



Finance Update and Budget July 19, 2017

Agenda

- YTD FY 17 May Results
- Accomplishments
- FY 18 Budget
 - Historical Background
 - Major Changes
 - Headcount/Turnover
 - Major Initiatives & Mill Levy
 - Proposed Budget
 - Risk – Potential Barriers
 - Summary

YTD FY 17 May Financials

	Current Period			Year-to-Date		Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Revenues							
Program Revenues							
Medicaid	\$1,402,229	\$1,353,883	\$48,347	\$14,480,599	\$14,892,710	(\$412,111)	\$16,246,592
State Funding	\$898,706	\$566,663	\$332,043	\$6,640,207	\$6,233,288	\$406,919	\$6,799,951
Grants	\$330,746	\$327,355	\$3,391	\$3,324,556	\$3,600,904	(\$276,348)	\$3,928,259
Mill Levy	\$643,086	\$920,889	(\$277,803)	\$7,302,617	\$9,118,475	(\$1,815,858)	\$9,987,349
Other Funding	(\$203,726)	\$55,566	(\$259,292)	\$1,237,254	\$611,226	\$626,028	\$666,792
Total	\$3,071,041	\$3,224,355	(\$153,314)	\$32,985,233	\$34,456,603	(\$1,471,371)	\$37,628,943
Total Program Revenues	\$3,071,041	\$3,224,355	(\$153,314)	\$32,985,233	\$34,456,603	(\$1,471,371)	\$37,628,943
Other Revenues							
Donations	\$805	\$1,833	(\$1,028)	\$43,589	\$20,167	\$23,423	\$22,000
Other	\$49,429	\$71,550	(\$22,121)	\$681,775	\$787,050	(\$105,275)	\$858,600
Total	\$50,234	\$73,383	(\$23,149)	\$725,364	\$807,217	(\$81,853)	\$880,600
Total Other Revenues	\$50,234	\$73,383	(\$23,149)	\$725,364	\$807,217	(\$81,853)	\$880,600
Total Revenues	\$3,121,275	\$3,297,738	(\$176,464)	\$33,710,597	\$35,263,820	(\$1,553,223)	\$38,509,543

Unaudited - For Management Purposes Only

YTD FY 17 May Financials

	Current Period			Year-to-Date		Annual	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Expenses							
Direct Client Services							
Professional Services							
Medical -Therapy Services	\$340,214	\$451,761	\$111,547	\$3,490,291	\$4,969,367	\$1,479,076	\$5,421,128
Client Care Services	\$784,141	\$718,898	(\$65,243)	\$9,902,012	\$7,907,877	(\$1,994,135)	\$8,626,775
Total Professional Services	\$1,124,354	\$1,170,659	\$46,304	\$13,392,303	\$12,877,244	(\$515,059)	\$14,047,903
Transportation							
	\$106,778	\$125,357	\$18,579	\$1,263,200	\$1,378,923	\$115,724	\$1,504,280
Total Transportation	\$106,778	\$125,357	\$18,579	\$1,263,200	\$1,378,923	\$115,724	\$1,504,280
Client Housing Support							
	\$96,859	\$80,833	(\$16,026)	\$943,235	\$889,160	(\$54,075)	\$969,993
Total Housing Support	\$96,859	\$80,833	(\$16,026)	\$943,235	\$889,160	(\$54,075)	\$969,993
Total Direct Client Services	\$1,327,991	\$1,376,848	\$48,857	\$15,598,738	\$15,145,328	(\$453,411)	\$16,522,176
Direct Operating							
Staff Expense							
Salaries & Payroll Taxes	\$1,127,684	\$1,236,633	\$108,949	\$11,834,655	\$12,544,379	\$709,724	\$13,727,715
Employee Benefits	\$142,692	\$184,549	\$41,857	\$1,503,255	\$1,831,546	\$328,291	\$2,008,935
Temporary & Contract Services	\$11,388	\$28,175	\$16,787	\$283,677	\$309,925	\$26,248	\$338,100
Total Staff Expense	\$1,281,763	\$1,449,357	\$167,594	\$13,621,588	\$14,685,850	\$1,064,263	\$16,074,749

Unaudited - For Management Purposes Only

YTD FY 17 May Financials

	Current Period			Year-to-Date		Annual	Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
General Operating							
Staff Travel	\$20,350	\$23,730	\$3,380	\$185,830	\$261,025	\$75,196	\$284,755
Real Property Rent & Operating Expense	\$40,957	\$45,871	\$4,915	\$473,108	\$504,585	\$31,476	\$550,456
General Office Expense	\$44,016	\$47,076	\$3,060	\$334,785	\$517,836	\$183,051	\$564,912
Telephone Expense	\$8,322	\$26,215	\$17,893	\$207,880	\$288,365	\$80,485	\$314,580
Purchased Services	\$29,562	\$93,121	\$63,559	\$411,875	\$1,024,336	\$612,460	\$1,117,457
Dues, Subscriptions, Conferences	\$2,251	\$10,013	\$7,762	\$61,088	\$110,138	\$49,050	\$120,150
Insurance	\$7,086	\$10,387	\$3,301	\$98,281	\$114,257	\$15,976	\$124,644
Interest	\$32,848	\$35,983	\$3,136	\$396,046	\$395,817	(\$230)	\$431,800
Other	\$17,157	\$33,030	\$15,874	\$133,673	\$357,299	\$223,625	\$389,900
Total General Operating	\$202,549	\$325,426	\$122,878	\$2,302,567	\$3,573,657	\$1,271,090	\$3,898,654
Deprec., Amort., Impairment							
	\$81,104	\$60,351	(\$20,753)	\$801,846	\$781,571	(\$20,276)	\$841,921
Total	\$81,104	\$60,351	(\$20,753)	\$801,846	\$781,571	(\$20,276)	\$841,921
Allocated Direct Operating							
	\$0	\$0	\$0	(\$11,050)	\$0	\$11,050	\$0
Total	\$0	\$0	\$0	(\$11,050)	\$0	\$11,050	\$0
Total Direct Operating Exp	\$1,565,415	\$1,835,134	\$269,719	\$16,714,952	\$19,041,078	\$2,326,126	\$20,815,324
NET SURPLUS/(DEFICIT)	\$227,869	\$85,757	\$142,112	\$1,396,907	\$1,077,414	\$319,493	\$1,172,043

Unaudited - For Management Purposes Only

YTD FY 17 May Financials

	Current Period	Prior Year End
ASSETS		
Current Assets		
Cash & Equivalents		
Unrestricted Cash & Cash Equivalents	\$4,074,577.91	\$2,409,852.86
Restricted Cash - Debt Service & Agency	\$196,192.12	\$211,255.68
Total Cash & Equivalents	<u>\$4,270,770.03</u>	<u>\$2,621,108.54</u>
Receivables		
Direct Billable Services	\$5,436,043.75	\$3,902,074.18
State Grants	\$501,151.79	\$1,014,362.92
Mill Levy	\$1,392,699.56	\$2,231,897.16
Other Grants	(\$886,308.09)	\$492,500.26
Other Receivables	\$280,300.88	\$34,077.93
Allowance for Contractual Adj. & Bad Debt	(\$1,085,377.47)	(\$913,599.06)
Total Receivables	<u>\$5,638,510.42</u>	<u>\$6,761,313.39</u>
Prepaid Expenses & Other Current Assets	<u>\$219,829.88</u>	<u>\$177,127.54</u>
Total Current Assets	<u>\$10,129,110.33</u>	<u>\$9,559,549.47</u>
Non Current Assets		
Fixed Assets		
Land, Building, Furniture & Equip (at cost)	\$14,023,138.78	\$14,023,138.78
Accumulated Depreciation	(\$8,490,825.07)	(\$7,702,424.13)
Total Fixed Assets	<u>\$5,532,313.71</u>	<u>\$6,320,714.65</u>
Other Non Current Assets		
Investments	\$18,293.97	\$18,293.97
Bond Issuance Cost	\$201,682.91	\$215,128.43
Total Other Non Current Assets	<u>\$219,976.88</u>	<u>\$233,422.40</u>
Total Non Current Assets	<u>\$5,752,290.59</u>	<u>\$6,554,137.05</u>
TOTAL ASSETS	<u>\$15,881,400.92</u>	<u>\$16,113,686.52</u>

Unaudited - For Management Purposes Only

YTD FY 17 May Financials

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$875,169.74	\$1,750,987.41
Accrued Expenses	\$1,795,156.89	\$1,179,895.71
Deferred Revenue	\$845,764.98	\$894,878.57
Current Portion of Long Term Debt	\$1,275,993.43	\$1,292,327.71

Total Current Liabilities

\$4,792,085.04 \$5,118,089.40

Long Term Liabilities

Long Term Debt	\$10,583,536.88	\$11,748,230.82
Deferred Rent	\$16,068.91	\$154,562.96

Total Long Term Liabilities

\$10,599,605.79 \$11,902,793.78

Total Liabilities

\$15,391,690.83 \$17,020,883.18

Net Assets

Total Net Assets

\$489,710.09 (\$907,196.66)

TOTAL LIABILITIES AND NET ASSETS

\$15,881,400.92 \$16,113,686.52

Accomplishments

- Greatly improved financial performance, reducing debt and overhead costs, and generating a surplus in each of the last two fiscal years.
- Successfully implemented new practices to increase staff productivity with a focus on service quality.
- Increased stakeholder engagement via surveys, newsletters, RMHS forums, service agency information sessions, and participation at external community meetings; used information gathered to establish programmatic priorities.
- Expanded client choice by distributing mill levy dollars to area agencies offering a wide range of services, including education and training, employment, social/recreational opportunities, and assistive technology.
- Significantly exceeded contractual goals in many areas, such as providing State SLS services to 28.0% more individuals than required.

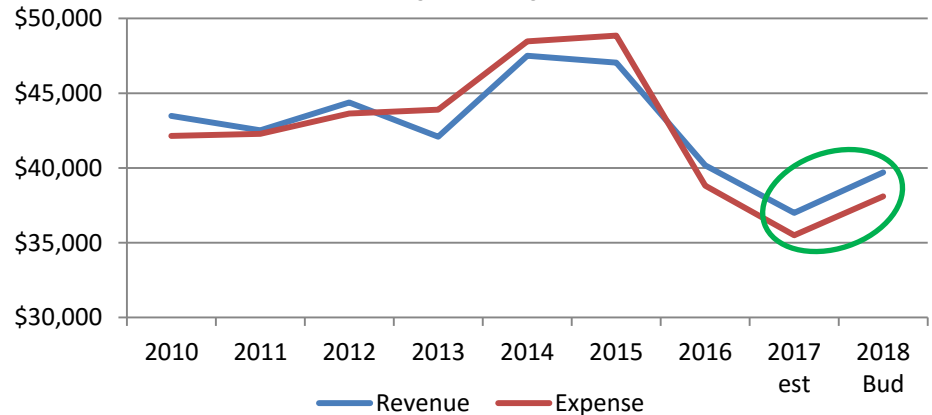
Board Resolution

Accept financial statements for
eleven months ending May 31, 2017

Improved Financial Performance

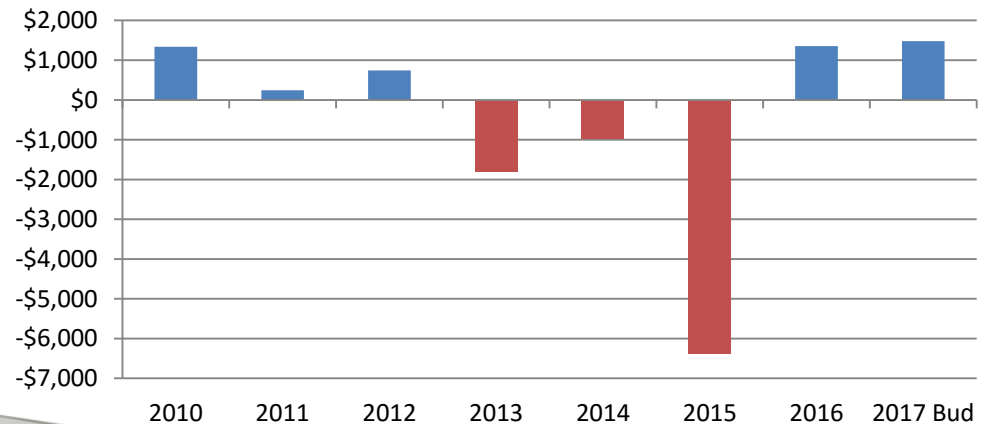
2017 continued a modest surplus but with declining revenues

Unrestricted Revenue & Expenses (000's)



The \$6.4M loss in 2015 includes \$1.6M loss from discontinued operations – In 2016 achieved surplus of \$1.35M and estimate slightly higher 2017 surplus

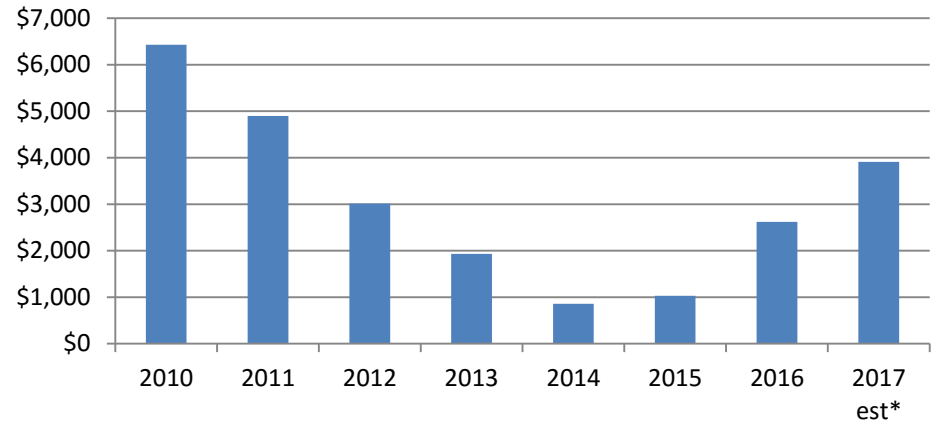
Unrestricted Surplus/(Loss) (\$000's)



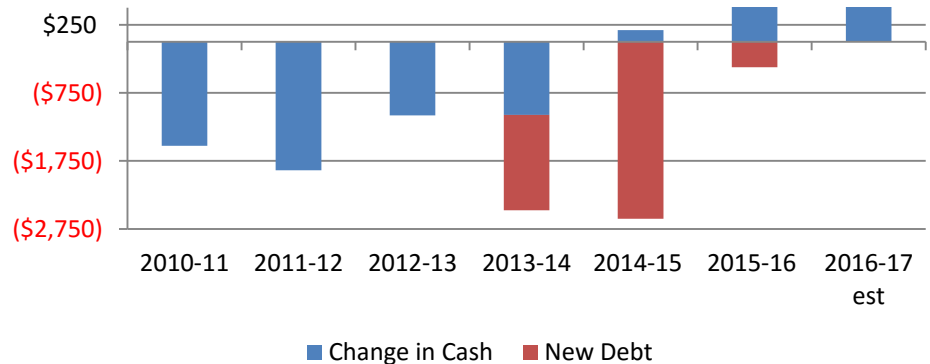
Improved Financial Strength

- Cash declined steadily through FY 14
- Debt increased \$1.4M in FY 14
- Debt increased \$2.6M FY 15
- Debt increased \$373k FY 15 (lease term)
- Cumulative change in cash + new debt 2010 to 2014 is estimated at an \$8.4M loss
- Cash reserves increasing in FY 16 & 17

Cash End of Year
(\$000's)



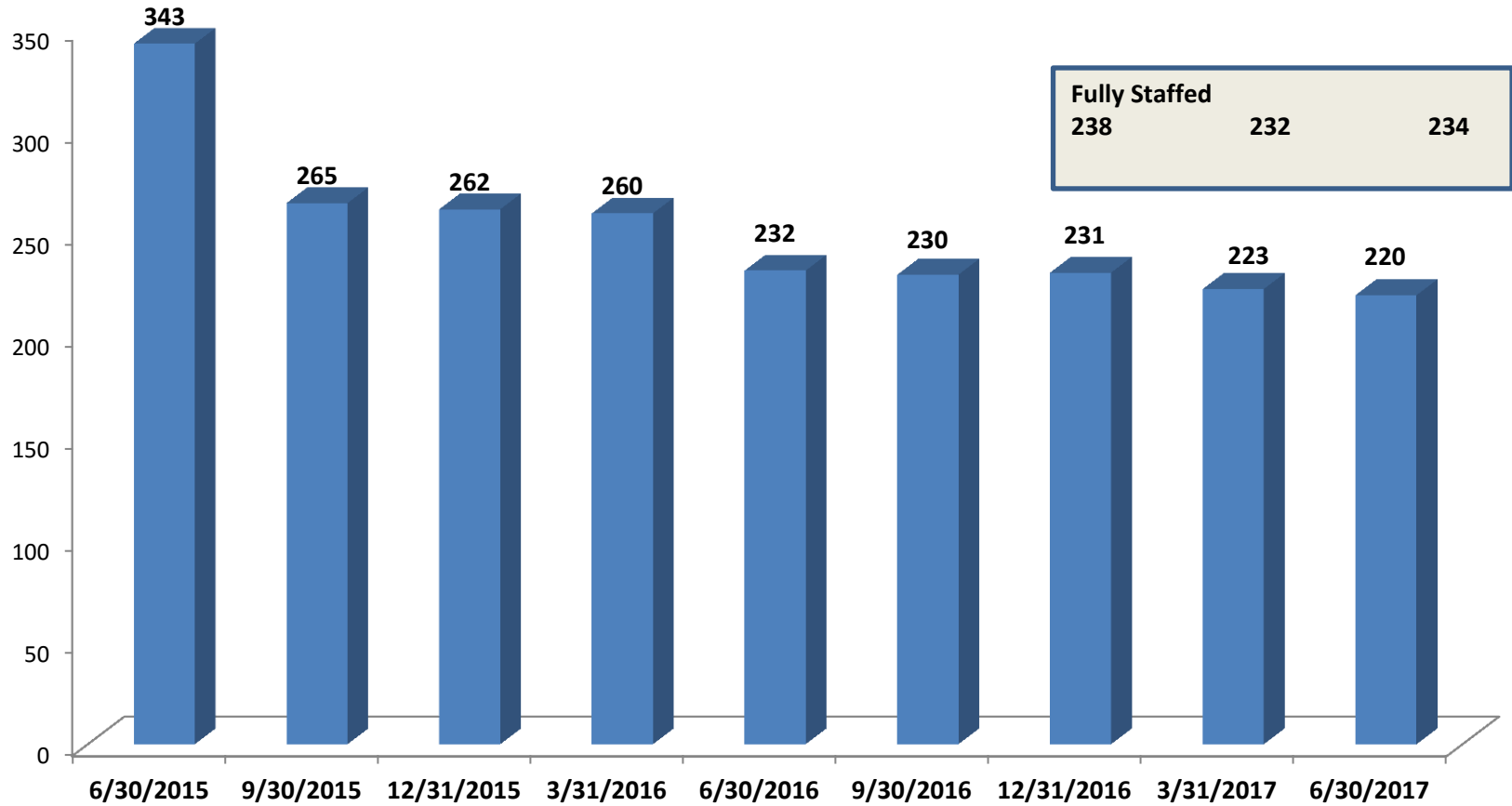
Change in Cash + New Debt
(\$000's)



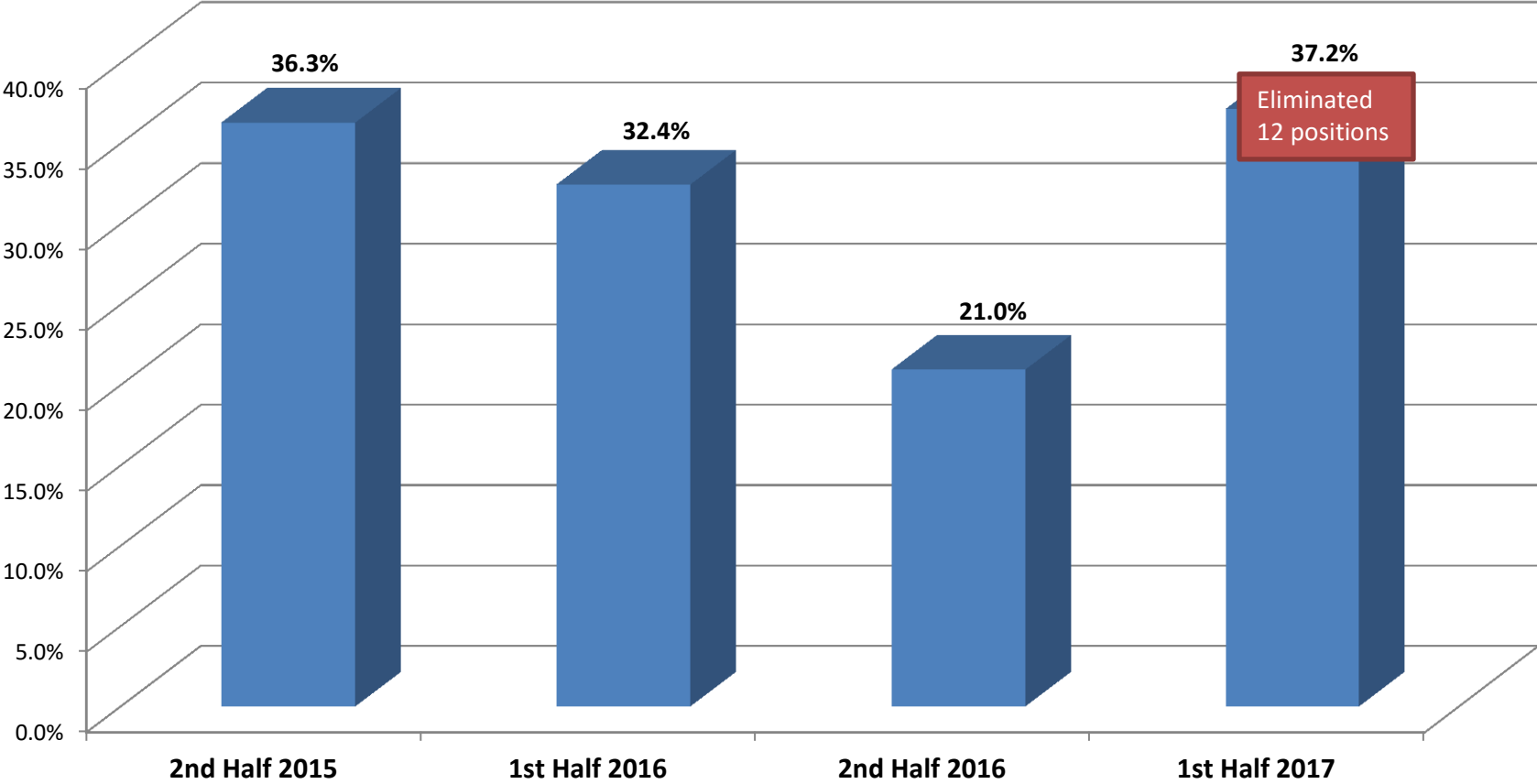
Major Changes FY 17 & FY 18

- Left 24 Weber June 30, vacating Fontanero September 30.
- Discontinued HVRP and VTC contracts.
- Continued funding hierarchy implementation for EI activities, bill Denver Health Medicaid and increased level of third party insurance.
- Moved to centralized intake role.
- Increased use of State SLS funds.
- Mill Levy - reduced from 100% “gap” funding, providing resources for special projects & direct distributions to clients/families.
- Staffing down from 238 to 234 from December 2016 to June 2017 (14 vacancies June 30). Eliminated 12 positions/created 8. Adding 9 positions in FY18.

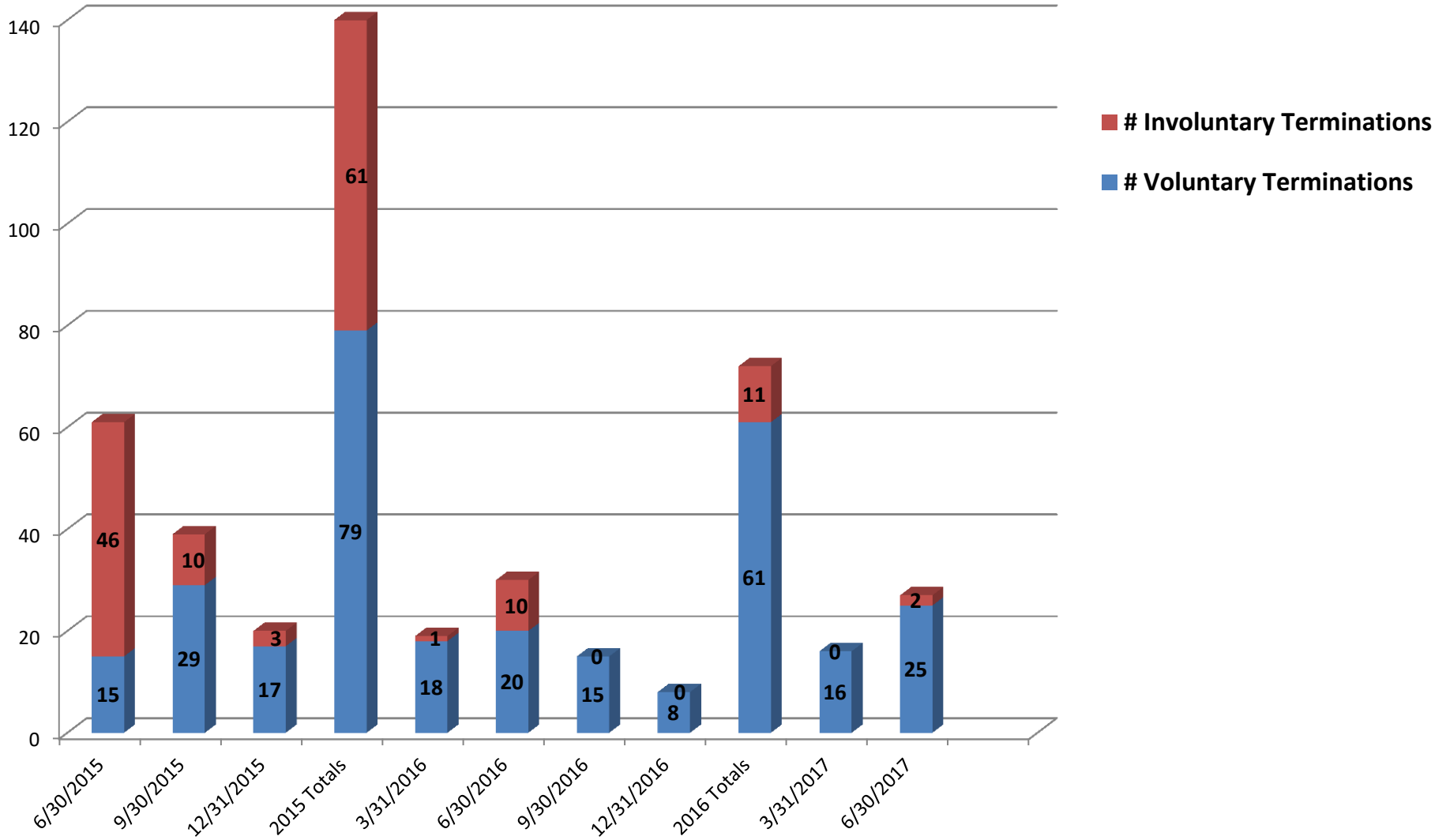
RMHS Headcount by Quarter



RMHS Semi-Annual Voluntary Turnover Rate (Annualized)



Total Turnover



FY18 Major Initiatives

- Increase utilization & productivity.
- Increase number of host homes.
- Convert independent clinicians to staff.
- Increase retention.
- Upgrade systems – efficiency, information, & quality.
- Invest in IT infrastructure and staff support.
- First steps toward CFCM.

Gap Funding

Fee For Service

Foundation Model

Support of
Internal Services



Client & Family
Directed
Services

“Any person,
any provider.”



Capacity &
Innovation
Through
Community
Partners

Gap Funding

Fee For Service

Foundation Model

Support of
Internal Services



Client & Family Directed
Services

“Any person,
any provider.”



Capacity &
Innovation
Through
Community
Partners

FY 18 Budget

Rocky Mountain Human Services

FY 18 Proposed Budget

Variance \$
FCST/Budget
Favorable
(Unfavorable)

DESCRIPTION	FY2017-Budget	FY2017-Forecast	FY2018-Budget	
Revenue				
Revenues-Private Pay/Other	1,003,600	1,284,850	948,447	(336,403)
Revenues-Medicaid	16,246,592	15,834,506	14,549,777	(1,284,729)
Revenues-State	6,300,546	6,532,579	7,343,131	810,552
Revenues-Mill Levy	9,987,349	8,171,491	12,000,000	3,828,509
Revenues-Donations	22,000	44,603	15,000	(29,603)
Revenues-Grants	3,324,712	3,280,884	2,926,620	(354,264)
Revenues-State Trust Fund	499,405	679,318	482,000	(197,318)
Revenues-Private Insurance	521,792	399,987	657,192	257,205
Revenues-Federal Funding	603,547	728,103	746,295	18,192
Total Revenue	38,509,543	36,956,321	39,668,462	2,712,141

FY 18 Budget

Rocky Mountain Human Services

FY 18 Proposed Budget

DESCRIPTION	FY2017-Budget	FY2017-Forecast	FY2018-Budget	Variance \$ FCST/Budget Favorable (Unfavorable)
Expenses				
Salaries	12,721,726	12,044,270	12,421,479	(377,209)
Payroll Taxes	1,005,988	973,721	1,049,972	(76,251)
Employee Benefits	1,894,135	1,650,343	2,128,754	(478,411)
Staffing	338,100	311,852	89,800	222,052
Professional Services	13,971,603	14,612,754	15,533,861	(921,107)
Legal & Audit	150,000	113,792	110,225	3,567
Staff Development	149,950	56,990	168,670	(111,680)
Staff Travel	213,117	145,113	175,610	(30,497)
Vehicles	73,638	66,214	87,439	(21,225)
Occupancy	536,956	505,576	493,946	11,630
Equipment	154,660	105,586	124,484	(18,898)
Supplies	403,750	240,296	488,649	(248,353)
Telephone	314,580	234,095	220,733	13,362
Dues & Subscriptions	115,550	69,116	31,575	37,541
Insurance	124,644	108,668	102,689	5,979
Interest	431,800	432,030	397,903	34,127
Client Assistance	2,505,593	2,363,028	2,278,400	84,628
Other	434,132	196,659	815,845	(619,186)
Purchases Services	955,657	383,534	866,815	(483,281)
Depreciation & Amortization	841,921	862,197	530,685	331,512
Total Expenses	37,337,500	35,475,834	38,117,534	(2,641,700)
Net Surplus/(Deficit)	1,172,043	1,480,487	1,550,928	70,441

* Key assumptions and risks will be provided at board meeting

FY 18 Budget

Changes from FY 17

Revenue*	\$39.7 mil (up \$2.7 mil –7.3%)
Expense	\$ 38.1 mil (up \$2.6 mil –7.4%)
Surplus	\$ 1.6 mil (up \$.1 mil – .5%)
Net cash flow	\$0k

*assumes Mill levy funding at \$12.0 million

FY 18 Budget

Cash Adjustments

Capital expenditure	(\$289k)
Deferred revenue	(\$475k)
Deferred rent	(\$3k)
Loan principal payments	(\$1,315k)
Depreciation	\$531k

Indirect Costs – M&G

- FY 15 Overhead rate 15.0%
- FY 16 Indirect rate 11.4%
- FY 17 Indirect rate
 - 11.1% budgeted
 - less than 10.0% estimated
- FY 18 Indirect rate 10.0%

- Denver Allowable rate 15.0%

Risks – Major Barriers to Success

- Uncertainty with DHS contract terms.
- Growth of key revenue sources (Targeted Case Management, Host Homes, & Clinical Operations).
- Conversion of independent clinicians to employees.
- Completion of revalidation process/billing software.
- Challenges with implementation of the EI hierarchy.
- Inadequate staff retention.
- Nonrenewal of HAV grant as of October 1 (budget \$2.9 mil).
- Implementation of new EHR/other systems.

FY 18 Budget

Board approval of budget