

minutes

Finance Committee/ Citizen Board Oversight Committee		
9.17.2018	12 Noon	Conference Call
Committee Chair	Heath Kahrs	
Attendees	William Foley, Don Fulton, Anthony Pullella, Bob Hill, Kenneth Gatson, Heath Kahrs	

I. May Finance/CBOC Meeting

No questions, comments or changes. Meeting notes approved.

II. Financial Reports

- a. Discussed June year-end financial reports; year finished better than budget as anticipated.
- b. Discussed July and August financial reports.
 - i. DMA is operating off of a preliminary budget as we await the final September 30th unit counts before finalizing.
 - ii. Currently at 16.67% of the budget year. We received 51.6% of our anticipated revenues (due to up-front state funding). Expenses are at 25.6% of our annual budget through two months due to the up-front debt service payments. If debt service was prorated evenly, we would be at 16.40% of our annual.
 - iii. Variances noted in the August financials were generally reasonable and as expected.
 - iv. Salaries were at 19.2% versus 14.9% in the prior year – mainly due to 3 payrolls in August of current year versus 2 payrolls in August of prior year. Thus, no concerns.

III. Audit

- a. Independent Auditors (Barbacane and Thornton) are in the process of wrapping up and finalizing the audit for Draft issuance purposes. New field staff and learning curves by auditors naturally caused the process to extend a little longer – no issues though. Draft reports (audit and management letters) will be provided to the finance committee shortly for review prior to issuance to the full Board. Barbacane and Thornton will do a full presentation of the financials to the Board thereafter.

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- b. One more year left on three-year contract with Barbacane and Thornton. Finance Committee is very pleased with auditors but recognizes and agrees that the audit should be put out to bid after the last year is fulfilled for due diligence purposes. That process should be done sometime between November of 2019 and February 2020.

IV. Standard and Poor's Ratings (S&P)

- a. The required S&P annual rating process (in conjunction with our outstanding bonds) has been completed. We were rated a BBB- with a negative outlook in the prior year. In the current year, we were rated a BBB- with a stable outlook. This is an upgrade over the prior year outlook.
- b. The annual rating does not really have any effect on the organization from a financial perspective unless DMA was going to go back out to market for new bonds (then it would have an effect on the interest rate we could obtain). The eventual refinancing through the USDA is not affected by this. The one thing that the ratings could have impact on is donor perception in regards to strength of the organization.

V. Other Matters

- a. Brief discussion occurred as to status of Field Project and Cost in relation to initial estimates (original project was anticipated to be in \$2,250,000 range with \$2,000,000 being donor committed already. Anthony and Ken indicated that ground has not been broken yet and there is an upcoming meeting on 9/18 to discuss the delays and cost estimates. Therefore, no financial updates at this point.