

North Metro Community Services Board Meeting

December 7, 2023, 6:00 PM

Board Room, Second Floor 1001 W. 124th Ave.

Minutes

1. Dr. Bertagnoli started the meeting at 6:00 p.m.
2. Dr. Bertagnoli requested a motion to excuse Brian Kraft and John Coates from today's meeting, approve the minutes from the October 2023 meeting, and approved the agenda for this meeting.

Motion: Edie Wallace / 2nd: Hannah Martinez / Motion Carries

Lori Freyta announced to the Board that Lucas Valdez will not be serving on the board.

We had a guest at tonight's meeting, Spencer Davis. Spencer previously worked at North Metro in the Human Resources department. Spencer would like to serve on NMCS' Board of Directors and stated he would love to bring his perspective to the Board and to give back to a place that gave so much to him.

3. Finance Committee Reports;
 - a. October Financials Presented by Doug Shepherd

BOARD MEMBERS:

Bill Hawthorne
Doug Shepherd
Warren Taylor
Cheryl Candelaria
Dr. Ed Bertagnolli

NMCS STAFF PRESENT:

Margarito Gandarilla
Randy Brodersen
George Montoya

October 2023 Financial Statements

Statement of Activities

In the month of October 2023 a net loss of \$164,731 was recorded. The loss for the month exceeded budget by \$55,210. The loss and variance for the month are a direct result of the closeout of our

Resource Coordination department at the end of the month. The closeout of Resource Coordination had an impact on Administration and Supported Living Services in the month of October. Year to date we have a net loss of \$125,029 and are \$131,128 worse than budget for the year.

Resource Coordination

- The Resource Coordination department had a loss of \$186,432 in their final month of operation.
- A total net loss for the year of \$267,195 was recognized. The budgeted loss for the year was moved into October as part of the closeout.
- Severance and retention payment costs totaled \$477,888. Additional expense totaled \$203,753 net of the \$274,135 previously recognized as a liability.
- The retention and severance plan had the desired impact as we only had one employee terminate since July 1, 2023.
- In total 40 staff in the Resource Coordination Department received severance or retention payments.
- 9 staff in Resource Coordination were retained in different capacities.

Administration

- Administration had net revenues of \$15,563 during the month of October. This net revenue for the month is \$39,526 under budget.
- Budget variance is directly related to salaries expense incurred as part of the closeout. Severance for 2 staff in administration totaled \$28,000 and an additional \$17,000 was accrued for PTO as part of the transfer of 3 staff from RC to administration.
- Year to date net revenue is \$138,219 and is \$50,602 less than budget.

Day Program

- Day Program recorded a loss of \$53,260 in October. This loss is \$12,552 better than what was expected for the month.
- Total revenues of \$353,868 was the highest amount since before the pandemic.
- Year to date a loss of \$296,727 has been recorded in Day Program which is \$25,494 better than what was budgeted year to date.
- Salaries are over budget in October as we have 4 new staff and have reached our hiring target for Day Program DSPs. These staff are being trained in order to work independently with a Day Program group.
- Attendance remains strong at 91% in October.
- The lease on the current Brighton property will end November 30, 2023 and a new lease on smaller space will start effective December 1st.

Supported Living Services (SLS)

- Supported Living had a net loss of \$13,153 which was \$36,235 worse than budget for October.

- The discontinuation of the FSSP program resulted in \$13,476 in severance and retention payments in FSSP.
- Medicaid Revenues are short of budget by \$9,396 as a result of a write off of \$12,000 in duplicate billing in our Children's Extensive Support program.
- Supported Living has lost \$19,821 and is \$85,230 worse than budget.

Residential

- The residential department had net revenues of \$67,920 in October. The net revenue for the month is \$6,918 less than budget for the month.
- Year to date net revenues in residential are \$294,171 and are \$27,948 less than budget.
- The Residential department is waiting to enroll 3 new people in the FCG program. These enrollments are delayed due to the transition of Case Management to Rocky Mountain Human Services.

Early Intervention

- Early Intervention recorded net revenue of \$4,630 which is slightly ahead of budget for the month.
- Both the service coordination and evaluation areas had net revenues in October.
- Year to date net revenues are \$26,324 and are \$7,157 ahead of budget for the year.
- We are awaiting the RFP for EI Service Coordination to be released.

Statement of Financial Position

- Cash balance is \$9,399,567 and reflects a decrease of \$534,000 from the prior month end.
- Other Assets reflect an increase of \$255,080. This increase is a result of a \$307,484 entry to reflect a payroll reversal on October 31st. This reversal was not credited to our bank account until November 1st.
- Accounts Receivables total \$3,549,142 and reflect an increase of \$393,000 since the end of September.
- Total liabilities are \$2,900,029 which is a \$242,114 increase. Deferred revenue increased \$530,128 from the Mill Levy Payment.

Capital Update

There were no capital expenditures to report in October 2023.

Update on Brighton Day Program

A new lease was finalized for the Brighton Day Program effective December 1, 2023. The new lease is for 5 years and provides us with 2,911 square feet. The rent expense will be \$4,305 per month with additional \$413 for CAM fees. Prior lease costs were \$13,420 for rent and an additional \$1,300 for fees.

Budget Amendment Proposal

The current approved budget has been amended to reflect the separation of our Resource Coordination Department. In addition to Resource Coordination the separation also had a direct impact on Administration and Supported Living Services which impacts overall projected net revenues. Budgeted net revenues were reduced by a total of \$197,478 as a result of the revisions to the budget. Net revenues are budgeted to be \$263,246 in the proposed amended budget.

Administration

Revenues in Administration were impacted by the loss of Case Management as we lost revenue for HRC, Investigations, Quality Assurance, as well as miscellaneous administrative items. This resulted in General and Administrative Revenues needing to be reduced by \$223,000 in the revised budget. These losses in revenue are partially offset by additional Mill Levy revenues of \$95,000 in the new contract beginning in January.

There was one IT position and one administrative position that were eliminated as part of the transition. Two facilitator positions were added to assist families in Adams County. The net effect to the salary budget was negligible so no changes were made.

Overall net revenue in administration was reduced by \$128,000 to \$444,189.

Supported Living Services

The Family Support Services Program (FSSP) budget was netted out through October 31 and reflects actual to date figures. Direct service revenues for FSSP were reduced by \$606,000. These revenues are pass thru and have no associated impact on net revenue.

There were four staff positions in FSSP that were eliminated as part of the transition and their salaries have been removed. The positions provided case management services which generated additional revenues to support these positions and provided net revenues. The net effect of these changes is a reduction in budgeted net revenues of \$90,000. Supported Living Services is budget to have net revenue of \$82,918.

Residential

A reclassification of expense totaling \$310,000 was done in the budget to move expenses from Salaries to Direct Service. This adjustment is to budget for cost associated with closure of Clayton House and move expenses to budget for additional Host Home expenses. The change had no impact on net revenues.

Resource Coordination

The budget for Resource Coordination was netted out to actual through October 31, 2023. The budgeted net loss for the year was reduced by \$26,000 to \$267,195 which reflects the actual loss for the year.

There was consensus that the Finance Committee recommends to the Board of Directors the approval of the financial report for October 2023. The Finance Committee approved the amended budget for recommendation to the Board of Directors.

Dr. Bertagnoli requested a motion to approve the October financial report.

Motion: Warren Taylor / Second: Bill Hawthorne / Motion Carries

a. Revised Budget

Dr. Bertagnoli requested a motion to approve the Revised Budget.

Motion: Doug Shepherd / Second: Cheryl Candelaria / Motion Carries

b. Review of Internal Controls

George explained that NMCS has internal controls he has designed to keep us in compliance with the State. For example, no one person can initiate and approve a requisition. After the requisition is entered into the accounting program, the request gets routed to the director of that department for approval. If a requisition is for \$1,000 or more, it also gets routed to Randy and George for approval. The final approval of all requisitions is done by Margarito Gandarilla, Director of Finance. The Board has given Randy and George the authority to approve up to \$20,000 without having to get permission from the Board. All checks are hand initialed by Randy and George before they are mailed out. Another example is that deposits are written by one person and deposited by another. Randy also mentioned that the Board also services serves as an internal control for the agency as the financial statements are shared with the Board.

4. Executive Committee Report

There was no report this month.

5. Executive Directors Report

Randy gave an update on the case management agency transition. It has been fairly quiet after the transition of those services to Rocky Mountain Human Services. The transition itself had been in the works for a very long time. The Federal Government would not give the State of Colorado any more extensions and said we had to separate case management and providing direct services. Randy went on to say that it was a sad day but the “good” part of it was that people were sorry to leave North Metro. Severance packages were offered to RC employees in an effort to keep staff through the transition to the end. This plan was successful in that only one person left before the end of the transition, and everyone else stayed till the end. Randy pointed out that more than anything else, RCs did

not want to leave their people without support, not knowing exactly how the transfer of services was going to take place. It was an unpleasant experience for all, but we wrapped it up as good as it could have been. Randy also stated that this was the first time in 3 years that we do not have any ads placed for DPS. We are in a better position than we have been.

The Governor's budget came out November 1st, and there were increases in program areas. That budget gave us a 1% increase, but we expect that the Joint Budget Committee (JBC) will reject that and provide a 2% increase. On January 1, 2024, the new DSP wage comes into effect, but the actual rate increase that supports that does not come until July 1, 2024. Luckily for us, we are able to navigate this because we are in the financial position to do so, but this is not true for smaller/rural agencies. In the future the State may provide supplements to address that.

The County Budget was adopted on Tuesday. This increase will give us money to support positions that were brought over from RC that are helping people navigate the new system.

The Grant Committee has been up and running for 18 months and we have been able to help many people in Adams County when they or someone in their home has an IDD. This does show our county commissioners that we invest in our community.

The Early Intervention RFPs will be coming out soon and hopefully they stay with current system and not make major changes. But we will compete for the work even if they include more counties.

NMCS celebrates its 60th in 2024! The agency was formed in 1964. We are putting together a committee to work on the plans for a celebration this summer. At this point, plans are for an onsite celebration for staff, people in services, families, board members and everyone associated with NMCS.

With the loss of RC, Data Safe, and the Air Force contract, people have been concerned about North Metro's longevity. Randy stated that we are here and plan to be here for the long term. We are making progress in pursuing the Class A Licensure and hopefully will have Medicare approval by next fall.

6. New Business

Dr. Bertagnoli requested a motion for a vote to add Spencer Davis as a Board member. Vote was held and Spencer will be serving on the NMCS Board of Directors.

Motion: Edie Wallace / Second: Warren Taylor / Motion Carries

7. Public Comment

No public comment.

8. Dr. Bertagnoli requested a motion to adjourn the meeting at 7:00 p.m.

Motion: Edie Wallace / Second: Hanna Martinez / Motion Carries

The next meeting will be held on January 25, 2024 at 6:00 p.m.