ADMINISTRATOR'S REPORT
Board of Directors' Meeting, January 12, 2019

Federal, State and DDS

1. Federal, State and DDS Budgets, FY 2018-19 – No news to report at this time.

Redwood Coast Regional Center

1. Fiscal Year 2018-19 Spending Authority – RCRC has only received its "E-1" spending authority, or allocation, for FY 2018-19. The "E" refers to the 5th year of a 5 year contract and the "1" refers to the first amendment for this contract. An E-2 allocation is expected by the end of January. For Purchase of Service (POS) we have received $115.9 million, which is $11.6 million or 10% more than we ended the 2017-18 FY. Our Operations (OPS) allocation is $10.7 million, which after adjustments, is $160,000 or 1.6% more than we ended the 2017-18 FY. **Page 10** notes a reduction of $205,000 or 1.9% for OPS. This is before adjustment for the earmarked two-year diversity outreach grant received last year. While this appears to be another very tight year, I am cautiously optimistic that we will again end the year with a small surplus in our OPS budget. We are looking at implementing a 2.5% COLA for staff effective 1/1/19.

2. Cash Flow – As of the writing of this report we have 57 days cash on hand, which is about 35% more than our typical cash on hand. We are in the process of renewing our line of credit for the 2018-19 FY and should have that secured in the next month or so.

3. Financial Operations – Our financial reporting figures are based on expenses through the end of November, which is 42% of the way through the 2018-19 fiscal year.

In looking at the **handouts**, our client count can be seen on **pages 7 & 14**. **Page 7** notes an all-time low of 2 RCRC clients in the Developmental Center (DC), both of which are forensic placements ordered by a court of law. The charts also show a leveling off of our trend of increasing client count over the last several years.

On **page 8** our "*Average*" Monthly year-to-date (YTD) POS Expenditures in the aggregate and on a per-person basis show a decrease from last fiscal year's *Average* figures. The "*Total*" Monthly POS Expenditures (**page 15**) and *Total* Monthly POS Expenditures Per Client, (**page 16**) show a decrease over last fiscal year, which is based on the late billings across all service provider categories.

"*Average*" Monthly Operations Expenditures YTD (**page 9**), both in the aggregate and on a *Per Client basis* show a slight increase this fiscal year, which is based on (1) the mandated wage rate increases for Regional Centers' staff, (2) a decreasing staff vacancy rate, and (3) the decrease in the client count.

Page 10 is a summary of the detail found on **page 11** (POS expenses) and **page 12** (OPS expenses). Mid-page are figures for the DDS' POS Expenditure Projection (PEP, formerly known as the SOAR), for December. There is no "prior month" data as December is the first PEP for the year.

Page 11 lists our monthly and YTD POS expenditures. For the most part, numbers are within an anticipated range for this point in the fiscal year.

- Non-Medical Professional expenses, interpreter, diaper, professional medical services expenses and out-of-home respite expenses are all low YTD based on low utilization.

OPS expenditures, both for the month and YTD can be seen on **page 12**. Please note:

- Postage is low based on a correcting entry.
- Equipment Maintenance and Equipment Purchased are both relatively high YTD compared to budget. These numbers are small and so a small increase can result in a large % change.
- Printing/copier is relatively high YTD compared to budget based on a large print order for staff business cards, agency letterhead and pre-printed agency envelopes.
- Insurance expense is relatively high YTD compared to budget as the majority of our premiums are paid earlier in the year.
- Data Processing is relatively high YTD compared to budget based on consulting fees associated with our change from an in-house computer server based architecture to a cloud-based computer server architecture.
- Board Expenses are high YTD compared to budget based on retreat expenses.
- Advertising expenses are high YTD compared to budget based on help wanted ads.

Graphs of expenses for the POS general ledger categories for the current and last four fiscal years are included as **pages 14 through 32**. In addition to the pages and expense categories already referenced above, please see the category-specific notes on each of the graphs. Also, please note that many POS categories show a decrease over the last several months. This is due to both late billings and our moving up the time frame for when we run reports each month.

Miscellaneous Topics

Client Benefit Fund - The summary log of the Client Benefit Fund balance through September 30, 2018, represents our most recent quarterly statement and is included as **page 33**.

Audit Update –
We have yet to receive our FY 2015-16 and FY 2016-17 *final* DDS audit report.
Our annual independent audit is ongoing and will be presented at the March BOD meeting.

Staffing – As of December 18, we had a staff vacancy factor of 2.5%, which is down from 4.8% a year ago. There are currently only 3 vacancies.

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