did not want to compete with places where development should take place.

**THE MOTION CARRIED. Yeas:** Tennis, Crenshaw, Anthony, Louney, and Schafer **Nays:** Koenig and Grebner **Absent:** None

1. Financial Services

- a. *Presentation of the Audit and Financial Statements (Please Bring the Comprehensive Annual Financial Report Previously Distributed)*

Jill Rhode, Financial Services Director, introduced Plante Moran auditors Bill Brickey and Tim St. Andrew.

Bill Brickey, Plante Moran, presented the handouts. He pointed to page 11 which showed the auditors' opinion.

Mr. Brickey stated that there were six audit findings in the internal control findings.

Tim St. Andrew, Plante Moran, referred to the end of audit letter. He further stated that it was meant to close the loop on the audit.

Mr. St. Andrew stated that page 2 showed the standard that was required this year for health care retiree costs. He further stated that there were expanded footnote disclosures.

Mr. St. Andrew stated that there was only one grey area in the guidance which was the September guidelines of 180 days to match expenses with revenue.

Mr. St. Andrew stated that page 3 has the liabilities for retirement and health care. He further stated that all of those estimates were found to be reasonable.

Mr. St. Andrews stated that there was one corrected statement from management. He further stated that there was one issue with contract recording and the Road Department which will be discussed later in more detail.

Mr. St. Andrews stated that there were some suggested journal entries.

Ms. Rhode stated that there were some larger things on this list, but it would always be that way because of the process.

Commissioner Crenshaw asked about the 180 days to settle that was referred to on page 2.

Mr. St. Andrews stated that the industry standard was 60 days, but it was a grey area that was not necessarily wrong but not necessarily standard either.

Ms. Rhode stated that they only used that for the September 30 State-funded funds because the State did not pay until after 90 days.

Mr. St. Andrews presented the single audit report. He further stated that page 9 showed the summary of the results.

Mr. St. Andrews stated that there was one material weakness identified in that program. He further stated that a lot of the testing was determined by Federal guidelines.

Mr. St. Andrews stated that page 10 shows that at the close of the audit there were some errors made and things that were not reported. He further stated that the last page of each of these findings should be shown.

Ms. Rhode stated that these were projects that the State was funding 90% and the County was funding some. She further stated that it sounded worse than it was as it was a misreporting or something was skipped when reporting the State's expenditure.

Mr. St. Andrews stated that by year end there was a process to reconcile their bank statements but it did not happen the whole year.

Ms. Rhode stated that everything is 100% reconciled through May 2018.

Mr. St. Andrews stated that there were still some errors in the Treasurers' office. He further stated that they had made some adjustments but they still need to continue to adjust.

Mr. St. Andrews stated that there were some concerns for the Land Bank. He further stated that they did not have any issues with the funds but two individuals had too much access to funds.

Commissioner Anthony asked about the corrective action plan.

Jeanna Paluzzi, Ingham County Land Bank Executive Director, stated that the two positions that had too much access to the funds were positions that had been eliminated earlier this year. She further stated that when she took over the Land Bank they had instituted a few changes immediately.

Ms. Paluzzi stated that she had asked Plante Moran to dive deep in order to know if there were any problems. She further stated that they would be hiring a Controller/Financial Manager for the management of the funds going forward, but that had not happened yet, so an accounting firm, Maner Costerisan, was helping with that.

Commissioner Koenig asked about how much it cost for the deep dive into the accounting.

Mr. St. Andrew stated that there was not that much more above their normal cost by expanding testing and sample size but the internal control structure needed to be developed separately.

Commissioner Koenig asked how much Maner Costerisan firm had charged for their services.

Ms. Paluzzi stated that it had probably cost about \$20,000.

Mr. St. Andrews stated that page 13 showed a Federal grant being administered by the Treasurer's Office where about \$38,000 in invoices were paid before going through the formal process. He further stated that the Treasurer's Office and Financial Services worked to put the grant through the formal process and there had been no further issues.

Ms. Rhode stated that there was a 100% audit on the Community Development Block Program (CDBP) grant as she had promised the State of Michigan last year and it was done for the entire course of the grant, not just the last year.

Commissioner Koenig asked how long the County has had that grant.

Ms. Rhode stated that it had been a few years but it took a while to get moving but it had been spent down before the grant expired. She further stated that it could have only happened in the Treasurer's Office because a bank account needed to be created and that was the only office which could open an account.

Mr. St. Andrews stated that there was a loan from the Federal Government that had been received by the Drain Commissioner that needed to be on the County's ledger.

Ms. Rhode stated that she knew there was something unusual with a loan, but did not know that it was with the Federal Government. She further stated that it had to do with the Village of Webberville's water upgrades.

Discussion.

Chairperson Grebner stated that most of these findings were addressing the tail end of past problems.

Ms. Rhode stated that when the issues with the Treasurer's Office had come up she knew that there was some issues were going to run into this year and needed to be resolved in addition to a couple other errors. She further stated that the General Fund in this statement was not the typical General Fund because the accounting standards to into account more areas than Ingham County did for a General Fund.

Ms. Rhode stated that she added page 137 which showed the General Fund and what it included. She further stated that the Clinic Fund went up to \$2.6 million dollars which was where it needed to be in order to be properly funded.



Ms. Rhode stated that the delinquent tax fund had a decrease but this fund did not do as well in a good economy. She further stated that the Road Department had a good year, but did a budget adjustment in order to spend that down.

Ms. Rhode stated that the debt increased substantially this year. She further stated that the Parks and Trails Fund was large in the beginning of the year, but has spent down to \$11 million.

Discussion.

Ms. Rhode stated that this was not the only audit that happens. She further stated that there was a constant audit process for various reasons.

Ms. Rhode state that she wanted to go over the worksheet about the Government Accounting Standards Board (GASB) Policy 75. She further stated that this was showing what it would look like if the standard went on the books this year.

Ms. Rhode stated that they are in the positive for this. She further stated that they had been working on this in order to achieve it for the next year.

Chairperson Grebner asked what the pension liability was.

Ms. Rhode stated that the pension liability was \$164 million and the OPEB was \$116 million under the new math. She further stated that she was working on a spreadsheet to provide.

Commissioner Schafer asked if the pension figured included the health care cost.

Ms. Rhode stated pension was only pension and OPEB concerned the health care cost.

Commissioner Tennis asked who decided to change the way it was figured.

Ms. Rhode stated that it was GASB.

Mr. Brickey stated that GASB had decided to treat this a bit differently.

Commissioner Tennis asked about the pension liability based on pension liability for what was owed for everyone no matter how long they had left until they returned. He asked if there was a mechanism.

Mr. Brickey stated that for everyone who was currently working employee X had 10 years of services and had earned Y amount of money today which was put into the figure.

Commissioner Tennis stated that all the other numbers were for what assets and liabilities that are present today, but this seemed a bit misleading because there would never be a time when all of this would have to be paid out today. He further stated that he had some difficulty with GASB and liability for pension.

Chairperson Grebner stated that he took it differently. He further stated that this was not a statement of debt, but it considered the amount of money for the compensation given to employees.

Chairperson Grebner stated that this was an attempt to force the County and all municipal governments to account for the benefits given to employees on the annual basis.

Chairperson Grebner stated that pensions were magical discovery in the 1930s because everyone could be promised one but nothing was being paid out. He further stated that life expectancy was also much lower then.

Chairperson Grebner stated that the magic of the system for a pay-as-you-go system was wonderful, but the steady state was riskier and harder to maintain. He further stated that at some point the Ponzi scheme stopped working.

Commissioner Tennis stated that this was not a Ponzi scheme and it was nothing like it at all. He further stated that this statement made it look like the County needed to cut \$9 million to be solvent.

Ms. Rhode stated that it was true but it goes both ways. She further stated that the liabilities needed to be reported, it was not that the liability was not necessarily negative.

Discussion.

Commissioner Koenig stated that Ingham County would not go bankrupt in a day. She further stated that the more daylight shed on the accounting made it seem more mythical.

Commissioner Koenig stated that the deficit was reported but did not really mean anything.

Ms. Rhode stated that government accounting had never been fully accrued such as a business.

Mr. Brickey stated that it showed what the taxpayers are paying for. He further stated that everyone had known about pension liability but it was coming under more scrutiny from the State.

Chairperson Grebner asked about the percentages for the funding.

Ms. Rhode stated that they were funding the liability at 4% of the revenue and the liability was 16.6% funded. She further stated that they passed the ability to pay test from the State so there was no need for a corrective action plan.

1. Financial Services
  - b. Quarterly Statement: General Fund – Budget to Actual Report (*Informational Item*)

Chairperson Grebner stated that the report was received by the Committee.

13. Controller/Administrator's Office

- d. Closed Session to Discuss Pending Litigation with the County Attorney (*Closed Session*)

MOVED BY COMM. CRENSHAW, SUPPORTED BY COMM. LOUNEY AT 7:02 P.M., TO MOVE THE MEETING INTO CLOSED SESSION FOR THE PURPOSE OF DISCUSSING ATTORNEY-CLIENT PRIVILEGE.

THE MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE. Absent: None.

MOVED BY COMM. CRENSHAW, SUPPORTED BY COMM. SCHAFER, TO RETURN TO OPEN SESSION AT APPROXIMATELY 7:40 P.M.

THE MOTION CARRIED UNANIMOUSLY.

MOVED BY COMM. CRENSHAW, SUPPORTED BY COMM. LOUNEY, TO ACCEPT THE SETTLEMENT RECOMMENDATION BY THE COUNTY ATTORNEY.

THE MOTION CARRIED UNANIMOUSLY.

Announcements

None.

Public Comment

None.

Adjournment

The meeting was adjourned at 7:42 p.m.



**BARB BYRUM, CLERK OF THE BOARD**

