

**Finance Committee**  
**Monday, June 13, 2016**  
**4:00 p.m.**

**West Bay Beach Holiday Inn, 615 E. Front St., Traverse City, Michigan 49686**

**MINUTES**

Committee members present: Jim Barnard, Jim Cook, Pam Niebrzydowski, Steve Perdue, Nicole Sulak, Ty Wessell

Committee members absent: Ken Bollman, Amanda Haworth, Kelli Stepka, Jim Smith, Jim Tamlyn, Bill Tencza, Tom Vine, Chris Warren

Guest present: Bill Tucker of Abraham & Gaffney, P.C.

Staff present: Darla Rowland, Elaine Wood

Call to order & introductions

The meeting was called to order by S. Perdue at 4:07 p.m. Welcome to new committee member Pam Niebrzydowski, County Commissioner from Missaukee County, replacing Susan Rogers.

Minutes

The Finance Committee minutes of April 11, 2016 were reviewed.

Motion by T. Wessell, supported by N. Sulak to approve the minutes as presented. Motion passed.

Networks Northwest budget report ending 4/30/16

Darla Rowland presented the budget report for October 1, 2015 through April 30, 2016. Expenditures are at 57.1% at the end of month 7 and overall revenue increased slightly since the report presented in February. There are 2 months left in Program Year 15. Most workforce funds run on a Program Year, including Workforce Innovation and Opportunity Act (WIOA) and Wagner-Peyser Employment Services funds.

Motion by J. Barnard, supported by T. Wessell to recommend the Networks Northwest budget report for board acceptance. Motion passed.

Northwest Michigan Works! Inc. budget report ending 4/30/16

Darla Rowland presented the October 1, 2015 through April 30, 2016 budget report for Northwest Michigan Works! Line numbers corresponding to the Networks Northwest report have been added to the left side of the page.

Motion by P. Niebrzydowski, supported by J. Barnard to recommend the Northwest Michigan Works! Inc. budget report for board acceptance. Motion passed.

Networks Northwest audit for the year ending 9/30/15

Bill Tucker of Abraham & Gaffney, P.C. presented the committee with the Audit Presentation, a synopsis of the FY15 audit of Networks Northwest. The Audit Presentation contains the board communication letter; governmental funds balance sheet; statement of revenues, expenditures, and changes in fund balances; and the schedule of findings and questioned costs. The opinion on page ii states that the financial statements present fairly, in all material respects. This represents a clean opinion and is the best opinion that can be received.

Bill reviewed the balance sheet and statement of revenues, expenditures, and changes in fund balances, on pages 3 and 5, respectively. The unassigned fund balance is 7.8% of the total. Other Michigan Works Agencies average 1.5%. Total revenue was down 3.3% from last year, due to decreases in funding.

The schedule of findings and questioned costs on page 60 shows that there are no findings, material weaknesses or significant deficiencies. Auditees must have two consecutive years with no findings to be considered low-risk. Networks Northwest is a high-risk auditee through FY 2015, meaning that the auditors looked at 50% of expenditures for this audit. Since there were no findings for the 2015 audit, Networks Northwest will be a low-risk auditee in 2016 and only 25% of expenditures will need to be reviewed.

Motion by J. Barnard, supported by J. Cook to recommend the Networks Northwest audit for board acceptance. Motion passed.

Northwest Michigan Works! Inc. audit for the year ending 9/30/15

Bill Tucker presented the committee with the Audit Presentation, a synopsis of the FY15 audit of Northwest Michigan Works! Inc. Prior to conducting the FY15 audit, the auditors and staff discussed combining the Networks Northwest and Northwest Michigan Works! audits and decided it is most advantageous to keep the audits separate at this point.

The Audit Presentation contains the board communication letter; statement of financial position; statement of activities; statement of functional expenses; and the schedule of findings and questioned costs. The opinion on page 2 states that the financial statements present fairly, in all material respects. This represents a clean opinion and is the best opinion that can be received.

Bill reviewed the statements financial position, activities, and functional expenses. He pointed out on page 3 that the current ratio is 3.21 (total current assets divided by total liabilities). A current ration above 2 is good. Unrestricted net assets were at \$1.2 million, or 30% of annual operating expenses. Total support and revenue was down 18% from the prior year. Correspondingly, expenses were down as well, primarily in personnel and occupancy.

The schedule of findings and questioned costs on page 30 and 31 notes one finding regarding approval of journal entries. Two journal entries did not have notation of being approved. As described in the corrective action response, the two journal entries were simply missed. It is the procedure that the Director of Finance &

Quality Assurance approves journal entries and initials them to document approval. This is not anticipated to be an issue in the future.

Motion by N. Sulak, supported by P. Niebrzydowski to recommend the Northwest Michigan Works! Inc. audit for board acceptance. Motion passed.

Adjourn

The meeting was adjourned at 4:58pm.

Respectfully submitted:



Darla Rowland