

EXECUTIVE-PERSONNEL-FINANCE COMMITTEE

**February 23, 2004 - 5:00 p.m.
Michigan High School Athletic Association Office
1661 Ramblewood Drive
East Lansing, Michigan**

M I N U T E S

PRESENT: Gail Mahoney, Chair; Larry Gould; Bob Johnson; Lisa McCafferty; Tom Minter; Bob Showers; Ralph Tillotson; Maxine Vanlerberg

ABSENT: Dan Alonzi; Mary Balberde; Ken Ponds

STAFF: Robin Reynolds, Executive Director; Mary Kronquist, Assistant Director; Gerrie Roeser, Finance Manager; Lori Griffin, Executive Secretary

GUESTS: Michelle Liska, Prevention Partners; Judi Cates, CEI/CSATP; Kathy Davis, Child & Family Services; Rod Macdonald, NCA/LRA; Sara Lurie, PPS

CALL TO ORDER

Ms. Mahoney called the meeting to order at 5:09 p.m.

APPROVAL OF THE MINUTES OF JANUARY 26, 2004

Mr. Showers moved approval of the Minutes of January 26, 2004 as presented. Mr. Minter supported the motion. The motion carried.

APPROVAL OF THE AGENDA

Ms. Reynolds noted there was one addition to the Agenda, under New Business, Item G, Information on Cash Advances.

Mr. Showers moved approval of the Agenda as amended. Mr. Johnson supported the motion. The motion carried.

PUBLIC COMMENT

There was no public comment.

NEW BUSINESS

A. Treasurer's Report for January 2004

Community Grant & PA2

Ms. Roeser began by reviewing the List of Bills to be Approved for January, noting they are reflected in checks 11745 through 11838, and payroll 3900 through 3925, and totaled \$730,758.83. She noted the following: check 11747 to Eldred Carter was for tobacco compliance checks performed; check 11754 to CSII was for prevention capacity building expense, and checks 11797 through 11834 are all payables for last fiscal year. On the Income Statement, Ms. Roeser stated revenues should be at 33.33%, and this month's are 23.56%. She explained that this year's PA2 dollars have not come in yet, and BSAS reimbursements are slow. She continuing by reporting Total Revenue of \$541,181.70 for the month and \$2,005,047.75 year-to-date. Ms. Roeser reported for the CA Administration, Total Expenses of \$62,403.08 for the month and \$278,110.58 year-to-date, which is 30.03% spend down. For PA2 Other, Ms. Roeser noted expenses for the month totaled \$21,700.69, and added these expenses were transferred from the Administrative category. Ms. Roeser reported State & PA2 Funded Sub-Contract's expenses for the month totaled \$629,379.03 and \$2,204,353.44 year-to-date, which is a 32.75% spend down. Ms. Roeser reminded that those showing a zero in the budget column but current amounts are all ABW clients, with the exception of Our Hope and Pathfinders, which are residential pooled funding. Ms. Roeser briefly commented on some out of deviation providers, noting all are being monitored. She continued by reporting Other Subcontracts Expenses of \$47,308.38, resulting in Total Expenses of \$760,791.17, and Net Income of (\$219,609.47) for the month and (\$662,605.17) year-to-date. She reported from the Balance Sheet, Total Assets and Liabilities & Capital of \$4,630,480.85, Turning to the Statement of Cash Flow, Ms. Roeser noted the Beginning Balance of (\$3,045,167.89), Ending Balance of \$3,786,409.38, resulting in a Net Increase in Cash of \$741,241.49.

Ms. Roeser then reported on the Medicaid Bills to be Approved, stating they are reflected in checks 2301 through 2334, and total \$299,526.20. She noted several are for 2002/03 Payables; check #2334 to Summit Pointe was the savings we had for Calhoun and Berrien counties, which they wanted back. On the Income Statement, Ms. Roeser reported Total Revenues for the month of \$341,994.91 and \$844,620.17 year-to-date. For the month, Ms. Roeser reported Total Expenses of \$215,337.34, and \$515,486.19 year-to-date, and Net Income of \$126,657.57 for the month and \$329,133.98 year-to-date. On the Balance Sheet, Ms. Roeser reported Total Assets and Liabilities & Capital of \$505,360.12. Lastly, the Statement of Cash Flow shows a Beginning Balance of (\$385,510.56), an Ending Balance of \$506,882.51, resulting in a Net Increase in Cash of \$121,371.95.

Mr. Showers moved to accept the Treasurer's Report as presented and to recommend its approval to the full Commission. Ms. Vanlerberg supported the motion. The motion carried.

B. Jackson County MPCB Request

Ms. Reynolds stated this request is for \$1,000 of funding for the Jackson County Community Research Institute to keep a single data repository. She added that last year the Commission provided funding for the Community Report Card process in the amount of \$1,000, which is the base line data that the Institute will store and keep updated. She added the staff recommendation is to fund for \$1,000 from the fund balance.

Mr. Johnson moved approval of the staff recommendation to fund the Jackson County Human Services Coordinating Alliance for \$1,000, to be paid from the fund balance. Mr. Gould supported the motion.

Mr. Minter asked if any report or data had been received from last year. Ms. Reynolds stated there is a report and that she would provide a summary of the Community Report Card at the next meeting. Ms. Mahoney stated this was a tri-county effort and what they want to do is update the report card to add the other counties and to keep it continuously updated.

C. Lenawee County MPCB Request

Ms. Reynolds reported this is a new request for funding and would help pay for consumer participation and training related to the MPCB. The MPCB does not collect dues. She added the staff recommendation is to approve funding in the amount of \$800 paid from the local fund balance.

Mr. Gould moved approval of the staff recommendation to fund the Lenawee County MPCB for \$800, paid out of the Mid-South fund balance. Mr. Johnson supported the motion. The motion carried.

D. Revised Audit Guidelines

Ms. Mahoney stated that what was provided in the packets is clear, that our Audit guidelines need to be changed due to the Feds changing. She reported the Single Audit Threshold has increased from \$300,000 to \$500,000, plus additional funding limit audit changes are being proposed. She further stated the Commission's auditor, Foote and Lloyd, worked with the staff in proposing these changes.

Mr. Minter moved the staff recommendation for approval of the Revised Audit Guidelines. Ms. Vanlerberg supported the motion. The motion carried.

E. Executive Director Evaluation Information

Ms. Mahoney stated the annual evaluation is late. Ms. Reynolds stated the Board needs to determine how the evaluation will be done, noting that in the past, some members of the Commission may have felt left out of the process since the Executive Committee is charged with conducting the evaluation. She handed out her goals and objectives from the last evaluation showing which were completed and which were not, and the evaluation form. Ms. Mahoney

stated her recommendation as Chair is to provide all materials to every Commission member for them to complete, completed forms being returned to her for compilation, with the Executive Committee reviewing and making a recommendation to the full Commission at the

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March meeting. Mr. Gould questioned what would be provided to new members. Ms. Mahoney responded everyone will be provided with the same packet, and new members can complete as much as they feel comfortable doing. She also noted that in the Opportunity for Comments, all will go to the Director as feedback, even if there is no numerical score tied to them. Ms. Mahoney stated her desire to have the forms returned to her within the next two weeks and by the next meeting, all will be compiled and a recommendation forthcoming at that time.

F. CEI/CMH 2003 Supplemental Funding Subcommittee Update

Ms. Reynolds reported this meeting has been scheduled, and that she is currently waiting further information from the program; some was received just today. She stated CEI is asking for \$110,000 which they maintain is for claims not reimbursed/uncompensated care.

G. Cash Advance Update

Ms. Reynolds stated that, although not yet received in writing, the CA's were informed at the last MASACA Meeting that all cash advances will have to be repaid by October 1, 2004 (no two year pay back). She added the CA's will be given two months of payment in October, and the state will meet with the CA representatives to determine how much that payment and subsequent monthly prepayment will be, and the cash advance will be deducted from the October/November payment. Ms. Reynolds stated this situation continues to be problematic for NCA/LRA, who could cease to operate if they have to repay their cash advance by October 1, 2004. She reported they still owe \$108,500 and even if the payback per month was lowered to 1/8th, that is \$13,000 per month, which they can't handle. She added the question is what to do. Possibilities include extending them over two years and paying back their advance with Ingham County PA2 dollars, which would equate to approximately \$88,000. Ms. Reynolds noted there is approximately \$117,000 remaining in the Ingham County fund, and using such a large amount would leave little for other programming use. Mr. Gould noted that if the program did close, payback would be the Commission's responsibility, and we would assume any assets if they liquidate. Ms. Reynolds reported that the program did receive a supplemental payment from the Commission of \$81,000 in 2000, which they did not have to repay. In response to Ms. McCafferty's question on the audit, Ms. Reynolds responded it shows a deficit every year, and the program continues to ask for early checks each month to make their payroll. She added they have been exploring ways to improve their cash flow, they have a revolving line of credit, but most likely couldn't get a bank loan. She added that all programs are have some degree of difficulty in paying this advance back. Program have lived hand-to-mouth each month for a long time. Although NCA/LRA appears to be the only program who is experiencing this degree of problem and is at risk of closing their doors.

Mr. Macdonald commented, stating he had been working for three years to resolve this situation. He noted expenses have been reduced every year, but they can't keep pace with the reductions in revenue experienced. He stated the program is taking a cut from Ingham County funding this year, as well as a 15-22% cut in their United Way budget, and expenses will be appropriately

reduced from these cuts. He further stated that approximately \$95,000 in staff costs have been saved this year, which is as low as he can go. He added this year's budget shows they will be slightly in the black for the first time in years, however this not take into consideration the paying back the Mid-South advance. Ms. Reynolds stated that over the last 8 to 10 years there has been a decline in other funding sources coming in to providers, and more and more have had to rely on our funding to support their programs. Mr. Macdonald also stated a lot of his business with GM was lost with the onset of Managed care, and that his agency has a union.

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Ms. Mahoney stated a recommendation will need to be made next meeting in order to make a decision as a Board on how to handle this situation. Mr. Johnson said the Ingham County Board of Commissioners should be involved. Mr. Minter stated the issue is a double-edged sword; an immediate solution with the use of PA 2 dollars, which would leave very little margin of error for other providers, plus the viability of having any dollars loaned paid back. He suggested an Ad Hoc Committee be established to look closely at this issue. He also noted it would be appropriate for the Commission to hear from Mr. Macdonald on possible consequence if Holden House and Glass House were to close. Ms. Reynolds stated she would prepare a more in-depth analysis for a sub-committee to review, with the goal having information back to the Executive Committee in March.

OLD BUSINESS

Mr. Gould announced that due to inclement weather, he and Mr. Tillotson were unable to attend the January meeting, so they are announcing today that they are switching Committee assignments; Mr. Gould to Program Development Committee and Mr. Tillotson to Executive-Personnel-Finance Committee, effective immediately.

PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

The meeting adjourned at 6:10 p.m.

