

MEETING:	DESC Audit and Finance Committee Meeting	DATE:	November 29, 2018
IN-PERSON ATTENDEES:	DESC Board/Committee Members: Mark Redman, Ric Preuss, Maria Woodruff-Wright DESC Staff: Nicole Sherard-Freeman, Terri Weems, Stephanie Nixon, Alessia Baker-Giles, Robert Shimkoski, Lynette Robinson, Cristal Perry, Cassandra Ricks, Cristal Perry, Chanelle Manus, Lisa Roberts, S. Rene Fowler Guests/Presenters: Kristen Hunt, (Plante Moran)	LOCATION:	440 E. Congress, Corporate Conference Room, 3R, Detroit, Mi 48226
VIA TELEPHONE:	DESC Board: Chris Uhl, Paul Trulik DESC Staff:	CALLED TO ORDER:	10:30 am
ABSENT:	Excused: Alice Thompson Unexcused:	ADJOURNED:	10:59 am
FACILITATOR:	Chris Uhl, DESC Audit and Finance Committee Chair	DATE MINUTES APPROVED/ADOPTED:	January 31, 2019

ITEM	DISCUSSION	OUTCOME/ACTION ITEM(S)
Call to Order, Welcome and Introductions	Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair called the meeting to order at 10:30 am, November 29, 2018.	
Approval of Draft Agenda	Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair Requested a Motion to approve the Meeting's Draft Agenda. Motioned: Mark Redman Seconded: Ric Preuss Motion Carried-Passed/Approved Unanimously	Approval of Meeting Draft Agenda Motion Carried-Passed/Approved Unanimously
Approval of Meeting Minutes: June 18, 2018	Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair Requested a Motion to approve June 18, 2018 Audit and Finance Committee minutes. Motioned: Ric Preuss Seconded: Mark Redman Motion Carried-Passed/Approved Unanimously	Approval of Meeting Minutes dated August 27, 2018 Motion Carried-Passed/Approved Unanimously
Old Business	Terri Weems, CPA, CFO, DESC: None.	
Audit Update	Kristen Hunt, Auditor-Plante Moran: <ul style="list-style-type: none"> Presented an update on the 2018/2019 Audit. Last year reported about \$40M in expenditures, this year spent north of \$50M, significant increase in the volume of activity. 	

- Plante Moran plans to deliver unmodified opinions.
- Last year there was a control finding related to the GDYT program, concerning availability of timesheets to support GDYT payroll. Auditor pleased to report that controls have greatly improved from the prior year. The additional controls put in place have proven effective.
- There were no material weaknesses, which is a great improvement from prior year.

Terri Weems:

- Added more information pertinent to the financials and the audit
- Last year’s audit was the first year that Plante Moran came in to audit DESC.
- The volume of activity has increased significantly, year over year, 25% to 30% with respect to the funding, 800% to 900% for training activities.
- With respect to the single audit this year, WIOA was under review which is a huge grant, 8, compared to two (2) under audit last year. That was a pretty significant volume of transactions to get through.
- Trend wise our revenues are increasing. As you recall, back in 2016 we were at about the \$37M funding level in terms of revenues and expenditures, last year significant increase to about \$45M, this year our draft financial statements report at about \$54M.
- Our net position at the end of the year has increased year over year. A couple of years ago we about broke even, last year, for the first time, we were in about the \$1.5M to \$2M range in terms of net position. This year, our draft financial statements are putting us at about \$5M. Great News!

Budget/Forecast Update

- The 2018 and 2019 budget were presented in June, at that time the budget was projected to be about \$53.7M in grant revenue with an additional carry in amount of \$5.8M, for a total of \$59.5M in budgeted revenues.
- During this time of the year, we get a better forecast of what we project our amounts to be, we are usually conservative in our approach to preparing the budget.
- We have about \$4M in additional funding identified so far, primarily in the area of PATH, (\$1M) in addition to that, the state has allowed us to carry over \$1.2M into the 5th quarter. Historically, PATH dollars need to be spent by September 30th, this year.
- We are also in the process of updating our forecast on the demand for our services.
- Through November, we met or exceeded all our expectations with respect to training and placement activity, we expect that trend to continue.
- We are giving some thought as to whether the demand for our services is more than the funding that we currently have. We are exploring some strategies, including requesting more money from the state, competitive grants, and looking at our costs.

Strategy and Operations Update

- We are still in the process of negotiating with Landlord in terms of space and timing.
- The move is scheduled for March or April of 2019.

Finance Report

	<p>Preview Next Meeting</p> <p>Terri Weems:</p> <ul style="list-style-type: none"> • Will present the financial statements, significant changes, and a summary of any policy updates. 	
New Business	Nicole Sherard-Freeman announced, Laura Hughes, Board Chairperson was successful in her bid for Detroit Charter Commissioner. She resigned her position as Board Chair officially last week, after election results were certified. Calvin Sharp is interim Board Chair.	
Public Comments	No members of the public were present.	No members of the public were present.
Adjournment	<p>Chris Uhl, DESC Treasurer, Audit and Finance Committee Chair Requested for Motion to adjourn the meeting:</p> <p>Motioned: Ric Preuss Seconded: Mark Redman</p>	<p>Approval of Adjournment</p> <p>Motion Carried- Passed/Approved Unanimously</p>

DRAFT SUBMITTED BY:

Printed Name: S. Rene Fowler

Title: Executive Administrative Assistant

Signature: *S. Rene Fowler*

Date: 12/10/2018

DATE MINUTES APPROVED/ADOPTED: January 31, 2019 **Initials:** SRF

NEXT MEETING: January 31, 2019 at 10:00 am – 11:30 am