

North Metro Community Services Board Minutes

For the meeting held on

September 27th, 2018

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 28, 2018 meeting, approve the agenda for the September meeting and to excuse Paul Yantorno, John Coates, Matt Drumm and Pauline Burton (all other board members were present). Dr. Taylor made the motion, which was seconded by Mona Valdez and passed unanimously.

Finance Committee Report:

June 2018

Statement of Activities

In the month of June 2018 a net loss of \$225,100 was recorded. For the year we recorded net revenues of \$201,407. The net revenues earned are \$335,000 less than what was budgeted for the year. Recording losses in June is common as we recorded accrued expenses related to June activities. The year-end processes also include recognition of an allowance for projected uncollectable receivables. This allowance was recorded at \$60,000 and it reduces current year revenues.

The budget variance for the year had no singular component of causation. Though the variance was over \$300,000 there are multiple areas that contribute without any area creating excessive losses beyond budget. The following departments were short of budget for the year:

Day Program had losses that exceeded budget by \$127,000 for the year. The primary contributor to this loss was our employment area. The employment area accounted for 75% of the losses recorded in Day Program with losses of \$384,000 for the year. The labor costs associated with our work enclaves coupled with diminishing revenues from recycling and DVR create the resulting loss. Changes that have been initiated within the Employment program will reduce direct salary costs while moving forward with outside employment for the people we serve.

The Supported Living department had a variance of \$60,000 for the year. The loss variance was primarily a result of services initially improperly billed to the state for Early Intervention services. When this occurs payments are reduced when we have already incurred the expenses. This situation is generally temporary as we are eventually reimbursed once documentation is submitted. The Early Intervention program has proved to be administratively burdensome and financially volatile.

Residential was our most profitable department earning \$544,000 during the fiscal year despite being short of budget nearly \$240,000. The bulk of this variance is related to revenues not meeting budget. Revenues were short of budget \$190,000 for the year. It takes very little residential vacancy to create a sizable variance.

Statement of Financial Position

Cash balance at the fiscal year end was \$5,988,154 which reflects an increase of nearly \$200,000 from the end of May. In addition to the cash we also maintain deposits of \$3,026,820 in CD's. Accounts Receivables were \$3,768,993 and reflect a decrease of over half a million dollars from the prior month. The reduction in receivables is caused by Medicaid receivable collection and payment for our Mill Levy. Liabilities at year end are \$2,238,325. At year end our current ratio is 5.89 which reflects that we have nearly 6 times more current assets than current liabilities.

The financial statements presented are still in draft form. The audit fieldwork was completed in late August and final financials will be presented at the October board meeting.

July and August 2018

Statement of Activities

The operations in the months of July and August 2018 both resulted in positive net revenue. In the month of July we earned net revenue of \$192,791. In August net revenues of \$136,818 were recorded. Year to date net revenues are \$329,609 and are \$75,000 ahead of budget for the year.

July net revenues were typical and predictable. July is always a strong month with the full 31 days to provide service. Operating expenses tend to be short in the month as invoices received in July for June services are recognized in June. The month of July had no extraordinary expense or revenue items to report.

In the month of August additional revenue recorded in the Early Intervention program relates to the State paying us for contract shortfalls and takebacks in fiscal year 2016/2017. This payment offset a receivable that we were holding on our books and also reimbursed for items we previously had written off as uncollectable. This culminated in booking prior year revenues of \$57,414. We expect the variances in Early Intervention to be minimal moving forward. Though we have some concerns over funding that may have an impact later in the fiscal year. The Supported Living department is reflecting losses on reduced revenues. The new allocations for comprehensive services, are causing reduced service delivery in Supported Living. This attrition will be offset as we backfill people into our services but it will be gradual. We will however see enrollment growth in our Residential program based on securing a number of placements in our residential program.

There are some budgeted expenses for building maintenance items that were incurred in August. New carpeting was installed in the administrative offices. In addition there were expenses for an automatic door installation and deposit for the building exterior painting. In total there was about \$12,000 in these expenses that were incurred in August.

Statement of Financial Position

At the end of August our cash balance is \$5,978,090 with an additional \$3,026,820 in CD's. These amounts reflect little change from the fiscal year end. Accounts receivable are \$3,888,324 and reflect

an increase of \$120,000 since the end of the year. Current liabilities of \$2,077,793 are down \$160,000 from the recorded balances as of 6/30/18.

Capital Expenditure Report

There is little activity on the capital expenditures report year to date. A \$6,000 deposit was made for our 6 new vans that are in the budget. Delivery is anticipated to occur in the fall. The county has approved additional Mill Levy funding of \$206,784 for our van replacements. This funding will pay for 3 of the 6 vans in the budget. This revenue was not in the budget as the county decision was not known until July. The sale of Adams House was completed on September 5th. The sale netted \$336,739 after expenses. The house sale price was actually well over the appraised value of \$315,000. What was referred to as “functional obsolescence of space” caused the appraisal to be reduced by 10-15%.

Bill Hawthorne made the motion to accept the Finance Committee report, which was seconded by Dr. Taylor and passed unanimously.

Executive Directors Report:

2019 Legislative Agenda

The primary goal for 2019 is to gain a rate increase that reflects the consumer price index. We will be getting 600 new comp allocations over the next two years which is allowing us to work on the wait list. There will not be a host home bill this year; instead they are hoping to address fire safety concerns through rules and regulations. The Legal Center for People with Disabilities, together with the Arc, is talking about pushing a bill that would eliminate the sub minimum wage waiver. Alliance is hoping to talk them into pushing the bill back a year to get things in order. The sub minimum wage waiver is based on productivity and North Metro’s plan is to let it expire next August.

Office of State Auditor’s Review

We received the report back from the Office of State Auditor’s review and overall North Metro is looking pretty good.

Early Intervention

It appears that Early Intervention will need supplemental funding from the legislature again this year. Though NMCS could afford to subsidize the program many boards cannot. The Early Intervention Program is so effective that the State really can’t offer not to fund it so we feel pretty confident that the needed funded will materialize during the course of the year.

Group Homes/Sale of Adams House

North Metro currently only has one group home which is the Clayton House. All individuals that were previously in a group home are now in host homes. We sold Adams House and we are leasing Unity House as a host home.

Director’s Reports

The department directors will once again be giving reports on what’s been happening in their department in the last year. These reports will start in December

New Business

CAPS Program

Adult Protective Services are doing more investigations and if claims of abuse, neglect, and exploitation are substantiated the person who is the claim is against will be put into a database. This database will be used to check potential hires before placing individuals in their care.

Medical Leave Policy

The only change made to the Medical Leave policy was stating that employees may only request one medical leave per year.

Doug Shepherd made the motion to accept the changes to the medical leave policy, which was seconded by Dr. Taylor and passed unanimously.

Reelection of Doug Shepherd

Doug Shepherd was up for reelection to the Board of Directors.

Edie Wallace made the motion to reelect Doug Shepherd to the Board of Directors, which was seconded by Dr. Taylor 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 October 25th, 2018