

**Upper Arkansas Area Council of Governments
Board of Directors Meeting Minutes
UAACOG Office & Microsoft Teams
December 18th at 10:00 AM**

Call To Order

Buck Wenzel called the meeting to order at 10:01 am

Roll Call

Board Members: Buck Wenzel, Kevin Day, Dana Greene, Dwayne McFall, Sarah Mudge, Ryan Stevens

Remote: Chris Henager, Devin Rowe, PT Wood

Guests: Benjamin Wood, Lucas Epp, Beth Lenz, Jacob Topping, Mac Word, Antonio Huerta

Employees: Max Hanson, Joan Moody, Tom McConaghy, Dave Paul, Laura Yost, Cameron Fancher, Samantha Hughes, Jessica Rathke, Mary Tinkcom, Michael Loyd, Julie Griffo

1) Approval of Agenda

Ryan moved to approve

Kevin seconded

Agenda approved

2) Approval of Previous Meeting Minutes

a. 10/23/24 – Board of Directors Meeting

No discussion

Dwayne moved to approve

Ryan seconded

Minutes approved

b. 10/31/24 – Board of Directors Special Meeting

No discussion

Dwayne moved to approve

Ryan seconded

Minutes approved

3) Federal Partner Updates

- a. Senator Bennet's Office – Jacob Topping, new regional rep; Legislative updates – Senator Bennet's Good Samaritan Remediation of Abandoned Hard Rock Mines Act; got a new CR that will fund government until March; optimism with Congressional Directed Spending projects; launched new website for Bennett; questions from Dana on School of Mines involvement and Buck on Zip Code bill
- b. Senator Hickenlooper's Office – Antonio Huerta, Water Resource Development Act has passed House, is in Senate; will provide \$50M for Canon City area reservoir; Older Americans Act will provide \$2.7 billion to support nutritional programs and grandparents raising grandchildren; Congressional Directed Spending moving

- forward; Starpoint is on short list for this year's funding; NDAA for national defense just passed
- c. Congresswoman Pettersen's Office – no report

4) Program Manager Reports – Informational

- a. Housing – (Max Hanson) no individual Program Director reports this time; informal discussion and updates instead
Max assigned Housing representatives to help oversee programs while he is Interim Executive Director: introduced Laura Yost, Melinda Williams, Mike Loyd, and Cameron Fancher
Working with HICPF for new funding for our Housing Navigation program for seniors exiting long term care facilities; our role would be to provide lists of senior services and housing resources; allocating \$50,000 through June for these resources on a monthly reimbursement process; waiting on contract for fiscal year in July
- b. WIC – (Jessica Rathke) partnership going well; Mildred, nutrition educator in Chaffee County is retiring in January, 2025; Park County will help cover clients until new educator is hired; submitted reimbursements for July and August, 2024; planning to submit September, 2024 to catch up WIC reimbursements
- c. AAA – (Tom McConaghy) foundation poured for new building this week; anticipating State cuts in funding, looking at programs to scale back
- d. Head Start – (Chris Henager) have received Intend to Fund for 25-26 school year; flat funding, no increase except for COLA; hired new lead teacher; new classroom being staffed to open 1/6/25; got renewal for Qual Star rating – level 4 of 5 for State of Colorado; in kind non-federal share is a challenge this year; trying to be creative to collect non-federal share; only 80% from feds, 20% is from local donations in kind or cash; may need to request another non-federal waiver
Recently completed National Association for the Education of the Young Child Accreditation; only 10% of programs in the nation receive this accreditation; part of their goals for quality; received regional approval for deployment (assistance from federal PMFO [CEO for Head Start] to help them meet their federal fiscal regulations); asked for federal fiscal deployment; gives direct access to PMFO in federal HS office
- e. CSBG – (Samantha Hughes) business as usual; shout out to Laura for helping process CSBG applications
- f. Transportation – (Samantha Hughes) program is struggling; reimbursed through February, 2024; needs to catch up for rest of year; will be able to start reimbursements to GAC/Fremont County Transit this week; it's a struggle with overlapping contracts and lack of support from CDOT, but making progress
- g. UAADC – (Dave Paul) challenging time with Enterprise Zone due to all accountants putting it off until the end of the year and new computer system that does not work; trying to deal with new system; issues with contribution projects
- h. HR Director – (Mary Tinkcom) we will continue with Anthem for health insurance; 15 employees enrolled; State law says we can participate in 100+ employees insurance options next year; all insurance programs will be reviewed next year including workers' compensation; glad we have some time off coming up due to high stress level with staff. Can't imagine working with anyone better than Max due to his openness and humor. Program directors are good at being transparent.

- i. Interim Executive Director & Finance Report – (Benjamin Wood and Joan Moody)
Financial Analysis: Redlands Accounting and Advisory was hired to help get COG ready for audit in June, 2024; grateful for Joan and Sam helping out, integral in helping put pieces together

(See Executive Summary for the UAACOG Fiscal Year 2023 Audit Preparation – December 2024 Update provided in meeting packet.)

Obtaining Financial Information Update: Max and Joan have been good at communicating with Benji and the auditor.

Unrecorded Bank Transactions in the Financial System: no bank statements had been reconciled July-December, 2023; has been completed now; fiscal systems for 2023 had been prematurely and improperly closed; Joan opened them back up and has posted adjustments; major milestone accomplished; Stifel investment account still not reconciled due to funds belonging to multiple programs being pooled. Reconciling accounts for 2024 will be even more challenging due to absence of proper procedures.

Joan- dealing with \$2,900 fraudulent charges in December, 2023; up to \$20,000 for fraudulent checks; she is working with banks on this; trying to get rid of service charges from banks; 2023 W-2s were incorrect; our two computer systems aren't communicating with each other.

Benji - \$2,900 fraud loss for 2023 and \$17,000 for 2024 will have to be written off.

Unrecorded Credit Card Transactions in the Financial System: charges were not entered into the computer system; receipts to show allowable expenses tied to programs were not provided; unsubstantiated credit card charges – how far is board willing to go as far as allowing them to be charged to COG? What can COG absorb? Charges of \$500 or less – charge directly to COG? We need to avoid being audited due to no receipts for charges.

Max – no recovery of funds, time has run out because we're past the reimbursement point

Failure to Perform Monthly Closing Processes and Bank Reconciliations: internal controls are outlined in manual, but had not been adhered to; Joan trying to reconcile January, 2024; unlikely COG can fully reconcile bank statements and resume normal monthly review processes until approximately July, 2025

Unposted Year-End Adjustments for Fiscal Year 2023:

Loans Receivable - loan activity for 2023 has successfully been tracked; accounting system and loan tracking system are not matching which is causing errors; journal entries will need to be made for audit; adjustments being made. A discrepancy was discovered in the approved allowance for doubtful accounts; a prior period adjustment will probably need to be made to correct this.

Inventory and Prepaid Expenses – adjustments were made as needed

Capital Assets - depreciation schedule had been maintained by auditor, not usual practice; new auditors should not do that; new depreciation schedule has been created by Benji that can be added to in the future.

Other Balance Sheet Account Adjustment Updates - need more time to determine details for grants receivable, accrued salaries and benefits, and equity accounts.

Joan – systems are not matching, especially through payroll; W2s will be done in house; wants to make sure everything is right with IRS.

Issues Identified since October, 2024 Board Meeting - Braden wrote a check to reimburse himself for three classes he took not related to his COG duties; we need structure for reimbursement of tuition to avoid this happening again; a fraud loss expense account was created to record financial losses; new accounting software package was purchased from MIP by Braden and Heather but not implemented; can't use it now due to bad information; COG can't recover those charges, might not even be a good fit for COG's financial purposes.

Max – purchase order agreement was for three years; must pay licensing fees of \$25,000 per year

Sarah – has a good faith request been submitted?

Max - have been in touch, but no answers yet.

Mary – this program is a fund accounting for non-profits that may work well for us; deserves a good look, did we select the right modules?

Sam – had been in trainings with MIP staff present, Braden continually pushed off implementation. Even MIP staff stressed it cannot be implemented until books are correct; should have been focused on current system, GMS, even though it's outdated.

Max - \$10,000-50,000 purchases should have been presented to board before purchase happened; policy was not followed.

Benji - 941 filings for 2023 not tied to W3 forms were identified by Joan; COG will likely owe \$5,000 in underpaid 2023 payroll taxes; 2nd quarter unemployment has been paid; credit card activity – limits were raised to \$12,500, receipts were being lost; Braden made credit card payments to Sunflower twice (automatically withdrawn from operating account plus paid again); custodial accounts had large fees; Joan is working on bringing fees down or refunded; Max has opened new custodial bank account with Pueblo Bank and Trust.

Joan – workers comp files have been reconciled

Benji – grant funds for AAA building were deposited, paid for against operating account without replenishing funds; now has been rectified.

Recommendations - engage third party payroll provider so Max and Mary can focus on more important things.

Joan- outside company will take care of IRS to save us money and heartache

Benji – if decided, could help in 2025; Joan will be leaving; consider raising Finance Director's salary in future so we can get a qualified accountant to avoid future problems.

Sarah – are we beyond the point of getting any credit card reimbursements? Should we continue to take inventory to determine possible reimbursements?

Max – unrecoverable funds have been allocated to our indirect unallocated funds.

Sarah – are we planning on requesting reimbursement from Braden for tuition paid? MIP did not get back to you, can we suspend the contract?

Max – We are planning on discussing that in our Executive Session. The MIP contract has been suspended indefinitely; postponed implementation; not taking any more trainings. We have two outstanding invoices from previous trainings.

Benji – Clarification of bad debt allowance differences (see report) Auditor should provide info to us; we may need to write off loans or do prior period adjustment.

Sarah – is the W3 issue with payroll isolated to unemployment insurance only? Will employees need to refund some money?

Max – staff will not need to make repayments; we may have back payments to IRS. Regarding unrecorded bank statements and credit cards - have plan with program directors and credit card statements to determine allocations; monthly controls with procedures should be able to meet normal policies and procedures in July, 2025; business expenses need receipts; \$10,000+ expenses will be approved by board. Benji – MIP quote made to Heather and Braden was lowered so it wouldn't have to be presented to board. Max – we have paid \$19,000 so far; has reached out to third party services for payroll, HR, and legal counsel; anticipates doing this for \$25,000-50,000 per year

5) Executive Session

Ryan made a motion to move into Executive Session pursuant C.R.S. Section 24-6-402 (4) (f) (I) and (II) for discussion of a personnel matter and not involving any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; or personnel policies that do not require the discussion of matters personal to particular employees. Upon conclusion of the Executive Session, request/ensure that the recording of the Executive Session be safeguarded and retained for a period of 90-days following the Executive Session.

Sarah moved to approve Executive Session

Dwayne seconded

Executive Session approved

(Jacob, Antonio, and Mac left the meeting before the Executive Session.)

Meeting resumed at 12:43 pm

6) Old Business

- a. AAA New Building Update – Informational – see Program Manager Report by Tom

7) New Business

- a. 2025 Budget Discussion –

(See Max's handout and month end statements from Stifel, CSAFE, and banks.)

Financial situation has been outlined with what needs to be done and overcome.

GMS balance sheet, active projects in GMS where funds and expenses are allocated, not accurate due to inaccurate postings; WIA funds of \$324,861.50 State paid in error need to be returned; \$358,454.15 current balance.

Dwayne – was the WIA money from Work Force rent?

Sam – no, it was from Work Force Development

(Dwayne left the meeting)

Estimated shortfall for 2024 should be covered by Stifel in General Operating Expenses, but not for 2025.

Housing Rehab funding has been changed which limits where we do rehab and how much we can use for admin; this is unsustainable, so we cannot continue to operate this program; Housing Rehab program will probably be gone from COG, and one employee will be let go from that program.

July, 2025 will stop admin funds for Transportation; these two programs are not included in 2025 budget.

Max – what needs to be moved, or should we draw from our reserves? Should we have a special session to determine if we want to open a revolving line of credit; could UAADC provide a small loan?

Dave - \$300,000 of available verified funds were left out of this year's goal; a loan of up to \$300,000 is possible, noninterest bearing with a balloon

Max – COG has historically applied for grants like El Pomar that could help; most grants require current audits, so he does not want to apply for them now.

Sarah – what other program besides Housing Rehab was severely affected by formula funding?

Max – Transportation; will actually save us admin fees.

Ryan – we need to have a special session to figure out budget.

Dave – UAADC portfolio is good at this time; COG has borrowed money in the past.

Kevin – where are we in preparation for the 2023 audit?

Benji – auditor will give us a list of everything that needs to be provided before they can start the audit; biggest thing is bank reconciliations; maybe in late February, early March, depending on what other audits his company is doing

Joan – we still need to do W2s and quarterly taxes.

Benji – we need to ask for an extension on the 2024 audit as soon as we can; deadline to ask for extension is September 30, 2025.

Joan – we can look at 2023 numbers instead of 2024 to get a better picture of what we need for 2025 budget.

Buck – we need to figure out something so we can set 2025 budget.

Ryan – will need work session and more detail.

Sarah – how much has been taken out of general fund in past five years? We need to cover that loss.

Max – once everything is straightened out, we can calculate loan interest rates; other COGs can help, but they are structured differently; they get lots of dues paid from counties and municipalities.

Buck – can we set a temporary budget and amend it as required when we get more information?

Sam – Fremont County recently had a cyber-attack; special resources were provided by the State to help them get through it. Even though this is not a cyber-attack, could we get more support by tapping into something similar? We need help from a specialized team because this is so heavy. It gets worse every day. Our return on investment is bad. We need to be aggressive and get something done as soon as possible. This community needs the board's help to solve this.

Joan – kudos to Sam for doing the Christmas tree gift program.

Laura – what COG does for our communities would be extremely difficult for any one agency to do without us; we serve too many people to let this valuable resource end. We need to be aggressive in solving this.

Buck – Max, recommendations?

Max – we should have a special session for authorization until we get something set.

*PT - moved to adopt the 2025 budget with caveat that we come together soon so we can figure it out.

*Ryan – seconded but amended to meet before January 17

PT – Chaffee County might be able to add more to help.

Ryan – we need to get more into individual line items.

(Beth and Tom left meeting.)

Buck – further discussion or input?

Sarah – can we request more money from the counties and municipalities?

(*PT had moved, Ryan had seconded)

Motion approved

- b. 2025 UAADC Budget Discussion – (see Dave’s budget)

Would like to get reimbursed for rent he’s paid for 2024; wants office space covered under COG’s liability insurance; has reduced the 2025 budget considerably from 2024; can contribute some to our administrative fees; UAADC is very solid.

Ryan – do you want to add \$12,000 from UAADC?

Max – revise admin/finance from \$24,000 to \$36,000

Kevin moved

Sarah seconded

Budget approved

- c. 2025 Indirect Rate & Cost Allocation Schedule

Don’t have enough accurate data to do this right now.

Buck moved to approve schedule as presented

Ryan seconded

Schedule approved

- d. 2025 UAACOG Board Meeting Dates – third Wednesday of every other month

Ryan suggested January 15th for a special board session

Proposed 2025 dates: February 19th, April 16th, June 18th, August 20th, October 15th, December 17th

Max - we typically have two meetings in Salida; would encourage remote participation to save money.

PT – we have a brand-new building in Buena Vista we would like to use for hosting.

Buck – 10 am meeting time still good?

Max - Yes

PT moved to adopt those dates

Buck seconded

Meeting dates for 2025 approved

- e. John Hancock Trustee Change Resolution – retirement account provider, can’t access

because Heather is sole trustee; wants to authorize Max as current trustee

Mary – everything has been on hold up till now; let’s add Max and see if we can add another.

Ryan moved to approved Board Resolution 12-13-24-01

Sarah seconded

Resolution 12-13-24-01 approved

- f. STIFEL Account Closeout – need to separate funds and close out Stifel

Sarah moved to approve Board Resolution 12-18-24-02

Dana seconded

Resolution 12-18-24-02 approved

- g. DOH Home Repair Prop 123 Application – allows us to apply for funds; need resolution in case we decide to apply

Buck moved to accept Board Resolution 12-18-24-03

Ryan seconded

Resolution 12-18-24-03 approved

- h. CSBG Tripartite Board Vacancy (Sam) – since Kevin is leaving, we need a new board member who is an elected official of one of our communities.
Kevin – she basically needs a warm body.
Buck - would be honored to be on the board.
- i. Head Start School Readiness Outcomes – (Chris) baseline report; low literacy scores have been a trend over past three years; this year’s scores are extremely low; literacy knowledge for young children is not being provided before students start Head Start; staff will be working really hard to bring students’ literacy scores up to where they need to be for kindergarten; next board meeting will be heavy for Head Start; board needs to approve new school readiness action plan before April 1st deadline.
- j. Sick Bank Change – (Mary) previous plan ran like a bank, contribute to bank in order to withdraw from bank; recent event necessitates we adopt more standard plan; wants to establish a real PTO sick bank where employees may contribute and those who need it may apply to receive it; wants to cap sick time at 480 (12 weeks of FMLA)
Sarah moved to approve Board Resolution 12-18-24-04
Buck seconded
Resolution 12-18-24-04 approved
- k. Head Start Budget Shortfall 24-25 Resolution
Max – wants to allocate \$22,000 from general funds to go to Head Start shortfall
Chris – does not feel confident applying for the Temple Hoyne Buell grant they’ve used in the past due to our current fiscal state; already down to bare bones in budget, nothing left to cut to cover deficit; shared their 25-26 budget
Sarah moved to approve Board Resolution 12-18-24-05
Dana seconded
Resolution 12-18-24-05 approved

County/Community Reports

- a) Fremont County – Dwayne McFall – left the meeting
- b) Cañon City – Ryan Stevens – had reached out to city’s finance director regarding the special task force they used for the cyber-attack; will try to reach GFOA for task force.
Sales tax passed to build community pool; increased mills to operate pool was denied; trying to find path forward; lots of construction projects going on; delineators installed at 9th and Royal Gorge; next year Justice Center will be reconstructed.
- c) Lake County – Sarah – her last meeting, it’s been nice working with everyone; stay strong through this process; all three commissioners in Lake County will be new next year; approved first certificate of participation for courthouse renovation
- d) Leadville – Dana Greene – citizen’s initiative for a sales tax in city limits to go to pool fund – they don’t have a pool; tax will be collected and placed in a fund; school district passed a mill levy override; debruced regional housing authority; passed their budget
- e) Chaffee County – PT Wood – thanks Buck, Max, and COG staff for their work during this wildly challenging time; extended open invite to be hosts for a board meeting when we’re ready to go there; engaged architect to redo building purchased for Sheriff’s department; debruced housing authority; Jane’s Place – affordable housing development; two new commissioners elected

- f) Buena Vista – Devin Rowe – new stop light – now have three – want to add a 4th light and a connection to get fire department and police to highway easier; working with transportation to get another bus going to Denver (only one a day right now)
- g) Custer County – Kevin Day – it’s his last meeting; has enjoyed it; positive note: signed quit claim deed for seven lots for Self Help Housing build
- h) Silver Cliff – Buck Wenzel – echoes PT – thanks to Max and all for willingness to fix this; HR 8753 – bill to mandate post office to give Silver Cliff their ZIP code back, thanks to Congresswoman Petterson’s support, passed House, now in Senate; would like our support to get this passed and stop their tax-revenue losses; met with Williamsburg town board; hopes for some stability for all next year

Adjourn Board meeting

Kevin moved to adjourn

Sarah moved

Meeting adjourned 2:40 pm

Respectfully submitted,

Julie Griffo