



BOARD of DIRECTORS MEETING

November 20, 2007

The Alamance-Caswell-Rockingham Local Management Entity Board of Directors met Tuesday, November 20, 2007 at 6:30 p.m. at the Alamance County Human Services Center, 319 N. Graham-Hopedale Road, Burlington, NC

BOARD MEMBERS PRESENT: Ms. Patsy Smith, Ms. Ann Slaughter, Mr. Ron Norwood, Chairman Sam Isley, Ms. Edith Collins, Ms. Ethel Gwynn, Mr. David Carter, Mr. Emery Partee, Commissioner Jeremiah Jeffries, Ms. Brenda Page, Dr. Ernest Eason, Mr. Bill Franklin, Dr. Russell Gill

BOARD MEMBERS ABSENT: Mr. Reid King, Mr. Norman Melton, Mr. J.W. Joyce, Ms. Donna Lawson, Commissioner Harold Bass, Commissioner Dan Ingle

AREA PROGRAM STAFF PRESENT: Mr. Daniel S. Hahn, Executive Director; Mr. Bennie Kidd, Chief Finance Officer; Ms. Jandy Andrews, Deputy Finance Officer; and Ms. Cathy Moore, Clerk to the Board

GUESTS: Mr. Robert Middleton, Rockingham Mental Health Director, Mr. Larry Johnson, Rockingham County Human Services Director Ms. Sandy Dixon, Ms. Becky Loy, Cobb Ezekiel and Loy & Company and Mr. Mike Taylor, LME Attorney.

- I. Chairman Isley called the meeting to order. Mr. Middleton reported that Mr. Joyce had recently had a stroke and was scheduled for surgery. He is currently at home. Board members wished him a speedy recovery.
- II. Mr. Carter gave the invocation.
- III. Guests as noted above were recognized and introduced.
- IV. Chairman Isley asked for approval of the October Board minutes.

ACTION: *Commissioner Jeffries motioned to approve the October 16, 2007 minutes as written. David Carter seconded. Motion approved unanimously.*

V. Election of Chairman-elect – David Carter

Mr. Carter reported that the Nominating Committee consisting of Ms. Lawson, Commissioner Jeffries and himself met last week to select a nominee to fill the office of Chair-elect as Mr. Reid King has indicated that due to personal issues he will be unable to fulfill his duties. Mr. Carter stated that Mr. Norwood has agreed to assume the Chairman-elect position.

ACTION: *Mr. Isley asked for approval of Mr. Norwood as Chairman-Elect by a show of hands. All approved.*

VI. Presentation of Resolution to Ms. Sandy Dixon

Chairman Isley expressed his respect and admiration for Ms. Sandy Dixon. He asked to present Ms. Dixon with the resolution from the Board. Mr. Hahn thanked Ms. Sandy Dixon for attending tonight's meeting to be recognized for her dedication to the LME and the Board. He noted that she has always been punctual and committed to the consumers of Alamance, Caswell and Rockingham Counties as she served as a Board member. Mr. Hahn then read the resolution.

Ms. Dixon commented that it was a hard decision to resign from the Board but she has an obligation to her family at this time. She encouraged Board members to continue everything they are doing because the consumers need them.

VII. 2006-2007 Audit Report – Cobb Ezekiel Loy and Company, PA

Chairman Isley introduced Ms. Becky Loy from Cobb Ezekiel Loy & Company. Ms. Loy discussed results of the Independent Auditor's Report for the year ended June 30, 2007. She recommended that Board members read the Financial Report. Anyone having questions should be sure and call her. She also thanked the Board for choosing Cobb Ezekiel Loy to perform the audit.

Ms. Loy discussed the purpose and responsibility for the audit. She noted that the LME experienced a \$1.4 million loss this fiscal year, however in looking back at the last four years, the LME is almost at a breakeven point of only a \$37,000 loss. She stated that she feels more comfortable where the LME is now financially. As revenue goes up and down, the LME has to adjust. Revenues and expenses went down and should begin to level out. The LME is in a much better financial situation than last year.

She also provided an overview discussing various graphs and charts illustrating the financial solvency of the LME as follows:

- Assets exceeded liabilities at the close of the year by \$5,333,331.
- Total net assets decreased by \$272,892. This was primarily due to expenditures exceeding revenue received in the current year. This decrease was minimal in comparison to prior year due to the transfer over of Rockingham Fund Balance in the current year.
- Fund balance at the end of the fiscal year was \$4,661,662, a decrease of \$508,372 compared with the prior year.

Ms. Loy explained that a material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The audit did not identify any deficiencies in internal control that were considered to be material weaknesses, as defined above. Problems from the last couple of years have been resolved; so do not expect them to occur again because policy and procedures were put into place to prevent them from reoccurring.

Ms. Loy thanked Mr. Hahn, Mr. Kidd and Ms. Andrews for all the help given the auditors as they gathered information to complete the audit.

Mr. Hahn commented that he felt confident with the relationship that he has had with the auditors. He is very pleased with the feedback and appreciates it administratively. Mr. Norwood stated that on behalf of the Finance Committee the LME appreciates that this firm wants to continue to do business with us.

ACTION: Mr. Norwood motioned to accept the 2006-2007 Audit as presented. Mr. Partee seconded. Motion approved.

VIII. Executive Director's Report – Daniel Hahn

- Mr. Hahn followed up on the Audit Report and noted that the Financial Committee was very pleased yesterday at their presentation. He stated that he was amazed at all the work staff has done with the changes that have occurred including the software conversion. He expressed his appreciation to Mr. Kidd and Ms. Andrews for all their hard work to get the LME where it is financially at this time. Mr. Hahn stated that he felt that we have done everything we could within the parameters that have been presented to us these last few years. Considering all that the LME

has been through in the last four years, a \$37,000 loss is not significant. When he came to the LME, we had a \$3 million fund balance and now we have a \$4 million fund balance. Mr. Hahn noted that he would be presenting the current financial status of the LME to Boards of Commissioners. He thanked Mike Apple, Rockingham Finance Officer, for suggesting that he wait to present to commissioners after the audit.

- The 2007-08 allocation letter was recently received indicating an increase in LME administrative service dollars. Mr. Hahn noted that when we accepted IPRS allocations from other LME's last year it helped us and helped them, as the State did not cut their funding.
- The LME received notification on November 14, 2007 that the Division has hired an independent consulting firm, Mercer Government Human Services Consulting, to perform an off-site review. Information is to be submitted no later than the close of business on December 3, 2007. This provides the LME 14 calendar days to gather the information that has been requested. However, remove the weekends and holidays and that leaves eight working days to complete this project. He stated that we would complete this project on time because we have committed staff.
- Newspaper articles continue to address the current issues and problems existing in the mental health system. Of local note "The Reidsville Review" ran an article on Friday, November 16, 2007 discussing the strain that the reform process has put on the local county run mental health center. It was a good article that touched on many of the issues that the system in general is currently grappling with.
- Crisis Response Training will be offered by the ACR LME for providers in the ACR network. Board members are welcome to attend as well. Please let Ms. Moore know if you are interested in attending.
- Mr. Hahn met with Senator Tony Foriest to discuss the mental health transformation process and will be scheduling a regularly scheduled meeting with him to continue these discussions.
- The 2007-08 Performance Contract first quarter report was positive. This report is available online at the Division website or let Ms. Moore know and she will send you a copy.
- In December the LME Board of Directors and members of CFAC are invited to meet at 6:00 pm for a catered dinner. After dinner, at 6:30 pm, the two Boards will break out for separate meetings. Please mark your calendars.
- Mr. Hahn thanked Board members for all they do and wished everyone a happy holiday.

VIII. Budget/Fiscal Report – Bennie Kidd, Chief Finance Officer and Jandy Andrews, Deputy Finance Officer

Mr. Kidd commented on the private audit that is due on December 3 and how much work staff has already done pulling information together. He recognized Ms. Andrews for the effort she put into the audit.

Ms. Andrews gave the following financial report noting that October was another positive month with an upward trend:

- **State of Revenues, Expenditures and Changes in Fund Balance**
 - Revenues are at 25% for the year-to-date representing four months through October 31, 2007
 - Expenditures are at 20% representing four months
 - IPRS funding is currently at 16%
 - Balance in checking through the period ending October 31, 2007 was \$510,000; Trust Account balance was \$5.1 million

Ms. Andrews added that providers are paid on a monthly schedule spread throughout the month based on fee-for-service. Payments go out systematically so providers know when to expect payment. Provider contracts are capitated. Some providers who have licensed staff direct bill Medicaid.

IX. Committee Reports

- CFAC met October 23, 2007. No action required.
- Finance Committee met November 19, 2007. See Budget/Fiscal Report.
 - Mr. Kidd discussed furniture and appliances that were purchased with Thomas S. funds in Rockingham County. These items are currently stored at the Rockingham County Mental Health Center. The Rockingham Commissioners have asked that these items be moved in order for them to utilize the space for other purposes. Mr. Kidd has inspected these items and in his opinion they have no current market value and should

be disposed of accordingly. He noted that this procedure is in accordance with the Division's policy that required this action be presented in writing and approved by the LME's Board of Directors.

ACTION: On behalf of the Finance Committee, Mr. Norwood motioned that the Board abandon the property and pay any transportation costs for disposal. Commissioners Jeffries seconded. Motion approved unanimously.

- ❖ Mr. Taylor stated that he tries to keep an eye out for news and send to Mr. Hahn. He also stated that he is a registered lobbyist and has had an opportunity to speak to with lawmakers from other counties. He also noted that there are forces in Raleigh that want to take away local autonomy.
- ❖ Chairman Isley, by his authority, appointed Ethel Gwynn to the Executive Committee to represent Caswell County.
- ❖ Mr. Norwood reported that the Board training recently attended by Mr. Carter, Mr. Melton, Ms. Collins, Ms. Lawson and Mr. Norwood was very good. This training will be offered again on December 10 and 11 at the NC Council Conference in Pinehurst. Mr. Norwood encouraged Board members to attend this training.

Chairman Isley thanked everyone for attending tonight's meeting and wished all a Happy Thanksgiving.

With no further business, the meeting was adjourned at 8:15 pm

Respectfully submitted by,

Cathy Moore
Clerk to the Board

The next Board meeting is scheduled for Tuesday, December 18, 2007 at 6:30 pm at the Human Services Center, 319 N. Graham-Hopedale Rd., Burlington, NC.

Please note: CFAC members will join our Board at 6:00 pm for a catered dinner.