

**Audit and Finance Committee
Minutes – APPROVED
February 25, 2020 – 3:30 p.m.
Town of Ithaca**

Present: Mack Cook, Steve Thayer, Rordan Hart, Bud Shattuck, Olivia Hersey, Eric Snow, Peter Salton, Jason Cole
Excused: Laura Shawley
Staff/Guests: Elin Dowd, Executive Director; Rick Snyder, Tompkins County Deputy Finance Director; Robert Spenard, Locey and Cahill; Michelle Cocco, Clerk of the Board

Call to Order

Mr. Cook called the meeting to order at 3:32 p.m. He introduced and welcomed Jason Cole who was recently appointed to serve on the Committee.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes of January 28, 2019

It was MOVED by Mr. Thayer, seconded by Mr. Salton, and unanimously adopted by voice vote by members present, to approve the minutes of January 28, 2020 as submitted. MINUTES APPROVED.

Executive Director Report

Ms. Dowd reported on the presentation given by the Consortium to the Tioga County Council of Governments. She said it went very well and generated a lot of questions and interest. Marketing material that was created for this along with other marketing information is now being maintained by the Consortium to use going forward. She commented that Greg Pellicano from Seneca County and Al Fulkerson of Spencer also spoke at the meeting and provided very good comments. She said she may be reaching out to current Directors as presentations are being scheduled in other areas.

Ms. Dowd reported Brittni Griep has accepted a position in the County's Clerk of the Legislature Office and recruitment efforts have begun to fill the Administrative/Computer Assistant position. She expressed appreciation to Tompkins County for helping the Consortium in the transition and said Brittni will be attending meetings and helping as needed until the position is filled.

Ms. Dowd called attention to a new report included in the agenda packet that lists expenses by vendor that have been paid as opposed to the previous process of including each invoice in the agenda packet. Mr. Salton requested additional detail be added to the report providing a brief explanation of services provided.

Financial Report

Mr. Spenard presented financial information through January 31, 2020 and said medical premiums were slightly above budget and interest income was slightly above budget. Medical paid claims were 6.2% below budget and prescription paid claims were also below budget by 4.4%. Total expenses were 7.3% below budget. He noted the data is for only one month; therefore, it is too early to draw any conclusions.

With regard to rate stabilization Mr. Spenard said there was discussion of raising the number to 7.5% but that number has not yet been amended. Ms. Dowd said the Board of Directors adopted a resolution changing that number from 5% but there needs to be discussion of how that will be funded. Mr. Spenard will add a footnote to the document to reflect that action with a note that how it will be funded is still being looked at. He will provide members with a revised spreadsheet.

Large Loss Report

Mr. Spenard reported in 2019 there were 46 claims over \$100,000; 14 above \$200,000, 3 above \$300,000, 2 above \$400,000, and one above \$500,000. The one individual with claims above \$500,000 is the lasered individual and has claims nearing the \$1 million level. In terms of other high claims the next highest claimant has \$410,000 in expenses so they are still below the deductible of \$600,000. Mr. Spenard reported on 2020 claimants and said there are no claimants that have reached the \$100,000 threshold to date.

Accounts Receivable

Mr. Snyder reviewed the accounts receivable Aging Summary report as of February 10, 2020. He noted that many of the municipalities listed as being 30 days late on payment is due to the timing of municipal board meetings and other minor issues. Mr. Cook asked at what point the Committee will discuss the late payments by TC3. Mr. Snyder said both Tompkins and Cortland Counties advanced funds to allow the College to make payments in December to allow them to make payments by year-end. Tompkins County's Government Operations Committee will be hearing a report next month from the TC3 Finance Director on the College's budget.

Mr. Shattuck shared Mr. Cook's concern and said for the last two to three years there has been an inconsistent payment history and although TC3 has had an improved payment history for the last six months it was because they received help with their cash flow.

Mr. Snyder was asked to provide an update this meeting on TC3's presentation to the County.

Jurat Calendar

Mr. Snyder reviewed the schedule for preparation and submitting the annual financial filing to the Department of Financial Services and said the auditors will begin their work on the Consortium's financial records on March 23rd.

Rate Stabilization Reserve Policy

Mr. Hart said every year during the budget process comments are made relating to how excess fund balance may be returned to municipalities and thinks the Consortium could establish a fairly straight-forward policy to do so. He said he agreed with comments contained in a letter from Mr. Barber and would like the Catastrophic Claims Reserve increased to \$6 million for the next budget year and to also increase the Rate Stabilization Reserve from 7.5% to 10%. He thinks taking these actions and the 18% target fund balance into consideration, it would be fair that on an annual and discretionary basis to return any amount above the 18% target in the form of a rebate to municipalities on a prorated basis at the beginning of the Consortium's year.

Mr. Hart said this would avoid the temptation to alter rates by using fund balance. He said everyone would budget accordingly but in every year where there is excess municipalities could be provided with a rebate check at the beginning of the year. This would allow the Consortium to continue to operate as it has and would help to avoid questions arising as to why the Consortium couldn't have a reduced rate increase. He said taking that type of action could prove to be very

costly to the Consortium in the long-term and this would show some good faith back to the Consortium's municipal partners while still trying to shore up the base of the Consortium's strength.

Mr. Shattuck spoke of current uncertainties at the national level. For example, he asked if these kinds of changes should take place now or wait until after election season or until there are no fears of a pandemic. Ms. Hersey stressed that there needs to be a lot of dialogue and said this needs to be thought out well. Mr. Hart said there will always be some type of uncertainty; therefore, there would never be a perfect time to create a policy.

Mr. Cook said this is an area of growing concern that needs to be addressed. He said Mr. Hart has offered a proposal that allows the Consortium to be proactive and not have to modify rates each year going forward. He also thinks issues in the future will become more political as well.

Mr. Cook suggested the Committee consider a proposal at the June meeting. Mr. Hart agreed to prepare a proposal for consideration. Mr. Snyder suggested presenting the information in a format that is similar to what Locey & Cahill uses that looks at each of the reserve accounts and the fund balance. Mr. Cook said he thinks it will be important in the next budget process to produce a narrative that justifies the Consortium's rates against the fund balance.

Next Agenda Items

The following items will be added to the next agenda:

Update from TC3 Finance Report to Tompkins County R. Snyder

Adjournment

The meeting adjourned at 4:16 p.m.

Respectfully submitted by Michelle Cocco, Clerk of the GTCMHIC Board