

Valley Community Services Board
85 Sanger's Lane, Staunton, VA
01.28.26
5:30 p.m.

Members Present: Mary Powell*, Chair; Amanda Francis*, Vice Chair; Nate Riddle*, Stephanie Huffman*, Jerri Botkin*, Jennifer Emanuel*, Mark Larosa*

Members Absent: Gin Chandler, Frank Pyanoe, Mike Hamp, Lt. Leslie Snyder

Staff Present: Dr. Kimberly McClanahan*, Tammy DuBose*, Dana Fitzgerald*, Candy Calloway*, John Sandy*, Dereck Criner*, Tina Martina*

***Denotes via Zoom**

CALL TO ORDER: Chair, Mary Powell, called the meeting to order at 5:31pm. Meeting was conducted by Zoom due to a State of Emergency for weather conditions.

ESTABLISH QUORUM: Tammy DuBose took roll call, and a quorum was established by Ms. Powell.

INTRODUCTION OF NEW MEMBER: Mark Larosa introduced himself. He recently retired from Augusta Health as Chief of Staff for Business Development & Strategy. He has seven grandchildren and one on the way. He is originally from Pittsburg, PA.

MINUTES APPROVAL: Jerri Botkin made a motion to approve December 03, 2025, Board meeting minutes. Jennifer Emanuel seconded. Motion carried.

Fiscal Oversight Committee:

- **Review of November and December Financial Reports:** Mr. Sandy reports that the financials have a strong liquidity position. Net revenue continues to grow on a year-to-date basis, reflecting consistent monthly performance through November. Overall YTD performance is tracking close to budget. Operating expenses appear well-controlled. The organization remains operationally profitable on a YTD basis.

Balance Sheet Highlights:

November 2025 - FY 2026 FM 04

- Total Assets were nearly \$32.9M for FY 2026 through month-end November 2025 or approximately \$5.6M greater than the same month in FY 2025. This represents an improvement of more than 20.7%.
- Total Liabilities were nearly \$9.9M which represented nearly an increase of \$32M from FY 2025 at the same period.
- In total FY 2026 Ending Fund Balance at November month-end was nearly \$22.2M with a YTD Income of \$838,545 which equates to more than \$23.0M.
 - The represented a 16.4% increase from FY2025 November.
- **NOTE:** Much of the \$23.0M in Total Fund Balance is nonexpendable (cannot be used for discretionary purposes), some are designated (e.g., \$1.5M set aside by the Board in June 2024) and some remain undesignated and may be used for one-time purposes such as the new CRC/CSU-D.
- **RINSE/REPEAT:** Best Practice is to expend Fund Balance on one-time uses, or for a Fiscal Reserve to weather financial crisis. But even this fund balance should eventually be replaced.

Budget to Actuals FY 2026

NOVEMBER 2025

- VCSB ran a YTD surplus of \$838,545 as of November 30, 2025, which was higher than FY 2025 YTD as of November 30, 2024, which was \$450,935, or nearly 9% greater that period last fiscal year.
- YTD FY 2026 surplus is performing about 6% lower than the projected for the FY 2026 Adopted Budget projection of \$888,529 for November 2024 YTD but still healthy.
- VCSB performed better during November FY 2026 than FY 2025 Actuals for the same month for Net Revenue (6.9% increase) & spent more than FY 2025 Actuals (3.9% increase) for the same comparison.
- Spending categories which led the way include the pay increase and subsequent benefit changes and depreciation for FY 2026, but we should see some gains to the positive side of the ledger once due to our lower than budgeted health insurance expected costs for Plan Year 2026 beginning in January 2026, which should be reflected in our financials at the FOC & Board meeting in February.
- VCSB underperformed on the expenditure side by more than 10% compared to the adopted budget for November.
- VCSB revenues continue to lag by nearly 10% compared to the adopted budget projections, likely due to vacancies and new positions approved as part of the FY 2026 Adopted Budget, which should generate additional revenue, although VCSB improved from November 2025 in both areas.

Income Statement (Month to Month)

NOVEMBER 2025-FY2026 (FM05)

- Net Revenue for the month of November 2025 was approximately \$2.7M which is slightly favorable compared to November 2024 which sat at \$2.3M), this was nearly a 17% improvement with other revenue and miscellaneous revenue leading the way.
- Total Operating Expenditures for November 2025 were approximately \$2.5M which was a 2% increase from November 2024.
- Total Operating Expenditures for November 2025 (FY 2026) increased by 5% from the previous month of October 2024 with wages and benefits, occupancy, and professional services expenses leading the way.
- The total surplus for November 2025 (FY 2026) was \$192,921 compared to a surplus of \$356,267 for the month of October 2025 (FY 2026), that was a decline of about 46%.
 - We are doing better compared to our budget projections, our tracking performance pretty close to the budget, and expenses are well controlled.

December highlights: The organization closed December with a solid and stable cash position, continuing to reflect strong liquidity. Year-to-date revenue through December remains consistent with expectations. YTD results continue to track closely to the approved budget. Operating expenses remain well controlled and aligned with budget assumptions.

The organization remains operationally sound on a year-to-date basis. The balance sheet reflects continued financial strength with adequate reserves and management remains on track to achieve FY26 financial objectives.

Balance Sheet Highlights:

DECEMBER 2025-FY2026 FM 06

- Total Assets for month ending December 2025 FY26 were nearly \$33.5 M, or approximately \$5.9M greater than the same period in FY 25. This represented an improvement of more than 21%.
- Total Liabilities were nearly \$10.2M which represented an increase of nearly 34% from FY 2025 for the same period.
 - OPEB liability and other liabilities led the way.
- Total FY 2026 Ending Fund Balance at December month-end was nearly \$22.2M with a YTD Income of \$838,545. This equates to a total fund balance of nearly \$23.4M.
 - This is nearly a 16.4% increase from FY 2025 December.

Budget to Actuals FY 2026

DECEMBER 2025

- VCSB ran a YTD surplus of \$1,157,496 as of December 31, 2025, which was higher than FY 2025 YTD as of December 31, 2024, which stood at \$775,421. This is more than a 49% improvement than that same period last fiscal year.
- Month-ending December 2025 (FY26) surplus performed nearly 9% higher than the projected for the FY 2026 Adopted Budget projection of \$1,066,233 for this same period, which is positive.
- VCSB performed better during December FY 2026 than December FY 2025 Actuals for Net Revenue (6.1% increase) and spent more than FY 2025 Actuals (approx. 3.7% increase) for the same comparison.
- VCSB remains below its FY 2026 Adopted Budget forecast projections for revenue for FY 2026 Month-Ending December 2025 by 9.7% and nearly 11% below for expenditures.
- Spending categories which led the way this month are vacancy savings and occupancy for new positions for FY 2026; VCSB should see some additional gains to our surplus because of the lower than budgeted health insurance expected costs for Plan Year 2026, which begins this January. This amount should reflect in our financials for January 2026 closure.
- VCSB underperformed on the revenue side by more than approximately 9.7% compared to the Adopted FY 2026 Budget prediction for December. Although VCSB spending improved from this same period from FY 2025 by 3.7%, likely because of some new hires, adjustments to certain positions and the pay increase and holiday bonus.
- VCSB revenues continue to lag likely due to vacancies and new positions approved as part of the FY 2026 which will eventually generate additional reimbursement revenue, although VCSB improved from November 2025 by 6.1%.

Income Statement (Month to Month)

December 2025-FY 2026 FM 06

- Net Revenue for the month of December 2025 was approximately \$2.6M, which is slightly down compared to November 2025 which sat at nearly \$2.7M, a decline of 2.7% with reimbursements and grant revenue leading the way.

- Total Operating Expenditures for December 2025 were approximately \$2.3M, which was nearly an 8% decline from November 2025 levels of \$2.5M.
- The total surplus for December 2025 (FY2026) was approximately \$318,951 compared to a surplus of \$192,921 for the month of November 2025 (FY 2026) or an increase of 65%.

FY 2027 BUDGET PREP

- Will be kicking off our FY 2027 Budget Preparations soon.
 - 10% Share Requests have been formulated, and the cities of Waynesboro and Staunton should have theirs by now. Augusta and Highland counties will follow.

Federal Government Budget Outlook

Federal Budget

- Still very cautious in our outlook for FY 2026 due to the potential impact of yet another Federal Government shutdown (January 30, 2026) due to the debate over Department of Homeland Security Funding. The House bill restored several funding levels for Health and Human Services programs; but the budget is now tied up in the Senate, and the House is out of session right now.
- Scare for SAMSHA Grants in Early-Mid-January due to OMB guidance which was later overturned.

House Resolution 1 (OBBB), which will likely result in additional clients seeking reimbursement write-offs due to impacts to SNAP benefits and impacts to housing programs.

- Many Medicaid changes before HR 1 will hit in FY 2027 or FY 2028 timeframe and VCSB must plan accordingly.

State Government Budget Outlook

- The proposed FY 2026-2028 budget includes significant funding for STEP-VA services, crisis call centers, and crucially, a 2% salary increase for state supported local employees effective July 2026 and 2027.

Nate Riddle made a motion on behalf of the Fiscal Oversight Committee to approve the November and December Financial Report as presented. Motion carried.

FY25 Independent Audit Presentation

Mr. Sandy noted that the committee received a report from Brown & Edwards. They previously provided the main audit. The single audit was related to government funds. Brown & Edwards are pleased to report that it is a clean compliance opinion, and there are no deficiencies. The two programs that were audited were the Covid State Local Recovery Funds which was used for the CRC project, and they also looked at Block Grants for Prevention and Treatment of Substance Abuse.

Update on CRC- Dr. McClanahan announced that they are continuing to meet every other week with the project managers and architect. We have made some changes to the ZMM prototypical design to keep the budget neutral. Mr. Sandy and Dr. McClanahan are working on a grant proposal to give to the Opioid Abatement Authority that is due in mid-March and if awarded, we will receive those funds July 1 for Fiscal year 2027. The CRC/CSU

groundbreaking ceremony was held on December 8 at Augusta Health. The Governor attended virtually. Mr. Sandy added that due to the time it took to get the prototypical design, this has caused the schedule to slip a little bit. In some ways this may be beneficial as it doesn't put as much upward pressure in terms of the positions that we would need for FY27 facility. These positions would not be needed until sometime in FY28. The CRC manager has a new staff. The CRC manager has spent a lot of time working with the architect and different aspects of the project. The architect is providing different design considerations and will provide us with some cost projections as those design changes are made.

Likely sometime in the summer we should be working toward getting a construction firm under contract. The target date is spring of 2028.

Q&C COMMITTEE REPORTS: The meeting scheduled for Monday, January 23, 2026, was cancelled, and the other committee has not met for six months.

Dana Fitzgerald reported on the time from October until December 2025. First, there are no reports of abuse, neglect, or exploitation that needed to be reviewed during that time. A decision has been made to realign Quality Improvement Plan and Risk Management Plan for the next six months. The 2025 Satisfaction Survey was completed. Overall, there was a positive response to the survey. There were only 70 participants who completed the survey, which is down from last year of 159.

The new Quality Improvement Plan will take the satisfaction survey and imbed it in the plan. In March, Anthem reached out from their Special Investigations Unit and did a large audit of our services. They requested full records from individuals from 79 days of service. They mainly focus on Emergency Services, Health Management, Adult & Child Services. They initially sent us a letter wanting us to return funds of \$11,000. The decision was appealed and sent in supporting documents. The latest letter called for a retraction of \$6,950.

We had 2 Corrective Action Plans (CAPS) that we had to respond to. Both of those were for late reports.

We participated in the licensing audit for behavioral health services. We received feedback from behavioral health audit that we need to look at services descriptions, reviews, revisions, staffing plans, and our supervision. We have not seen a final report from licensing. We closed our mental health skill building licensing in December and the rest of the time we have been focusing on the dashboards and outcome measures both through Step VA and Developmental Services.

Candy Calloway reported on April through December. Outpatient, Behavioral Health the common issue there is staffing needs on the adult side. We definitely need more clinicians. Applications are coming in but applicants do not have the qualifications. They continue to offer groups and individual therapy for those requesting MDR. The waitlist seems to be low at this time except for child and family outpatient. In the last quarter we have been discussing changing how we manage the waitlist and offering more groups to hopefully get that waitlist down. Our OBAT program has recently hired an OBAT nurse.

One of the things in deaf services has been an up kick in referrals. Deaf services have been working additional hours with the deaf and blind school in Staunton as well as providing more assistance at Blue Ridge.

Emergency services are close to implementing the Marcus Alert. We have been working with the coordinator once a month to develop the budget and get things going. We are going with a code response model.

Prevention has done a lot since April. One of the things they did was Revive for Social Services. They went out and did three sessions with them so they could train their staff. They have also done training at Embrace Center and also partnered with Office on Youth and did some things at Staunton City Schools.

Child Case Management is continuing to grow. We do have a little bit of a waitlist due to staff changes but now the department is fully staffed.

Licensing closed on Mental Health Skill Building in December. We are transitioning to community-based clinicians.

The email went out last week to start scheduling assessments and therapy will come shortly after that.

Candy Calloway is now connected with Medical Services.

Tina Martina reported on April 2025 through December 2025. The Infant Toddler Program has a headcount on the first of December and that is what determines the state funding. The more Medicaid recipients that you have, the less state fund dollars you will receive. We typically run 64% to 66% of infant toddlers that have Medicaid funding. The team set a goal of 100 families for our headcount, and the team met the goal. There is an update on the Regional Education Autism Collaborative Team (REACT). REACT and VCSB is partnered with Infant Toddler in Rockbridge and Harrisonburg/Rockingham. We have about 20 professionals who participate in this program. During the period of April through December, the REACT Team conducted 38 total assessments. During the pilot period that did 24 assessments.

Intermediate care group home (ICF) Greenstone had their State Survey and Federal Review in September and they had no deficiencies. One of the Greenstone residents will soon transition out of institutional care into community-based services, which will be our sponsored residential program. The workforce development is still the biggest challenge with the ICF and HR. The trend is moving in the right direction.

Mr. Riddle made a motion on behalf of the Fiscal Oversight Committee to approve December 3, 2025, Fiscal Oversight minutes, October 20, 2025, Compliance Committee Minutes, and April 22, 2025, Service Delivery Committee Minutes. Ms. Emanuel seconded the motion. Motion carried.

EXECUTIVE DIRECTOR'S REPORT: Dr. McClanahan gave a brief overview of the new administration of the new DBHDS Commissioner, who is Daryl Washington. Chief Deputy Commissioner has been named; Dr. Ward, who is a licensed psychologist.

There are HUD problems at the Federal Level regarding what will be funded. VCSB will be able to put folks who can't be put in one program into another program to keep them in housing.

There is movement to move forward with the application for the CCHBC. National Counsel of Wellness has been brought in as a consultant.

Governor Youngkin did have in his budget six-month delay on Medicaid redesign. Additional language has been submitted by members of the General Assembly to request a year's postponement.

NEW BUSINESS: None.

OLD BUSINESS:

- **First Street Home Update:** Tina Martina, Director of DS Services, gave an update.
- November 24, 2025, the VDH State Fire Marshall gave full compliance for the First Street Group Home.
- The licensing representative did a walk through January 15, 2026, and was very impressed with the home and gave insight on what she is going to be looking for when she comes back for her final walkthrough.
- Furniture is expected to arrive by February 16, 2026.
- We have meet with American Movers of Virginia on January 21, 2026, and we sent a letter to Greenstone Board in South River with the intent to move the residents from Greenstone to First Street between March 1 and March 15 and clean up Greenstone and move completely out between March 16 and 31st.
- Letters are being drafted for HUD on behalf of the residents to give their 30-day moveout notice.
- Window treatments will be installed on February 2nd.
- There are a series of open houses scheduled.

ADJOURNMENT: Mr. Riddle made a motion to adjourn. Ms. Botkin seconded. Motion carried.

Respectfully submitted:

Sheena Andes