

The Wright County Board met in regular session at 9:00 A.M. with Sawatzke, Mattson, Russek, Thelen, and Eichelberg present.

On a motion by Russek, second by Thelen, all voted to approve the 2-23-10 County Board Minutes as presented.

Eichelberg moved to approve the Agenda, seconded by Thelen. Sawatzke then asked to amend Item For Consideration #2 to include an Update on the GRRL Reorganization Schedule. Eichelberg and Thelen accepted this in the motion. The motion carried 5-0.

On a motion by Russek, second by Eichelberg, all voted to approve the Consent Agenda:

A. ADMINISTRATION

1. Performance Appraisals: D. McCalla, Aud./Treas.; L. Schallock, Rec.; R. DeBlois, C. Neuenschwander, R. Smith, C. Sorheim, S. Tyznik, Sher./Corr.
2. O/T Report, Periods Ending 2-05-10 & 2-19-10.

B. HIGHWAY

1. Set Bid Opening For Seasonal Requirements For 4-14-10, Ways & Means Committee, 9:00 A.M.
2. Set Letting Date For 2010 Overlay Contract (10-01), 4-06-10, 9:30 A.M.

Bob Hiivala, Auditor/Treasurer, presented the claims listing for approval. Hiivala noted the listing does not include any expenditures from the Capital Projects Fund. Mattson referenced a claim on Page 1, Rs Eden (\$936.30), for January Random Drug Testing, to be paid from the Court Services budget. Mattson questioned whether this expenditure should be from the Sheriff or Corrections budget. Hiivala said the claim was signed by Mike MacMillan, Court Services Director. On a motion by Eichelberg, second by Russek, all voted to approve the claims as listed in the abstract, subject to audit.

A Budget Committee Of The Whole Meeting was held on 2-23-10. At today's County Board Meeting, the following correction was made to Page 6 of the minutes: Paragraph 2, 2nd sentence should read, "Revenues should match expenses" (Hiivala). Sawatzke moved to approve the minutes and recommendations including the correction by Hiivala. The motion was seconded by Thelen. Additional corrections were made to the minutes as follows: Page 1, 2nd paragraph, 1st sentence, change from "Travel/Conferences" to "Construction" (Hiivala); Page 3, last paragraph, 3rd sentence should read, "The Aid amount decreased in 2009 by \$593,177" (Hiivala); Page 5, 4th paragraph, 4th sentence should read, "Mattice stated that only 25% of the Park Dedication Fees can be expended County-wide" (Russek). Sawatzke and Thelen accepted the friendly amendment to include the additional changes to the minutes. The motion carried 5-0:

I. BOB HIIVALA, AUDITOR/TREASURER.

A. REVENUE/EXPENDITURE BUDGET SUMMARY FOR 2009

Hiivala stated that since he provides detailed monthly revenue-expenditure budget reports to the County Board, today's presentation will be a "macro" view of the "2009 Revenue-Expenditure Summary" report (see attached). Hiivala briefly walked the Committee through the

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entire packet which addressed fund and department summaries using pie charts and reports to illustrate the revenue sources and expenditures.

Hiivala provided a breakdown of how the County receives its revenues and how it is spent, noting that the "Construction" statistic is a mistake.

<u>"All Funds: Where it came from"</u>		<u>"All Funds: Where it went"</u>	
Taxes	51%	Personnel	51%
Licenses	0%	Services	5%
State Aids	6%	Rent Repairs/Maint	7%
State Grants	10%	Travel/Conferences	10%
Federal Grants	12%	Highways	4%
Fees	11%	Supplies	2%
Fines	0%	Capital Outlay	2%
Interest/Contrib	2%	Debt Service	7%
Miscellaneous	8%	Miscellaneous	4%
		Program Exp	8%

Hiivala outlined the Budget Summary and Fund Summary, found on the third page of the report, which is presented on a cash basis:

		REVENUES (\$)	EXPENSES (\$)	NET (\$)
General Fund	Budget	48,041,090.00	48,041,090.00	-
	Actual	48,942,344.06	45,359,345.93	3,582,998.13
	Variance Favorable/(Unfavorable)	901,254.06	2,681,744.07	3,582,998.13
Road & Bridge	Budget	22,304,769.00	22,304,769.00	-
	Actual	17,644,687.62	17,527,017.18	117,670.44
	Variance Favorable/(Unfavorable)	(4,660,081.38)	4,777,751.82	117,670.44
Human Services	Budget	21,863,600.00	21,863,600.00	-
	Actual	21,978,617.23	21,765,219.04	213,398.19
	Variance Favorable/(Unfavorable)	115,017.23	98,380.96	213,398.19
Proof with Levy Net Resolution	Budget Figures	92,209,459.00	92,209,459.00	
	Debt Service	5,162,574.00	5,162,574.00	
	Pulaski LID	33,500.00	33,500.00	
	Mink-Somers LID	<u>13,420.00</u>	<u>13,420.00</u>	
		97,418,953.00	97,418,953.00	

Hiivala stated that the General Fund took in \$48,942,344.06 and spent \$45,359,345.93 allowing \$3,582,998.13 to be turned back.

Hiivala noted that the 2009 budget was approved at the 12-16-08 County Board Meeting.

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Hiivala stated that the "Year-End Cash Balances" (see fourth page of the report) demonstrates how the revenues in the General Fund have increased from \$19,613,584.65 in 2008 to \$23,288,601.41 in 2009. Road & Bridge's revenues also increased from \$5,095,969.26 in 2008 to \$5,213,137.15 in 2009. Human Services increased from \$3,751,519.77 in 2008 to \$3,781,213.97 in 2009.

Hiivala stated that to satisfy his role as part of the County's adopted investment policy, he is to disclose the condition of the County's checking account and investment balances. The fifth page of the report discloses this information. The Schedule of Investments states that the County holds \$53,189,749.98 in investments and checking. He stated that 53.83%, or \$28,573,155.00, of the balance is liquid. Russek noted that the Portfolio weighted average yield rate is 3.3130%.

Hiivala provided a breakdown of how the General Fund (sixth page of the report) receives its revenues and how it is spent:

<u>"General Funds: Where it came from"</u>		<u>"General Funds: Where it went"</u>	
Taxes	58%	Personnel	66%
Licenses	0%	Services	8%
State Aids	7%	Rent Repairs/Maint	12%
State Grants	1%	Travel/Conferences	0%
Federal Grants	1%	Supplies	5%
Fees	16%	Capital Outlay	3%
Interest/Contrib	3%	Miscellaneous	6%
Miscellaneous	14%		

On page seven, Hiivala stated that the bar chart shows that a majority of the General Fund is budgeted and expended on Personnel. He highlighted that the majority of the categories came in under budget. The Miscellaneous line is tied to some grant expenditures.

Hiivala referred to the "Wright County Budget Summary, Analysis of Expenses by Category/by Department" report which depicts how each Department budgeted and expended each of its line items. He noted that the Law Library and Court Services Departments are listed twice. New account numbers were assigned to each and the old accounts were not deleted.

ROAD & BRIDGE

Hiivala referred to the tenth page of the report, which again is a pie chart to show the breakdown of "Where it came from" and "Where it went" under the Road & Bridge Department:

<u>"Road & Bridge: Where it came from"</u>		<u>"Road & Bridge: Where it went"</u>	
Taxes	42%	Construction	49%
State Aids	4%	Hwy Maintenance	21%
State Grants	35%	Personnel	20%
Federal Grants	14%	Services	0%
Fees	4%	Repairs/Travel	2%
Miscellaneous	1%	Debt Service	3%
		Supplies	0%
		Capital Outlay	3%
		Miscellaneous	2%

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The bar chart on the eleventh page shows that approximately \$12 million was budgeted toward Construction projects. Cash wise, only \$8,580,753.71 was expended on construction.

HUMAN SERVICES

Hiivala referred to the 13th page of the Report again demonstrating “Where it came from” and “Where it went” under the Human Services Department. Hiivala noted that 31% of total expenditures was spent on programs on behalf of the citizens of Wright County.

<u>“Human Services: Where it came from”</u>		<u>“Human Services: Where it went”</u>	
Taxes	37%	Personnel	59%
State Aids	3%	Programs	31%
State Grants	14%	Travel/Conf	1%
Federal Grants	37%	Services	2%
Fees	7%	Supplies	1%
Interest/Contrib.	0%	Repairs/Repairs	5%
Miscellaneous	2%	Capital Outlay	0%
		Miscellaneous	1%

Hiivala stated that the 14th page demonstrates that Human Services did exceed its budgeted funds for Personnel.

Hiivala then referred to the “Budget Summary, Analysis of Expenses by Category/By Department” and the “Analysis of Expenses by Category/By Department/By Program” reports. Norman identified a reporting error. The actual expenses amount of \$21,757,317.40 is approximately \$9,000 short of what is reported on the “Budget Summary/Fund Summary” (third page of Report) of \$21,765,219.04. Hiivala stated that the shortfall might be due to a new category that was not accounted for in the report.

The last pages of the Report all depict an “Analysis of Revenues” by category and by Department. He stated that these reports demonstrate how the County absorbed the unallotment from the State via County Program Aid. The Aid amount decreased in 2009 by \$593,177. Turn back dollars made up for this shortfall. Hiivala stated that each of the three Funds did not budget for a 27th pay period. However, the budget absorbed approximately \$1 million for General Funds, \$113,000 for Road & Bridge, and \$407,000 for Human Services. The County recognized delinquent taxes and penalties which exceeded budget by \$1,133,000. Investment income exceeded the budget by \$454,000. Some of these were accounted for in setting the 2010 budget. Hiivala stated that Site Improvements came in under budget by \$427,000. Professional Services also came in under budget by \$436,000. Hiivala noted that in the General Fund recognized a transfer in of \$703,000 from the Records Technology Fund. There were short falls in the Land Record Departments of approximately \$300,000. Human Services recognized a liability of \$173,613. These were all significant impacts on the County’s financials that were absorbed.

Thelen asked where the unallotment is represented within the Report. Hiivala stated that the unallotment was proportionately split among the three funds. This is reflected in Fund 5026-County Program Aid.

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Norman stated that the County Board can see the positive reflection of today's presentation as a result of the combined efforts of the Board Members and Department Heads. The Department Heads should be commended for their conservativeness in 2009. Wright County is proceeding into 2010 far better than the majority of other Minnesota counties. Russek stated that he agrees with Norman that the Department Heads made a concerted effort to save the County money in 2009.

II. DISCUSS STATE BUDGET SITUATION AND POTENTIAL IMPACT ON WRIGHT COUNTY.

Hiivala stated that today's presentation often leads to a discussion of what to do with the turn-back dollars. He stated that the Levy Stabilization Fund (Fund 34, Dept. 150) was established in 2008. It is a Reserve-Undesignated account. He stated that he would encourage the County Board to consider moving some of the \$3 million from the General Fund into the Levy Stabilization Fund. He stated that the County is unclear of the full impact of the unallotment in 2010. He noted that page four of the report indicates that the cash balance of the Levy Stabilization Fund is \$1,882,482.95. However, there are obligations for special projects (i.e. the CSAH 12 project), and repayments from the City of Monticello that are tied to this account. Sawatzke questioned the reason for the new account. Hiivala stated that the name was changed to differentiate monies used for "rainy day activities" and monies used to balance budgets. He stated that the reserves are a tool for transferring money. Sawatzke stated that it is a mindset of titles. The fund was originally a CIP Fund that funded unbudgeted projects, including park property purchases.

Russek commented that there is still a lot of uncertainty in the upcoming budget years. He stated that due to the efforts of the Department Heads and the County Board, he feels that the County is ahead of the game. He stated that the County Board cannot keep asking the Department Heads to make additional cuts. He would recommend putting some of the turn back dollars into the Levy Stabilization Fund.

Hiivala noted that the 2009 General Fund has a year-end cash balance of \$23,288,601.41. He stated that the County is required to maintain an adequate fund balance to cover a percentage of its expenditures. Sawatzke asked Hiivala whether the County would take money from its reserves to cover a budget shortfall. He asked if the entire General Fund Reserve amount is an undesignated Reserve. Hiivala stated that it is not all undesignated. He explained that designations are not legal restrictions.

Sawatzke stated that it is his opinion that if the General Fund is in the red, the fix should come out of the General Fund Reserve, not the Levy Stabilization Fund. Eichelberg stated that moving money from the Levy Stabilization Fund into the General Fund would require a resolution. Hiivala stated that he would be willing to be the "gatekeeper" of Fund 34. He stated that no claims would be paid out of this fund until he brought it forward to the County Board for approval. Sawatzke asked if the Levy Stabilization Fund is a fund for special projects. Hiivala stated that there was a Road & Bridge project that was funded from the Levy Stabilization Fund. Otherwise, money has always been taken from the General Fund to be placed into the CIP Fund, not vice versa.

Norman stated that the Governor's budget proposal has taken another cut from local aid to cities and counties. The Senate and House have yet to introduce their bills. Norman stated that

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the Levy Stabilization Fund could be transferred to the General Fund to balance the budget with whatever loss in County Program Aid that may occur. He cautioned the Committee that the Fund may solve the 2010 shortfall; however budget year 2011 may prove to be worse. He commended Wright County in having a reserve account. He stated that other counties may not be as lucky.

Sawatzke asked if there is any disadvantage of putting reserve money into the Levy Stabilization Fund. He stated that the County is within the window of the State Auditor's recommendation for a reserve amount. Currently, the Levy Stabilization Fund has \$1,882,482.95. He asked Hiivala to research if the County should add any dollars to the account.

Sawatzke asked what consisted of the \$466,310.17 in Fund 529-County Park. Mattice responded that this account consists of park dedication funds, campground surcharge fees, and a \$2,500 donation from Pheasants Forever for future land requisitions at Bertram Chain of Lakes. Russek stated that the County cannot tap into Fund 529 to cover reserves. Mattice stated that only 25% of the Park Dedication Fees can be expended County-wide. The remaining amount must be used in the township/city from which the funds were collected.

Russek stated that the County will lose some local government aid, meaning that the County could easily lose its \$3 million balance from 2009. Russek stated that he would recommend banking the entire amount of reserves so it is available when it is needed. He stated that it is his observation that a lot of other counties do not have this opportunity. Sawatzke asked Russek if he recommends placing the entire amount into the General Reserve Fund. Russek stated that he would be in favor of putting the entire amount into the Levy Stabilization Fund. He stated that the Levy Stabilization Fund is a Reserve Designated Account. Sawatzke stated that he has a problem with putting the entire amount into the Levy Stabilization Fund because it is his opinion it is a CIP fund. The CIP fund is designated for special projects, not for the purpose of fixing a budget shortfall. Russek stated that either way, the money would be taken out only at the discretion of the County Board.

Sawatzke stated that it is his opinion that the reserve amount should be kept in the undesignated General Reserve Account for budget purposes. He stated that it doesn't make sense to keep the money in a designated reserve account. He noted that park property has been purchased out of the CIP fund. The highway garage in Otsego and courthouse remodeling has been paid out of this fund. Money has been put into this account to purchase large ticket items. Russek responded that the CIP account is only used per the discretion of the County Board.

Mattson asked Mleziva if he knows the impact of Governor Pawlenty's cuts to Health and Human Services. Mleziva stated that the current proposal is to cut \$347 million from the State's Health and Human Services budget. He stated that the County agency would have to look at additional cuts or find new revenues to recover from the shortfall. Russek asked if Mleziva is expecting a loss in program aid. Mleziva stated yes, and unfortunately, the County has to retain the mandates to operate the programs. He stated that the County agency will look to fall back on local resources.

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Hiivala stated that reserve funding is a tool adopted in balancing budgets. Revenues should match expenses. This year, the County absorbed some of its losses in program aid. He noted that if the County Board decides to move this year's reserve amount into the Levy Stabilization Fund, this would have to be recognized as a transfer-in. Special projects could also be paid out of this Fund. He stated that he would make it his responsibility to ensure that nothing gets paid out of Fund 34 without seeking County Board approval and signing off on the claim. Russek stated that he is in favor of this initiative.

Norman stated that he would recommend that the County Board provide direction to its Department Heads to closely watch their budgets again this year. There will be some negative impacts as a result of State cuts. He proposed that the Department Heads provide the County Board with an analysis of any potential grant fund losses, other revenue losses, and program specific cuts at the State or Federal level that may impact the organization.

Russek stated that the Department Heads have proven that they can be frugal. The County Board appreciates the effort made by each Department. He stated that it is his opinion that the economy will not turn around within the near future.

Eichelberg stated that he would be in favor of Russek's proposal to place the turn back dollars into the Levy Stabilization Fund. He stated that it is his opinion that the economy will not be stable by 2011. He stated that this designated reserve fund provides some protection.

Hiivala stated that he would formalize a recommendation for the County Board to consider in two weeks. The recommendation would define the amount available to transfer from the General Fund into the Levy Stabilization Fund.

Norman asked Hiivala what the State Auditor is recommending the County to have in its reserve accounts. Hiivala stated that he would contact LarsonAllen to get their opinion regarding this topic. He stated that the County is at the lower end of that reserve window, and the County budget continues to increase.

Sawatzke stated that if Hiivala is proposing to only transfer a portion of the available reserves into the Levy Stabilization Fund then he does not have any concern. Sawatzke stated that he is not comfortable with relying on the reserve amount to save budget shortfalls. He stated that he would like to continue seeing the County tightening its belt.

Eichelberg expressed his gratitude to the Department Heads for saving the County money.

Salkowski stated that he speaks for all Department Heads in saying that they have always been conservative with their budgeting. He stated that a special effort was made last year to tighten the budget and it paid off. He stated that he hopes that the State won't penalize the County for having reserves. Hiivala stated that he will speak with LarsonAllen to see what would be considered an appropriate reserve fund balance.

RECOMMENDATION: Hiivala to return to the County Board with a formal recommendation.

(End of 2-23-10 Budget Committee Of The Whole Minutes & discussion)

A **Personnel Committee Meeting** was held on 2-24-10. At today's County Board Meeting, Eichelberg moved to approve the minutes, seconded by Russek. Sawatzke noted that at the Committee Meeting, the Assessor stated that Planning & Zoning building officials will assist the Assessor's Office in the spring with measuring buildings, etc. Sawatzke was appreciative of the cooperation between the departments to work as a team. The motion carried 5-0:

- I. Performance Review, Greg Kramber, Assessor.
Based on five Performance Review's submitted the Committee recommends an overall rating of "Exceptional".
- II. Performance Review, Bill Swing, IT Director.
Swing was unavailable for his review. It will be rescheduled for a future Personnel Committee meeting.
- III. Performance Review, Richard Norman, County Coordinator.
Based on five Performance Review's submitted the Committee recommends an overall rating of "Exceptional".

(End of 2-24-10 Personnel Committee Minutes and discussion.)

Laid over from the 2-16-10 County Board Meeting, the Board discussed appointing a "Citizen Member" to the Great River Regional Library (GRRL) Board of Trustees. Eichelberg presented the name of Jim Shovelain (St. Michael) as a consideration. Shovelain submitted a letter of interest. Russek stated there had been a person from Rockford who stopped into the Administration Office expressing interest. The person was instructed to contact Russek with a letter of intent, but Russek did not receive anything. Eichelberg moved to appoint Jim Shovelain as the "Citizen Member" to the GRRL Board of Trustees, seconded by Thelen, carried 5-0.

Sawatzke provided an update on the GRRL restructure plans. There will be an informational meeting tonight at 7:00 P.M. in St. Cloud for anyone interested. Last July, the GRRL Board formed a Committee to evaluate the restructure concept in the branch libraries. Two branch managers and two assistant branch managers serve on the Committee. Sawatzke said there has been ample time for input. The plan will be unveiled at tonight's meeting. It is likely that the plan will be voted on at the GRRL Board Meeting on 3-16-10. Russek is a member of the Friends of the Delano Library and asked to be informed of what transpires at the meeting tonight. Sawatzke will not attend due to a conflict. He will try to obtain a report to share with Board members. Eichelberg asked whether tonight's meeting is open to the public. Sawatzke understood it will be a public informational meeting and GRRL Board members will not be voting. He assumed the meeting tonight was to provide an opportunity to review the information prior to the Board taking action on 3-16-10. Sawatzke said if possible, Jim Shovelain should attend the meeting this evening. Eichelberg will notify Shovelain of the meeting tonight. Richard Norman, County Coordinator, will notify the GRRL Board of the appointment of Jim Shovelain. Mattson referenced the Library in Maple Lake. He understands that the City of Maple Lake has cut the funding from \$10,000 to \$5,000 to the Library. He is aware of the concerns the GRRL has about the Library in Maple Lake, but asked that they be kept in mind.

The meeting adjourned at 9:31 A.M.