

EXECUTIVE-PERSONNEL-FINANCE COMMITTEE

June 23, 2008 – 4:30 p.m.
Michigan High School Athletic Association
1661 Ramblewood Drive
East Lansing, Michigan

MINUTES

Members Present: Robert Showers, Chairman; Joe Brehler; Jan Bunting; Brad Densmore; Debbie DeLeon; Lynn Mason; Earl Poleski; Bob VanBelzen

Member Absent: Ralph Tillotson

Staff: Gary VanNorman, Executive Director; Gerrie Roeser, Finance Manager; Mary Kronquist, Treatment & Program Development Manager; Lori Griffin, Executive Secretary; Joel Hoepfner, Prevention Coordinator; Jeanne Diver, Quality Assurance Manager

Guests: Donald Lloyd, Foote & Lloyd, CPAs; Brian Smith, Gratiot County Administrator; Lisa McCafferty, Ionia County Health Department; Judith Cates, CEI-CMHAMM-SAS; Carol Patterson, Cristo Rey Counseling Services

CALL TO ORDER

Mr. Showers called the meeting to order at 4:33 p.m.

APPROVAL OF THE MINUTES OF MAY 27, 2008

Mr. Densmore moved approval of the minutes of May 27, 2008 as presented. Ms. DeLeon supported the motion. The motion carried.

ADDITIONS/DELETIONS TO THE AGENDA

There were no additions or deletions offered.

Mr. Densmore moved acceptance of the agenda as printed. Ms. DeLeon supported the motion. The motion carried.

PUBLIC COMMENT

There was no public comment.

NEW BUSINESS

A. Presentation of FY2006/2007 Financial Audit

Mr. Don Lloyd of Foote & Lloyd thanked the Commission for again retaining his firm to conduct the audit. He noted everyone on staff is helpful during the audit process. He briefly reviewed certain pages in the audit as follows:

- The independent auditor's report for the year ended September 30, 2007 was conducted using generally accepted auditing standards, and the statements present fairly the financial position and operation of Mid-South.
- Statement of Net Assets for 2006 and 2007 is \$5,618,298, and \$5,269,800, respectively.
- There are no receivables at 9/30/07 for the counties or in program advances.
- The company automobile, Ford Taurus, is fully depreciated; the Impala is not reported in this report.
- Interest income was \$203,816. Total revenues decreased \$10,660.49 from 2006 to 2007. The increase in net assets was \$106,206.
- Page 13 noted the departure of Calhoun County effective January 1, 2008, and the expected transfer of any remaining PA2 dollars to Kalamazoo, once approved by the Board.
- No deficiencies in internal control over financial reporting considered to be material weaknesses were identified.

Mr. Lloyd did note that the Executive Committee has been considered as an "audit committee", but best practice guidelines for governmental entities is to have a formal Audit Committee, and that the Commission may want to consider appointment of one next year.

Ms. DeLeon moved to recommend to the full Commission that an Audit Committee be formed next year for purposes of financial audit review. Mr. Poleski supported the motion. The motion carried.

B. Calhoun County PA2 Transfer

Mr. VanNorman stated the staff recommendation is for approval to transfer Calhoun County's remaining PA2 balance, as identified in the audit, which is \$9,488.41.

Mr. Poleski moved to recommend to the full Commission the staff recommendation for Mid-South to distribute Calhoun County PA2 funds on hand in the amount of \$9,488.41 to the Kalamazoo CA to close out our obligation for such funds, with a copy of this correspondence sent to the Chairman of the Calhoun County Board of Commissioners. The PA2 funds are to be expended by the CA for substance abuse programming in the county for which such funds were received. Mr. Brehler supported the motion.

Discussion ensued regarding transmittal of the check, possibly written to both the Calhoun County Treasurer and the Kalamazoo CA in order to assure both parties are aware of the receipt of the dollars. After discussion, Mr. Poleski suggested letters be sent to both the CA and the county acknowledging the dollars are being sent to Kalamazoo.

Vote called on the motion. The motion carried unanimously.

C. Minority Program Services Financial Audit

The staff recommendation is to transmit Minority Program Service's FY06/07 financial audit to the Kalamazoo CA for final disposition of \$1,391 which was overpaid to the program.

Mr. Poleski moved to recommend to the Commission the staff recommendation to transmit the FY06/07 financial audit for Minority Program Services to the Kalamazoo CA for final disposition. Monetary findings of \$1,391 were identified, which are PA2 funds, and would reside in the CA, if resolved by the CA. PA2 funds are to be expended by the CA for substance abuse programming in the county for which such funds were received. Mr. Brehler supported the motion. The motion carried unanimously.

D. Treasurer's Report for May 2008

Community Grant and PA2

Bills to be Approved totaled \$613,536.21
Total revenues \$532,519.07
Total expenses \$613,746.79
Net Income \$(81,227.72)
Total Assets & Liabilities \$3,607,714.28
Net decrease in cash \$(81,017.14)

Medicaid

Bills to be Approved totaled \$163,476.68
Total revenues \$164,158.11
Total expenses \$163,476.68
Net Income \$681.43
Total Assets & Liabilities \$387,417.57
Net increase in cash \$681.43

PIHP Report

CEI balance \$(13,508.16)
LifeWays balance \$995.91
Washtenaw balance \$3,269.92

Ms. Roeser reported Gratiot, Jackson, Newaygo, and Eaton PA2 dollars were received. Mr. Poleski questioned interest income being so high. Ms. Roeser responded that amount is what is needed to balance the budget and it will be booked as excess interest next year. She further explained less was budgeted as rates decreased, plus not using as much PA2 earns more interest.

Ms. DeLeon moved to recommend to the Commission approval of the Treasurer's Report for May 2008 as presented. Mr. VanBelzen supported the motion. The motion carried.

E. Ionia County Alternate Commission Member

Mr. VanNorman stated in 2003, Ionia County appointed an alternate Board member, and that appointment has not been reconfirmed since. In the last year or so, the appointed alternate, Lisa McCafferty has become a contracted provider for services. He further stated the By-Laws

stipulate that no member of the Commission can be a direct party to a contract, without first disclosing that fact in a public meeting; with minutes reflecting that disclosure, and a 2/3 vote of the Commission. Thus, approval is needed for Ms. McCafferty to be an alternate so she can vote and fully represent the County when she attends meetings. Ms. Mason noted her surprise this issue was before the Board, and stated Ms. McCafferty always abstained from voting when issues dealing with Ionia came up when she previously attended meetings. Ms. Mason also noted it is hoped that once the Ionia County Substance Abuse Initiative is fully up and running, it is their hope to have someone appropriately serve as an alternate member.

Mr. Poleski moved to recommend to the Commission concurrence with the staff recommendation to address formal acceptance of the alternate status of Lisa McCafferty under the Board policy. Mr. Densmore supported the motion.

Ms. Mason stated it is Ms. McCafferty intent to abstain on voting if issues come up related to Ionia County.

Vote called on the motion. The motion carried unanimously.

F. Regional Access/Utilization

Mr. Densmore moved to recommend to the Commission approval of the staff recommendation that administrative functions delineated under the ODCP Access Management Policy and allowed under Administrative Rules move internal to Mid-South no later than October 1, 2008. Ms. Mason supported the motion.

Discussion ensued. Ms. Mason asked for current budget information for CDRS, and urged members to not rush into decisions until there is clarity on what is being proposed. Mr. VanNorman stated the proposed budget does not impact the current contract with CDRS. He added a meeting to discuss CDRS's budget lasted approximately 7 minutes, with CDRS stating they would not alter their budget. Mr. VanNorman stated CDRS does not expect to return any dollars, and he expects lapses based on it being a staffing grant contract. Mr. VanNorman also stated the intention is for the program to continue functioning the remainder of the fiscal year. He did note there is some concern with the Carefree Clinic, which is seeing no activity. He continued by stating Mid-South would like to see services being provided there soon.

Ms. Mason asked members to state where they are comfortable with deferring discussion on this issue to the full Board meeting. Mr. VanBelzen agreed to continue discussion there.

A roll call vote was called on the motion. The motion carried by a 6 to 2 vote, with Brehler, Densmore, DeLeon, Poleski, VanBelzen and Showers voting yes, and Bunting and Mason voting no.

G. Budget Amendment-Administration

Mr. VanNorman stated total expenses increased by \$2,280. He noted the most significant changes were salaries decreasing by \$17,027, and the CareNet contract increasing \$16,424. He added all CAs participated in a rewrite by CareNet, and all contributed to the total cost of the rewrite.

Mr. Poleski moved to recommend to the Commission approval of the Administrative budget amendment as presented. Ms. DeLeon supported the motion. The motion carried.

H. Budget Amendments-Providers

Total expenses increased as follows: MDCH \$94,333; PA2 \$21,317; ABW \$48,081. MDCH increase due to increased SPF-SIG allocation; PA2 represents net of various increases and decreases in the region; ABW based on expected PEPM.

Mr. Brehler moved to recommend to the Commission approval of the provider budget amendments as presented. Mr. Densmore supported the motion. The motion carried.

Due to the late hour, Mr. Showers stated the last item on the agenda; Gambling RFP would be discussed at the full Commission meeting.

OLD BUSINESS

There was no old business brought before the Committee.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

The meeting adjourned at 6:21 p.m.

Lynn Mason's comments regarding movement of Access/Utilization functions in-house.

- The importance of the issue should require more consideration.
- Timeliness of issue. Item first came up for discussion in 2006 and then came to P & D in February of 08. Why delay? Was decision made by Ex. Director prior to coming before this Board?
- Process used is disappointing at best. Some actions steps didn't occur which led to mistrust, antagonistic behavior, and many questions.
- Legal concerns. Attorney opinions contain words like murky, fine line, "if", alternate suggestions would have been given..No AG opinion sought as requested and no mention of legal issues occurred at Feb. 08 meeting when presented to committee.
- Unsure of true financial consequences. Cost vs. savings? Is this action worth possible consequences?
- No attempt to settle issue in win – win manner with CDRS (long term positive agency to work with, according to documents).
- Will PA2 funds now be used for this purpose?
- Does this fit in MSSAC action plan or long term goals?
- What other services that CDRS provides will be lost? Is there a plan?
- How will records be kept to ensure new plan is working?
- Liability concerns, conflict of interest, oversight feature lost.

Perhaps this action eventually is a foregone conclusion, perhaps not. In any case, the process used to get us to this point is weak at best. I cannot support this action with so many questions unanswered.