

# **FINANCE, CLAIMS AND ACCOUNTS COMMITTEE MEETING MINUTES**

**May 12, 2017**

A special meeting of the Chippewa County Board of Commissioners' Finance, Claims and Accounts Committee was held on Friday, May 12, 2017 at the Chippewa County Courthouse in Sault Ste. Marie, Michigan. Chairman Martin called the meeting to order at 4:04 p.m. with a quorum present.

**MEMBERS PRESENT:** Jim Martin, Scott Shackleton, Conor Egan, Don McLean and Bobby Savoie

**MEMBERS ABSENT:** None

**OTHERS PRESENT:** Ken Talsma, Anderson, Tackman & Co; Lana Forrest, Karen Senkus, Christine Lundquist, Jim German and Kelly Church

## **Additions / Deletions to the Agenda**

None

## **Approval of the Agenda**

**It was moved by Commissioner McLean, supported by Commissioner Egan, to approve the agenda as presented. On a voice vote, the motion CARRIED.**

## **FY2016 CHIPPEWA COUNTY HEALTH DEPARTMENT AUDIT PRESENTATION**

The Financial Statements of Chippewa County; including the governmental activities, business activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information for the year ended September 30, 2016, were presented by Anderson, Tackman & Company's CPA Ken Talsma. Mr. Talsma presented and reviewed documents included in the annual audit report, financial statements including graphs. Discussed changes to the assets and deferred outflows, liabilities & net position, revenue analysis, expenditure analysis, the five year trend of revenue & expenditure analysis, revenues & expenditures by reporting unit and the fund balance analysis five year trend. Mr. Talsma went over changes in the fund balance in additional detail as the five year trend is not reflecting well, due to the prior year's pension and OPEB reporting requirements, and write-offs of bad debt from the reconciliation issues with billings and software that totaled over 1 million dollars. Mr. Talsma stated the Health Department is 'not out of the woods yet'; he advised to keep the County's contracted CPA Chuck Leonhardt directly involved and overseeing the continued transition of the billing system, as well as, the overall financial health of the Health Department, is a good thing. Based on the accounts receivable adjustment additional testing was completed by Anderson Tackman. There were prior comments regarding cash and home health which were corrected; pension reporting which was implemented, but should be reviewed by the Board and Management for new standards; uniform administrative requirements, revisions related to single audit requirements and other postemployment benefits is effective for fiscal years beginning after June 15, 2016, and the Board and Management should review the provisions of the new standard and anticipate its effect on the financial reporting process. Discussion with questions and answers followed.

The independent auditor's opinion; which had two findings, were included in the report but not discussed; Finding 2016-001 – reported a significant deficiency for the Health Department's internal control over financial reporting; as accounts receivable and unearned revenue reconciliations must be completed and reviewed in a timely manner. Finding 2016-002 – reported a significant deficiency in noncompliance with State statutes with regards to expenditures in excess of appropriations and budgetary funds. It is recommended the control be put in place to reconcile the accounts in a timely manner and require an independent review of the reconciliations for Finding 2016-001; reconciliations should be agreeing to the general ledger each month to ensure balances are properly reflected. For Finding 2016-002 it is recommended that the Health Department's chief administrative office and personnel responsible for administering the activities of the various funds of the Health Department, develop budgetary control procedures for the Operating Fund which will assure that expenditures do not exceed amount authorized in the General Appropriations Act, or amendments thereof.

**It was moved by Commissioner Shackleton, supported by Commissioner Savoie, to accept and approve the FY2016 Audit of the Chippewa County Health Department as presented. On a voice vote, the motion CARRIED.**

**Committee and Chairman's Comments**

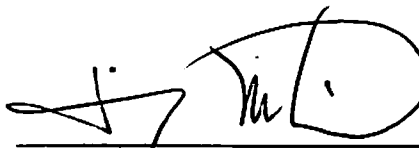
None

**Adjourn**

**It was moved by Commissioner Shackleton, supported by Commissioner Egan, to adjourn the meeting.**

Chairman Cooper declared the meeting adjourned at 4:21 p.m.

  
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Kelly J. Church, Recorder

  
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Jim Martin, Chairman