



Finance Committee Minutes

Date: 08/14/2018	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, Jim Brown, Mickey Cartner, JoAnn Layell, Larry Johnson, Mary Olvera, and Jimmy Walker. A quorum was met with 7 of 8 members in attendance.
Staff Attendance	Kathy Payne, Rick Seibert, Jeff Cockerham, Janet Phillips, and Lisa Sexton
Excused	Rebecca Vanhoy
Approval of Minutes	Minutes from the last Finance Committee meeting on June 12, 2018 were approved at the Board of Directors meeting held on June 28, 2018.

Agenda Topic	Budgets and Financial Statements
Discussion	<p><u>Preliminary June Financial Statements</u></p> <p>Rick distributed the preliminary June Financial Statements for review and discussion. He drew the Committee's attention to page 8 which shows a \$33,000 net surplus at the end of June. This surplus is after posting an estimated \$700,000 of depreciation expense. Rick turned back to page 1 and stated that the cash balance is down by approximately \$350,000 as compared to the end of FY 17. He informed the Committee that NCTracks still has an old remaining balance due of \$150,000. This amount due from NCTracks is reflected in the elevated accounts receivable (AR) balance at the end of June. Rick stated that the accounts payable (AP) balance has increased by \$200,000 compared to the end of FY 17. Jim asked about the allowance for bad debts amount. Rick explained that most of that is uncollected debt owed by Transportation customers. He carries that amount to demonstrate how much YVEDDI contributes to the community.</p> <p>Rick began a discussion concerning the other assets line listed at \$397,000. This is a collection of all the expenses related to the Yadkinville Head Start project. Rick presented an analysis of the project which detailed the amounts spent for HVAC, plumbing, electrical, wages, and specific vendors such as Lowe's. A grant for \$217,000 dollars along with the required \$60,000 match funded most of the project. Kathy announced that the owner of the property had contacted Rhonda Wrenn, Head Start Director, and is ready to donate the property to YVEDDI.</p> <p>Rick moved forward to the cash flow schedule contained in the statements. He explained that he manages cash obligations by prioritizing payroll, employee benefits, and taxes. He makes vendor payments around these three as cash is available. The Committee was concerned that the cash flow schedule shows a deficit for part of August and all of September. Rick explained that he projects expenses but not</p>

	<p>revenues. This gives a clear picture of the amount of cash needed to meet obligations. Rick stated that there is still \$400,000 available on the credit line, and he anticipates utilizing this entire amount. Jimmy asked when the credit line would be paid off. Rick explained that January and February would be the time frame in which he would start looking at paying the credit line down.</p> <p>Jimmy requested that Rick provide a description of the overall health of YVEDDI. Rick explained that the agency was blind-sided by NCTracks difficulties in FY 18, but plans are being formulated to address the future loss of Medicaid service reimbursements. Overall, the programs are performing well.</p> <p>Rick distributed a copy of the Head Start budget as of the end of June for the Committee's review.</p> <p>Discussion ended on this topic with no further questions.</p> <p><u>Credit Card Statement</u></p> <p>Rick distributed the latest credit card statement for the Committee's review. Mickey asked about a charge for Courtyard by Marriott at Carolina Beach. Kathy explained that this was a required Director's Conference attended by Rhonda Wrenn. Rick reminded the Committee that Lisa reconciles the credit card account to ensure charges and payments are accurate.</p> <p>There were no further questions concerning the credit card statement.</p>
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Agenda Topic	General
Discussion	<p><u>Fiscal Policy and Procedures Manual</u></p> <p>A copy of the new Fiscal Policy and Procedures Manual was distributed to Committee members by email prior to the meeting. Kathy asked the Committee to approve the adoption of the new manual, stating that we are already late in producing an updated manual. Jimmy stated that he did not receive the manual and asked what the major charges are. Kathy stated that the new manual contains procedures for financial statement closing and technology information. Rick explained that the new manual addresses internal control practices for each of the procedures. It also addresses Transportation billing which was not in previous manuals.</p> <p>Larry Johnson made a motion to accept the Fiscal Policy and Procedures Manual as presented and recommend approval to the Board. Jim Brown seconded the motion. Jimmy questioned the amount of time the Board would have to review the manual. He also asked why Kathy stated that the manual is late. Kathy explained that is the beauty of shared governance in that our committees do the leg work of the Board so that our Board meetings do not get bogged down in the detail work. She added the manual will be available on the website, and Board members can log in to review the manual. She also explained that</p>

the manual should be reviewed once every two years. The last review was completed in 2015. There was no further discussion concerning this topic. **The motion was brought to a vote. All Committee members voted in favor of the motion, and therefore, the motion carried.**

Kathy thanked, Jim Brown, Rick Seibert, Lisa Sexton, Regina Chappell and Dawn Cheek for all their hard work with the revision process.

Audit Schedule

Rick informed the Committee that the previous partner assigned to YVEDDI had transferred to Norfolk, Virginia. He will be meeting with the new partner assigned to us next week. We are using the same auditing firm as last year.

Discussion ended on this topic.

Payroll Outsourcing

Janet announced that YVEDDI is getting closer to outsourcing payroll with the goal of beginning in October. In addition to payroll processing, Janet will have access to the HR system. At a cost of \$1,050 per month, Workforce Unlimited will process payroll, provide weekly, monthly, and quarterly reports, and handle employee setup and adjustments. Janet explained that outsourcing payroll would eliminate the weakness of having only one in-house payroll processor. The web-based timekeeping system will be available to employees in the future. Rick stated that the HR system will help Janet. Also, Lisa will provide additional back-up for Rick.

There were no questions on this topic.

Retirement Plan Update

Janet informed the Committee that she has interviewed seven companies and was provided information for another company from the Personnel Committee. She has received plan details from five companies thus far. She is still waiting to hear from Capital Bank and the State 457 plan. All the plans she is looking at will be insured and have less fees compared to the current plan with MassMutual. Rick stated that the plans Janet is considering would eliminate the plan audit and reduce the cost to administer the plan. Janet is also looking to find a plan that will provide better employee education. Jim asked if the payroll provider would calculate and submit the employer contributions. Rick explained that we could transition to that down the road. Kathy stated that the goal is to have the new plan in place by the end of October when the current plan ends. Jimmy suggested appointing someone to choose a plan pending Board approval since waiting until the October meeting would be too close to the new plan start date. Larry recommended appointing more than one person.

Jimmy Walker made a motion to give authority to Janet Phillips and Kathy Payne to choose a retirement plan pending Board approval at

	<p>the October 25th 2018 meeting. Marion Welborn seconded the motion. Kathy stated that she and Janet would seek additional advisement from Richard Lasky, Personnel Committee Chair, when choosing the new plan. The Committee voted unanimously in favor and the motion carried.</p> <p>Kathy thanked Jim Brown, Rick Seibert, Lisa Sexton, Regina Chappell and Dawn Cheek for all their hard work with the revision process.</p> <p>There was no further discussion on this topic.</p> <p><u>Rockingham County Head Start</u></p> <p>Kathy announced that she had been informed that the Head Start program in Rockingham County will be up for grabs by next summer. She has begun discussions with Rhonda Wrenn and Rick to consider operating the Head Start Program in that county. This development is very new, and more information needs to be gathered. Kathy will provide future updates as information develops.</p>
<p>Agenda Topic</p>	<p>Transportation</p>
<p>Discussion</p>	<p><u>Managed Care</u></p> <p>Rick distributed an information packet titled Medicaid Managed Care. He began discussion on page 2 where he listed Medicaid revenues for FY 18 and projected Medicaid revenues for FY 20. Of the \$1.1 million in Medicaid revenues in FY 18, \$500,000 could be considered as the margin amount that historically has provided YVEDDI with unrestricted funds. This is the largest contributor to unrestricted funds for YVEDDI. The projected FY 20 Medicaid revenue is listed at \$200,000 (20% of current revenue) with no contributions to unrestricted funds. On page 3 of the packet, Rick explained how unrestricted funds are used to fund various programs during the first 3 months of the fiscal year until expense reimbursements come in. Without the unrestricted funds generated from Medicaid revenues, there will be no funds to maintain programs that operate on a reimbursement basis. Another impact of the projected decrease in Medicaid revenue is the negative impact on the indirect cost base (IDC). The Medicaid related expenses are subject to IDC billing. Rick projects a decrease in the IDC budget of \$75,000 in FY 20 due to the decrease in Medicaid business. Rick provided two copies of the FY 19 approved agency budget to compare the agency's anticipated performance for FY 19 against what FY 20 would look like with the reduction in Medicaid revenue. FY 19 listed a \$238,000 deficit. However, the projected FY 20 listed a \$624,000 deficit with reduced Medicaid revenue.</p> <p>Rick laid out some alternatives to address the loss in revenue in FY 20. He recommends using the Medicaid margin generated in FY 19 to build reserves instead of subsidizing losses on other routes. The school system routes in FY 18 were subsidized by Medicaid revenues and needs to be addressed in FY 19. A \$250,000 cost reduction is included in this alternative.</p>

Rick stated that YVEDDI needs to begin discussions and formulate a plan to be in position to operate under the new Medicaid Managed Care. He provided an anticipated timeline from The Department of Health and Human Services (DHHS) for implementation. By February 2019, the Preferred Healthcare Providers (PHP's) will be awarded. By July 2019, the PHP's will be in business. The PHP will select an agency such as YVEDDI to contract Medicaid trips. The PHP will select the least expensive mode to provide non-emergency medical transportation. Rick is certain that financing will be available to assist with the transition.

Discussion ended on Medicaid Managed Care but transitioned to a brief discussion about a meeting between Jimmy Walker and NC Senator Phil Berger. Mr. Berger is interested in hearing how the decisions made at the State level are impacting local activities. Larry suggested that a letter should be written to inform Mr. Berger of the areas that have impacted YVEDDI. He would like a copy of the letter to send to other members of the State Legislature. Kathy agreed with Larry's request.

Expenses vs Revenues

Jeff provided a spreadsheet that outlined plans to reduce expenses and/or increase revenues in FY 19 by \$400,000 to compensate for the FY 18 deficit. Remedies formulated and in action include the following:

- Contract negotiations with Davie County Schools to create \$75,000 additional revenue
- Staff reductions including elimination of 1 dispatch position and 10 hours per week reduction for 8 employees for a cost reduction of \$93,581
- Additional operating grant funds of \$29,559 less a \$15,000 required match have already been awarded to YVEDDI for FY 19
- Additional admin grant funds of \$110,266 less a \$16,540 required match have already been awarded to YVEDDI for FY 19

These remedies provide \$276,866 of the goal. Jeff also presented a proposal to increase the per vehicle mile rate from \$1.85 to \$2.08. In previous discussions, Rick preferred a rate increase to \$2.32 per vehicle mile. However, Rick concurred with Jeff's proposal during the meeting.

Jeff gave other alternatives for reducing expenses. The rate for Davie and Yadkin Counties for services provided with ROAP funds could be increased. This would increase revenue for the ROAP grants but would also cause a service reduction. More ROAP funds could be committed to operating fixed routes with less funds available for demand-response routes. The Committee discussed other revenue-generating or expense-reducing ideas.

Larry Johnson made a motion to accept the proposal to change the vehicle mile billing rate from \$1.85 per vehicle mile to \$2.08 per vehicle mile. Marion Welborn seconded the motion. With no further discussion, the Committee voted. The motion carried with all members voting in favor.

	<p><u>PTRC – Lease Car Request</u></p> <p>Jeff informed the Committee that the PTRC has requested to trade one of the three vehicles purchased for lease in FY 18. Jeff explained that the funds are not available in the operating budget to complete this request at this time. He explained that he wishes to table this request from the PTRC until the meeting in October. The Committee agreed to table the request for later discussion.</p>
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Agenda Topic	Adjournment of Meeting
Motion/Second/Time	Marion Welborn made a motion to adjourn the meeting. Larry Johnson seconded the motion. All were in favor of the motion. The meeting was adjourned at 7:25 PM.

Date of Next Meeting:	October 9, 2018 at 5:15 p.m.
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Minutes Recorded By/Signature	Lisa Sexton
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