

Village of Bellaire
ADMINISTRATION & PERSONNEL COMMITTEE

Dan Bennett, Chairman

Dave Ciganick

Bryan Hardy

COMMITTEE MEETING MINUTES

March 5, 2021

7:30 AM

I. Call to Order: Meeting was called to order at 7:30 AM

II. Roll Call - Attendance:

Present: Bryan Hardy, Dave Ciganick, and Dan Bennett

Absent: None

Staff Present: Cathy Odom, Treasurer; Nicole Essad, Clerk; Bill Drollinger, Police Chief and Bradley Keiser, DWP Supervisor

Public Present: Darcie Shelagowski, Village Auditor, and Chris.

III. Approval of Agenda: The agenda was approved as presented.

Motion by Hardy, seconded by Ciganick to approve the agenda as presented. Motion Passed by unanimous voice vote.

IV. Approval of Minutes - February 23, 2021: The minutes of the February 23, 2021 meeting were approved as presented.

Motion by Bennett, seconded by Hardy to approve the minutes of the February 23, 2021 meetings as presented. Motion Passed by unanimous voice vote.

V. Conflict of Interest: None presented.

VI. Public Comment: None presented.

VII. Old Business: None presented.

VIII. New Business

a. Budget/Fund Balance: Chairperson Bennett stated that there were some concerns about the amount of fund balance in the General Fund. Trustee Hardy wanted to know exactly what was in fund balance and what the rule of thumb for fund balance is. Treasurer Odom stated the recommended fund balance from GFOA (Government Finance Officers Association) is at least two-months of the expenses or revenues. This recommendation has changed from about 25% of expenses. Treasurer Odom explained what was currently in the General Fund – Fund Balance, and what was restricted due to obligations. Ms. Shelagowski, the Village Auditor, stated that the auditors can only make recommendation and what they have seen others do. She explained why they recommend keeping the fund balance a little higher, because the

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future is not clear. She also explained that a lot of municipalities will set a minimum fund balance that should be kept. She suggested that the first step would be to set a minimum fund balance before the Village starts spending the fund balance. Trustee Ciganick asked for clarification on what funds had in fund balance. General discussion was held on what each fund had in its fund balance. Trustee Ciganick asked what two months of expenses were in the General Fund. Ms. Shelagowski stated that two months of expenses was approximately \$90,000 based on last year's budget. Trustee Ciganick asked what type of accounts the fund balances are in. Treasurer Odom stated that it was CDs, savings and checking accounts. Ms. Shelagowski went over last year's financial statement, which shows the balance sheet for the different funds. She explained that at that time the General Fund had about \$500,000 in cash for fund balance. She stated that that amount is the usable fund balance. General discussion was held about if that amount was earning the Village interest and what type of accounts that amount was in. Treasurer Odom stated that there are other options to invest money for the Village rather than the normal checking, saving, and CDs. Trustee Ciganick stated that two months' expenses seem a little too light, but there is a need to use the money in fund balance for projects. He further stated that there should be a minimum fund balance established. General discussion was held about how and where to invest money for the Village. Chairperson Bennett asked how much the fund balance increased this year. Treasurer Odom stated that as soon as the audit is complete, she will know that number for sure, but that currently approximately \$50,000-\$55,000 should be going into fund balance for the General Fund. Chairperson Bennett stated that he is for not having a large fund balance. Trustee Ciganick stated that this is where the minimum comes into play. He stated that the fund balance is too high currently, and there are projects that the community really wants. Trustee Hardy stated that the Village could spend \$150,000 from the General Fund – fund balance on the bathrooms downtown. Clerk Essad stated the Village can amend the Fund Balance Policy to include the minimum or maximum set by this Committee. Ms. Shelagowski stated that the fund balance policy is only for the General Fund – fund balance because the other funds -fund balances are already restricted. She also stated that the fund balance policy is also only dealing with the unrestricted portion of the General Fund-fund balance. Trustee Ciganick asked what happens if the Village had to go below the minimum fund balance set. Ms. Shelagowski stated that this could be addressed in the policy. She also stated that the Council can commit funds for future projects. Chairperson Bennett asked in the last five years how many times has the Village put money into fund balance. Treasurer Odom stated that she thought in the last five years that two years the Village used fund balance and the rest the Village put money into fund balance. Trustee Ciganick ask about interest because of loans. DPW Supervisor Keiser stated that the only loan is on the new plow truck. Treasurer Odom agreed as far as the General Fund is concerned.

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General discussion was held about the Motor Pool Fund, if that should be absorbed into the General Fund, and how equipment rentals from Motor Pool are tracked. Trustee Ciganick asked that besides for MDOT and the enterprise funds, how critical it was to do the internal transfers. DPW Supervisor Keiser stated that the current way is how a lot of the other municipalities are doing it, because certain funds must pay for wages, equipment rentals, etc. He also stated that the salaried employees are done by formula, instead of the time sheets for the different funds. Trustee Ciganick asked why the employees could not track the MDOT, and enterprise funds work, but for the rest just have a formula for the time which comes out of the General Fund. Clerk Essad asked if there was a need to track time for the General Fund Activities, because it all comes out of the General Fund. Ms. Shelagowski stated that if the department has a budget then that is where the time would go. She also stated that there are some municipalities do time allocations, both payroll and equipment rentals. She also stated that Local and Major Streets Funds are the only ones that are required to do equipment rentals because MDOT requires it. She also stated that Water and Sewer Funds should not have too much equipment rentals because those funds can buy their own equipment. Clerk Essad asked if the Motor Pool Fund was within the General Fund, as an activity, would there need to be equipment rentals because the different departments are within the General Fund as well. Ms. Shelagowski stated that there would still need to be equipment rentals for each department. She also stated that there are municipalities that generalize the DPW time and equipment rentals. She stated that the Village does not have to charge equipment rental at all, except for Major and Local Streets because MDOT requires it. General discussion was held about each fund buy its own equipment and how equipment rental is handled. Trustee Ciganick wants to try to find a simpler way to do this.

Trustee Ciganick stated that 30% of the expenses in the General Fund would be an appropriate number for the General Fund – Fund Balance. This would about 3 months of expenses. Trustee Ciganick stated that this would be the unassigned fund balance. Clerk Essad clarified that Trustee Ciganick wanted a minimum of 30% of the expenditures of the General Fund in the unassigned General Fund – Fund Balance. Trustee Ciganick agreed. Chairperson Bennett asked for Chief Drollinger's input. Chief Drollinger stated that the budget is very confusing, and he believes that there is simpler way to present the budget every month. He also talked about how Central Lake's budget is presented to Council every month. Trustee Ciganick stated that the financial statement is complex, and there should be a simpler presentation to the Council. General discussion was held about the Uniform Chart of Accounts that was updated and needs to be implemented.

Motion by Ciganick, seconded by Hardy to recommend to the Village Council that the Village establishes a minimum fund balance based on expenses of 30%. Motion Passed by unanimous voice vote.

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It was the consensus of this Committee to have staff update Fund Balance Policy to incorporate the 30% of General Fund expenses as the minimum. Trustee Ciganick stated that 30% mark is a target, but if it is below 30% then the Village does not touch it unless it is an emergency, until it is back at or above the 30%.

DPW Supervisor Keiser asked what must happen to dissolve Motor Pool as its own fund and put it into the General Fund as an activity. Clerk Essad stated that she thought that there would need to be a budget amendment and possibly a resolution to dissolve the Motor Pool Fund and put it under the General Fund as an activity.

Motion by Hardy, seconded by Bennett to recommend to the Village Council to dissolve the Motor Pool Fund and to put it in the General Fund as an activity. Motion Passed by unanimous voice vote.

Ms. Shelagowski stated that when we amend the budget to put Motor Pool into the General Fund, there are a few line items that do not need to go into the new activity (depreciation) and there are a few new line items that will need to put in (principal on loans). General discussion was held about property and buildings being included in the assets of the funds.

IX. Correspondence/Reports: None presented.

X. Member/Public Comment: Chairperson Bennett stated that the Hometown Heroes is a for-profit group, and it has been past practice not to use Village property to make a profit. General discussion was held about the past practice not to use Village property to make a profit, and how it would interact with the Friends of Veterans.

XI. Adjourn: The meeting was adjourned at 8:58 AM to the call of the chair.

Minutes compiled by:
Nicole E. Essad, Clerk

Minutes are subject to approval.

Approved: _____

Date: _____