

# Grand Valley Metro Council Finance Committee Meeting

Friday, January 28, 2011

8:00 a.m.

678 Front Ave NW  
Grand Rapids, MI

## MINUTES

### Members Present

Mike DeVries

Jeff Dood

Denny Hoemke

Cy Moore - phone

Keith VanBeek

Bill VerHulst

Grand Rapids Township

City of Rockford

Algoma Township

GVMC Treasurer

Ottawa County

City of Wyoming

### Members Absent

Scott Buhner

Mary Swanson

Rob VerHeulen

City of Grand Rapids

Kent County

City of Walker

### Others

Andy Bowman

Leon Branderhorst

Abed Itani

Gayle McCrath

Don Stypula

Grand Valley Metro Council

Grand Valley Metro Council

Grand Valley Metro Council

Grand Valley Metro Council

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## 1. Call To Order

The meeting was called to order at 8:10 a.m. by Vice Chair Mike DeVries.

## 2. Minutes

**MOTION – To Approve the Minutes of the January 7 Finance Committee Meeting.  
MOVE – VerHulst. SUPPORT – Moore. MOTION CARRIED.**

Cy Moore asked about LGROW funding vs. revenue.

Mike DeVries reported Brian Donovan wants to work through the Wege foundation and LGROW dues to supply more than enough money to maintain LGROW funding.

Cy Moore stated we should bring this to the attention of the Executive committee as the reason for the deficit in the GVMC budget is due to the LGROW deficit.

Mike DeVries stated it is important to note that LGROW does not have a budget.

### **3. GVMC First Quarter Financial Report**

Don Stypula reported the anomalies in administration salaries and benefits have to do with how we are accounting for REGIS, the cost allocation study vs. budget overage in salaries and fringes. At the end of the fiscal year a recalculation will take place.

Cy Moore asked if the accounts receivable on the first page were mostly MDOT.

Leon Branderhorst replied yes they were.

Cy Moore stated we won't have the cash to pay back MDOT if we have a shortfall in receivables. He suggested we take a line of credit out if in the future we have a shortfall and a large amount must be paid back.

Leon Branderhorst reported our receivables have since changed drastically in January.

Abed Itani explained that MDOT has assured us the slow payment in receivables was a symptom of the person that was in the position at that time. In the future, receivables will be paid back within two weeks rather than six months.

### **4. Update on Transportation Audit**

Don Stypula reported MDOT planning is still in the scheme of things and negotiating for us. We will need a note in the financial statements to report this.

Abed Itani stated based on directions from the Executive committee, everything is on hold until we know what the statute of limitations is on how far back MDOT can go.

Don Stypula reported he has contacted the Kentwood City Attorney to determine how far back this can go.

Jeff Dood asked if we have agreed to pay a certain amount.

Don Stypula replied, no only a reasonable amount.

Abed Itani stated GVMC staff made a proposal to Federal Highway and MDOT based on what was considered reasonable methodology for \$340,000 of the \$903,000. The State agreed to pay the SPR grant 100%. DART agreed on the methodology, but did not agree on 100% pay back for SPR. When we updated the Executive committee, Al Vanderberg stated GVMC should not agree to pay anything. GVMC staff was under the understanding we had an agreement. The proposal was subsequently rejected by DART.

Jeff Dood said there should be no more negotiation until we hear back on the statute of limitations.

Abed Itani explained according to Federal Highway, we must maintain records until the grants are closed, and the grants are not considered closed until there is an audit. There is not a clear cut statute of limitations.

Mike DeVries stated there is confusion regarding the authority of staff, the Financial committee, Executive committee, GVMC Board, and MDOT on negotiating a settlement.

Abed Itani reported the negotiated response came as a result of the rejection by DART of the work original attorney did for us.

Mike DeVries asked, at this point, what should the Financial committee's response be?

Cy Moore stated nothing, until we hear back from the new attorney.

## **5. GVMC Audit**

Peter Haefner reported the GVMC audit identified the MDOT audit as an outstanding issue. He prepared a draft and asked how to show it in the audit. By listing it in the audit as a liability, there is the chance it will be viewed as an admission to the total liability. Before Christmas he was told to hold the audit until the resolution of MDOT and provide a draft. He did some investigation on statutes of limitations and did find one instance where, in another state there was a limit to the number of years they could go back.

Peter said they will give us an opinion with the caveat that GVMC has a liability that needs to be shown on the books, as an estimate no less than \$400,000. Hopefully the new attorney will get a quick answer. We won't know how much to put in the report until we hear back from him. We could just say it is a pending liability and in GVMC's opinion, it is substantially less to qualify it. However, it should be regarded as a liability in addition to a note.

Keith VanBeek stated we should let the Executive committee deal with the yearly audit note and with the MDOT audit.

Mike DeVries stated we should have a chronological listing of all of this for the finance committee and the Executive committee.

Cy Moore said he would like to bring an explanation of the increased budget deficit to the Board. Peter could stamp draft on this report without the resolution of the MDOT audit as a first step. We need to let them know we have this outstanding.

Cy Moore also stated regarding the deficit for LGROW this year, \$5,300 in the LGROW fund should be transferred out of LGROW and to GVMC.

**6. Other**

**7. Adjourn – 9:45 a.m.**