



# *Finance Committee Minutes*

Date: 02/13/2018	Time: 5:15 p.m.	Location: District Office
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Call to Order	Jim Brown, Committee Chair, called the meeting to order.
Committee Members Attendance	Marion Wellborn, Larry Johnson, Mickey Cartner, Jim Brown, Jimmy Walker and Rebecca Vanhoy. There was a quorum with 6 of 8 members present.
Staff Attendance	Rick Seibert, Kathy Payne, Jeff Cockerham, Janet Phillips, Tommy Eads, and Lisa Sexton
Excused	Jo Ann Layell and Mary Olvera
Approval of Minutes	Minutes from the last Finance Committee meeting on December 5, 2017 were approved at the Board of Directors meeting held on December 14, 2017.

Agenda Topic	Budgets and Financial Statements
Discussion	<p><b><u>November and December Financial Statements</u></b></p> <p>Rick provided the financial statements for December. The statements are generated monthly, but Rick only provided December statements since those are the most recent. He drew the Committee’s attention to page 4 of the statements which shows the net income/loss across the programs. Rick briefly explained the numbers for each program category. The deficits in the programs are mainly grants receivable. Several programs collected the receivables in January. The Indirect General and Admin column contains all the grants and accounts receivable and other accounting adjustments. Rick stated that the overall net surplus for the agency at the end of December was approximately \$54,000. Rick continued to page 7 where he showed the Committee that there was only a \$14,000 surplus at the end of December 2016. Overall, gross revenues and expenses are running fairly consistent compared to FY 17 data.</p> <p>Rick moved forward to the Fund Statement beginning on page 8. He informed the Committee that accounts receivable (AR) at the end of December were at \$504,000 as compared to \$394,000 last year. However, \$95,000 was collected on the day of the meeting for Transportation through the NCTracks system. Grants receivables are less compared to last year due to quicker receipt of funding this year. Rick explained that the “Other Assets” listed on the Fund Statement contains the expenses related to Head Start project in Yadkinville. The grant award of \$217,000 will cover the majority of the cost of this project. Jimmy had some concerns about the return on investment and grant conditions since the facility is being leased. Rick stated that the project is mainly funded with grant money, is a long-term lease, and will increase YVEDDI’s net assets. Also, the grant contained language to address the leasehold agreement.</p>

	<p>Rick provided an AR aging report for NCTracks and drew the Committee's attention to the total uncollected balance of \$259,000. As stated before, \$95,000 of this balance was received prior to the meeting.</p> <p>Discussion continued to the cash flow spreadsheet. Rick explained that the cash flow projection will improve after adding the receipt of the \$95,000 from NCTracks. He stated that Head Start, Transportation, and OAA all receive consistent funding monthly. Cash flow still needs to be tightly monitored but has a predictable pattern. Mickey was concerned about the \$640,000 deficit showing in the last column. Rick explained that he projects major expenses such as payroll, taxes and insurance, but does not list revenues until received.</p> <p>Discussion ended on this topic with no further questions.</p> <p><b><u>Head Start Budget</u></b></p> <p>Rick distributed the Head Start budget as of February 13th. Head Start has performed well year-to-date. There is a deficit of \$210,000 showing on this budget, but \$190,000 was drawn down from the Federal system last week</p> <p>There was no further discussion on this topic.</p> <p><b><u>Credit Card Statement</u></b></p> <p>The Committee reviewed the most recent credit card statement. Rick pointed out that there was an interest charge on this month's statement. This was generated from training trips for Head Start employees that required the use of the credit card. The payments for the charges were processed slower than normal due to staff being out of town for the trainings.</p> <p>There were no questions concerning the credit card statement.</p>
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Agenda Topic	General
Discussion	<p><b><u>Fundraising Event Update</u></b></p> <p>Larry presented a checklist for the upcoming car show and music fundraiser prepared by Janet Phillips. Larry reported that planning and organizing for the fundraiser event is progressing very well. He announced the following details concerning the event:</p> <ul style="list-style-type: none"> <li>• The event will be held at the District Office on Saturday, April 21, 2018 from 12PM to 5PM – no rain date</li> <li>• The event will feature a car show, live music performed by Too Much Sylvia and one other band, a prize raffle, a 50/50 giveaway, and food vendors</li> <li>• Janet secured sponsorships from Surry Insurance and Hill, Chesson and Woody to cover the cost of the band</li> <li>• The goal is to raise \$10,000</li> <li>• Larry will provide 1,200 \$10 raffle tickets. The tickets will be available at the next Board meeting. Each ticket will give the holder free admission to the event and a chance to win one of the</li> </ul>

following prizes: 1<sup>st</sup> place - Harris Silverworks bracelet and pendant, 2<sup>nd</sup> place – gas grill, 3<sup>rd</sup> place - \$200.

- There will be no entry fee for the car owners
- Donna Rutledge will create advertising posters and flyers
- YVEDDI vans will provide shuttle service to and from the overflow parking locations. The fundraising committee is securing agreements with Southland Transportation, local churches and possibly the Boonville Elementary School for these parking locations
- Marion has secured a vendor to provide Port-a-John's
- The cemetery will be blocked off during the event
- Larry will work on contacting newspapers and radio stations for advertising

Larry explained that Board members and willing staff will need to help sell raffle tickets prior to the event. Help needed from staff on the day of the event includes set-up before start time, directing cars/traffic, and accepting entry fees from event spectators. Kathy agreed to explore police security and EMS services for the event. Janet announced that 13 Bones, a proposed food vendor, has not provided confirmation for the event. Kathy and Janet will continue to work on securing food vendors.

The Committee discussed the appropriate price to charge for entrance on the day of the event. **Larry Johnson made a motion to charge \$5 per person without a raffle ticket at the entrance with children 12 and under admitted free of charge. Jim Brown seconded the motion. Without further discussion, the Committee voted unanimously in favor of the motion.**

Discussion ended on this topic.

#### **Agency FY 18 Budget Update**

Rick provided a copy of the Agency Budget for FY 18. He stated that it has not been revised since the last distribution. Rick also provided the Financial Dashboard as of the end of December. He drew the Committee's attention to the bullet point under "Revenues" on page 3 that discussed NCTracks funding. As previously stated, much of the outstanding balance listed has been received. Rick also made the Committee aware of the expected 23% funding reduction for FY 19 for CSBG. He highlighted the Nutrition Site/ Senior Center software initiative. This software will be able to provide unduplicated participant data and will be helpful when applying for new grant money.

There was no further discussion concerning this topic.

#### **Pension Plan**

Rick presented the Audit Report for the Board of Directors prepared by Dixon Hughes and Goodman (DHG). This audit was performed on the pension plan year that ended on 10/31/2015. MassMutual, the pension plan provider, was the primary cause for the delay in finalizing the audit. Previous plan years had not been through compliance testing and

MassMutual was slow in completing the testing. Rick directed the Committee to page 5 of this report where DHG discussed internal control matters. Timely remittance of participant contributions was the first item noted. During the plan year, \$62,000 in participant contributions were remitted late according to the Department of Labor (DOL) standards. Rick stated that cash flow issues during that time frame contributed to the late remittances. DHG will calculate the catch-up contributions needed to make the participant accounts whole. Rick anticipates that the catch-up contributions will be in the \$5,000 to \$10,000 range. Rick does not expect any penalties from the DOL based on past experience and YVEDD's immediate response to correct the problem, but makes no guarantees. DHG also noted that YVEDDI did not have a process to reconcile company contributions against participant accounts. A process has been formulated to address this issue. Finance will continue to fund the company contributions and HR will reconcile the amounts post by MassMutual to participant accounts. The lack of formal Board minutes concerning actions taken by the Board was another internal control item mentioned. Now that we have the additional support of an HR Director and improved our processes, the Board will have the opportunity for more involvement in the administration of the plan. The lack of formal Board minutes concerning actions taken by the Board was another internal control item mentioned. Now that we have the additional support of an HR Director and improved our processes, the Board will have the opportunity for more involvement in the administration of the plan.

Jimmy stated that, to summarize discussion regarding the auditor's report, it would be fair to say that all of the items noted have either been addressed or will be addressed and that management has been working to resolve the issues such that all accounts will be caught up and internal control issues either have been or are being addressed appropriately.

Rick asked the Committee to look at page 10 of the Financial Statements for the pension plan prepared by DHG. The pension plan is a "Prototype" plan and a determination letter has not been provided by the IRS. As a result, the plan is not insured by the Pension Benefit Guaranty Corporation. Rick stated that, once the audit reports were completed for the plan years ended October 2016, 2017, and 2018, it would be a good time to consider adopting a new plan. A 403(b) plan is typical for non-profits and could easily be approved by the IRS. Janet will be researching other options for YVEDDI's pension plan. Rick stated that it will be important to understand the potential tax effects of moving the funds out of the old plan before we consider doing so.

Discussion ended on this topic.

**Facility Improvements Loan Balance**

Rick informed the Committee that the loan obtained for the Yadkinville Head Start project has an unutilized balance of \$120,000. The loan has a 7 year term with 4.7% interest. Rick proposed to keep the remainder of the loan and utilize it for other projects such as facility repairs at various

	<p>locations. Committee members recognized the value of the loan but expressed concerns that the loan might be used for short term needs. Rick confirmed that the loan would only be used to fund assets with longer useful lives and not operating expenses or to compensate for deficits. After further discussion, it was agreed that Kathy and Rick will prepare a list of needs for use of the funds and bring back to the Committee.</p> <p><b>Jimmy Walker made a motion to keep the remaining unutilized balance of the loan for the Yadkinville Head Start project and to use it as discussed above. Mickey Cartner second the motion. Upon voting, all were in favor and the motion carried.</b></p> <p>There were no questions on this topic.</p> <p><b><u>WAP – Rowan County</u></b></p> <p>Tommy Eads, Weatherization (WAP) Director, distributed before and after pics of recent homes completed by his program to begin the discussion of expanding service into Rowan County. Tommy briefly explained how WAP replaces heating systems with energy-efficient heat pumps and reduces air/heat loss in homes to improve energy efficiency and reduce heating and cooling costs for clients. With a short window of opportunity, Tommy recently submitted an application to the State to begin providing this service to the now unserved Rowan County. If the application is approved, the State would provide \$93,000 in funding for the last four months of FY 18. YVEDDI would also receive Duke Energy funding for Rowan County. Tommy informed the Committee that his program is currently trying to hire two additional staff and may need one more. With lower material costs and quality staff, Tommy is confident that servicing Rowan County will be beneficial to its citizens and to YVEDDI. Rick also expressed that this would be a good move for the agency. Tommy stated that the State will award the grant at the end of February. Therefore, the Board needs to approve the application submitted to the State at the next Board meeting. Tommy requested the Committee to recommend the approval of the application to the Board. If for some reason the Board does not approve, our application can be withdrawn.</p> <p><b>Mickey Cartner made a motion to recommend that the Board of Directors approve the application submitted to the State for funding to provide Weatherization services in Rowan County. Jim Brown seconded the motion. Committee members voted unanimously in favor of the motion.</b></p> <p>Discussion ended on this topic.</p>
<b>Agenda Topic</b>	<b>Transportation</b>
Discussion	<p><b><u>Revenues vs Expenses</u></b></p> <p>Jeff distributed a packet of information and began his discussion with the first page. This page displayed the following information for November, and December for each County in the service area:</p>

	<ul style="list-style-type: none"> <li>• Vehicle miles</li> <li>• Billed amounts</li> <li>• Revenue per vehicle mile</li> <li>• Estimated cost per vehicle mile</li> <li>• Net income/loss</li> </ul> <p>Jeff explained that November produced a deficit of \$1,460 but December had a surplus of \$1,773. Year-to-date, the Transportation program is running even with revenues verses expenses.</p> <p>There were no questions on this topic.</p> <p><b><u>Approval for Public Hearing</u></b></p> <p>Jeff directed the Committee to page 2 of his handout. This page presented rider data for calendar year 2017 for the Surry-Yadkin connector route displaying how many people rode the connector each day of the week for each month. Jeff explained that Surry Community College and LifeSpan, the two most popular destinations, have reduced schedules on Fridays which resulted in only 165 riders on Friday for the entire year. The average cost to operate the connector route on Friday is \$112 per rider compared to \$30 per rider the other days of the week. Jeff proposes to reduce the connector route to Monday – Thursday. In order to do so, the Board will need to vote to approve the new schedule and a public hearing will need to be held at the next Board of Directors meeting. The public hearing is required to comply with Federal regulations. Jeff asked the Committee to give approval to move forward with the public hearing at the next Board meeting and to recommend that the Board approve the proposed schedule change.</p> <p><b>Mickey Cartner made a motion to hold the public hearing concerning the schedule change for the Surry-Yadkin connector at the Board of Directors meeting on February, 22 2018. Mickey’s motion included a recommendation from the Committee to approve the schedule change to Monday – Thursday only. Larry Johnson seconded the motion. Jimmy Walker asked what alternatives will be provided for the individuals who utilized the connector on Fridays. Jeff explained that the demand-response service would still be available for those individuals. Discussion ended and the motion was brought to a vote. The motion carried after all members voted in favor.</b></p>
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<b>Agenda Topic</b>	<b>Adjournment of Meeting</b>
Motion/Second/Time	<b>Mickey Cartner made a motion to adjourn the meeting. Jim Brown seconded the motion. All members were in favor of the motion. The meeting was adjourned at 7:00 PM.</b>

Date of Next Meeting: April 10, 2018 at 5:15 p.m.

<b>Minutes Recorded By/Signature</b>	
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