ADMINISTRATOR'S REPORT
Board of Directors' Meeting, May 4, 2019

State and Federal

1. May Revise – Governor Gavin Newsom is scheduled to release the May Revision to the 2019-20 budget (a.k.a. the "May Revise") in early May. This is an important step in the budget process because (1) Regional Centers may receive additional funds for the current fiscal year, and (2) it provides an indication of what to expect in the coming year's budget.

2. FY 2018-19 Statewide POS Expenditure Projection (a.k.a., PEP, and formerly known as the SOAR---Sufficiency Of Allocation Report) as of the end of March is estimating a deficit of $7 million to $25 million state-wide for Purchase Of Service expenditures. RCRC's PEP is projecting that RCRC is adequately funded for FY 2018-19 in POS by about $8 million.

Redwood Coast Regional Center

1. Fiscal Year 2018-19 Spending Authority – Since the last Board meeting RCRC has not received any additional funds. As noted above, our current Purchase of Service (POS) spending authority appears adequate through year-end.

Our Operations (OPS) spending authority is now projecting a small deficit of $18,000 at year end. The main contributors to this deficit include increased costs in the following expense categories: health insurance premium increase, CalPERS retirement costs (tied to wages), rent increases, and technology upgrade of iSeries system. There are various things which are being done to reduce this projected deficit.

This estimate is expected to change for the better by year end. We have (1) implemented a hiring freeze and have limited expenditures in several other discretionary areas and (2) reclassifying certain "regular" OPS expenses into "earmarked" OPS expense categories as appropriate.

2. Cash Flow – As of the writing of this report we have 55 days cash on hand, which is about 25% more than our typical amount. We have received notification from DDS that starting with our March claim (we bill DDS in arrears for our actual POS & OPS expenses paid), DDS will only be reimbursing us about 50% of our billed amounts (remember: *when DDS has a cash flow problem, we have a cash flow problem*). Our line of credit with Union Bank has been renewed (for $12.5 million) and should be adequate to cover our projected cash flow.

3. Financial Operations – Our financial reporting figures are based on expenses through the end of March, which is 75% of the way through the 2018-19 fiscal year.

In looking at the **handouts**, our client count can be seen on **pages 9 & 16**. **Page 9** notes 3 RCRC clients in the Developmental Center (DC), all of which are forensic placements ordered by a court of law. The charts continue to show the client count is slowly increasing.

On **page 10** our "*Average*" Monthly year-to-date (YTD) POS Expenditures in the aggregate and on a per-person basis show a slight increase from last fiscal year's *Average* figures. Our "*Total*" Monthly POS Expenditures (**page 17**) and *Total* Monthly POS Expenditures Per Client, (**page 18**) show a slight decrease over last fiscal year. Much of the noted decrease is based on the consistent late billings by several large service providers.

"*Average*" Monthly Operations Expenditures YTD (**page 11**), 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 and (2) a decreasing staff vacancy rate.

Page 12 is a summary of the detail found on **page 13** (POS expenses) and **page 14** (OPS expenses). Mid-page is a summary of RCRC's POS Expenditure Projection (PEP, formerly known as the SOAR), which estimates that RCRC should be adequately funded for its POS expenditures for FY 2018-19.

Page 13 lists our monthly and YTD POS expenditures. Most expense categories are within an acceptable and anticipated range for this point in the year.

OPS expenditures, both for the month and YTD can be seen on **page 14**. Please note:

- 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 and ARCA dues are relatively high YTD compared to budget as the majority of these expenses 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 POS Expenses for the general ledger categories for the current and last four fiscal years are included as **pages 16 through 34**. 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 February 28th, 2019, and our most recent quarterly statement, are included as **pages 32** & **33**.

Audit Update –
We have yet to receive our FY 2015-16 and FY 2016-17 *final* DDS audit report.

Staffing – As of April 15th, we had a staff vacancy factor of 3.3%, which is up from 2.1% a year ago. There are currently only **4** vacancies.