

North Metro Community Services Board Minutes

For the meeting held on

October 27 2016

Dr. Bertagnolli called the meeting to order at approximately 6:00 PM. He said he would entertain a motion to approve the minutes of the September 22, 2016 meeting, approve the agenda for the October meeting and to excuse Dr. Warren Taylor, Paul Yantorno and John Coates (all other board members were present). Wayne McCombs made the motion, which was seconded by Edie Wallace and passed unanimously.

2015/2016 Audit

Dr. Bertagnolli introduced Jill Korenek from JDS Professional Group. Jill began her presentation by covering the required communication. These included finding no errors or fraud, no issues with noncompliance with laws and regulations, or no significant or unusual transactions noted in the financial statements. Overall the audit went smoothly and JDS Professionals had full cooperation from management.

They did a review of internal control procedures, and did not find any significant areas that they would recommend we change. There were a few small recommendations for management. One recommendation was to implement procedures in which an individual who is not involved in the day-to-day activities review the bank reconciliations and bank statements on a monthly basis. Another recommendation that was made was run a report after each pay period to see if any changes have been made to the payroll system such as pay rates, or employees added.

Jill then moved on to NMCS performance review. The first topic she covered was Program Efficiency. For every dollar that North Metro expends \$.94 goes to programs which is \$.06 more than the average of similar sized nonprofit entities. She then went on to discuss our liabilities and our assets. We currently have approximately four times more liquid assets than we do liabilities as well as 4 times more cash and total receivables than liabilities. Next was our Receivable Days which was how long our turnaround was on collection of billing. It takes NMCS on average 39-42 days to receive payment starting from the time the invoices are sent out to the time we actually receive payment. On the flip side of that on average it only takes NMCS 8-11 days to make a payment once we receive an invoice which is significantly faster than the average for other agencies similar to ours. As far as cash reserves go NMCS has nearly 100 calendar days of cash reserve. There was no significant change in the financial statements between now and the last few years. Our total support and revenue as well as vocation revenue have gone down, but our expenses have also decreased. There was a loss of \$76,690 in net assets. During the reporting period we had net cash provided by operating activities totaling \$185,207. We have 16.1 million in assets and 2.7 million in liability. George wrapped up the audit presentation by thanking Jill, Jessica and Chris for the hard work in completing the audit.

Finance Committee Report:

Doug Shepherd presented the finance report for the month of September. In the month of September 2016 we had a net loss of \$29,953 on total revenues of \$2,517,419. The loss in the month of September was budgeted and expected. The quarter end accrual for the employee 401K plan in the amount of \$83,117, and the paid holiday account for the loss in September. Year to date net revenue is \$244,734 and is \$57,000 ahead of budget for the year. These net revenues are also \$95,000 better than at the same time last year. Departmentally most program areas compare well with the monthly budget.

Administration was \$13,000 short of budget in the month of September. An adjustment for Early Intervention indirect administration funding caused revenues to be short \$14,000 in the month. This was a one-time adjustment and recorded revenues will be closer to budget moving forward. A change in payment methodology will make it difficult to collect all of the funding we budgeted for this item. Supported Living Services was \$8,476 short of budget in the month of September. The bulk of this variance comes from the loss in FSSP of \$6,842. These losses will not continue ongoing as expenditures will be managed to the contract.

The program areas performed as anticipated during the month of September. Residential services had net revenues of about \$25,000 despite expected losses in our apartment program and group homes. Day program did record a loss in September but has continued to perform better than anticipated. Year to date our day program has lost \$99,684 which is significantly better than the \$232,000 lost in the first quarter of the prior fiscal year. This performance in day program is a result of two factors. Staff vacancies in day program are reducing staffing costs but are being refilled. Changes made within the department will continue to boost overall financial performance in day program. The Vocational department loss of \$22,399 is consistent with what was budgeted. The wind down at the Mint created a \$10,327 loss. This loss will be offset by the \$11,000 sale of equipment in October. Operations at the Mint have been completely finished including collection of all receivables.

Statement of Financial Position

Cash in bank as of September 30 was \$8,504,501. This is \$375,000 more than at the end of the prior month. Accounts receivable are \$3,293,344 and decreased from August on lower overall revenues and collection of Medicaid receivables. Current liabilities total \$2,308,837 and have increased \$64,589 since the end of August 2016. The bulk of this increase is a result of the accrual for the employee 401K plan.

Capital Update

In the month of September a new RTU(Roof top unit) was installed at a cost of \$13,200. We continue to await delivery of the three new vans that account for the bulk of our capital budget.

Edie Wallace moved that the board accept the finance committee report for September. The motion was seconded by Wayne McCombs and passed unanimously.

Executive Committee Report:

Dr. Bertagnolli didn't have much to say about the Executive Committee except that there is potential interest in the property that NMCS has for sale in Brighton.

Executive Directors Report:

During his Executive Directors report Randy Brodersen focused mainly on the four following topics: Revalidation, Navigant Report, State Budget, and the Pueblo Regional Center Report.

Revalidation

Revalidation is a state and federal requirement. The federal government is doing so as a preventative measure against fraud to ensure that all agencies that are billing for Medicaid are legitimate agencies. The state is changing over to a new computerized billing system. The deadline to submit all applications has been extended from October 31st, 2016 to February 28th, 2017. Alliance has sponsored 3 sessions with individuals from Healthcare Policy and Finance to help get people on the right track with their applications.

Navigant Report

Randy then moved on to the Navigant report. We are currently working with Alliance to address the transition to Conflict Free Case Management. Since there are varying opinions over Conflict free case management between CCB's and Service agencies there was worry that an agreement could not be reached. However in the last month 4 CCB's and 4 Service agencies have been working together to come to some sort of agreement on their position for Alliance. One of the concerns being discussed was the qualifications for Program Approved Case Management Agencies. Another concern was all of the services that CCB's provide, but are not compensated for such as the Human Rights Committee and Investigations. These would have to be done by a 3rd party, but there is no budget for that.

State Budget

From there Randy briefly touched upon the state budget. The Governor will present his budget the beginning of November, but it's not looking good. There is a \$200 million short fall. The state does have a 6% cash reserve which can be tapped into if needed. There is talk of possible budget cuts instead of using the reserve. However, programs that are poorly funded interfere with people's access to services.

Pueblo Regional Center Report

In the news recently there have been reports of abuse and neglect from approximately 18 months – 2 years ago at the Pueblo Regional Center. Federal investigators asked the state to repay millions of dollars in Medicaid funding that supported the center during the time of the abuse. The CCB in Pueblo ran into

some issues because they had not been doing any investigations. They have now been provided funding in order to carryout investigations including unannounced visits.

Election of Board Members

Judy Stevens mentioned that there was 1 board member up for reelection; Dr. Ed Bertagnolli. Dr. Ed was willing to continue to serve on the board. Judy moved to reelect Dr. Ed which was seconded by Pauline Burton and passed unanimously.

Public Comment

There were no audience members present at the meeting.

Adjournment

Edie Wallace made a motion to adjourn the meeting which was seconded by Doug Shepherd and passed unanimously.

*The next Board Meeting will be held December 1st, 2016.