



Audit-Finance Committee Meeting
Monday, May 20, 2024 - 6:00 pm
via Zoom

MINUTES

Committee Members Present: Alfred Mae Drakeford (Chairman), Wayne Hancock, Kevin Johnson, Jim McCain, Vivian McGhaney, Dwight Stewart

Committee Members Not Present: Katie Guinn, David Weeks, Earl Wilson

Guest(s): none

Staff Present: Areatha Clark, Dennis Cyphers, Quentina Gregg, Linda Jackson, Rachel Katorkas

1. **Welcome and Call to Order** - Chairman Alfred Mae Drakeford called the meeting to order at 6:03pm.
2. **Invocation and Pledge of Allegiance** - Chairman Drakeford provided the invocation and Mr. Jim McCain led the Committee in the Pledge of Allegiance.
3. **Determination of Quorum** - Chairman Drakeford verified that a quorum was present.
4. **Adoption of Agenda** - Chairman Drakeford entertained a motion to approve the agenda. The motion was made by Mr. McCain and seconded by Mr. Dwight Stewart. All were in favor and the motion passed unanimously.
5. **Adoption of Previous Meeting Minutes** - Chairman Drakeford entertained a motion to approve the previous meeting minutes from February 1, 2024. A motion was made by Mr. McCain and seconded by Mr. Stewart. All were in favor and the motion passed unanimously.
6. **Presentation of Budget Proposals** - Rachel Katorkas presented an overview of the budget documents. Each budget document has a revenue and expense summary that compares the proposed budget with the last budget and a breakdown of the budget by fund in the back. The budget amendment for the current year has a justification with details about which items are being adjusted and why. The budget for the next fiscal year has a justification with details about each line item, as well as the general framework for the budget. Santee-Lynches' budgets are prepared based on what is known at the time of preparation. Estimates that are used are typically based on current funding allocations and/or trends in spending and reimbursement levels. The budget for the next fiscal year uses conservative revenue projections.

Mrs. Katorkas then presented an overview of the proposed FY2023-2024 Budget Amendment. There is an increase in total revenue of over \$1m from what was anticipated when the original budget was prepared in the Spring of 2023. For many programs this is because of changes in expected grant awards and increases in spending for some programs, such as the HOME program and Family Caregiver program. We also had some new technical assistance projects that were not included in the original budget, and two new grants: one from SC Emergency Management to create the regional hazard mitigation plan, and a capacity building grant from Southeast Crescent Regional Commission. We also

expect to earn more interest on our funds in the SC Local Government Investment Pool than originally estimated. There is an increase in staff salaries and fringe costs due to changes in job descriptions as well as to encourage recruitment and retention. There are 24 full-time positions included in the budget. The HOME program has had a significant increase in assistance provided. That can be seen in the budget increase for HOME Rental assistance and Home Rehabilitation. It also accounts for most of the increase in the Contractual Services budget because of the required inspections of the properties before assistance can be provided. Also included in the increase to Contractual Services are the estimated costs for temp services to staff our Admin Department, as well as to assist in the move of the main office from Corporate Way to Broad Street. A new line item was added to the budget amendment for the Bad Debt expense incurred this year. That was a little over \$6k. The cost to purchase the property at 140 Main Street was not included in the original budget, so it is also included in this budget amendment. Government Services is projected to need about \$218k of local funds to support its projects and programs (in addition to the required match on grants), while HHS will need about \$2,400 due to the bad debt. In Workforce Development, the actual funding allocations Santee-Lynches received for the year were higher than expected, so those programs will not have to be supplemented by local funds. The projected change in Fund Balance is a negative \$588,744. If Santee-Lynches had not purchased the building, the change in fund balance this year would have been a positive \$84k.

Chairman Drakeford asked for information about the bad debt, and Mrs. Katorkas noted that it was money that Clarendon County Council on Aging owed Santee-Lynches after its contract was terminated. Chairman Drakeford asked if we will need to raise membership dues. Mrs. Katorkas recommended that the Committee should evaluate that in the future, to create a building fund or other capital investment fund and to grow the fund balance.

Mrs. Katorkas also presented an overview of the proposed FY2024-2025 Budget to the Committee. There is an increase of \$100,000 in State General Assembly Funds that we expect to receive next year. There is also an increase to Service Contracts for HHS as we expect to begin the Veterans Directed program by July. Revenue for Workforce grants is estimated lower than in the current year because we try to budget conservatively. Santee-Lynches has not yet received a notice of allocation for next year, however, staff have learned that overall WIOA funding for South Carolina will be about 3% less than this year. Because of that staff have included a 3% decrease to the estimates for new funding. Overall revenue is estimated to be about \$50k less than the current year. Budgeted staff salaries and fringe costs are higher than in the budget amendment. These estimates include 25 full-time positions with the expectation that the COG will be fully staffed for the entire year. It includes an additional position in HHS, an allowance for merit-based salary increases, and anticipated increases to fringe costs. A large decrease is expected to Contractual Services costs in the coming year, primarily because the need for inspection services for HOME will decrease dramatically as we begin to wind down the TBRA program. Government Services is projected to need about \$175k of local funds to support its projects and programs (in addition to the required match on grants). Workforce Development is projected to need about \$57k of local funds. The projected change in Fund Balance is a positive \$260k.

Chairman Drakeford asked if staff would have the allocations for Workforce and Aging before the start of the new fiscal year in July. Mrs. Katorkas stated that many of them we would not have by then, but she will keep the Board updated. Mrs. Katorkas also noted that in Workforce Development, Santee-Lynches usually received additional grants during the year from SCDEW that are not part of our main funding streams there. Because we don't know what those will look like if received, they were not included in the budget. Mr. Dennis Cyphers added that Ms. Areatha Clark and her staff have done a really good job over the past few years of supplementing what we get through additional grants. He also stated that some of the decreases in Government Services revenue projected should be covered by additional Technical Assistance agreements that have not been signed yet.

7. **Executive Director's Report** – Mr. Dennis Cyphers noted how the financial picture for the current year has improved, when comparing the figures without the building purchase factored in. The figures in the budget for the new fiscal year are conservative, but staff are constantly on the hunt for funding and we expect those revenue amounts to increase. The 3% decrease to Workforce funding is speculative, as we

don't know how much our region will receive once the state's funding goes through the funding formula.

Mr. Cyphers stated that we will need to look at a membership dues increase next year. He would like for a Capital Investment Fund policy to be developed so that there is a plan in place for applying the membership dues increase. Staff will work to create that policy to bring to the Committee for review.

Regarding the new Veterans Directed program that was previously mentioned, Mr. Cyphers noted that Mrs. Katorkas' projections were conservative. We previously handled that program a few years ago and covered a 12-county region. In the new deal that Mrs. Janae Stowe has been working on, Santee-Lynches would cover most of the counties in South Carolina, except for Charleston, and some territory in North Carolina. We expect to be working with 3-4 times the clients we were working with previously.

Mr. Cyphers stated once again that there are a lot of additional contracts expected, which will have a big impact on revenue for the coming year.

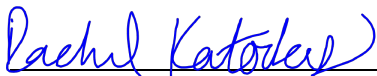
Chairman Drakeford reminded the Committee that Board Chairman Sammie Tucker tasked the Committee with developing a Capital Investment Fund.

Mr. Wayne Hancock asked if Mr. Cyphers is comfortable with the current staffing level in place to handle the amount of work that's coming in (such as the SCIIP projects). Mr. Cyphers answered in the affirmative and stated that we have cross-trained staff for this purpose.

8. **Chairman's Remarks** - none

9. **Adjournment** - The committee meeting adjourned at 6:40pm.

Respectfully Submitted,



Rachel Katorkas