### Finance Committee Meeting
October 25, 2016

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<td>Call to Order</td>
<td>Russell Jones, Finance Committee Chair called the meeting to order at 5:30PM at the Administrative Offices of Developmental Disability Services of Jackson County - eitas located at 8511 Hillcrest, Kansas City, Missouri.</td>
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<td>Financial Reserves</td>
<td>Russ Jones, Finance Committee Chair opened the meeting by continuing the discussion of Developmental Disability Services of Jackson County - eitas financial reserves. Mr. Jones distributed a paper titled <em>Identifying and Analyzing Financial Risk</em>. A concentrated outline of that paper is shown below. Finance Committee members followed this outline in a open discussion.</td>
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**Identifying and Analyzing Financial Risk**

I. Process developed by the Government Finance Officers Association for considering the establishment of reserves as a hedge against uncertainty and loss, simplified to take into account eitas’ size and limited operations.

   A. Identify financial risks
   B. Assess risks using a “Triple A” approach
   C. Determine appropriate reserves for managing risk

II. Identifying Financial Risks

A. Revenue-related risks.
   1. Revenue-related risk identified by Mr. Jacobs
      a. Tax levy dollars are our most secure source of funding. In turn though, they are
### Financial Reserves

**Continued**

Designated to be used for supports through providers and our transportation services. They are also used to pay for a portion of Administrative and operational costs.

b. Medicaid revenue from TCM services is dependent on our SC staff billing for all the services they provide and upon the rate we are paid for those services. Missouri rates are currently under review. As a result, DMH has instituted a statewide cost report process that all TCM providers have to participate in. Data will be collected and averaged-out across the state to see what rate our costs justify.

c. The new Medicaid rule on conflict of interest could potentially affect income generated by support coordination and/or transportation, as the rule says we cannot provide both to those services to the same person.

#### B. Expenditure Related Risks

Per the GFOA, expenditures of a recurring nature should not be addressed through the use of reserves, since reserves do not represent a sustainable source of funding for recurring expenditures.

1. Expenditure-related risks identified by Mr. Jacobs.
   a. Expenditures obviously fluctuate based upon a variety of causes.
### Minutes

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#### C. Other financial risks

- a. If the minimum wage waiver enjoyed by sheltered workshops were eliminated by law, the workshops could come to eitas for needed additional funding.
- b. Many uncertainties approaching with the upcoming election. Until we know whom is elected we will not know how the needs of developmental disabilities/mental health will fare.
- c. All SB40 entities are subject to legal challenges to their statutory authority to engage in certain activities.
- d. If eitas were to expand its services so that it ceased to have a large unrestricted fund balance, the liquidity might merit classification as a risk factor.

### III. Triple-A approach to risk assessment.

- A. Accept
- B. Assess
- C. Augment
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| Financial Reserves Continued | Following the discussion on reserves, Earlene Clayton, Fiscal Manager presented highlights of the August 2016 unaudited financial report.  
Highlights for August 2016 Uneaudited Financials:  
- Operating Cash balance at the end of August was $5.9M  
- Total Investments at the end of August were $2.0M  
- Total Liabilities at the end of August were $3.5M  
- Operating revenues for August were over $1.2M  
- Net operating income for August was $93,546  
- Afternoon depreciation, net income for August was $31,324  
Ms. Clayton closed her report by sharing that 2015 Estimated Taxes Receivable were all collected at the end of August. Since the balance in that account is -0-, there is nothing further to report to the balance sheet. | Information |

| New Business | None.                                                                 |                                                                 |
| Old Business | None.                                                                 |                                                                 |
| Public Comment | None.                                                                  |                                                                 |
| Adjournments  | There being no further business the meeting was adjourned at 6:00PM. |                                                                 |

Respectfully submitted, Staff