

Leelanau County Board of Commissioners
Finance/Audit Committee – Tuesday, June 6, 2023
Approved 6/20/2023

Proceedings of the meeting are being recorded (audio and video). The video of the meeting can be found at the <https://www.leelanau.gov/meetingdetails.asp?MAId=2528#video>

Meeting called to order by Chairman Ty Wessell at 2:00 p.m. Today's meeting is being held at the Government Center, 8527 E. Government Center Drive, Suttons Bay, Michigan.

Pledge of Allegiance/Moment of Silence:

The Pledge of Allegiance to the flag of the United States of America was recited, followed by a moment of silence.

Roll Call:	District #1	Jamie Kramer	PRESENT
	#2	James O'Rourke	PRESENT
	#3	Doug Rexroat	PRESENT
	#4	Ty Wessell	PRESENT
	#5	Kama Ross	PRESENT
	#6	Gwenne Allgaier	ABSENT (w/prior notice)
	#7	Melinda C. Lautner	PRESENT

Guests present.

Approval of Agenda:

MOTION BY REXROAT THAT THE LEELANAU COUNTY BOARD OF COMMISSIONERS APPROVE THE AGENDA AS PRESENTED. SECONDED BY O'ROURKE.

Discussion – none.

AYES – 6 (Rexroat, Ross, Wessell, Kramer, Lautner, O'Rourke)

NO – 0 ABSENT – 1 (Allgaier)

MOTION CARRIED.

Public Comment:

None.

Purpose of this Session – Discussion: Review of the FY2022 Audit:

Chairman Wessell said we are here today to receive, review and discuss the 2022 Audit. We have a long history of excellent audits. Our residents can take pride in our staff, our facilities and our finances. Our financial position is the envy of most counties in the state. We have low debt, an excellent tax base, a fully funded retirement system or almost fully funded retirement system and excellent relationships with our bargaining units. We also have an outstanding leadership team of County Administrator, elected officials and department heads. Our staff is 2nd to none!

Chairman Wessell continued, but we're here today to review the audit for 2022. Unlike previous years, we are going to be talking with our auditor about some concerns, some weaknesses, some lack of internal control and the need for improvement. This is not a surprise. The 2022 Audit findings are a direct result of the board's decision in 2021 to dismantle and reorganize a well-functioning finance operation and establish a separate Finance Department without, I think, the necessary implementation, transition and staffing plans in place to do it right.

Chairman Wessell stated we don't need to go into details, we don't need to keep beating ourselves up on it, but we stumbled in 2022 with staff turnover, internal communications, lack of training, inexperienced staff, failure to use the expertise of those who were responsible for past excellent audits, and inadequate leadership in some cases. Most importantly, I believe, our board micro-managed a reorganization plan without allowing the former Administrator to develop an organized and effective implementation and staffing plan.

Chairman Wessell commented I'd like to recognize and thank those individuals that have helped us move forward, get a fresh start, and get us back on the road to having the kind of audits that I know Melinda Lautner and past Commissioners are used to having. I'd especially like to thank our Administrator Deb Allen, Cathy Hartesvelt, the Clerk's Office, the Treasurer's Office and all of the people that have made 2022 a challenging but productive and, I think, good year. We welcome our new Finance Director, Deb is going to introduce him, to the County and we look forward to a very good 2023 Audit. Thank you very much.

Chairman Wessell asked before we turn it over, if there are any Commissioners that would like to comment on my comments, you may. I thought it important to make those comments. Sometimes the board struggled with putting this organization plan together but I think we are on the right track. We may not have done it well, but we ended up where we wanted it to end up.

Commissioner Lautner commented that she thinks it was very opinionated and misstated in a lot of ways and she doesn't think it was necessary. She thinks a lot more could be said but she doesn't think a lot more should be said right now.

Administrator Allen stated the new Finance Director, Sean Cowan, is with us today and Assistant Finance Director Cathy Hartesvelt. She is very encouraged with the leadership of these two individuals and Christine Kramer, Account Clerk, will prove to be a very productive and effective team. Of course, we still look to the Clerk's Office for direction on that, and she's very encouraged and she thinks that what we are going to hear today in terms of things that maybe didn't go well in 2022, she thinks we have addressed a lot of those things and are moving forward in a very positive way. While this is a learning experience, the reason she recommended to have this meeting was in recognition of the fact that there are four new commissioners that have not been through this process before and herself being six months into her role and the first time in this process as well as a new finance department. She thought this would be incredibly helpful for all involved. She is extremely grateful that Steve Peacock, Rehmann Principal, could be here and to do a deeper dive on this document and we can all learn from those things and move forward in a very positive way for the County going forward.

Rehmann Greater MI Regional Managing Principal Steve M. Peacock, CPA was present, along with Rehmann Principal and Director of Public Sector Quality Management Paul Matz, CPA, CGFM, present via Zoom to review the Leelanau County Year Ended December 31, 2022, Financial Statements.

The Leelanau County Year Ended December 31, 2022, Financial Statements can be found at the following link:

https://www.leelanau.gov/downloads/leelanau_county_12_31_22som.pdf

Peacock said he will be going over the County's Audit a little differently this year since there are four new Commissioners and one new County Administrator. He stated he will be covering the basics and will walk through the Commissioners through what each section of the financial statements represent. His job today is to share the financial information so that each Commissioner knows their role with Leelanau County. Please feel free to interrupt and ask questions at any time during the presentation. He may need to lean on Matz or others within the room because he does not physically have the audit work papers generated through the audit with him today in the event he himself is not able to answer a question.

Peacock stated there are two documents being presented today. One document is 138 pages, which is the physical audit, and the other document is the Independent Auditor's Communication With Those Charged with Governance dated May 26, 2023.

Peacock and Matz explained the Leelanau County Year Ended December 31, 2022, Financial Audit from page 1 to page 130 and answered Commissioner questions.

Peacock commented he used the work materiality when explaining the County's audit today and wanted to give a brief explanation why the word is used. He said materiality means something very different to anybody else in this room very likely. When you engage Rehmann to audit the County's financial statements, Rehmann issues an opinion that these are not materially misstated. There are some complex and some non-complex calculations to what materiality is. He would expect internal people in the County to care about a dollar. Your audit firm doesn't care about a dollar. We need to have the work done on your financial statements to make sure they are not materially misrepresented. Every one of these funds within the audit has a materiality threshold that is examined during our planning process. The bigger the fund, the bigger the number is in materiality. The General Fund probably has the highest level of materiality. Some of the really small ones in here are really small, because you can't have a fund that has a few hundred dollars of activities be \$100.00 off and that's material. Materiality internally is different than materiality for your external audit firm. It is important to know when we get to the audit report it talks about the fact that these numbers are not materially misstated. Are they exact? No. Do you want us to examine every single transaction? Number one you wouldn't want to pay the bill and number two he doesn't know if he has the staff to do it all. There are millions of transactions at the County and we select samples of these transactions, and from those samples we draw extrapolations to transaction classes. There is always a risk that there was something that was wrong that we missed and it is stated in the engagement letter, which was sent out in November or December of 2022. We believe we have audited and examined every one of these funds and we believe they are not materially inaccurate and we will talk about that report in a few minutes. We want people to know that people internally have a very small amount of materiality because they will chase pennies and nickels on bank statements, they will chase missing checks, they will chase coffee fund deposits, and virtually none of that is what your audit firm does. The firm stays where the numbers are high and the big frauds can occur. Peacock said he has never had a client who has had a fraud because of the coffee fund, but he has had clients who have fraud because people have had access to the general ledger through the general journal. An employee can create fraudulent financial statements, and they can create bank wire transfers, etc., and they don't do those at \$0.35 at a time. If they're going to do that, they're going to do them big, so that is what we hunt for and that is why we use the word material relatively and very often in these presentations.

Commissioner Lautner stated she is glad we watch the nickels and dimes internally.

Peacock agreed 100% and stated that is an interesting comment Commissioner Lautner and thank you for saying that. He continued because when we come in and do an audit for a client and if the client doesn't care about the nickels and the dimes, we have an assessment in our overall engagement risk that talks about the tone at the top. If the tone at the top is not sufficient to create accurate accounting records and if it is pervasive enough, the firm will resign from the audit. Leelanau County has always had a high tone at the top, and he doesn't anticipate it changing but that is one of the elements the firm will internally talk about during the planning of the audit. What is the tone at the top? Is it sufficient enough to create good accounting records?

Peacock continued to page 131 the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. He stated there are three basic levels of auditing standards that audit firms follow. One is generally accepted auditing standards, one is generally accepted governmental auditing standards or "Yellow Book" audit, and one is audits for uniform guidance, formally known as the Single Audit. Leelanau County follows a "Yellow Book" audit, so the firm is required to file on the generally accepted governmental auditing standards relevant for this year. What are those and are they different from generally accepted auditing standards? They are and they are a little bit different; however, not materially different in terms of procedures performed on the balances, but what happens internally is that any firm that is going to issue opinions under the governmental auditing standards has to maintain an extremely clear line of independence. So, whether it is Leelanau County or Wayne County, the City of Detroit, or Traverse City he can't have any family member in control of financial documents of the County. Peacock said he can't have a financial relationship with the County like if the Board was going to do a joint venture. The independence in the "Yellow Book" Audit is higher than it is in normal audits, but the biggest item is continuing education. A CPA can be licensed in the State of Michigan by getting 40 hours a year and renewing the license based on those continuing educational hours. The same requirement does not work in the government world, because there are certain classes you are required to have in Governmental Accounting. He stated he can go out and be a licensed CPA all over the town, but he wouldn't be able to sign a "Yellow Book" Audit until his CPE (Continuing Professional Education) is correct. He continued many of the governmental staff, including himself and Matz, along with the team hired to complete the County's audit, need anywhere from 60, 80 to 120 CPE hours a year to stay current with what is entailed within the County's audit. "Yellow Book" Audit has two differences, which is the independence and continuing education of the audit firm.

Peacock stated on the page 131 you will see in the first paragraph it talks about the financial statements for Leelanau County for the year 2022, and the second paragraph discusses the Internal Control Over Financial Reporting. Under government auditing standards the firm is required to get a more detailed understanding of the internal controls surrounding the financial report. When you read these paragraphs, this is what the audit firm turned in, and it talks about the various reporting. When a finding is reported there are one of four buckets that you can put it in. The first bucket is a Material Weakness, which is the most severe, the second bucket is a significant deficiency, the third is a controlled deficiency and the last is other matters. These reporting types can all be found between page 131 and the top of page 132. "We did identify

certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2022-001 and -002 that we consider to be material weaknesses.” Peacock stated those are the “big” findings and that is the highest bucket that the firm can put them in. Is this the first time the County has had this? The answer is no, and there are several clients on any given day that receive findings that are material. He said sometimes the findings are repeated because there is not a cost-effective way to avoid the finding, and just because there may be a material weakness finding does not mean the end of the world.

Peacock continued onto the next paragraph the Report on Compliance and Other Matters the last sentence states, “The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.” The County receives a Gold Star!

Peacock said the Schedule of Findings and Responses can be found on pages 133 and 134.

Finding #2022-001 – Preparation of Financial Statements in Accordance with GAAP (Repeated from Prior Year)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Peacock explained a short time ago sometime after the Enron debacle, the audit standards changed that said every client under audit must be able to produce this document (lifted the December 31, 2022 Audit) with its internal staff. He stated that everybody who works for the County would have to have the training, education and licensing renewals to produce the document. Peacock said very few of his clients have that because it is expensive to hire the staff and keep up with the licenses, so most of the clients will outsource the preparation of the audit, which is permitted. The County has chosen to outsource, and after the financials are created by the auditing firm it is then passed to the hands of the County, where they take ownership of the audit prior to the firm issuing them as final. This particular finding has been a requirement and has been a finding since Enron, so this is currently not a finding that will go away. Peacock referenced that new Finance Director Sean Cowan, depending on his credentials, may go away if Cowan has the appropriate licensing and so forth. This is not a punitive finding and is simply a requirement under the new auditing standards.

Peacock continued to Page 134.

Finding #2022-002 – Internal Controls over Finances/Segregation of Duties:

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for establishing effective internal controls to safeguard the County's assets, and prevent or detect misstatements to the financial statements.

Condition. We observed instances in which the County's internal controls over various finance functions were not operating as designed, and instances in which segregation of duties were not achieved. Specific areas were noted as follows:

- During our journal entry testing, we observed that one out of ten journal entries selected for testing was not properly reviewed and approved.

Peacock stated that most fraud that occurs within their clients occurs in the general journal, and this where fraud happens. When the journal entries are not properly approved and reviewed, they obviously need to be done so by people that know what they are doing. Peacock gave the example that if he was asked to sign off on a medical record, he wouldn't know what he was looking at. He can sign off on journal entries because he knows what he is doing, so you can't have it be just someone within a position of authority, it has to be someone who knows. This needs to be fixed and fixed quickly.

- During our payroll walkthrough, we observed that the payroll registers were not being independently reviewed and approved. We also noted instances of various errors in the payroll process, and periods during the year in which certain controls over payroll were not operating as designed.

Peacock said government entities are designed to collect taxes and receive payment for services, with payroll being the County's biggest expense. The firm spends time reviewing those records during the audit. He continued he is keenly aware of the transition that occurred in 2022. In talking with the prior Administrator and also to the staff that are here, that the firm would be tolerant with the transition. He stated the firm was tolerant with the transition; however, we still needed to let the Board know what was found. Peacock will talk about the mediation plan in a minute but the Board needed to know what the firm found.

- During our delinquent tax cash receipt walkthrough, we observed that all receipts journals are not being independently reviewed and approved.

Peacock stated the theme here is independently reviewed and approved.

- We observed that one out of two quarterly 941 reports selected for testing lacked proper support for compensation amounts listed on the form.

Peacock commented he knows the County is not a tax paying organization but that does not mean you are exempt from paying the IRS (Internal Revenue Service). He said penalties from the 941 reports can be expensive and can come up quick, along with being high dollar. So, there is also an effort to this service that many governmental units the IRS does not collect income tax from you but they do collect payroll taxes. The IRS at any time can come in and do a payroll tax audit, and you don't want them to do that if your reports are not supporting the tax returns you are filling.

- We observed that various credit card and PayPal account purchases were made outside of the County's normal procurement process, and instances where these purchases were not approved by the Board of Commissioners until months afterwards.

Peacock stated that all invoices should go through the Claims and Accounts process prior to disbursement. He said he thinks no one here would disagree with that.

- We noted that credit cards were being used by various individuals other than the authorized cardholder.

Peacock commented that is pretty self-explanatory and should be a highest regard to be fixed going forward.

Cause. The condition was caused by a lack of oversight and review and by turnover within the County finance department.

Peacock stated he thinks the solution is under way.

Effect. As a result of this condition, the County is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

Peacock said that the Board has to worry about management detecting it and we, as the audit firm, have to detect it and did we get it all. He continued, so we design testing to think we have it all and are very confident that we have it all, because we as a firm cannot audit every transaction. There could be other transactions out there that have issues to them, not material, but could do damage.

Recommendation. We recommend that the County implement policies and procedures to address the above areas of concern attributed to the internal controls over the County's finances. We further recommend that segregation of duties be maintained wherever possible, and that independent reviews and approvals take place timely, and be evidenced in writing.

View of Responsible Officials. Management agrees with the recommendation.

Commissioner O'Rourke said thank you.

Peacock said there are a couple things left and does anybody have any questions on the findings. He knows that Commissioner Wessell started out the discussion today about some of the matters that came up during the audit. Yes, there were some issues. Does this happen in a period during a transition? Yes, but the most important thing is where do we go from today to get clean audits.

Commissioner Ross asked Peacock to explain what the quarterly 941 is?

Peacock replied, the 941 is a tax form that is filed with the IRS every quarter that reconciles all the earnings that the County has paid the employees and collected the Federal Income Tax withheld from them. The form makes sure that the County pays the taxes timely.

Commissioner O'Rourke confirmed that if the County's payroll is off then we have big problems because the correct taxes aren't paid.

Peacock said correct, and they are not forgiving on payroll taxes at the IRS.

Administrator Allen asked Peacock if there is a financial liability to the County for these findings and when will we find out if there are any liability issues?

Peacock replied, it is his belief the 941's were filed accurately. If they were filed with material inaccuracies then the IRS is almost certainly going to figure that out and send the County bills. He can't give the Board any level of certainty or uncertainty if they were or if there will be penalties, because if you are short on taxes you are going to get penalized.

Chief Deputy Clerk Jennifer Zywicki stated she could answer regarding the 941 forms. She said Interim Finance Director Cathy Hartesvelt and herself, along with working with the Treasurer's Office, corrected the 941 that was missing and were able to get the funds that were overpaid back to the County. The IRS sent back the County's overpayment and it was receipted back into the General Fund, and has been taken care of.

Peacock stated overpaying your taxes you don't get a gold star but if you are under paying your taxes, watch out.

Administrator Allen said she wants to again reiterate how grateful she is to the team that worked diligently. The Clerk's Office, Interim Finance Director Cathy Hartesvelt, as she was doing the payroll audits before December, and everyone who rallied together in December when she realized there were issues. She continued the effort that was made to make sure we had the best potential audit we could recognizing some of the challenges that we had. Allen said she wanted to reiterate the value of that and how the County is very fortunate to have a wonderful team here.

Peacock said he has been with the County for a very long time and as Commissioner Wessell stated earlier there has been some controversy up here. He continued the firm is here to help the County get out of that and to move onto new greener pastures, if you will. None of these are items he believes will be seen next year, and having said that, we have the responsibility within the governmental auditing standards to go back and make sure those are fixed. Peacock stated the firm will be visiting all of this again next year. He said he would expect one if not all the Commissioners to ask him, what happened to that stuff last year and was it fixed.

Commissioner Ross stated with that said was none of this on last year's audit, how did 2021 go?

Peacock stated that in 2021 there wasn't this issue.

Commissioner Ross confirmed the County didn't have any of these issues?

Commissioner Lautner replied, just the one. The first finding has been there for a while.

Peacock confirmed that finding #22-001 is the same finding that has been taking place for years; however, the finding #22-002 with all the bullet points is the first time.

Commissioner Ross confirmed this is the first time for that finding? Peacock confirmed, yes.

Commissioner Lautner said the good news is she echoes Administrator Allen's comments on that and the good news is that these findings are procedural and very easily correctable, and the Board is already on the ball clearly with that. You will go on or are going to cover what? Or does the Board just move on from here? Some of what the plan is?

Peacock replied, he believes the County Administrator has a corrective action plan that will be used. He continued, remember when we talked about the three levels of audit standards, like the basics and mid-level, had this been a single audit then the Board would have to list a corrective action plan that went in with the filing to the State of Michigan, and are currently not in that realm right now. But a corrective action plan that shows independent review and approval of different people performing different functions is your biggest safeguard to this. The County Administrator may have to spend some time in review and approval, along with the County Treasurer, County Clerk, and Finance Director will all need to work together to figure out what level of expertise is the right person to sign off on this stuff. Peacock said he can assure the Board the firm will be testing that next year. Whether it is Rehmann or the next firm, if he follows a firm, he has to look at the findings from last year and as the new auditor he would have to reconcile the finding, so, the findings don't go away until they are fixed. He commented it was a challenging year and you can certainly get over it and make it better for 2023.

Commissioner Rexroat stated he has a question from early on but you mentioned management's discussion and analysis questioned that you don't audit that but you do look at it. He said would like to know the difference between page 25 and page 9 where the County's total expenditures are listed.

Peacock replied, those pages are apples to oranges, and explained the differences between the reporting out of the general ledger. He described there are pivot tables used on page 9 of the management's discussion and analysis, so they roll together.

Commissioner Rexroat asked Peacock on page 9 it is more of a comprehensive look at the totals? Peacock replied, correct. Commissioner Rexroat continued when he looks at page 9 the totals reflected for 2022 at \$21 million and a total for 2021 at \$17 million with an increase of 24%.

Peacock commented the cost of those differences are the pension costs. When the liability to the County's pension costs increases, you have to show it with the compensation expenditures.

Commissioner Rexroat asked if the figures would show under the County's portion of contribution part and not as a liability.

Peacock stated there is a change in the liability and it ends up passing through as an expense as a portion, but not all of it. If the liability goes up, which is a credit, then the debit will be in the expenses side of the formula.

Commissioner Rexroat asked if that is part of the County's contribution amount?

Peacock replied, the amount found here is in addition to the County's contribution amount. The contribution is cash based and the liability is accrual based.

Commissioner Rexroat stated he doesn't see that in the numbers here in the document shown.

Peacock said that if Commissioner Rexroat would like a side bar he would be happy to do that and walk through some of this.

Commissioner Rexroat said he would really like to see how much of that increase is due to the pension liability. Operationally when you look at a figure like that you wonder where you are and where you are heading. He stated he would like to know how much of that difference is related to just the pension side and how much is just operational.

Peacock stated he will plan to work with the County Administrator to show the stated liability to the retirement pension funding.

Commissioner Lautner asked if it is raises, stipends and new employees, which could all be part of that number?

Peacock replied, yes.

Administrator Allen said there were a couple of reports generated to show the changes reflected in 2022 that have been distributed to the Board. One report was put together by the Clerk's Office and the other report she put together, which show the validation between the earnings and pension liabilities combined to address most of that increase in expenditures.

The handouts can be viewed at the following link:

https://www.leelanau.gov/downloads/county_administrators_handout_approved_staffing_level_changes.pdf

https://www.leelanau.gov/downloads/clerks_handout_2022_staffing_adjustments.pdf

Peacock said that year to year the pension liability will swing back and forth and he will make sure to follow up for Commissioner Rexroat and the County Administrator. He explained the Independent Auditor's Report dated May 26, 2023, and stated this shows the Board it is a clean opinion. This is the highest level of assurance the County can receive on their financial statements.

Chairman Wessell confirmed the Peacock that he will be back for the Executive Session on June 13, 2023, and if any Board member has questions they can be brought forward at that time. Wessell said that he would like the audience to receive an overview at the next meeting of the audit.

Commissioner O'Rourke asked Peacock if he thinks the County is on the right track, and you (Peacock) are aware of all the new elements working up here in what we are doing? And you working with everybody?

Peacock replied, he believes he is aware of all the new elements. Occasionally he receives surprises from his friends up here at Leelanau County, but he is hopeful that with dialogue with the County Administrator and with the new Finance Director Sean Cowan. Rehmann will work with you in any possible way they can to make sure the County is successful.

Administrator Allen said she would like to add that the County has engaged with Rehman in an agreement, post of the audit, to have a consultant assisting the team to establish the proper policies, procedures, and operational elements to make sure we are doing the correct things. She stated she feels confident that we are moving forward in the right direction.

Peacock said the very last item he would like to cover is the Independent Auditors' Communication with those Charged with Governance dated May 26, 2023. The long and short of this document is that it is a conclusionary memorandum to the audit. The memorandum covers Rehmann's responsibility in relation to the Financial Statement Audit, Planned Scope and Timing of the Audit, Compliance with All Ethics Requirements Regarding Independence, Significant Risks Identified, Qualitative Aspects of the County's Significant Accounting Practices, Significant Difficulties Encountered During the Audit, Uncorrected and Corrected Misstatements, Disagreements with Management, Representations Requested from Management, Management's Consultations with Other Accountants, Other Significant Matters, Findings, or Issues, Other Information in Documents Containing Audited Financial Statements, and Upcoming Changes in Accounting Standards.

Peacock stated within Attachment A – Comments and Recommendations that during the audit the audit team became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. The first comment is that the County has an *Information Technology Policy* that the team observed has not been updated since 2013, and recommends due to ongoing cyber security threats the County should update and consider current day information technology trends and threats.

Administrator Allen stated that with working with Rehmann and recently I.T. Technician Liana Wilson has attended trainings through MMRMA. The Board will in the future be seeing some changes and upgrades in terms of security in front of you and Allen is taking it very seriously.

Peacock continued the second comment is that the County has a *Line of Credit* with Amazon. In order to issue certain types of debt, a local government needs explicit statutory authorization to do so. For counties, townships, cities, and villages, no statute allows them to enter into a line of credit. The audit team recommends that the County evaluate its current borrowing arrangements for compliance and review applicable State statutes before entering into these types of arrangements. Peacock said, "Don't do this."

Commissioner Lautner asked how is the County's credit card done then if not a line of credit?

Peacock replied, if you have a Board resolution where the Board approves it. He continued then the Board approves the balances and the expenses that are paid on it prior to the settlement of the statement then you are alright.

Commissioner Lautner asked if that process is done through Claims and Accounts?

Peacock replied, correct. He said that if it is a \$200.00 line of credit, this is the same thing as the expenses for the budget, it is against the law and you can't do it. He continued that if the Board wishes to have an attorney draft a proper resolution for the Board to approve and then have the bank or creditor sign up on their side then that would be a legitimate borrowing, but stuff that is done away from you as a Board is a no, no.

Administrator Allen stated she would like to emphasize that the credit cards that are currently in use are credit cards that are based on individual credit and not lines of credit. The previous credit card that was established has been canceled, along with the Amazon account, so both of those issues have been resolved.

Peacock further explained Attachment B – Upcoming Changes in Accounting Standards/Regulations for future reporting the County will have requirements such as: GASB 94, GASB 96, GASB 99, GASB 100, and GASB 101. Peacock said the only new one that really effects the County will be GASB 96, which is basically all subscription-based Information Technology Arrangements will require reporting if any of the subscriptions are leases. He stated that GASB 101 for Compensated Absences revises the liability recorded to include all time off, which the County already does.

Chairman Wessell thanked Peacock.

Administrator Allen confirmed that Peacock will be on the agenda for June 13, 2023.

Public Comment:

The following individuals spoke: Steve Mikowski.

The written comments can be found at the following link:

https://www.leelanau.gov/downloads/pc_s_mikowski_06062023.pdf

Commissioner Comments:

- Commissioner Rexroat reminded everyone today is the 79th anniversary of D-day that we honor the 10,000 casualties, the valor of the people that fought that day and continue to honor those that are still fighting for freedom. He said he is thankful for what the results were.
- Commissioner O'Rourke stated that no matter what happened in the past, right or wrong, four of us weren't here. We are on the right track, we are going to make it better, and we are going to fix what was broken.

Adjournment:

Chairman Wessell adjourned the meeting at 4:04 p.m.

Ty Wessell, Chairman
Leelanau County Board of Commissioners

Michelle L. Crocker, Leelanau County Clerk
Clerk-Leelanau County Board of Commissioners