

*****PENDING APPROVAL -- SUBJECT TO CHANGE*****

**MINUTES
CENTRAL UTAH COUNSELING CENTER
AUTHORITY BOARD MEETING**

DATE: January 10, 2024

PLACE: 1170 S College Ave
Richfield, UT 84701

TIME: 4:30 PM

PRESENT: Commissioner Scott Bartholomew, Commissioner Dennis Blackburn, Commissioner Ralph Brown, Commissioner Trevor Johnson, Commissioner Marty Palmer, Commissioner Sam Steed, Nathan Strait, Richard Anderson, Anna LaDamus, Jared Kummer, Holly Kunzler, Lynnette Robinson, Christian Matthews, Rick Roberts, Gabe Miller, Austin Ashby

EXCUSED: Chad Williams, Jace Ellsworth, Julie Lynn

I. SELECTION OF CHAIR & VICE CHAIR:

A motion was made by Commissioner Scott Bartholomew to nominate Commissioner Trevor Johnson as chair. The motion was seconded by Commissioner Marty Palmer. Votes by voice included Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Ralph Brown yes, Commissioner Trevor Johnson yes, Commissioner Marty Palmer yes, and Commissioner Sam Steed yes. Motion carried.

A motion was made by Commissioner Sam Steed to nominate Commissioner Marty Palmer as vice chair. The motion was seconded by Commissioner Ralph Brown. Votes by voice included Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Ralph Brown yes, Commissioner Trevor Johnson yes, Commissioner Marty Palmer yes, and Commissioner Sam Steed yes. Motion carried.

II. APPROVAL OF MINUTES:

A motion was made by Commissioner Commissioner Ralph Brown to approve the minutes of the November 8th, 2023 Authority Board Meeting. The motion was seconded by Commissioner Marty Palmer. Votes by voice included Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Ralph Brown yes, Commissioner Trevor Johnson yes, Commissioner Marty Palmer yes, and Commissioner Sam Steed yes. Motion carried.

III. KIMBALL & ROBERTS INDEPENDENT AUDIT:

Rick Roberts and Gabe Miller with Kimball & Roberts, PC presented their independent audit findings for the fiscal year ending June 30th, 2023. Rick stated that during their audit, they confirmed most revenue and tested a good sample of expenditures. Their opinion is that the financial statements present fairly in all material respects, respective to the financial position of the Center. Respective changes in financial position and cash flow ended in accordance with accounting principles that are generally accepted in the United State of America. This is a clean or unmodified opinion, which means there were no material errors found. There were no irregularities or fraud found that would make the financial statements misleading. Their testing concluded that in their judgment, there were no events that raised substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time. It is now a requirement for this information to be listed so the reader knows the entity can continue in business for at least another year. Gabe reported on three required compliance reports. The first report is in regard to internal controls, which are not tested because that would be a separate engagement. However, internal controls must be considered and evaluated during the audit to know how much testing to complete. A statement is provided that there were no deficiencies found in internal control that were considered to be material weaknesses, but material weaknesses may exist that have not been identified. The single audit report provides an opinion on testing major programs for federal monies. There is a schedule that breaks down what was tested. In their opinion, the Center complied in all material respects with the types of compliance requirements that could have a direct and material affect on each of its major federal programs. Each federal assistance program has expenditures related to a block that have their own requirements. The block grant for community mental health services and the block grants for prevention and substance abuse were tested. These grants had over \$800,000 in expenditures that were more than half the total assistance. The auditors follow a specific valuation to determine which programs are tested based on The American Institute of Certified Public Accountants (AICPA) and The Governmental Accounting Standards Board (GASB) requirements. There were no issues found on the single audit. The final report is internal controls over compliance, as required by the state auditor's office compliance audit guide. The three items applicable to the Center were budgetary compliance, public treasurer's bond, and fraud risk assessment. The auditors' opinion is the Center complied in all material respects with the state's compliance requirements. This is a clean opinion. There were no issues identified in compliance. The audit had to be rescheduled twice due to issues with Medicaid providing payment information. After all was said and done, the audit went very well. Rick stated the Center is lucky to have the employees they do working on the financials. Lynnette Robinson was previously involved with Six County Association of Governments (SCAOG) and knows this work inside and out. She prepares the financials to be audited in a way the auditors hardly need to make any journal entries at all. Management does a great job overseeing the processes. They appreciated the opportunity to complete the audit. Nathan Strait stated administration appreciates the auditors' flexibility. Commissioner Marty Palmer asked how long Kimball & Roberts, PC have been auditing the Center. Rick stated it has been quite a few years. Commissioner Scott Bartholomew stated the firm completes audits for many counties and cities in the area. Every report he sees is basically the same. He asked if they ever find anything out of alignment. Rick stated they do find issues, and some years ago SCAOG had a fraud finding. Gabe stated fraud is usually not found, but there are some incidents that may not be material but have issues. Several counties and cities have had to make substantial journal entries in the findings. These can be found in public reports.

They have had counties who have had to make millions of dollars in entries. Rick stated some entities will have two or three letters for material weaknesses. Richard Anderson stated the Center has had entries in the past. A common finding is due to the Fillmore office only having one office manager and sometimes not being able to make deposits in a timely manner. Gabe stated they usually find significant deficiencies and material weaknesses in state compliance. If a fraud situation is found, the auditors pull off and the information is sent on to higher management and legal counsel. This is rare. The main focus of an audit is not to check for fraud but to determine if the financial statements are fairly stated. Commissioner Dennis Blackburn asked if the accounting software, Pelorus, helps an agency be in compliance versus Caselle. Rick recommends Pelorus. Gabe stated the issue with most software is they are designed for larger counties. Pelorus is designed for smaller agencies but is starting to be able to handle larger volume. Pelorus provides an audit package with supplemental schedules that list what the numbers should be. The auditors then confirm what makes up those numbers. With Caselle, many times those details do not match, which creates an endeavor of trying to find out why the system is off and if it is off enough to be material. Richard stated he does not discount Lynnette's role because she does a fabulous job, but one of the things that helps her do such a good job is Pelorus. Many mental health agencies are now using it. Gabe stated SCAOG started using it about two years ago. They do not have as much volume of money but have 60 to 70 funds. Lynnette stated Pelorus is very user friendly, their support is phenomenal, and the cost is fair. She stated she has a Certification of Audit Review form that all the commissioners need to sign.

A motion was made by Commissioner Scott Bartholomew to accept the independent audit as presented. The motion was seconded by Commissioner Dennis Blackburn. Votes by voice included Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Ralph Brown yes, Commissioner Trevor Johnson yes, Commissioner Marty Palmer yes, and Commissioner Sam Steed yes. Motion carried.

IV. FINANCIAL REPORT:

Richard presented the fiscal year (FY) 2024 financial report. Half the year is gone. Things look good. Only 36% of mental health and 31% of substance use disorder Medicaid revenue has been received, which is concerning. On the expenditure side, wages are still right on target with the overstaffing in Ephraim. Mental health is 51%, and substance use disorder is 49%. Travel is right at the projected numbers. Inpatient looks good at 33%. This is always a deceiving number because there are hospital stays that have not yet been paid for. In meeting with Anna LaDamus this week and obtaining more up-to-date numbers, inpatient is right on target at \$1.2 million projected this year. The FY2025 Medicaid budget was submitted this week a year and a half ahead. The increase in inpatient was mentioned so hopefully that will show in rates. Mental health expenditures are 44%, which represents underspending of about \$800,000. Administration is trying to remain budget conscious with the Medicaid revenue issue. An email was received from Karen Ford at Medicaid that discusses a rate adjustment. Medicaid knows the unwinding has not gone as planned and people have been taken off Medicaid when they should not have been. There have been several enrollment issues. Medicaid is proposing a one-time adjustment this month. Richard is anticipating an adjustment to bring the Center up-to-date, hopefully before May. There is no reliable data to make an adjustment so soon. The only data point is the Center's budget versus what has been received. The other section of Karen's email shows how delayed

and problematic the system is. The medical loss ratio (MLR) that is normally due January 31st has been extended to March 31st. This is the biggest study Richard completes and takes an entire month to process. Even though the revenues are concerning, administration knows an adjustment will correct the problem.

A motion was made by Commissioner Dennis Blackburn to approve the financial report as presented. The motion was seconded by Commissioner Scott Bartholomew. Votes by voice included Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Ralph Brown yes, Commissioner Trevor Johnson yes, Commissioner Marty Palmer yes, and Commissioner Sam Steed yes. Motion carried.

V. UNITED FLEET - TERM SHEET SIGNATURE:

Richard stated vehicles are leased from United Fleet, which is a branch of Horsepower who got themselves into some hot water. Two Subaru Crosstreks recently replaced Chevrolet Tahoes which were put into place when Unified Fleet could not obtain Ford Escapes like the Center had in the past. There are two other Tahoes that will be replaced in the next several months. Nathan and Richard each drive a Ford F-150 as well. Unified Fleet redid some lease terms and needs the board to authorize the Center to enter into an updated lease agreement. The terms list Richard as someone who may execute the contract. Nathan and Richard are designated to act as authorized representatives for the Center as the chief executive officer and chief financial officer of the Center. Unified Fleet has a loan on the vehicles, leases them to the Center for a year, then puts them on consignment on a lot for sale. Commissioner Marty Palmer asked if the Center is already involved with this company because his county is having a lot of trouble with them. Richard stated the Center is already involved. Commissioner Dennis Blackburn asked about the cost. Richard stated the smaller vehicles are around \$5,000 per year, and the larger vehicles are around \$6,000. Commissioner Scott Bartholomew asked if there is a mile limitation. Richard stated there has been no limit on miles. Richard stated the newer vehicles go to the Mobile Crisis Outreach Team (MCOT) who need to respond any time of day or weather. He likes the idea of leasing because MCOT always has new, reliable vehicles. Commissioner Scott Bartholomew asked if the vehicles are all wheel drive. Richard stated they are all wheel drive. Commissioner Sam Steed asked how long the lease is. Richard stated the lease is one year, but the new lease terms will be more like a two year lease with the option for the Center to extend three, four, or five years. This allows Unified Fleet more time to obtain replacement vehicles. Commissioner Dennis Blackburn asked if the Center will keep the vehicles for two years. Richard stated that is the plan currently. Commissioner Sam Steed stated he works for the Snow College motor pool, and they are required to put at least 600 miles on each vehicle per month through the state motor vehicle program. Richard stated these vehicles are leased through a private company. The Center has used the state motor vehicle pool in the past and found good and bad to it. Commissioner Sam Steed asked if the vehicles get much use. Richard stated these new vehicles get the most use. Older vehicles that the Center owns tend to sit around more. There is a new policy in place to replace vehicles once they reach 10 years old and 150,000 miles. These vehicles become less desirable to drive but are owned outright and can be driven around town. Commissioner Trevor Johnson stated his county had problems with the residuals owed at the end of the lease term. Richard stated the Center has not had any problems with Unified Fleet so far. Commissioner Marty Palmer asked how long the Center has been with the company. Richard stated it has been

about four years. Nathan stated there have not been any negative issues so far, but he is interested in hearing about red flags to watch out for. Richard likes the fact the director is not in a smaller vehicle so he has added protection in an accident. Commissioner Dennis Blackburn asked if the Center can purchase vehicles with government pricing and then sell them to make a profit. Richard stated in the past, they purchased two vehicles from Freedom Ford in Gunnison. The vehicles were turned in at the end of the year, and Freedom Ford paid the Center \$2,000. The next year broke even. The third year cost the Center \$4,000. Ford credits are not what they used to be, which has affected the residual. The Center turned the vehicles back into the dealership rather than trying to sell them privately. This is something that could be looked into. Bid requirements can complicate things. Commissioner Dennis Blackburn stated other agencies have used the public surplus, and it has worked well. Commissioner Sam Steed asked how fuel is done. Richard stated a gas card remains in every vehicle, and each staff member is assigned their own pin. Julie Lynn receives a monthly report that is placed on Google Drive to monitor fuel consumption. Commissioner Sam Steed asked if the fuel cards are through the state. Richard stated they are WEX cards through the state. Jared Kummer stated he has been driving one of the new Subarus and has already put 1,600 miles on it in just a few weeks. Commissioner Trevor Johnson asked if this approval should be tabled to the next meeting. Richard stated Unified Fleet knows of the meeting tonight and are expecting a signature, but they will need to accept whatever the board decides. Commissioner Ralph Brown stated he is comfortable with it if the administration is comfortable with it. Richard stated he feels good about it. Commissioner Marty Palmer would like Richard to call John Crippen tomorrow.

A motion was made by Commissioner Sam Steed to accept the terms of the new lease agreement with Unified Fleet. The motion was seconded by Commissioner Scott Bartholomew. Votes by voice included Commissioner Marty Palmer no, Commissioner Ralph Brown yes, Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Sam Steed yes, and Commissioner Trevor Johnson yes. Motion carried.

VI. EMERGING TRENDS IN SUD:

Austin Ashby is a drug task force officer who is presenting on emerging trends in substance use disorders. The state of Utah has been big on awareness and has created a drug monitoring initiative to provide the public with more information. It started out with public health organizations and law enforcement and has really grown. Other states are following suit. A new trend is dealers send drugs through the mail to an address they think is vacant and then watch for the package to be delivered to then pick it up. Recently, 100 grams of bath salts were seized from the post office in Monroe. The package was worth \$900,000. Dealers also send drugs to smaller communities and pay random people to receive their packages. Commissioner Scott Bartholomew stated there have been issues with people in Fayette receiving the wrong packages, and he wonders if this has something to do with it. Austin stated there is cartel involvement in the area. Fentanyl is the biggest issue due to it being synthetic and having a low cost. Heroin overdose can be reversed within 20 to 30 minutes with narcan, but fentanyl overdoses can only be reversed within a few minutes. Many drugs are being laced with fentanyl. There were four waves in the opioid epidemic. Wave one started with prescription drugs being handed out liberally and causing addiction. In 2010, doctors and medical staff became more educated on the effects of opioids and stopped prescribing as much. This caused wave two where those addicted

started turning to the streets looking for heroin, which is the next best thing. Wave three was created by those addicted to heroin building up tolerance and needing something stronger. fentanyl was the next best thing. Wave four has included huge amounts of overdose. Commissioner Dennis Blackburn asked if fentanyl is being shipped in the mail as well. Austin stated it has been. Mail is lowering the risk for dealers. Law enforcement would like to charge dealers with homicide when possible. Defense attorneys bring up mixed toxicity so it is difficult to prove it was fentanyl alone that killed someone. Richard asked how much the justice reinvestment initiative (JRI) and sentencing guidelines are affecting the ability to prosecute. Austin stated JRI has been one of the worst things for the state. He cross deputizes with the drug enforcement administration (DEA) and has only had one person in the last eight years go to prison for drug distribution. Captain Steve Salas recently obtained a drug load of 30 pounds of fentanyl pills and 100 pounds of methamphetamine, which could wipe out Richfield five times over. They try to send cases through the federal system and have several attorneys in St. George who are gracious and willing to take cases as often as possible. Utah's top 10 drugs are ruled by fentanyl and methamphetamine. Heroin is still on the list but has been in decline. Fentanyl is a powerful synthetic opiate. A very small amount is likely to kill a person who is not addicted to it. It is the bread and butter of the cartel right now. It is shipped from China to Mexico then jumps the border in Arizona and California. Carfentanil is said to be 100 times stronger than heroin and 1,000 times stronger than fentanyl. The price of fentanyl is decreasing from what used to be \$40 per pill down to \$1. The content is rising and is more potent. Drug mules have found every way to get over and under the border walls. The cartel helps them get across the border with the drug mules taking the risk of carrying drugs in return. Christian Matthews asked if the people go back and forth or stay in the country. Austin stated it depends on their debt to the cartel. Many drug mules have no idea what they are transporting or who put them up to it. This makes it very difficult to follow up and prosecute. Fentanyl is also a national trend. The cartel packages and targets youth. The Highway Patrol has created a criminal addiction team to focus heavily on drugs on the highways. The six county area is the dead center of drugs coming from Los Angeles and San Diego and is known as a high intensity drug trafficking area (HIDTA) by the DEA. Most drugs pass through Richfield and Nephi at some point. Transporters are beginning to take smaller highways to avoid I-15 and I-70. This area is considered to be a crossroads to the west. I-70 is often called the cocaine lane. Austin showed photos of drugs found within the last five months in the area. They try to keep drug busts quiet to allow time for follow up. An emerging trend is Xylazine, which is approved for veterinary use and is like a flesh eating bacteria. Fentanyl laced marijuana is affecting youth. Fentanyl is now being smoked, which was previously thought not possible because of its composition. Some babies have been victims of fentanyl while in the womb. They have abnormalities to their faces such as droopy, flatter faces with large cheeks. The best thing that can be done is public awareness. Many recreational users are against fentanyl. Commissioner Scott Bartholomew asked what percentage of drug trafficking is actually caught. Austin stated it is a very small percentage. If a 100 pound load is lost, that is just another day. Fentanyl is so cheap to make and incredibly powerful. Law enforcement has to juggle civil rights and must have probable cause. There is an intricate network of officers across I-70 who work together. Drug mules also work together to have one pulled over so the rest can get through. Commissioner Marty Palmer stated he appreciates what law enforcement are doing.

VII. NATCON24 APRIL 15-17, 2024:

Nathan stated most commissioners have been able to attend the National Conference in the past. This year's conference will be held in St. Louis, Missouri from Monday, April 15th through Wednesday, April 17th. He will send an email to the commissioners to respond if they would like to attend. The Center will register and reserve their hotel room. The commissioners will book their own flights and submit their receipts for reimbursement. Commissioner Marty Palmer asked when they should fly out. Nathan stated it would be good to fly out Sunday, April 14th and return either Wednesday, April 17th in the evening or Thursday, April 18th. The early bird registration rate ends February 23rd.

VIII. EXECUTIVE SESSION:

Nathan stated that an executive session will not be held due to the winter storm causing staff and commissioners needing to get home. Two employees who were affected by the carbon monoxide exposure have been approved for long-term disability. One employee was approved 100% and the other received a percentage but has been working on a limited basis. This looks like a good option for other employees who might need the assistance. Administration will consult with an attorney in regard to what is done as far as them being employees of the Center.

IX. EXECUTIVE SESSION ACTION:

Not needed.

X. MEETING SCHEDULE:

The next Authority Board Meeting will be Wednesday, February 21st, 2024 at 4:30 p.m. at Steve's Steakhouse in Richfield.

XI. OTHER:

Nothing to report.

XII. MATTERS FROM THE BOARD:

Nothing to report.

A motion was made by Commissioner Marty Palmer to adjourn the meeting. The motion was seconded by Commissioner Dennis Blackburn. Votes by voice included Commissioner Scott Bartholomew yes, Commissioner Dennis Blackburn yes, Commissioner Ralph Brown yes, Commissioner Trevor Johnson yes, Commissioner Marty Palmer yes, and Commissioner Sam Steed yes. Motion carried.

The meeting was adjourned at approximately 6:30 p.m.

Julie Lynn, Accountant