

**Upper Arkansas Area Council of Governments
Board of Directors Meeting Minutes
UAACOG Office & Zoom
October 23, 2024 at 10:00 AM**

(Max Hanson and Mary Tinkcom ran the meeting in Heather's absence.)

Board members in attendance: Buck Wenzel, Ryan Stevens, Kevin Day, Dwayne McFall, (Dana Greene, Lauren Snyder, PT Wood, Sarah Mudge – via Zoom)

Others present: Max Hanson, Mary Tinkcom, Tom McConaghy, Jessica Rathke, Beth Lenz, Justin Kerth, Benjamin Wood, (Jacob Topping and Antonio Huerta – via Zoom)

Call to order

Buck opened the meeting at 10:01 am and called the meeting to order.

1) Consent Agenda – *action item*

- a) Minutes UAACOG Board of Directors meeting 08/21/2024, p. 1-4
- b) Financial Statements, p. 5-11
- c) Loan Reports. P. 12-18

Ryan moved to accept.

Kevin seconded.

No discussion, accepted.

2) Additions/changes to Agenda - None

3) Program Manager Reports – Director's overview of Program Manager's Reports, p. 19-34

- a) **Mary** – presenting for Chris; Chris, Joan, and Lisa are at a regional Head Start financial training.
- b) **Tom** – p 19, Senate Bill 40 requires State Unit on Aging to do report due November 1st; is going through the approval process; report shows Aging in Colorado is short \$10M just to satisfy the waitlists; fiscal outlook in the State of Colorado is not great this year; he is putting plan together.
- c) **Jessica** – WIC partnership is well underway as of October 1st; no major hurdles; now have a registered dietician available for high-risk appointments.
- d) **Max** – the state recently hired a new environmental specialist; now following guidelines from the national office where they are required to partner with State Historic Preservation Office to do a cultural and historical study on any site that federal funds are being used to build on. We had been four weeks away from closing on the property in Florence to start the new Self Help build; now delayed indefinitely; congresswoman's office is helping facilitate with the national office; now needs to reach out to Housing Assistance Council to restructure the loan to acquire the lots.

4) New Business

- a) **Finance Director Approval** - action item, Mary Tinkcom, p. 35-38

Mary – we made an offer to Joan Moody, and she accepted Finance Director position. She will be meeting with each Program Director, Heather, and Mary soon to determine what her focus should be for each program for her first 90 days.

Dwayne – clarified Board does not need to approve hirings

Buck – the Board says “welcome aboard”

b) **2023 Audit Update** - informational, Benjamin Wood, Redlands Accounting

Benjamin Wood – DMC Consulting is auditor; Redlands Accounting specializes in helping entities prepare for audits.

Executive Summary (see copy) – contracted in June 2024; new auditor identified issues that needed to be addressed before the audit; COG and CFO Systems had failed to reconcile any bank accounts from July 2023 to December 2023; COG was not prepared for audit.

Challenges in Information Access – received bank statements two months after they were requested; significantly hindered ability for Redlands to do their contracted job.

Unrecorded transactions in bank statements - identified discrepancies in statements; basic bookkeeping functions were not being done in the latter half of 2023; 129 transactions in the operating bank account for 2023 were improperly recorded or missing; most involved checks that were assigned incorrect check numbers; that has now been figured out and a document was created for the auditor. He thanks Samantha Hughes for her help. In the last quarter of 2023, they identified 45 electronic transactions including cash receipts, ACH disbursements, and transfers to the payroll account that were not recorded in accounting system; these total over \$240,000. A request was made for these supporting documents on September 10, but only five invoices have been provided for explanation. The majority of those transactions are still unexplained and unsubstantiated although most were payroll related so they can see where the money went; it was just not recorded in the accounting system.

Unrecorded credit card transactions – Credit card transactions haven’t been recorded since June of 2023. He has asked Finance to show where the credit cards have been recorded in the accounting system, but they have not been able to provide evidence that they were recorded into the GMS system. Many transactions are related to federal and state programs, so the records are not correct. UAACOG has credit card accounts with Sunflower Bank, Capital One Walmart, Visa; all statements and invoices have been requested but haven’t been received to date.

Failure to Perform Monthly Closing Processes and Bank Reconciliations – no monthly closing processes have been done since former fiscal team left; this includes reconciling statements; has allowed discrepancies and issues to go unnoticed. Includes over \$13,000 in fraudulent cash withdrawals from accounts - shown as Discover and Mercury Card payments which we don’t have. This could have been avoided with regular reviews of the bank statements.

Program Managers – have relied on monthly closing reports to track status of their programs but have had none since July 2023.

Max – reports have been made available when requested but are questionable.

Benjamin - some reporting deadlines to funders have been missed; have not been able to generate expenditure reports because of unrecorded transactions.

The reporting deadline of September 30, 2024 was missed for the single audit.

We are now considered to be a high-risk auditee.

Dwayne – was an extension requested?

Benjamin - extension deadline was September 30, 2024. It was missed.

Critical Year-End adjustments identified:

Loans Receivable – loan payments have not been recorded for 2023; Braden had given Benjamin a system to track loans separate from the accounting system; needs to tie beginning balance into audited balances; has not been able to.

Benjamin has requested new reports; has not received them from Finance yet.

Unposted Year-End Adjustments for FY 2023; grants receivable are not shown.

Inventory balances – not adjusted at year end 2023; new numbers received on food for Commodities.

Prepaid expenses – i.e. insurance, have not been adjusted. Shows negative prepaid balance which is impossible.

Conclusion and Next Steps – facing critical issues stemming from lack of proper financial records; internal control procedures not being followed; immediate action is required to prepare for 2023 audit; earliest to complete is end of year 2024; resources are available to get answers and get us back on track. Lack of support does not stem from Braden being gone for the last three weeks; reports were due by September 1st.

Benjamin is here to help us move forward. He asked if there were any questions.

Dwayne – you said you repeatedly requested information, but it was not provided. Did Heather know?

Benjamin – told Heather when he met with her in September, but the problem has continued since then.

Ryan – will we meet the November 15 deadline?

Benjamin – that’s not possible.

Dwayne – has a lot of questions for Heather; do we need an Executive Session before December meeting? Can we deal with this today?

Buck – let’s speed through agenda and have Executive Session today without Heather.

Mary – do you want to do the Executive Session without Heather here?

Buck - yes

- c) **CSBG Monitoring** - informational, Max Hanson, p. 42-43

Max – met with Samantha Hughes for CSBG monitoring; no major issues; letter received regarding operating procedures – all three issues mentioned stem from audit not being completed; everything else met expectations.

Buck – asked for questions. None.

- d) **DOLA Mini-Grants** - action item, Heather Evans, p. 44-46

Mary – Heather needs mini-grants approved.

Dwayne – Heather recommended all be approved; moved to approve.

Ryan – seconded.

Mini-Grants approved.

5) Old Business

- a) **UAACOG Dues for 2024** - action item, Heather Evans, p. 47-53

Mary - Small increase for all counties; new position funded; Florence and Cañon City said they will each pay one fourth of the dues for Fremont.

Ryan – Cañon City is still discussing this.

Dwayne – Fremont County is already paying \$25,000 for commodities plus \$27,000 for dues. He agrees with the City Council that they should not be responsible for Fremont County’s dues; cannot justify jumping the dues even with city’s help on an ongoing basis. He asked other commissioners if they’ve approved it with their commissioners.

PT - found money for increased fees. They don't use the grant writer much, but they see the value in having one available for their surrounding counties; hope they don't see this jump in their dues in the future.

Kevin – willing to go with initial ask which was the normal split, secondary ask would not fly; they're still trying to shave \$500,000 off their budget.

Sarah – they support it; see value in grant writer position; Lake County is struggling, but this is a critical solution to partner with other regional agencies because they can't sustain it themselves. The COG can help us strengthen partnerships with other cities and counties.

Beth – this is the creation of a new position, both external and internal, not just a grant navigator; state has recognized her as a grant navigator and is going to fund her for another year; does not create position as Heather wants it, but it is still providing that service to local governments.

Dwayne – Fremont County will not pay the extra. We have \$30,000 budgeted. Don't most grants include the administrative fee?

Beth – post award, not pre award; all her work so far has been pre award. She's looking to get post funding to help with administration of grants.

Dwayne – we see the value of the program, but we don't feel we can justify it to the 50,000 residents of Fremont County. Public Health has grant-funded salaries.

PT – is always reluctant to staff via grants, likes to rely on ongoing, established funding; sees value in this position and is willing to take that step.

Sarah – if state is funding position, is there still a request to create this position?

Max – funding for Beth's position is IJA/IRA funding sources from the feds. This position would support our program directors here at UAACOG to explore other financial avenues to bring new programs and services and maintain our existing services. The program directors here don't have the time necessary to look for funding sources while they're running their programs.

Beth – local governments need assistance that I can give them.

Dwayne – referring to the economic impact summary, benefits shown for Fremont County - where did the \$6.8M come from?

Max – housing vouchers subsidies

Dwayne – on the ROI, where did numbers come from for 2023? Would like more information on that.

Max – will get that. Numbers for 2024 should be higher since we leased up more voucher holders.

Dwayne – should we table discussion on new position for later discussions to approve budget without position?

Dwayne – moved to accept proposed 2024 dues without the position.

Kevin – seconded.

A vote was called for with two (PT and Sarah) opposed and six for.

Motion carried.

b) **AAA New Building Update** - informational, Tom McConaghy, verbal only

Tom – after four months got city permit, now have county permit, moving forward! Hope to be dried in by December 15 depending on weather.

6) **Director's Report General Information** – written report included in the packet, p. 54-56

See board report in packet – defer

Jessica – pointed out Heather's recognition of Mary for a good job!

7) County/Community Reports

- a) **Senator Hickenlooper's office - Antonio Huerta** – hosted town hall in Pueblo; did work with constituents – high costs of housing and necessities; preservation of gubernatorial oversight in potential transfer of Air National Guard members to the Space Force; tri-care reimbursement with children's hospitals; looking at regional approach for applying for grants.
- b) **Senator Bennet's office - Jacob Topping** – taking over for Renee Martinez; will be working closely with Antonio in the future. October did not generate many updates regionally. Will support the region through the CVS process.
- c) **Congresswoman Pettersen's office - Justin Kurth** – new bills introduced: childcare workforce development act, childcare restructure act, creating early childhood leaders act, improve retirement security for family caregivers act.
Tom and Beth had questions – Justin will get back to them.
- d) **Fremont County – Dwayne McFall** - busy with budgets; wrap up ARPA funds needing to be spent.
Cañon City – Ryan Stevens - Budget hearing tonight; Visionary Broadband project has laid 16,000 feet of conduit so far; doing river and train track crossings first; co location facility at city hall for other providers to tie in for use if necessary; should reduce issues in future; road construction projects are being completed; three issues on ballot for new pool.
Buck – is broadband city-centered or available for county?
Ryan – loop will be city owned; Visionary will build out for their own purposes.
- e) **Lake County – Lauren Snyder/Sarah** – groundbreaking today for 24 units; a citizen's initiative is on the ballot for a mill tax to replace and operate an aquatic center although neither the city nor county have plans to do so right now; county is going through feasibility study for community center to show community what it means to be able to do that project; holding town hall meetings to show work done already, the wants of the community, and the county financial health.
- f) **Leadville – Dana Greene** – had left the meeting
- g) **Chaffee County – PT Wood** – land use code update draft was approved with thoughtful recommendations; public hearings will begin in a week; hoping to begin recycling center at the dump and waste diversion, especially construction waste now that construction moratorium is pulled off; development to begin soon in Poncha; having frequent and long power outages; working with PUC and Excel to come up with solutions; about to finish north end public safety building in BV; working to get ballot initiatives to fund housing authority.
- h) **Buena Vista – Devin Rowe** – not present
- i) **Custer County – Kevin Day** – draft budget posted but still needs to dig deep to shave money off budget; road and bridge department is struggling; looking to educate public that we'll need a mill levy to fund road and bridge; moving forward on installation in airport; trying to spend ARPA funds by end of year.
- j) **Silver Cliff – Buck Wenzel** – working on budget, too; still working with HUD to get funds released for town plaza project; new trustee will be sworn in next week; applying for grant to get high-speed fiber to connect from Huerfano to Fremont Counties; waiting for results on GoCo grant; first solar farm made application.

Kevin 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.

Dwayne seconded.

Motion passed unanimously.

The Board asked Benjamin to be available for questions if necessary.

Executive Committee Meeting

At 12:03 pm, the Board exited the Executive Committee meeting and resumed the regular board meeting.

PT – any group discussion before we motion to adjourn?

No discussion

8) Adjourn Board meeting

Ryan moved to adjourn.

Dwayne seconded.

Meeting adjourned 12:04 pm.

Respectfully submitted,
Julie Griffo