

A SPECIAL MEETING of the Board of Chippewa County Road Commissioners was held in their offices located at 3949 S. Mackinac Trail, Sault Ste. Marie, Michigan on April 24, 2014.

The meeting was called to order at 9:20 a.m.

PRESENT: Commissioners Timmer, LaJoie and Ormsbee, Manager Laitinen, Office Mgr. Decker and Clerk McDowell.

GUEST: Phil Wolf, Anderson Tackman & Company

PURPOSE: 2013 Financial Audit Review

Mr. Wolf presented the 2013 bound audit report, letter of Communication with Those Charged with Governance and various comparison graphs.

He reviewed the Independent Auditor's Report, which describes management's and auditor's responsibilities for completing the auditing process.

Mr. Wolf began the 2013 financial review comparing the long term and the short term financial position of the road commission. He stated overall we are doing fairly well with both long term and short term ending with positive numbers. He indicated the changes in the net position were \$359,742 for long term and \$423,426 for short term. He moved to a review of long-term obligations reflected on page 25 of the audit report, other post employment benefit (OPEB), which increased by \$151,082.00 in 2013. This obligation is for future health insurance coverage for eligible retirees/spouses and is calculated by an actuarial performed every three years. A new actuarial will be performed this year and will give us a better idea of how the changes we've made to our health care plan will affect us. He stated our goal is working to fund this and to stay ahead of the increases.

Mr. Wolf presented and discussed in detail graphs which included comparative statements with other road commissions, which included net position, revenue comparison and administrative and preservation as of December 31, 2013. He indicated over the past four years our equity has remained fairly stable compared to smaller counties in the Upper Peninsula because of our townships participation with road improvement projects.

Mr. Wolf reviewed Letter of Communication With Those Charged with Governance. This letter describes compliance guidelines with government auditing standards they follow.

He stated due to substantial changes to the accounting and financial reporting of pension plans effective in fiscal 2014 we will now be required to show on our books a portion of the 6,463,333 unfunded accrued liabilities for employee retirement and benefits. The amortized amount would then reduce our net position. This has become an area of interest due to bonding and setting interest rates for governmental agencies.

Discussion ensued on COL Purchasing.

MOTION by Commissioner Ormsbee **SECONDED** by Commissioner LaJoie to approve the 2013 Financial Audit.

MOTION CARRIED

There being no further business to come before the Board Chairman Timmer adjourned the meeting at 10:35 a.m.

Christine A. McDowell
Secretary for the Board

Richard B. Timmer
Chairman