

DODGE COUNTY JOINT MEETING FINANCE COMMITTEE AND HEALTH FACILITIES COMMITTEE

October 13, 2015, 8:30 A.M.

FIRST FLOOR GATHERING ROOM

CLEARVIEW, JUNEAU WI 53039

The joint meeting was called to order by Dodge County Finance Committee Chairman, Dave Frohling, at 8:30 a.m.

Members present from the Finance Committee: Frohling, Schaefer, Gohr, and Uttke.

Members present from the Health Facilities Committee: Bischoff, Duchac, Schaefer, and Derr.

Member absent and excused from the Finance Committee: Adelmeyer.

Members absent and excused from the Health Facilities Committee: Hilbert.

Others present: County Board Chairman Russell Kottke, County Administrator Jim Mielke, Finance Director Julie Kolp, Assistant Finance Director Eileen Lifke, Deputy County Clerk Christine Kjornes, Clearview Administrator Jane Hooper, Johnson ^ Block representatives Jim Block and Tara Bast, Information Technology Director Ruth Otto, Chief Deputy Sheriff Scott Smith, Clearview Director of Finance Bill Wiley, Community Support Services Division Manager Sheila Drays, Clinical and Family Services Division Manager Alyssa Schultz, Human Services and Health Director Janet Wimmer, Fiscal Support Services Division Manager Ken Kamps, Audit Compliance Officer Steve Edwards, Director of Support Services Lori Kurutz, Brain Injury Coordinator Jackie Kuhl, Director of Nursing Ann Schulz, Director of Dietary Services Heather Hearley, Director of Environmental Services Jim Hill, and Clearview Intern Larissa Ramirez.

Finance Director Julie Kolp certified the public notice given for this meeting complies with the requirements of Wisconsin's open meetings law.

Motion by Uttke, seconded by Gohr to allow the chair to deviate from the agenda at his discretion. Motion carried.

Motion by Uttke, seconded by Schaefer to approve the September 2nd, 8th, 15th, 28th, 29th, 30th, and October 1, 2015, minutes as presented. Motion carried.

Information Technology Director Ruth Otto provided an oral report to the Committees regarding a Resolution to change the amounts of appropriations in the Information Technology 2015 budget. The Fiscal Note set forth in this Resolution was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of zero (0) on the 2015 adopted Budget. Ms. Otto provided a revised handout entitled *Request for Budget Transfers between Business Units* to the Committee members. Ms. Otto reported that the 2015 budget included the purchase of a load balancer for the email exchange server but after further review, a higher caliber unit will be required, and this unit is more expensive, therefore, she is requesting a re-allocation of funds in the amount of \$40,000 from Business Unit 1801.5214 – Data Processing Services, to Business Unit 1811.5818 – Computer Equipment. Ms. Otto further reported that Business Unit 1814 – Enterprise Systems, will be exceeding allocations in the amount of \$60,000, which is due to additional Timekeeper licenses being required, additional consulting hours and testing hours, therefore, she is requesting a re-allocation of funds in the

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amount of \$60,000 from Business Unit 1801.5214- Data Processing Services, to Business Unit 1814.5818 – Computer Equipment. Motion by Gohr, seconded by Uttke to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send the Resolution to the County Clerk. Motion carried.

Finance Director Julie Kolp provided an oral report to the Committees regarding Resolution 15-55 to create two new Business Units in the Human Services and Health fund. The Fiscal Note set forth in Resolution 15-55 was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$5,000 on the 2015 adopted Budget. Ms. Kolp reported that the creation of two new Business Units in the Human Services and Health fund will be used for the revenues generated through the Treatment Alternatives Diversion program and the Alcohol Treatment Courts (ATC), and these Business Units will be non-lapsing. Ms. Kolp further reported that contributions and donations will be used to provide incentives for participants in these programs. Motion by Uttke, seconded by Schaefer to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send Resolution 15-55 to the County Clerk. Motion carried.

Ms. Kolp provided an oral report to the Committees regarding a Resolution to abolish a vacant, unfunded full-time, benefited position of Account Technician II, and create a full-time, benefited position of Senior Accountant in the Finance Department. The Fiscal Note set forth in this Resolution was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$13,535 on the 2015 adopted Budget. Ms. Kolp provided a handout entitled *Finance Department Organization* to the Committees that provided a history of the Finance Department. Ms. Kolp reported that a vacancy in an Administrative Assistant position in her office provided an opportunity to re-evaluate the Finance Department. Ms. Kolp further reported that a limited term employee will be hired, and a general fund transfer in the amount of \$13,535 will be used to fund the position of a Senior Accountant for the remainder of 2015. County Administrator Jim Mielke stated that in discussion with Corporation Counsel John Corey, Mr. Corey agreed that County Board Rule 37 does not apply to this situation because the position of Senior Accountant will be created in 2015. Motion by Schaefer, seconded by Gohr to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send the Resolution to the County Clerk. Motion carried.

Chief Deputy Sheriff Scott Smith provided an oral report to the Committees regarding Resolution 15-47 to purchase two radio dispatch consoles. The Fiscal Note set forth in this Resolution was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$89,205.85 on the 2015 adopted Budget. Mr. Smith reported that the Mobile Command Center is an excellent resource, but it is not a replacement for the 911 dispatch center, and that the two radio dispatch consoles would be used at a secondary facility, in the event that there is an emergency situation and the Dodge County Sheriff's Department building is inoperable. Mr. Smith further reported that the intent was to purchase the radio dispatch consoles in 2016, however, the Dodge County Sheriff's Department was notified

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of a significant discount on the units if purchased in 2015. Mr. Smith reported that the radio consoles will be compatible with future upgrades to the radio system, and the radio consoles will also be used during emergency drills. Mr. Mielke reported that Mr. Corey is working on an amendment to this Resolution because it was discovered that the \$89,205.85 to fund the purchase and installation of the new radio dispatch consoles is not included in the 2015 budget. Motion by Uttke, seconded by Gohr to approve the Fiscal Note as presented and authorize and direct the Finance Committee's Chairman to sign the Fiscal Note and send Resolution 15-47 to the County Clerk. Motion carried.

Mr. Smith provided an oral report to the Committees regarding jail improvement expenditures. Mr. Smith reported that an invoice in the amount of \$580.00 was received from Midwest General Repair & Fabrication, located in Reeseville, Wisconsin, for the purchase of two steel TV enclosures, and an invoice in the amount of \$75.00 was received from Hartford Finishing Inc., located in Hartford, Wisconsin, for the painting of the two steel TV enclosures. Motion by Schaefer, seconded by Uttke to approve the payment of an invoice from Midwest General Repair & Fabrication in the amount of \$580.00, for the purchase of two steel TV enclosures, and to approve the payment of an invoice in the amount of \$75.00 from Hartford Finishing Inc., for the painting of the two steel TV enclosures. Motion carried.

Mr. Smith provided an oral report to the Committees regarding the repair of the Pod B slider door. Mr. Smith reported that the repair to the Pod B slider door has already been completed by SGTS Inc, located in Verona, Wisconsin, and an invoice in the amount of \$567.00 has been received from SGTS Inc. Motion by Uttke, seconded by Schaefer to approve the payment of an invoice in the amount of \$567.00, from SGTS Inc., for the repair of the Pod B slider door. Motion carried.

Jim Block, Johnson^Block and Company, Inc. partner appeared to present information on Clearview's Financial Statements. According to Block, Dodge County's 2014 and 2013 Audit Reports include Clearview's financial statements but in a modified accrual format. At April's Finance Committee meeting, it was proposed Johnson^Block present full accrual statements for Clearview in draft form for evaluation of usefulness. The purpose would be to provide a long-term view of Clearview's financial status with consideration given to the debt of construction. If useful, they could be added to the audit report in future years as supplemental information. Block continued with an explanation to committee members the difference between full accrual and modified accrual financial statements. On the Statement of Revenues, Expenses, and Changes in Net Position, Block noted:

- Operating loss of \$1,395,201 included cost of county shared services which include computer, payroll, legal and personnel services. These are non-cash expenses for Clearview because the service department absorbs the cost.
- Income loss of \$2.9 million before transfers. This number includes the non-cash expense of the county shared services which is factored in the monetary transfers from the county.

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- Transfer of \$2.22 million Sales Tax for Debt Service and non-cash transfer of \$373,410 for county shared services are included to determine Change in net position.
- 2014 Change of net position was (\$315,327). Clearview's net position at 2014 year end was \$11,518,578. According to Block, most nursing homes in Wisconsin experience annual loss and in many cases, the losses are higher.

Block continued with information on the Statement of Cash Flows. In 2014, there was a drop of \$629,408 in Cash and Cash Equivalents between January 1, 2014 and December 31, 2014.

Block attributed the drop to decreased interest payments resulting from refinancing 2010's Debt Service. Recording of depreciation also attributed to the drop.

During the discussion it was noted that there were financial impacts related to a Medicaid rate adjustment (decrease) and higher than projected write-offs which occurred in 2014.

Block provided this service at no cost to the county and therefore the document will stay in draft form. If the county determines this report to be usefulness, Johnson^Block will include it as a separate report in 2015's audit report at an additional charge.

Tara Bast, Johnson^Block supervisor appeared to present information on 2014's Schedule of Expenditures of Federal and State Awards (SEFSA), also known as the Single Audit. Entities who spend more than \$500,000 (\$750,000 in 2015) of Federal monies are required to complete the SEFSA. Bast provided committee members with a Single Audit Report Summary and explained the auditor's role in the SEFSA. According to Bast, the purpose of the Single Audit is to ensure compliance with expenditure of Federal funds, assess internal controls and make sure financial statements and schedule of awards are fairly stated. Financial information and operations are analyzed to determine instances of noncompliance, significant deficiencies or material weakness. Material Weakness is the most severe finding since it could create a reasonable possibility that a material misstatement or material noncompliance will not be detected and prevented in a timely basis. Significant deficiency is less severe but should still be communicated to management. Instances of noncompliance is the least severe and it could affect the quality of those being served, program integrity or weakness of internal controls.

The Single Audit includes all findings whether they are related to Federal and State awards or not. The 2014 Single Audit identified findings in all three categories. Two material weaknesses were related to Clearview but don't pertain to Federal or State awards. Two areas of significant deficiencies and six areas of noncompliance were identified for Human Services and Health and they all pertain to Federal and State Awards. Bast reported that some corrective action plans are in place to address the findings and others are being worked on.

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Discussion regarding the two report findings related to Clearview. Finding Number 2014-001 Condition: The County did not perform regular reconciliations of Clearview's detailed accounts receivable records and other subsidiary account details to the general ledger (Material Weakness).

Management Response: Management agrees with the recommendation and Clearview will require monthly reconciliation of accounts receivable to the general ledger. Clearview is pursuing initiatives to strengthen reconciliation of all balance sheet accounts and will formalize written procedures that are fully documented and understood. The reconciliation of accounts receivable will be done monthly and implement appropriate supervisory review process. The Clearview Financial Director will monitor activities being performed is executed competently and accurately.

Finding Number 2014-002 Condition: The County's procedures used to estimate Clearview's uncollectible accounts receivable did not provide a reasonable estimate of uncollectible amounts at year end (Material Weakness).

Management Response: Management agrees with the recommendations and Clearview will apply a calculation of recording a percentage of monthly gross receivables and an estimate of uncollectible accounts. The initial percentage is based on industry average and will be analyzed based on Clearview's actual experience. The analysis will be done on a semi-annual basis to determine if the estimate will be adjusted. Clearview is pursuing initiatives to strengthen this estimate and will formalize written procedures that are fully documented and understood. The Clearview Finance Director will monitor activities being performed is executed competently and accurately.

Ms. Kolp reviewed a document entitled *Dodge County Schedule of Federal and State Awards* listing a comparison of current year receipts and allowable expenditures for Federal Departments and Wisconsin State departments for the years of 2008-2014. Ms. Kolp reported that the amount of cash flow is increasing.

Clearview Director of Finance Bill Wiley presented a handout to the Committees that reviewed Clearview's Estimates for Allowance for Doubtful Accounts, Clearview's Accounts Receivable Write Off Procedure, Clearview's Resident Refund Account Analysis, and Clearview's Write Offs. Mr. Wiley reported that the uncollectable amount was \$602,000 at the end of the audit, and at the present time, the uncollectable amount is \$497,000. Mr. Wiley further reported that he is working on a draft policy document to be presented to the Health Facilities Committee regarding collection procedures.

Mr. Wiley provided an oral report to the Committees regarding Clearview's Write Off Policy. Mr. Wiley reported that a minimum of two times per year, he presents Clearview Administrator Jane Hooper with the accounts that are determined to be uncollectable, and Ms. Hooper will make the determination to approve or disapprove those accounts to be written off. Mr. Wiley

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reported that the Write Off Policy will be replaced by an updated policy document that will be presented to the Health Facilities Committee at a future meeting.

Mr. Mielke provided an oral report to the Committees regarding the proposed 2016 budget. Mr. Mielke presented a handout to the Committees entitled *2015 Adopted vs Proposed 2016 Tax Levy Comparison*. Mr. Mielke reported that there is a proposed levy increase in the amount of \$258,477, and a one cent decrease in the mill rate. Mr. Mielke further reported that there will be a Finance Committee meeting on October 27, 2015, to discuss the proposed 2016 budget, and the Finance Committee will be able to make amendments to the proposed 2016 budget at the October 27, 2015 meeting, before the budget is adopted at the November 10, 2015 County Board meeting.

Ms. Kolp reported that the Dodge County estimated state aids were not included in the audit, so she included the information separately in the packet materials for review.

Chairman Frohling reviewed the document entitled *History of Tax Collections as of August 13, 2015*, and reported that the uncollected amounts are large, but the percent collected is good.

Mr. Mielke stated that the Taxation Committee is doing a good job at selling delinquent properties.

Mr. Mielke provided an oral update to the Committees regarding Kronos. Mr. Mielke reported that the Sheriff's Department is moving forward with the Advanced Scheduler because Telestaff did not work well. Mr. Mielke further reported that Human Resources Director Sarah Eske is working on online employment applications and employee performance evaluations. Mr. Mielke reported that a new Assistant Human Resources Director has been hired.

Mr. Mielke provided an oral update to the Committees regarding the Baker Tilly Operational Review Project. Mr. Mielke reported that Heather S. Acker, a certified public accountant employed by Baker Tilly, will present Baker Tilly's findings at the October 22, 2015 County Board meeting. Mr. Mielke further reported that Ms. Acker will be at the Henry Dodge Office Building tomorrow at 8:30 a.m. to present Baker Tilly's findings to the staff of the Human Services and Health Department.

Mr. Mielke reported that there are monies in the proposed 2016 Clearview budget to perform an operational review. Mr. Mielke further reported that larger departments will be evaluated first for performing operational reviews.

Mr. Mielke provided an oral report to the Committees regarding the creation of an External Oversight Committee. Mr. Mielke reported that the Executive Committee has signed a Resolution to create an External Audit Oversight Committee, and the Committee will be a Standing Committee that will review the Baker Tilly operational reports, and provide a follow up to recommendations. Mr. Mielke further reported that this Committee will work with the departments that have recommendations to address.

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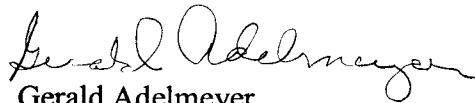
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Ms. Kolp provided an oral update to the Committees regarding an Internal Revenue Service (IRS) penalty. Ms. Kolp reported that the 2nd quarter penalty has been paid, and she is continuing the appeal process for the second quarter's penalty. Ms. Kolp further reported that she is working with Matthew McLaughlin from Zetley Law Offices, S.C., located in Milwaukee, Wisconsin, on the appeal process.

The next special meeting is scheduled on Tuesday, October 27, 2015, at 6:00 p.m., in the Auditorium, located on the first floor of the Administration Building.

The next regular meeting is scheduled on Tuesday, November 3, 2015, at 8:30 a.m., in the Auditorium, located on the first floor of the Administration Building.

With no other business on the agenda, Chairman Frohling declared the meeting adjourned at 10:40 a.m.



Gerald Adelmeyer,
Secretary

Disclaimer: The above minutes may be approved, amended or corrected at the next committee meeting.