

## Highlights of Oct FAC meetings

On October 8 the FAC had a work session with the administration to discuss the recommended (and board approved) 4 "cash" budget format. The administration was not prepared to discuss the new format and asked that we wait until we could get our consultant, Susan Vos involved.

The regular FAC meeting was held on Oct 15. We expected to review expense line items that were significantly different from earlier budgets. These included Facilities (without utilities or depreciation), Operations and Corporate expenses. The requested information was not available but was committed for a later time. We asked that a separate expense line item be created for Policy Governance and that all IT expenses be put under one line item other than those expenses covered by MR&R.

We reviewed and approved September financial statements. Revenues YTD are 2% under the 2019 budget and just a touch over 2018 YTD actuals. YTD Expenses are 6% over YTD 2018 actuals and 2% under YTD budget. It was noted that even though we are under budget in expenses, the staff expects to be 3% over budget by year end. In 2018 when the board approved the 2019 budget, our CEO was given the discretion to move expenses between line items, but he was expected to meet his overall 2019 expense target. If he couldn't make the target, he was given the option of going back to the board to request money be moved from non-reserve capital to the expense budget. The FAC requested a report at the Oct board meeting on the CEO's plan to meet his budget commitments.

On October 21 the FAC met with Susan Vos, our CPA consultant, and our administration to agree on several open items from her recommendations presented to and adopted by the board:

1. We agreed on a four budget format as recommended by Susan. This should simplify our budgeting and clearly show cash movements into and out of our four funds: Operations, MR&R Reserves, Initiatives and Emergency Reserves. The administration will recommend whether to have separate checking accounts for each budget or to continue to have board approved transfers between accounts.
2. We agreed on a better way to calculate annual surplus/deficits based on Susan's analysis of our financial records. The good news: we had surpluses of \$596,193 in 2018, \$751,716 in 2017 and \$609,154 in 2016. The FAC will work to update the CPM based on Susan's recommendations. With input from our administration, the FAC will put together a recommendation to the board on how best to use these surpluses.
3. We discussed "cash on hand" and Susan clarified that the number of days of cash is usually used to show the health of an organization. GVR has well over \$10M in financial assets. As GVR has gotten better at understanding cash needs, the best approach for GVR is to identify the cash needs for each month and be sure we will have the cash available with some leeway - say 30% to cover any unforeseen expenses.

The administration was asked to prepare the 2020 budget in the new format and provide 2019 numbers in the same format to use a comparison. The FAC will put 2018 numbers into the new format. The administration felt this would take until 11/5 so this will delay presentation of the 2020 budget with its associated recommendations for transfers to reserves and the capital plan.