



VMRC Finance Committee Meeting

Wednesday, July 9, 2025

4:30 PM – 5:00 PM

HYBRID

Valley Mountain Regional Center
702 N. Aurora Street
Stockton, CA 95202

Zoom:

<https://us06web.zoom.us/j/83094211999?pwd=axAaMJmSssumwAaWSGrbx8OJqAxxKh.1>

Webinar ID

830 9421 1999

Passcode: 397414



VMRC Finance Committee Meeting

July 9, 2025

- A. Call to Order, Roll Call, Review of Meeting Agenda – Dr. Steve Russell
- B. Review and Approval of the Finance Committee Minutes of 05/14/25 - Dr. Steve Russell **Action**
- C. Public Comment – Dr. Steve Russell
- *Each member of the public may have 3 minutes for comment. If an interpreter is needed, 6 minutes will be given. Public comment can address items on the agenda that have been properly noticed for action and/or items that are not on the agenda, however, items not on the agenda cannot be responded to or discussed in the public board meeting because they are not properly noticed items (7 days advance notice).*
- D. Fiscal Department Update – Aiko Blancaflor
1. **Financial Report – Aiko Blancaflor** **Action**
- E. Next Meeting – Wednesday, September 10, 2025, at 4:30 p.m. in-person and Zoom
- F. Adjournment – Dr. Steve Russell



Minutes for VMRC Finance Committee Meeting 5/14/25 | 4:30 PM – 5:00 PM

Valley Mountain Regional Center, Stockton Office, Cohen Board Room and via Zoom Video Conference

Committee Members Present: Dr. Steve, Alicia Schott, Lisa Utsey, Erria Kaalund, Jeff Turner, Jody Burriss, Connie Uychutin

Committee Members not Present:

VMRC Staff Present: Midori Perez, Gabriela Lopez, Aiko Blancaflor, Leinani Walter, Lizzie Valerio, Donna Sioson, Christine Couch, Amanda Verstl, Cristina Torres, Nathan Sioson, Brian Bennett,

Public Present: Kiara (ASL), Xavier Chin (ASL Interpretation), Tom Huey, Jessica Kober, Rachelle Munoz

A. Call to Order, Roll Call, Review of Meeting Agenda

Dr. Steve called the meeting to order at 4:35pm. Lizzie took roll, a quorum was established.

B. Review and Approval of the Finance Committee Minutes of 03/122025

Dr. Steve made the motion to approve the finance Committee Minutes of March 12, 2025. Erria motioned to approve. Connie seconded the motion. The Finance Committee minutes were approved unanimously.

C. Public Comment

1. Mary Duncan – VMRC staff and SEIU Member/Vice President/ Treasurer shared that in April SEIU members from regional centers met with State legislature members to ask for their continued support funding our system and fixing problems in it. Main priority is trying to fix core staffing formula an issue from the 90's, they are in support of Governor Newsom proposed budget increase of \$250 million to regional center system, asked to renew and maintain direct service provider training stipend and regional center tuition program which both sunset last June, also spoke in support of AB617, which is newest bill to create respite and personal assistance registry.

D. Fiscal Department Update

- Aiko reported Tom and Jessica from Windes were joining remotely.

1. CPA Auditors FY 21-22 Audit Report – Windes

- Tom Huey introduced himself as the audit partner at Windes and we are independent CPA firm VMRC has retained for the audit and introduced Jessica Kober, Senior Manager who assisted in the audit for June 30, 2022.
- There was a bit of a delay in getting the books accounted for the audit to process through. He reminded everyone that the independent audit is part of VMRC contract with DDS, you are required to have an annual audit to ensure they are in compliance with generally accepted accounting principles. Tom shared the qualified opinion shared one-line item on the Financial Statement doesn't comply with generally accepted accounting principles. CalPERS accounting basis is different for not for profit. Tom shared their auditor responsibilities which are shared in the report.
 - Statement of Financial Position states Assets and Liabilities. Items highlighted are new this year: Operating lease liabilities. Requires entities to put on financial statements, long term effect for example: lease that goes to 2029.
 - Liabilities: Accounts payables are expenses incurred as of June 2022, that haven't been paid yet, must be recorded as an expense. Contract advance from DDS given the beginning of the year to use for Operations and as claims are submitted, they can send reimbursement or offset advance. Last item, pension plan obligation, CalPERS which is the line item leading to qualified opinion.
 - The second statement is Statement of activities: lists your revenue and expenses, the main source of revenue is contract with DDS as well as ICF income. Expenses are program services and supporting services. The last item in the report is change in pension liability, compared to 2021 to 2022 when down, it becomes income. It reduces the deficit in 2022.
 - The third statement is Functional Expense, this report breaks down more details by program and line items (natural cost categories, salaries, printing, etc.). One item is bad debt expense is \$3.2 million related to old ICF SPA that was on the books. Anything beyond 3-4 period if not collected, you're out of luck with DDS reimbursement. They are being written off but should have been taken care of in the past.
 - The last statement is Cash Flows from Operating Activities, which helps the reader understand the change in cash position from beginning of the year to the end.

- Tom asked if there were any questions regarding Financial Reports. Dr. Steve asked if we were carrying bad debt still and Tom informed him no, it was written off. It was being carried as a receivable. Alicia informed Tom and the Board that the Executive Committee meeting is scheduled to start, but Finance is more important, so Finance meeting will be extended.
- Tom continued and shared that in the report are notes that share information on who VMRC is and how accounting policies are being utilized. This is background for a reader.
 - Note 3 – Contract Advance - State of California, net was from the contract advance. Schedule shows receivables for \$95 million (claims filed with DDS as of June 30, 2022, but haven't received payment as of 2022.) Advances that have not been utilized as of June 30, 2022, of \$90 million, the net is \$4.3 million
 - ❖ Schedule of 2023, 2024, 2025 gives the reader of what is to come.
 - Note 6 – Post - Retirement Health Care Plan: Plan for employees once the move on from VMRC, because it is a future event you're required to put an evaluation of what cost is as of now. Good news about this plan is greater than actual obligations calculated at about \$500k. A lot of estimates are going into this.
 - Note 7 – Pension Plan (Unaudited): Reminder line item on financials that is causing qualified opinion. Using a government accounting basis which doesn't follow what VMRC should be using. Plugged in number assets are \$8 million.
- Tom reported on the Schedule of Expenditures of Federal Awards. Built into DDS contract that originated from Federal agency. Required to track funds differently, once it exceeds \$750k, you're required to put a schedule together and another compliance audit for federal program. Total was a little over \$3.4 million, centered by Special Education (Early Start). This required us to dig deeper and check compliance of the program. This leads to additional audit reports.
 - The government wants to know if there's actual good enough systems in place to handle the funds. Auditors look at how records are maintained, authorized, timely manner. They came across issues with internal control and identity as findings. Broken into two parts, 1st part related to financial reporting and accounting environment and 2nd compliance of your federal program. Total of 4 finding split into two categories.
 - Finding related to DDS contracts, there were hiccups when working with prior CFO, revenue and receivables balances were not reconciled and up to date. It had not been done in

several months. Recommendations is for Management to look at staffing level to ensure these things are being tracked, reconciled, recorded on a timely basis not accumulated when an audit comes around.

- Bank reconciliation - similar thought process, cash process seems wrong, again no reconciliation from 2021.
 - Year End Close Procedures – close out monthly or yearly so auditors come in they have the records ready, and audit can begin. When they tried to start the audit, balances did not make sense, they started asking questions, lots of research was needed. Again, all surrounding prior CFO not doing her work on a timely basis.
 - Last finding, Data Collection Forms Submission, you have requirement to finish audit and submit to Federal Audit Clearinghouse within nine months after fiscal year end. Once the committee approves draft here, they quickly finalize and submit submission to get VMRC back on track. That will lead us to year 23 and 24 audits to complete, VMRC is out of compliance. He is aware Aiko is now working with VMRC and working on getting procedures taken care of.
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- Alicia asked Aiko to let us know where we are standing on the four findings. Aiko shared she researched the VMRC website for CPA Audit Reports and was not able to find anything. None of the findings were a surprise. She is going back to 5 years' worth of transactions to plug into their books. She met with DDS this past week, to make sure claims match for last 3 years matches on their end. Regarding bank reconciliation, with Brenda Crisler's help, we were able to get VMRC caught up, right now, we are current on bank reconciliation. Related to finding #3, which is monthly/yearly closing of our books is being addressed with internal controls in place timely and accurately. As Tom mentioned we are behind on audits FY 22/23 and FY 23/2, we are working diligently with Tom and Jessica's team to ensure we are caught up.
 - Tom agreed with Aiko, he wants the board to realize that this is a time-consuming process, depending on how back they have to go back requires lots of research.
 - Leinani acknowledged the Finance Team, support from interim CFO Brenda Crisler, to go back 4-5 years and catch up in 1 year and have 3 audit reviews in 1 year. She feels relieved, it's still going to take time to catch up in the next two audit presentations our hope is to have Tom and Jessica present in the fall, you will hear similar things. She appreciates their support.
 - Dr. Steve asks for a motion to approve the draft report. Alicia made a motion to approve the motion, Erria seconded the motion. The motion

passed unanimously.

2. Financial Report

- Aiko reported to Tom and Jessica draft was approved and to be respectful of their time will reach out to them in the coming days.
- This report outlines payments made through March 31, 2025. As of the ninth month of FY 2024/25, \$336.2 million had been spent on Purchase of Service (66.3% of the POS allocation) and \$45.8 million on Operations (71.4% of the Operations allocation).

Due to the timing of claim payments and the issuance of cash advances for the next fiscal year, we requested \$30.7 million in cash flow assistance from DDS to ensure we have sufficient funds to cover essential payments prior to receiving the FY 2025-26 advances. On April 30, DDS confirmed approval of our request. As a result, we do not expect to utilize our line of credit with F&M Bank.

- The Governor released May revision. There was a \$12 billion deficit, some items proposed to be changed, eliminating health and safety waiver application assistance, the implicit bias training, and the direct service training proposed to be eliminated. There is a proposed reduction in SDP as well as adjusting rate reform until June 30, 2026 – proposed to move to February 2026. Nothing noted to regional center, reminder this is a proposed budget as of now, will still go through negotiations and final approval.
- Leinani added that Secretary Johnson gave a specific briefing, you can call in and one of the questions asked regarding self-determination, the need for guardrails is there. Leinani will send what she can send publicly, Secretary Johnson, this is purely deficit in California budget. This is the beginning of what we will see.

Alicia appreciated the breakdown, people will ask, and this gives a general idea of where money is being pulled from.

Dr. Steve asked if there is an October revise right based on what revenue outcomes are.

Dr. Steve asks for a motion to approve the report. Erria made a motion to pass, and Lisa seconded the motion. Motion passed unanimously.

E. Next Meeting – Wednesday, July 9, 2025, at 4:30 p.m. in-person and Zoom

F. Adjournment at 5:33 pm

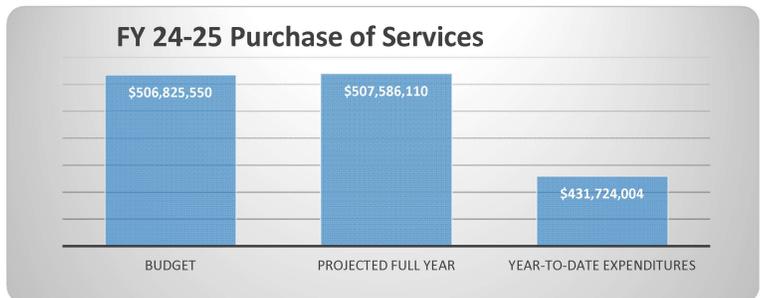
Valley Mountain Regional Center
Contract Status Report
 June 30, 2025

FY	Amount Description	Operation	Purchase of Services (POS)	CPP/CRDP POS	LACC Grant	Service Access & Equity	Foster Grandparents & Senior Companions	Total
22-23	Allocation - D-4	\$ 49,237,793	\$ 338,893,808	\$ 3,408,766	\$ -	\$ -	\$ 560,300	\$ 392,100,667
	YTD Expenses	48,629,361	321,296,755	3,169,105	-	-	378,245	373,473,467
	Balance	\$ 608,432	\$ 17,597,053	\$ 239,661	\$ -	\$ -	\$ 182,055	\$ 18,627,200
23-24	Allocation - E-4	\$ 58,373,022	\$ 413,167,983	\$ 848,855	\$ -	\$ 91,714	\$ 578,369	\$ 473,059,943
	YTD Expenses	57,553,765	400,924,290	110,869	-	-	503,913	459,092,837
	Balance	\$ 819,257	\$ 12,243,693	\$ 737,986	\$ -	\$ 91,714	\$ 74,456	\$ 13,967,106
24-25	Allocation - A-2	\$ 64,236,563	\$ 504,398,061	\$ 2,427,489	\$ 659,403	\$ -	\$ 589,019	\$ 572,310,535
	YTD Expenses	\$59,769,872	429,589,948	2,134,057	\$408,739	-	\$499,446	492,402,061
	Balance	\$ 4,466,691	\$ 74,808,113	\$ 293,432	\$ 250,664	\$ -	\$ 89,573	\$ 79,908,474
Amount Change FY 22-23 to FY 23-24		\$ 9,135,229	\$ 74,274,175	\$ (2,559,911)	\$ -	\$ 91,714	\$ 18,069	\$ 80,959,276
Amount Change FY 23-24 to FY 24-25		\$ 5,863,541	\$ 91,230,078	\$ 1,578,634	\$ 659,403	\$ (91,714)	\$ 10,650	\$ 99,250,592
% Change FY 22-23 to FY 23-24		18.55%	21.92%	-75.10%	N/A	N/A	3.22%	20.65%
% Change FY 23-24 to FY 24-25		10.04%	22.08%	185.97%	N/A	-100.00%	1.84%	20.98%

The contract status report provides information on the total amount of contract allocations received from DDS, the expenditures, and remaining balances for the current and two prior fiscal years. The report also compares the contract allocations between fiscal years in both dollars and percents.

FY 24-25 Operations & Purchase of Services Expense by Category as of June 30, 2025

OPS Expense Category	YTD Expense	POS Expense Category	YTD Expense
Salary & Benefits	\$ 51,818,780.42	Out of Home	\$ 136,611,022.66
Facility Rent and Maintenance	\$ 3,601,512.69	Day Programs	\$ 49,851,391.04
Information Technology	\$ 1,707,437.79	Respite & Day Care	\$ 63,467,112.73
General Expenses	\$ 473,906.31	Non-Medical Services	\$ 33,831,076.62
Communication	\$ 757,958.10	Supported Living Services	\$ 37,675,557.17
Insurance	\$ 282,915.47	Transportation	\$ 29,370,375.72
Accounting & Legal Fees	\$ 237,580.07	Prevention Services	\$ 17,329,476.06
Consultants	\$ 1,015,150.44	Other Services	\$ 18,860,555.42
Staff Mileage/Travel	\$ 481,818.71	Personal Assistance	\$ 26,724,924.50
ARCA Dues	\$ 121,130.31	Medical Services	\$ 13,972,690.18
Equipment	\$ 146,751.17	Supported Employment	\$ 1,752,667.16
Board Expenses	\$ 22,890.94	Camps	\$ 143,098.30
ICF Admin Fee, Interest, & Other Income	\$ (897,960.70)	CPP/CRDP	\$ 2,134,056.60
Total YTD Operations Expense:	\$ 59,769,871.72	Total YTD POS Expense:	\$ 431,724,004.16



This report summarizes payments made through June 30, 2025. For fiscal year 2024/25, \$431.7 million has been spent on Purchase of Service, accounting for 85.2% of the POS allocation, and \$59.7 million on Operations, representing 93% of the Operations allocation. It is important to note that since POS vendors are paid in arrears, this total excludes payments for services delivered in June that will be processed in July. The report also does not include the final pay period of June and other operating expenses that will be paid in July due to the timing of payroll and invoice processing.