



# *Finance Committee Minutes*

Date: 02/12/2019	Time: 5:15 p.m.	Location: District Office
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Call to Order	Jim Brown, Committee Chairperson, called the meeting to order.
Committee Members Attendance	Jim Brown, Mickey Cartner, Larry Johnson, Marion Welborn, Rebecca Vanhoy, and Mary Olvera. A quorum was met with 6 of 8 members in attendance.
Staff Attendance	Kathy Payne, Rick Seibert, Jeff Cockerham, Janet Phillips, and Lisa Sexton
Excused	Jimmy Walker and JoAnn Layell
Approval of Minutes	Minutes from the last Finance Committee meeting on December 4, 2018 were approved at the Board of Directors meeting held on December 13, 2018.

Agenda Topic	Budgets and Financial Statements
Discussion	<p><b><u>November and December Financial Statements</u></b></p> <p>Rick distributed the November and December Financial Statements for review and discussion. He focused mainly on the December statements for discussion. Rick drew the Committee’s attention to page 4 of the Fund Statement where he explained that unrestricted net assets have fallen from \$922,000 at the end of December 2017 to \$490,000 at the end of December 2018. The unrestricted net asset balance reflects the agency’s liquidity. There is not much change in total assets from FY 18, however, unrestricted net assets are declining. At the end of December, there is a deficit of \$351,000 which is primarily attributed to a deficit in the Transportation program (CTP). Continuing from the FY 18 deficit in CTP into a deficit halfway through FY 19 is the main cause for the reduction in unrestricted reserves. This directly affects liquidity, meaning the agency’s ability to pay vendors, fund payroll, and maintain a sufficient cash balance. Looking back to page 1, the cash balance of \$409,000 is a reflection of the unrestricted net assets balance.</p> <p>Jim asked if the accounts receivable (AR) balance is mostly current receivables. Rick explained that most AR’s are current except for about \$150,000 in NCTracks billing. The weekly NCTracks billing has improved and some of the old AR balance has been collected after adding a dedicated NCTracks billing specialist to handle rebilling. Rick expects to collect the net of the AR balance.</p> <p>Rick drew the Committees attention to the last page of the Agency Statement of Revenue and Expenses. He explained that the deficits showing across most of the programs are funds that will be collected from the funders. The State is a little slow in funding Weatherization (WAP), and the funding for OAA usually runs a little behind. However, the deficit showing for CTP is not an amount that can be collected from grant funds.</p>

The agency-wide deficit is mainly composed of the CTP deficit and depreciation in excess of net asset additions.

Rick moved forward to the Cash Flow spreadsheet, explaining that YVEDDI is basically living on a 2-week basis. As of the day of the meeting, the spreadsheet starts showing a negative balance, without additional funds coming in, by the beginning of March. Without reserves to draw from, cash management is the first task that Rick attends to each day. Reimbursements from funders have been sped up as much as possible. Currently, The Governor's Crime Commission (GCC), part of the DV/SA program, is the only program experiencing problems with reimbursements. We are due about \$50,000 from the GCC.

Discussion ended on the financial statements.

### **Dashboard**

Rick presented the Financial Dashboard for the year to date as of the end of December. Rick pointed out the net deficit of \$351,000 listed in the "Actual" column on page 2 is the same as reported in the financial statements. He stated that if nothing changes, the agency will end the year with close to a half million dollar deficit. When netting the deficit against the unrestricted net reserves, the net unrestricted reserve balance is down to \$138,000 at the end of December. At this point, the Dashboard is becoming alarming. Running a deficit in a major program represents the beginning of what it looks like to transition into Medicaid Managed Care (MMC). In the past, CTP has been able to generate unrestricted reserves. Now, the transition into MMC is hindering the program's ability to provide unrestricted reserves due to the change in the business model.

There was no further discussion on this topic.

### **CTP Q2 2019 Analysis and Cash Flow**

Rick distributed a packet of information concerning CTP. The first page listed the FY 18 deficit in the program as \$492,000. Revenues and expenses through the end of December this year are comparable to the same period in FY 18. The CTP Funding Analysis spreadsheet demonstrates the deficit per mile which is also comparable to FY 18.

Rick discussed the FY 19 CTP funding model with grants totaling 1 million, DSS providing \$850,000, school systems providing \$420,000, and \$400,000 coming from other sources. DSS revenues historically have subsidized less efficient services. Projecting into FY 20, without DSS revenue, there will not be enough reserves to continue operations at the current level. Across the agency, it takes \$1.25 million to sustain service levels for the first 3 months of the year. In the past, \$500,000 from DSS revenues was available as reserves to maintain service levels during the first 3 months of the year. Rick explained that there will be a \$500,000 shortfall for the beginning of FY 20.

	<p>Rick described some areas that need to be addressed by the Committee, the Board, and Management over the next two months. These areas include:</p> <ul style="list-style-type: none"> <li>• Updating the strategic plan and identifying alternatives</li> <li>• Formulating an agency cash flow plan and agency budget</li> <li>• Creating a plan for operations during the first 3 months of FY 20</li> </ul> <p>Larry reiterated that a plan is needed and reassured Kathy, Rick, and Jeff that YVEDDI is not alone in this type of experience.</p> <p>Rick gave a brief update on the progress of MMC. He explained that there will be four Preferred Healthcare Providers (PHP) to contract with. MMC will begin in November. Jim asked if YVEDDI is still in a position to participate in MMC. Rick stated “yes”, however, the agency needs to develop a credible plan in order to secure necessary financing. Kathy stated that the first meeting with one of the PHP’s is scheduled for next week. Rick explained that there are also opportunities to participate in MMC through WAP and Meals on Wheels and stated that these opportunities may be greater than CTP.</p> <p>Discussion ended on this topic.</p> <p><b><u>Head Start Itemized Budget</u></b></p> <p>Rick provided the Head Start itemized budget as of February 11<sup>th</sup> for discussion and review. He stated that Head Start is performing very well.</p> <p>There were no questions concerning this topic.</p> <p><b><u>Credit Card Statement</u></b></p> <p>Rick distributed the latest credit card statement for the Committee’s review. He explained that payments to the account had slowed over the Christmas break. Due to this, the statement shows a late payment fee and interest charges. These charges are normally credited back to the account. Mickey asked about the charge for the Starlite Motel. Rick explained that this was payment for a homeless client for one month. Jim asked about the three charges for \$795 for AHA Process. Rick explained that this was training registration for CSBG staff.</p> <p>There were no further questions concerning the credit card statement.</p>
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Agenda Topic	General
Discussion	<p><b><u>Audit</u></b></p> <p>Rick provided a copy of the audited Financial Statements and Supplementary Information prepared by Dixon Hughes and Goodman, LLP for each Committee member. Rick informed the Committee that there were no audit findings. Each Committee member also received a copy of the Report to the Board of Directors. Rick explained that the new audit pronouncements will impact the next audit. Emphasis will be placed on cash flow as well as qualitative and quantitative measures of cash</p>

	<p>flow.</p> <p>Discussion ended on this topic.</p> <p><b><u>Medicaid MC Update</u></b>  This was discussed in conjunction with a previous topic.</p>
<b>Agenda Topic</b>	<b>Transportation</b>
Discussion	<p><b><u>Expenses vs Revenues</u></b>  Jeff distributed a packet of information for the Committee to review and discuss. On page 2, Jeff summarized revenues and expenses for his programs through the end of December. He stated that he didn't see all the same information as Rick. Jeff believed that he was running close to even concerning revenues verses expenses, and that he would end the year with a surplus after restructuring activities.</p> <p>Discussion continued into the next topic.</p> <p><b><u>Restructuring Activities</u></b>  Jeff provided the CTP organizational chart before and after restructuring activities on pages 3 and 4. He provided staff reduction data for 2019 as compared to 2015 as follows</p> <ul style="list-style-type: none"> <li>• Drivers are down from 72 in 2015 to 53 in 2019</li> <li>• Dispatchers are down from 8 in 2015 to 3 in 2019</li> <li>• 6 Reservationists in 2015 is now only 2 schedulers</li> </ul> <p>Jeff began reducing staff in October of 2018. Page 5 of Jeff's information packet listed all restructuring activities which began in February 2018 when the Surry Connector route was reduced to 4 days per week. Additional activities occurred in September, October, and November 2018. January 2019 began more restructuring activities with even more continuing into February.</p> <p>Discussion continued into the next topic.</p> <p><b><u>Public Hearing – Route Reductions</u></b>  Jeff presented a plan to eliminate the Stokes and Surry Connector routes. On pages 7 and 8, he summarized the net cost associated with these routes through the end of December. Jeff proposed eliminating these two routes to reduce expenses for CTP and transferring riders to the demand-response service. Kathy warned the Committee that the community as well as vendors may have negative reactions to the restructuring activities. She advised the Committee members to begin thinking about how they will respond to questions and concerns from the community and vendors. Rick explained that the current AP balance is mainly CTP vendors. This shows that other program funds are not being used to cover expenses for CTP. It is no longer possible to pay CTP vendors every 2 weeks as done in the past.</p> <p>Jeff also provided a copy of the public hearing notice that will be placed in the Winston Salem Journal on Thursday. Jeff asked for a motion to</p>

	<p>recommend the approval of the Stokes and Surry Connector routes elimination to the Board including the public hearing.</p> <p><b>Larry Johnson made a motion to recommend the elimination of the Stokes and Surry Connector routes to the Board of Directors. The motion also included holding the public hearing at the February Board of Director's meeting. Mickey Cartner seconded the motion. After no further discussion, the Committee voted unanimously in favor of the motion, and the motion carried.</b></p>
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Agenda Topic	Other
Discussion	<p>Rick informed the Committee that the Meals on Wheels program wait list will likely grow from here until the end of the fiscal year. He explained that the program had been adding clients from the wait list as other clients dropped off the program.</p> <p>Kathy summarized a major take-away from the meeting. Determining what the agency will look like for July, August, and September is a question that she, nor anyone else has a definite answer for. Jeff questioned the possibility to receive ROAP funds from the Counties earlier than in years past. Larry recommended making a request to the Commissioners of each County to be placed on a meeting agenda to discuss the possibility of disbursing ROAP funds sooner. He also stated that it is best to be present at the Commissioner's meeting to state the case.</p>

Agenda Topic	Adjournment of Meeting
Motion/Second/Time	<b>No motion for adjournment was made as there was no longer a quorum present at the end of the meeting. The meeting was adjourned at 6:40 PM.</b>

Date of Next Meeting: April 9, 2019 at 5:15 p.m.
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<b>Minutes Recorded By/Signature</b>	
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