

Finance Committee
Meeting Highlights
April 11, 2017

FINANCIAL POLICY AND PROCEDURE REVISION

Rhonda Pellicano, *Finance and Administration Director*, presented to the Committee a revision to Appendix P (Procedure for Individual/s Receiving Service Funds) of the Financial Policy and Procedure Manual. The change would increase the amount of cash on hand for personal expenditures for residents in our group homes and supervised apartments from \$30 to \$50. A motion by the Committee recommending the Board approve the revision to Appendix P as presented by staff was unanimously approved.

FEBRUARY FINANCIAL REPORT

Nancy Cronin, *Financial Analyst*, presented to the the February 2017 Financial Report. As of February 28, 2017, Fiscal Year (FY) 2017 revenues of \$27,853,939 are \$3,577,019 or 14.73% more than the same time period in the prior year. Expenses of \$23,912,362 are \$1,924,989 or 8.75% more than FY 2016. The net revenue of \$3,941,577 is \$1,652,029 or 72.16% more than FY 2016.

Executive Director Ron Branscome announced that the Department of Veterans Services (DVS) will not be renewing the Memorandum of Understanding with RACSB beginning July 1, 2017 to serve as the Fiscal and Hiring Agent for the Virginia Veteran and Family Services (VVFS) program in the Northwest Region of Virginia. The DVS has decided to directly operate the VVFS program in FY 2018. As a result, the employment of the six (6) RACSB staff working under the VVFS program will be terminated due to a reduction in force effective June 24, 2017. Mr. Branscome said RACSB will also lose \$17,789 in administrative overhead fees associated with serving as the fiscal and hiring agent for the VVFS program. The employees currently working in the VVFS program will have the opportunity to apply for positions with the Department of Veteran Services as well as open positions with RACSB. A motion by the Committee recommending the Board approve the February 2017 report was unanimously approved.

FEBRUARY 2017 FINANCIAL TREND REPORT

Nancy Cronin, *Financial Analyst*, presented to the Committee year-to-date revenue and expense trends in each of the major program areas as of February 28, 2017 for Fiscal Years 2015 to 2017. She indicated inter-department transfers and capital projects are not included in the report. The report provided graphs for the individuals served, revenue, expenses, and net revenue.

The Committee unanimously approved recommending the Board approve the February Financial Trend Report as presented by staff.

FEBRUARY 2017 INVESTMENT REPORT

Rhonda Pellicano, *Finance and Administration Director*, presented to the Committee a Summary of Cash and Investments by Depository for February 2017.

Total investments through February 28, 2017 were \$19,940,099. This amount is 3.02% higher than the previous month and 36.42% higher than the previous year. A total of \$19,910,110.92 or 99% is deposited at Union Bank and \$29,989 in the Local Government Investment Pool (LGIP). A motion by the Committee recommending the Board approve the February 2017 Investment Reports as presented by staff was unanimously approved.

FEBRAURY 2017 REIMBURSEMENT REPORT

Rhonda Pellicano, *Finance and Administration Director*, Pellicano presented to the Committee a report of fee collections for February 2017.

Total reimbursements through February 28, 2017 were \$16,238,151. This amount is \$2,207,253 or 16% higher than the previous year. Through February 2017, fee collections were at 101% of budget.

The Committee unanimously approved a motion recommending the Board approve the February 2017 Reimbursement Reports as presented by staff.

MID-YEAR WRITE-OFF REPORT

Rhonda Pellicano, *Finance and Administration Director*, presented to the Committee the Mid-Year Write-Off Report. As of December 31, 2016, RACSB wrote-off service charges in the amount of \$3,222,647.92. This is \$422,257.27 higher than the same period last year. This report does not include contractual write-offs with insurance payers. The report provided a break-out by locality.

Mrs. Pellicano said the largest write-off amount is for financial assistance in the amount of \$1,119,403.48. She also noted that billing for Intellectual Disability Residential Services has changed due to the Waiver Redesign. This has resulted in a significant increase in write offs compared to the previous year related to Maximum Units/Benefits Exceeded.

Mr. Branscome said that RACSB cannot turn away individuals with Medicaid. As an example, he cited Medicaid recipients from Westmoreland County receiving child psychiatry services at the King George County Clinic.

FEBRUARY 2017 OPEB TRUST FUND REPORT

Rhonda Pellicano, *Finance and Administration Director*, presented to the Committee the Other Post-Employment Benefits (OPEB) Report for February 2017.

The February 2017 OPEB cost value is \$1,031,897.76, which is \$77,277.76 or 8% more than the total investments of \$954,620. As of February 28, 2017, the market value is \$1,601,906.53 or 65% more than total investments. The market value variance increased by 1.8% from the prior month.

A motion by the Committee recommending the Board approve the February 2017 OPEB Trust Fund Report as presented by staff was unanimously approved.

FEBRUARY 2017 HEALTH INSURANCE ACCOUNT REPORT

Rhonda Pellicano, *Finance and Administration Director*, presented to the Committee the Health Insurance Account Report for February 2017. As of February 28, 2017, the account

balance totaled \$1,550,043.05. The year-to-date premiums deposited into the account totaled \$1,896,690.80.

The Committee discussed a safe balance for the account. Mrs. Pellicano provide a historical review with the average and highest monthly claims.

The Committee unanimously approved recommending the Board approve the February 2017 Health Insurance Account Report as presented by staff.

CLINIC CASH AUDITS FOR JANUARY AND FEBRUARY 2017

Kelly Young, *Internal Auditor*, presented to the Committee the Clinic Cash Audits for January and February 2017.

All clinics completed daily reconciliations and no errors were noted.

FY 2017 INTELLECTUAL DISABILITY GROUP HOME SPENDING AND INVENTORY AUDITS

Kelly Young, *Internal Auditor*, presented to the Committee the results of the annual Personal Spending Fund and Client Inventory audits for FY 2017. All of the ten (10) group homes have been audited at the time of this report.

Overall, cash is being securely stored; spending logs are completed with necessary receipts of documentation; and the funds balanced to the amount on the log.

Ms. Young noted the following areas requiring attention: client fund balances exceeding the \$30.00 limit without approval; wrong amounts recorded in spending logs; and lack of current Client Inventory Logs.

Ms. Young said that moving forward this audit will be completed twice a year. Additional audits will be conducted should issues be identified by staff.

Mr. Zurasky suggested a minimum dollar threshold be established for items.

FEBRUARY AND MARCH 2017 REPRESENTATIVE PAYEE AUDITS

Kelly Young, *Internal Auditor*, presented to the Committee the Representative Payee Audits for February and March 2017.

It was noted that 7% of accounts had at least one (1) audit finding for February, which was down from 15% in December 2016. A total of 10% of accounts had at least one (1) audit finding in March 2017.

Mr. Branscome stated that RACSB is recognized by the Social Security Administration as an Institutional Representative Payee due to the large number of individual accounts maintained by our agency.

Ms. Yaun requested future reports include a corrective action plan.

MARCH 2016 CAPITAL PROJECT UPDATE

Rhonda Pellicano, *Finance and Administration Director*, provided the Committee with updates on Capital Projects. . She reported that projects totaling \$3,478,573 are underway or planned for

Fiscal Year 2017. As of March 31, 2017, \$998,056 has been expended on capital projects. Mrs. Pellicano reviewed projects that are in progress, completed, and on hold.

CONSTRUCTION PROJECT UPDATES

Executive Director Ron Branscome provided the following construction project updates:

- **Wolfe Street ICF Expansion/Renovation:** A settlement agreement has been reached with Eastern Construction Company. RACSB has agreed to pay Eastern the balance of funds remaining in the construction contract totaling \$97,174.56. Payment of this sum is subject to Eastern working out settlements with all subcontractors on the project and providing RACSB with full and final releases of their claims.
- **Rappahannock Adult Activities - 750 Kings Highway:** Work on Phase III is complete and planning for Phase IV to renovate the office and reception area began last month.
- **401 Bridgewater Street Renovation/Addition:** Field Report #11 from March 9, 2017 was distributed. The project is complete and the PACT program has moved into the facility.
- **River Club Property Purchase:** The purchase contract has been extended until May 31, 2017 contingent upon the owner securing an easement for electrical service and the fire suppression system. Additionally, an easement from the church is needed for a sidewalk next to the building. Mr. Branscome said some progress has been made since last month.

RAAI BUDGET SHORTFALL

Joe Wickens, *Community Support Services Director*, Wickens presented to the Committee a projected budget shortfall at Rappahannock Adult Activities (RAAI) in the amount of \$446,000 for FY 2017. The shortfall is the result of the new Medicaid Waiver Redesign system that went into effect on September 1, 2016. Mr. Wickens said the new hourly reimbursement rate is less than the previous unit rate that was used to develop the FY 2017 Budget. Additionally, RAAI is serving nine (9) less individuals than anticipated in budget projections.

Mr. Wickens reviewed the following actions undertaken to offset the projected deficit: reducing personnel expenses through the abolishment and freezing of positions; increasing utilization of the community engagement service, which has a higher reimbursement rate; and terminating leases for two (2) off-site facilities (Twin Lakes and Christ Church) effective June 30, 2017.

RAAI anticipates receipt of a grant funds from DBHDS in the amount of \$167,000 this year, which will help reduce the deficit.

Moving forward, Mr. Wickens stated the staffing structure will continue to be modified to reduce personnel expenses and the hours of community engagement will be increased. He anticipates a deficit in the amount of \$80,000 for FY 2018.

Mr. Wickens said RAAI needs to market its services as there are now new private day support providers in the community.

Meri Brooks-Payne, *Day Support Coordinator*, reminded the Committee that RAAI provides excellent community-based services. Many of the individuals served are medically fragile or have significant behavior challenges, which limit their ability to be successful in the community for long periods of time.

Mrs. Brooks-Payne stated that the Waiver Redesign encourages providers to serve individuals in non-segregated settings. As a result, the greenhouse at 750 Kings Highway does not meet the definition of non-segregated setting because it is located on the grounds of the Harper A.

Gordon Building. Mrs. Brooks-Payne said she is building relationships within the community to foster greater integration. She provided an example of taking individuals off-site to participate in a class instead of having the instructor come to the day support program building.

Mr. Zurasky encouraged additional advertising of services through a marketing campaign as well as a reconsideration of facility use.