North Metro Community Services Board Minutes

For the meeting held on

September 28 2017

Dr. Ed Bertagnolli called the meeting to order at approximately 6:00 PM. He said he would entertain a motion to approve the minutes of the June 22nd, 2017 meeting, approve the agenda for the September meeting and to excuse Matt Drumm, and John Coates (all other board members were present). Bill Hawthorne made the motion, which was seconded by Paul Yantorno and passed unanimously.

Finance Committee Report:

June 2017

Statement of Activities

In the month of June 2017 we earned net revenues of $6,379. This compares closely with the budgeted loss of $16,858. Year to date net revenue of $671,736 was $341,525 better than what was budgeted for the year. The audited financials have not been finalized currently, so the presented financials are still a draft. The fieldwork has been completed and there are no adjustments that we have been made aware of. The YTD performance is vastly improved from the prior fiscal year when we recorded a net loss of $13K.

The year over year improvement financially was due in large part to the improvement in day program. In FYR 2015/2016 our day services lost one and a quarter million dollars. This deficit was reduced by over 800 thousand dollars as our net loss for day services was 405 thousand dollars for the year. Additional funding credited to day program from both the state and county did help, however changes made in the structure and service delivery makes the improvement sustainable. The Vocational area also showed substantial improvement from the prior year.

The month of June contains the typical expense accruals which are necessary to recognize all current year expenses. The prior year expense of $143,522 reflects write off of receivables that are uncollectable. The year to date write offs of $317,912 is a combination of normally expected write offs and additional write offs based on the billing conversion for Medicaid billing. This will be a priority for improvement in FYR 17/18. A new agency wide process has been implemented to address this concern. There are a number of specific line items that showed tremendous improvement during the year. Vehicle maintenance costs were well under budget and were $55,000 less than in the prior year. The Orion tracking system implementation and additional oversight in outsourced maintenance were integral to this improvement.

Statement of Financial Position

As of the end of June cash in bank is $9,123,804. This balance is just over $125,000 less than at the end of May. Accounts receivables increased $100,000 since the end of May, and have a balance of $3,596,000 at year end. Current liabilities decreased $60,000 from the prior month and total $2,340,258 at year end. Both accounts receivable and current liabilities compare favorably to the prior year end. Our auditing firm JDS Professionals will present final financials at the October board meeting.

Capital Update

The 2016/2017 Capital Budget was completed in November.

July 2017

Statement of Activities

In the month of July 2017 net revenue of $168,128 was realized. This amount is slightly over budgeted net revenue of $162,478 for the month. The month of July had fewer operating expenses recorded for the month. Short expenses are the norm in July due to the additional recognition of expenses with invoices containing June dates that are recorded to close out the prior year. This historical process is reflected in the budget. Revenues are near budget overall for the month. This is despite Targeted Case Management revenues being $37,000 short in the month of July. Turnover and retention in Resource Coordination created the revenue shortfall. The revenues are expected to recover as our newly hired case managers increase their billable time. Payroll expenses reflect the increase to the Direct Service Professionals (DSP) wages. All DSPs were given a .35 cent per hour increase in Day Program and a .60 per hour increase in Residential in July. The corresponding starting wages in Day Program and Residential were increased to $13 and $13.25 per hour respectively.

The July statement of activities reflects changes in reporting layout. The statements reflect delineated department breakouts for program areas. Specifically it clearly presents our primary areas of day program and residential. The format in prior years was more convoluted and led to confusion as to where specific service areas were located. This change is not a change in accounting policy or procedure but only in presentation.

Statement of Financial Positions

The balance of cash in bank is $9,293,471 as of the end of July. This reflects a $170,000 increase from the end of June. Accounts receivables have decreased to $3,333,445 and are less due to a decrease in current Medicaid receivables of $133,000. The liabilities balance is also less than at year end. The decrease of $229,000 is mainly caused by paying the invoices accrued at year end.

August 2017

Statement of Activities

In the month of August net revenue of $97,898 was recorded. This net revenue was $8,600 ahead of budget for the month. The year to date net revenue of $266,026 year to date is $15,000 better than budget. The month of August reflects representative operational figures. Day program had revenues for 19 program days in the month. This high number of service days pushed day program to near break even in the month. Financial performance in day program will fluctuate based on overall program days and paid holidays. Overall most programs performed either at or better than budget with the exception of residential and vocational.

Residential revenues did not meet budget in the month of August. Residential is down multiple allocations and has lost additional billable days to hospitalizations. The residential revenues are expected to recover as the short term vacancies have ended and new enrollments are coming in. There were 2 new enrollments in late September and there are an additional 3 people waiting to be approved for residential services through the DD-waiver. Vocational was $8,000 worse than budget in the month of August. A salary correction of $13,139 pushed salaries over budget for the month. This correction was discovered during the recent Source America audit.

Resource Coordination's TCM Revenues showed substantial improvement and were near budget for the month of August. This improvement reflects new case managers billing more of their time. The effort of the Resource Coordination management has also made an impact on this revenue.

Statement of Financial Position

The cash balance was $687,776 less than at July 31st. This decrease in cash balance is primarily due to the net increase of $732,214 in receivables to a balance of $4,065,659. State receivables increased over $300,000 as the state is slow in getting payments out. As of August 31st we had 3 months of state receivables outstanding. We have begun receiving payment in September and the balance will be decreased. Targeted Case Management receivables will also decrease in September. EI TCM began paying after not paying since February. We received $220,000 in payments for EI TCM in mid-September. Overall liabilities have changed very little since July. The employer contribution to our retirement plans of $327,162 was paid in August which reduced current liabilities. This liability reduction was offset by increase in payables and deferred revenue recognition.

Capital Budget Report

In July a deposit of $41,000 was made for the 8 new vans in the budget. We expect to start receiving these vehicles in October. The new copier in RC was purchased in August at a cost equal to the budgeted $16,080.

Looking forward this year there is a potential funding shortfall that may require the attention of the board. The NMCS Early Intervention program may be looking at a deficit of close to a quarter of a million dollars this year. Currently we have 814 children active in our Early Intervention program. Innumerable data errors and funding shortfalls at the state have our contract funded for only 710 children. At the same time that our active numbers have increased to 814 our contract has been reduced by $291,000. This cut impacts both direct service funding which was cut by $70,000 and service coordination and administration $221,000. The efficiency of the program and lean administration can help mitigate losses to a degree but can only be stretched so far. The growth in enrollment requires additional service coordinators and administrative support to maintain program quality.

The Federal Part-C funding establishes Early Intervention as an entitlement program thus guarantying eligible children a right to services. This leaves us in a leveraged position between the State of Colorado and the children that need these services. The obvious path is to absorb the losses while waiting for adequate state funding that may never materialize. This deficit projection could continue to grow. Our referrals for potentially eligible children are increasing at nearly 10% yearly. Last year we received 1,764 referrals and it is not uncommon to receive as many as 30 referrals in a day. We are fortunate to receive Mill Levy funding from Adams County to help maintain the services for eligible people when State funding is clearly inadequate.

Banking Relationship Discussion

A discussion regarding NMCS's bank accounts and relationship was held by the committee. NMCS currently has 3 million in a Money Market at Vectra Bank that is earning very little interest. A proposal to move these funds to Guaranty Bank and invest in CDs was presented to the finance committee. The finance committee agreed to allow staff to make this investment change. The committee also agreed to allow staff to further explore relationship as it relates to our operational banking. Staff will report back to committee with their recommendations at upcoming meetings prior to making any changes.

Dr. Taylor made a motion to accept the finance committee's report for June, July and August, which was seconded by Mona Valdez and passed unanimously.

Executive Committee Report:

Randy will cover the Executive Committee report in his director's report.

Executive Directors Report:

ABLE Accounts

Randy briefly touched on the new ABLE accounts in Colorado for People with Disabilities. If an individual is eligible for SSI or SSDI and they have a disability that occurred before they turned 26 years old they are eligible to establish an ABLE account. In Colorado you can contribute up to 400 thousand dollars with a maximum limit of $14,000 a year. When contributions to the account exceed $100,000 then cash payments (SSI or SSDI) to the individual will stop. However Medicaid benefits continue regardless the size of the account. The funds can be used for "Qualified Disability Expenses" which include things such as education, housing, transportation, and basic living expenses.

Colorado 2018/19 FY Budget

The 2018/19 budget is looking better. The Hospital Provider Fee bill passed and freed up $500 million.

Revalidation to Bridge

There is a new database system for Case Management that has lots of problems. With this new system we have to wait for the county to confirm eligibility before we can do anything whereas before we could get the process started while waiting for eligibility confirmation. Alliance is taking the lead in pressuring the state to get these issues resolved quickly since this system is integral to authorizing and paying for services.

New Business

Appointing a new HRC member

We have had a few people leave HRC so there are a few open spots. Randy put forth a resolution to appoint Lee McMillan, a former employee of NMCS to the Human Rights Committee. Lee has over 15 years of experience supporting people with IDD, and has agreed to serve on the NMCS Human Rights Committee.

Bill Hawthorne moved that the board accept the resolution appointing Lee McMillan to HRC. The motion was seconded by Dr. Taylor and passed unanimously.

Public Comment

There were no audience members present at the meeting.

Adjournment

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

*The next Board Meeting will be held October 26th, 2017.