

## **Finance Committee Meeting**

*December 12, 2013*

### **Call to order and Attendance**

Victoria Daniels, Chair called the Finance Committee meeting to order at 3:02 pm central. The roll of the Committee was called and a quorum was established with the participation of Chair Daniels, Peter McVay and Diane Hardt. Absent were Senator Curt Bramble and Amy Oneacre. Craig Johnson, SSTGB Executive Director was also present.

- **Review and Approval of 1<sup>st</sup> Quarter FY2014 Financial Report**

Chair Daniels reported the details of the 1<sup>st</sup> Quarter FY2014 Financial Report. In comparison of the FY2014 budget and the 4<sup>th</sup> Quarter actual FY2013 Budget under Income and State Member Dues Payments, the actual was \$680,618. Some of the membership dues came in after September 30, 2013 and are not reflected in the 1<sup>st</sup> Quarter Financial statement. Craig Johnson confirmed that the remaining amounts had been collected and deposited.

Investment Income - Reflects a negative 37% of the amount budgeted. This is due to the fact that it is also the line item to which the bank fees are charged. Chair Daniels noted that Craig Johnson had researched the fees and contacted Wells Fargo Bank to determine what the fees are for and it does not look like we are getting anything in return for these fees. Mr. Johnson said every month there are bank charges titled Client Analysis Service Charge which vary from \$50.00 to \$200.00. He asked Wells Fargo for an explanation and they said this account was acquired by Wells Fargo due to a merge with Wachovia Bank. The fees were charged on the old account and Wells Fargo has continued the fees. He asked what we get in return for paying those fees and they could not provide him an answer. He has inquired about other Wells Fargo business accounts available. There are other possible accounts where the fees may be waived. He stated that he wanted to make sure that the Finance Committee was in agreement with the aforementioned bank account changes before going ahead. The Committee members agreed that it would be a good idea. Mr. Johnson said he would speak with Carol Faulb, the accountant about not including the offset of the bank fees in the Investment Income line item as he felt that should be allocated to a separate line item. Chair Daniels and Peter McVay agreed to the line item change as well.

Mr. Johnson indicated that there is also another account set up through Capitol Bank in Nashville near the old office. He is looking into the possibility of moving that account to a bank located near the Westby office headquarters. He asked if there were any concerns from the Finance Committee if he made this move. The Committee agreed to move that account to Westby.

Fund Audit – Chair Daniels asked about the fund audit line item noting that we had already spent 41% of that line item. Mr. Johnson explained that the amount reflected in the 1<sup>st</sup> quarter is a matter of timing. We won't be paying any more toward the outside audit other than a small balance that may have been paid early in the second quarter until we make the

deposit for the audit again for next fiscal year. The audit typically costs about the same from year to year. Craig Johnson said in FY2013 a deposit was made to handle the fund audit. Part of the cost was paid in FY2013 and the balance paid in FY2014.

Total Expenses & Surplus/Deficit – Chair Daniels said it seemed concerning that there is a deficit versus the amount shown for 1st Quarter actual. Mr. Johnson explained that if you look at the total expenses budgeted in FY2014 and the amount actually spent it comes to only 19% of the amount budgeted. Since we are one quarter of the way through the year, you would expect it to be about 25%. Therefore it shows that we are not spending as much as we could if the expenses were incurred evenly throughout the year.

Diane Hardt pointed out that an RFP for the Central Registration System is in process. Very little was spent in the 1st Quarter and that could change in the future. Mr. Johnson said we have obtained Governing Board approval for about \$60,000 toward the central registration in FY 2014 and about another \$100,000 in the FY2015 budget. Therefore we are going forward with getting the RFP completed and some bids on the Central Registration System update.

Peter McVay made a motion to approve the 1<sup>st</sup> Quarter Financials for FY2014. The Committee roll was called and the motion was approved unanimously.

- **FY2013 Fund Audit**

Chair Daniels reported the overall FY2013 audit results which confirmed that the financials reflect the actual financial position of the Governing Board. Craig Johnson said he had emailed the Executive Committee members with a pdf report file. The auditor's conclusion was that the financial statements reflect the financial position of the Governing Board. There were no questions or comments.

- **Old Business**

None

- **New Business**

None

- **Adjournment**

With no further business Diane Hardt made a motion to adjourn the meeting at 3:20 pm central. The motion was approved on a voice vote.