

**CALIFORNIA BOARD OF PODIATRIC MEDICINE
JUNE 3, 2016**

**SUBJECT: QUARTERLY BUDGET REPORT – FY 15-16 SECOND
QUARTER**

ACTION: RECEIVE AND FILE

5A

RECOMMENDATION

Receive and file the quarterly budget report and FY 15-16 – Third Quarter (Q3).

ISSUE

This report provides the Board with the most updated and available financial analysis for BPM through the third quarter of FY 15-16.

DISCUSSION

The Board of Podiatric Medicine (“BPM”) is on task with maintaining a financially sound budget for FY 2015-16. Through continued efficient delivery of public services and minimization of financial costs BPM has continued to maintain fiscal and financial discipline.

1. EXPENDITURE REPORT

On March 31, 2016 BPM concluded the third quarter of FY 15-16. The expense report below shows nine months of charges for personnel services at \$336,756, and operating expenses & equipment at \$422,874. All of BPM’s charges for the first nine months of FY 15-16 total \$675,738. The budget allotted BPM for FY 15-16 is \$40,000 or 2.72% more than in FY 14-15. With that additional budget amount, it is clear to see that BPM is almost exactly where it was last fiscal year at this time. For the third quarter of FY 15-16, BPM has 49% of its budgeted amount remaining, and in FY 14-15, BPM had 53% of its budget remaining. These numbers are well within expected levels and continue to indicate that BPM is progressing through this fiscal year as expected.

BOARD OF PODIATRIC MEDICINE - EXPENDITURES FY 15-16 Q3						
	Budget	Yr to Date	Encum	Yr+Enc	Balance	% Rmng
PERSONNEL SERVICES						
Total Staff Salaries and Wages	348,000	228,142	0	228,142	119,858	
Total Staff Benefits	131,000	108,614	0	108,614	22,386	
TOTAL PERSONNEL SERVICES	479,000	336,756	0	336,756	142,244	30%
Total Fingerprints	0	1,917	0	1,917		
Total General Expenses	6,000	5,822	0	5,822		
Total Printing	1,000	7,565	1,384	8,949		
Total Communications	0	4,345	0	4,345		
Total Postage	2,000	1,934	0	1,934		
Total Travel: In-State	4,000	5,518	0	5,518		
Total Training	1,000	0	0	0		
Total Facilities Operations	52,000	34,352	15,023	49,375		
TOTAL C/P SVS - Internal	11,000	20	0	20		
Total C/P SVS - External	17,000	4,995	17,000	21,995		
Total Departmental Services	176,000	120,744	17,996	138,738		
Total Consolidated Data Centers	4,000	2	0	2		
Total Data Processing	0	1,248	0	1,248		
Total Central Administrative Serv	49,000	36,468	0	36,468		
Total Examinations	20,000	0	0	0		
Total Enforcement	660,000	146,444	0	146,444	513,556	78%
Total Minor Equipment		99		99		
TOTAL OPER EXP & EQUIPT	1,003,000	371,473	51,403	422,874	722,370	58%
BPM FY 15-16 TOTALS	1,482,000	708,229	51,403	759,630	722,370	49%
BPM FY 14-15 (Comparison)	1,423,000	615,102	60,636	675,738	747,262	53%

2. REVENUE REPORT

Receipts continue to reflect the ratios that BPM has received in the past with the major sources of income coming from licensees' initial licensing fees and biennial renewal fees. The percentage of receipts remaining to meet budget expectations for FY 15-16 are 13% and are in line with those received for FY 14-15 which were 10%. FY 15-16 receipts total \$883460 which is on target with the previous year amount at \$848,801. This report contains data that is well within expected amounts for this time of year and indicates that BPM is meeting expected targets.

BOARD OF PODIATRIC MEDICINE - RECEIPTS FY 15-16 Q3

Description of Receipt	Planned Receipts	Yr to Date	Balance	% Remaining
Fingerprint Reports	4,000.00	1,372.00	2,628.00	
External/Private/Grant	0.00	1,410.00		
Unsched-Investigative Cost Recove	0.00	36,678.00		
Cures Bien Contribution-\$12	0.00	11,015.00		
Other Regulatory Fees	9,000.00	1,700.00	7,300.00	
Limited License Fee-Pod - \$60	0.00	300.00		
Duplicate License/Cert- \$40	0.00	590.00		
Letter of Good Standing - \$30	0.00	810.00		
Other Regulatory License Fees	81,000.00	0.00		
App Fee - Podiatry - \$20	0.00	580.00		
Fic Name Permit - Podiatry Corp	0.00	700.00		
Nat Board Cert-Podiatry - \$100	0.00	5,645.00		
Initial License - Podiatry - \$800	0.00	42,380.00		
Suspended Revenue	0.00	12,609.00		
Prior Year Revenue Adjustment	0.00	-1,814.00	20,900.00	
Renewal Fees	857,000.00	0.00		
Fict Name Ren - Pod Corp - \$40	0.00	4,600.00		
Biennial Renewal - Podiatrist - \$900	0.00	756,178.00		
Over/Short Fees		4.00	96,218.00	
Delinquency Fees	4,000.00	0.00		
Delinquency Fee-PodCorp - \$150	0.00	2,100.00		
Deli. Renewal -Fic Name - Pod	0.00	60.00		
Penalty Fee - Pod - Var	0.00	4,050.00	-2,210.00	
Misc. Ser to Public - General	0.00	239.00	-239.00	
Income from Surplus Money Investm	3,000.00	2,217.00	783.00	
Revenue Canceled Warrants		12.00	-12.00	
Dishonored Check Fee-Var		25.00	-25.00	
Total Receipts FY 15-16 Q3	958,000.00	883,460.00	122,715.00	13%
Total Receipts FY 14-15 Q3 (comparison)	942,000.00	848,801.00	93,199.00	10%

3. DCA FUND CONDITION ANALYSIS – Authorized Expenditures

As with past practice and in accord with sound governmental financial planning principals, the DCA fund analysis assumes full budget expenditure for FY 15-16 (\$1,381,000) and FY 16-17 (\$1,512,000). Due to the assumption that BPM will expend all authorized expenditures, BPM enjoys built in protection from foreseeable and significant enforcement costs that may be incurred in pursuing noncomplying licensees. This assumption results in a historically low number of months in reserve. Calculations are as follows: $Reserve / (Expenditures\ BY+1 \times 12) = Months\ in\ Reserve$ or $567 / 1512 = .375 \times 12 = 4.5$. The next DCA analysis of BPM's Fund Condition will be updated as FY 15-16 will be closed by then.

BOARD OF PODIATRIC MEDICINE			
DCA Fund Condition Analysis (in 1,000s)	PRIOR YEAR ACTUAL	BUDGET YEAR	BUDGET YEAR +1
	2014/15	2015/16	2016/17
Beginning Balance	946	994	567
Revenue	909	954	953
Total Resources	1,855	1,948	1,520
Expenditures	861	1,381	1,512
Reserve	994	567	8
Months in Reserve	8.6	4.5	0.1

4. BPM FUND CONDITION ADJUSTMENT ANALYSIS – Projected Expenditures

BPM's fund condition analysis calculates expenditures based on actual past amounts spent. BPM's financial obligations may be more than in the past, but until those amounts are known, BPM uses these amounts in making future projections. BPM continues to apply austere and prudent principles for all expenditures and anticipates ending FY 15-16 as projected below. Calculations are as follows: $1008 / 950 = 1.06 \times 12 = 12.7$. The next BPM analysis of BPM's Fund Condition will be updated as FY 15-16 will be closed by then.

BOARD OF PODIATRIC MEDICINE			
BPM Fund Condition Analysis (in 1,000s)	PRIOR YEAR ACTUAL	BUDGET YEAR	BUDGET YEAR +1
	2014/15	2015/16	2016/17
Beginning Balance	946	994	1,008
Revenue	909	954	960
Total Resources	1,855	1,948	1,968
Expenditures	861	940	950
Reserve	994	1,008	1,018
Months in Reserve	12.6	12.7	12.8

5. SHARED SERVICES EXPENDITURES

The Medical Board of California (MBC) and BPM have historically used an Affiliated Health Board Shared Services Allocation to perform critical mission tasks as listed below. We are currently in need of updating the agreement and we are using the amounts from the last agreement executed on Jan 8, 2014. Budget line items for these services total \$44,641 and are itemized as follows: discipline coordination (\$6,238); central complaint unit (\$34,850); consumer information unit (\$133); and podiatric fictitious name permits (\$3,420).

Affiliated Health Board Shared Services Allocation w MBC								
		FY						
		09/10	10/11	11/12	12/13	13/14	14/15	15/16
Medical Board Shared Services	Description	Cost						
Discipline Coordination Unit (DCU)	Charges are prorated based on the total number of cases tracked during the prior fiscal year in relation to the cost of maintaining staff for the purposes of performing a wide range of duties associated with the coordination of disciplinary actions.	\$9,370	\$9,319	\$10,383	\$9,088	\$9,670	\$4,521	\$6,238
Consumer Services: Central Complaint Unit (CCU)	Charges are prorated based on the actual number of complaints received during the prior fiscal year in relation to the cost of maintaining staff for the purposes of performing a wide range of duties associated with the management of complaints.	\$26,518	\$30,476	\$32,224	\$23,748	\$28,635	\$29,373	\$34,850
Consumer Information Unit (CIU)	Charges are prorated based on actual verification activity in relation to the cost of maintaining staff support to verify licensure of DPMs for interested parties.	\$0	\$680	\$0	\$98	\$124	\$124	\$133
Podiatric Fictitious Name Permit Registrations	Charges are based on the actual number of permits processed during the prior fiscal year in relation to the cost of maintaining clerical support to perform duties associated with the issuance and maintenance of FNPs.	\$2,095	\$2,561	\$1,862	\$2,292	\$2,014	\$1,972	\$3,420
TOTAL		\$37,983	\$43,036	\$44,469	\$35,226	\$40,443	\$35,990	\$44,641

6. ATTORNEY GENERAL COSTS

Attorney General (AG) charges for the first nine months of FY 15-16 are \$109,629 and that includes the services of attorneys, paralegals, and auditors. However, there is delay in billing so the report below shows \$109,629 reflected in AG billing directly to BPM, and the amount listed from the DCA Budget Office that are \$101,354. DCA Budget's has a short delay in processing the same bills BPM receives directly from the AG and by the end of FY 15-16 these amounts will be reconciled.

BOARD OF PODIATRIC MEDICINE Q3					
ATTORNEY GENERAL EXPENSES Q3		NUMBER OF HOURS	RATE	AMOUNT	TOTALS
July	Attorney Services	51.50	170.00	8,755	
	Paralegal Services	2.50	120.00	300	
	Auditor	1.00	99.00	99	
	Cost of Suit	0.00	0.00	0	
Totals for July		55.00		9,154	9,154
August	Attorney Services	88.00	170.00	14,960	
	Paralegal Services	3.00	120.00	360	
	Auditor	1.00	99.00	99	
	Cost of Suit	0.00	0.00	0	
Totals for August		92.00		15,419	15,419
September	Attorney Services	148.25	170.00	25,203	
	Paralegal Services	0.00	120.00	0	
	Auditor	2.25	99.00	223	
	Cost of Suit	0.00	0.00	0	
Totals for September		150.50		25,425	25,425
October	Attorney Services	39.25	170.00	6,673	
	Paralegal Services	2.00	120.00	240	
	Auditor	0.00	99.00	0	
	Cost of Suit	0.00	0.00	0	
Totals for October		41.25	389.00	6,913	6,913
November	Attorney Services	59.75	170.00	10,158	
	Paralegal Services	1.00	120.00	120	
	Auditor	4.25	99.00	421	
	Cost of Suit	0.00	0.00	0	
Totals for November		65.00	389.00	10,698	6,913
December	Attorney Services	57.25	170.00	9,733	
	Paralegal Services	0.25	120.00	30	
	Auditor	1.50	99.00	149	
	Cost of Suit	0.00	0.00	0	
Totals for December		59.00	389.00	9,911	9,911
January	Attorney Services	106.50	170.00	18,105	
	Paralegal Services	1.00	120.00	120	
	Auditor	3.00	99.00	297	
	Cost of Suit	0.00	0.00	0	
Totals for January				18,522	18,522
February	Attorney Services-Jan	2.00	170.00	340	
	Attorney Services	27.75	170.00	4,718	
	Paralegal Services	1.50	120.00	180	
	Auditor	0.75	99.00	74	
	Cost of Suit	0.00	0.00	0	
Totals for February				5,312	5,312
March	Attorney Services	69.75	170.00	11,858	
	Paralegal Services	0.25	120.00	30	
	Auditor	1.75	99.00	173	
	Cost of Suit	0.00	0.00	0	
Totals for March				12,061	12,061
TOTAL COSTS FOR DOJ FY 15-16					109,629

7. ENFORCEMENT PROBATION RECEIPTS

BPM has recovered a total of \$42,884 for cost recovery and probation monitoring combined to date FY 15-16 Q3. This represents the amounts offsetting enforcement expenses for BPM. As BPM continues to collect amounts throughout FY 15-16, it will be possible to evaluate BPM's efforts to obtain all monies due and owing.

BOARD OF PODIATRIC MEDICINE Q3					
ENFORCEMENT PROBATION RECEIPTS					
ENFORCEMENT	FY 12-13	FY 13-14	FY 14-15	FY 15-16	AVERAGES
Cost Recovery					
Number of Cases	55	30	21	27	33
Ordered	42,216	39,158	47,609	15,779	36,191
Received	34,422	31,206	29,889	9,878	26,349
Remaining	7,795	7,952	17,720	5,901	9,842
% of Total Received	82%	80%	63%	63%	72%
Probation Monitoring					
Ordered	35,117	38,713	48,700	43,297	41,457
Received	23,122	40,512	35,430	33,006	33,018
Remaining	11,995	-1,799	13,270	10,291	8,439
% of Total Ordered	66%	105%	73%	76%	80%
TOTAL CR & PM	46,417	71,718	65,319	42,884	59,366

8. EXTERNAL AGENCY COSTS

This represents itemized charges per Departmental Services from DCA and Enforcement entities in the amount of \$285,182 for FY 15-16 Q3. These external agency charges were 3% lower at the end of the third quarter in FY 14-15 and it is clear that these charges are completely in line with expectations.

BOARD OF PODIATRIC MEDICINE Q3			
EXTERNAL AGENCY COSTS	FY 14-15	FY 15-16	
Departmental Services			
OIS Pro Rata	27,322	50,250	
Indirect Distribution Co	28,594	48,000	
Central Administrative Services	0	0	
Shared Svs-MBC Only	35,990	35,988	
DOI- ISU Pro Rata	896	1,500	
Communications (Public Affairs) Pro	874	3,000	
PPRD Pro Rata	954	0	
Total Departmental Services	94,630	138,738	32%
Enforcement			
Attorney General	59,039	101,354	
Office of Admin Hearing	1,243	9,666	
Evidence/Witness	14,928	13,086	
Court Reporting Services	150	254	
DOI - Investigation	0	0	
Invest - SVS - MBC Only	16,988	22,084	
Total Enforcement	92,348	146,444	37%
Total Dept Serv & Enforcement	186,978	285,182	34%

9. BOARD EXPENDITURES REPORT

This information is provided to give BPM Board Members the data they need to monitor board expenditures for FY 15-16. BPM expects additional per diem and travel expenses to be submitted in Q4 as BPM has filled the vacant board position. Amounts that are currently being reimbursed for the expenses of board members reflects reasonable and prudent expenditures for necessary travel arrangements as well as \$100 stipends for per diem service. BPM will continue to monitor and process board expenses and expects that the annual budget for these essential services reflect the increases expected for FY 16-17. expenditures for FY 14-15 may be made available by the next mid-year reporting cycle.

BOARD OF PODIATRIC MEDICINE Q3														
BOARD EXPENSES	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	YTD	% of Total
PER DIEM														
Cha		100	100	200	100			200	200	100			1,000	17%
Dixon		100	100	200	200			200	200	100			1,100	19%
Elliot									100	100			200	3%
Mansdorf		100	100	200	100			200	100	100			900	15%
Manzi		100	100	200	100			200	100	100			900	15%
Masaniai			100	200	100			200	100	100			800	14%
Zapf		100	100	200	100			200	200	100			1,000	17%
														0%
TOTAL PER DIEM		500	600	1,200	700	0	0	1,200	1,000	700	0	0	5,900	100%
TRAVEL														
Cha			405		373				348				1,126	26%
Dixon		34	392	29	672				444				1,569	37%
Elliot									88				88	2%
Mansdorf			384		403								787	18%
Manzi													0	0%
Masaniai													0	0%
Zapf			297		388								685	16%
TOTAL TRAVEL		34	1,478	29	1,835	0	0	0	880	0	0	0	4,255	100%
TOTAL PER DIEM & TRAVEL														
BUDGET AMT REMAINING		8,000											10,155	-27%

10. TRENDS

While analysis of the most recent costs for the agency indicate that BPM will remain with resources at the end of the fiscal year to cover approximately 12 months (as stated in item #4, the BPM Fund Condition Analysis above), there are many changes currently under review by the legislature and DCA. Depending upon the outcome of these significant changes, BPM may need to discuss and review its personnel and operations costs. At this time, BPM is able to meet its mission to protect the public and regulate the licensees pursuant to the Business and Professions Code, and there does not appear to be any immediate issues that would significantly impact BPM's fund condition or its ability to continue as it has in the past.

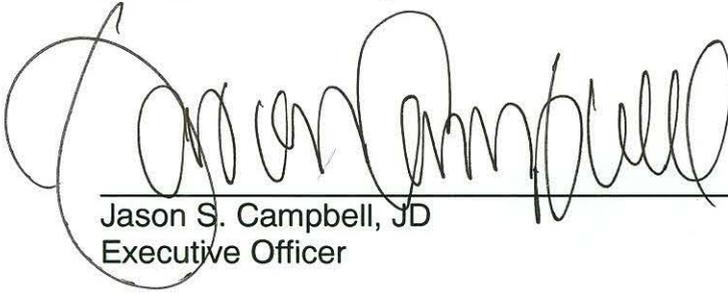
NEXT STEPS

As FY 15-16 progresses, we continue to monitor expenses and revenues and report on a quarterly basis with comparisons for each quarter to the same period the prior year.

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