



1700 S. El Camino Real, Suite 405  
San Mateo, CA 94402-3050  
www.first5sanmateo.org

**FIRST 5 SAN MATEO COUNTY  
FINANCE AND ADMINISTRATION COMMITTEE MEETING**

**DATE:** Monday, February 13, 2017  
**TIME:** 9:00 AM to 10:00 AM  
**ADDRESS:** 1700 S. El Camino Real, Suite 405  
San Mateo, CA 94402

**MEMBERS:** Michael Garb, Lee Michelson, Illiana Rodriguez

**STAFF:** Khanh Chau, Kitty Lopez

**AGENDA**

1.	Approval of the February 13, 2017 Finance and Administration Committee Agenda	Michelson
2.	Approval of the October 17, 2016 Finance and Administration Committee Meeting Minutes (See Attachment 2)	Michelson
3.	Review Budget Monitoring Report as of December 31, 2016 (See Attachment 3-3A-3B)	Lopez / Chau
4.	Review and Recommend Approval of FY2016-17 Revised Budget (See Attachment 4-4A)	Lopez / Chau
5.	Verbal Update: Family Connections contract – Nurturing Pre-K Families	Lopez
6.	Adjournment	Michelson

**Next Meeting: April 10, 2017**

**This document is intentionally blank**

**FIRST 5 SAN MATEO COUNTY  
FINANCE AND ADMINISTRATION COMMITTEE  
MEETING MINUTES**

**October 17, 2016**

- Commission Member: Lee Michelson, Michael Garb, Illiana Rodriguez
- Staff: Khanh Chau, Kitty Lopez
- Guest: Hiep Pham, CPA, R.J.R CPA
- Minutes: Khanh Chau

Commissioner Michelson chaired the meeting.

**1. Approval of the Finance and Administration Committee Meeting Agenda**

A Motion for Approval of the October 17, 2016 Finance and Administration Committee Meeting Agenda was made by Commissioner Garb, seconded by Commissioner Rodriguez. Unanimously approved.

**2. Approval of the September 12, 2016 Finance and Administration Committee Meeting Minutes**

A Motion for Approval of the September 12, 2016 Finance and Administration Committee Meeting Minutes was made by Commissioner Garb and seconded by Commissioner Rodriguez. Unanimously approved.

**3. Review Budget Monitoring Report as of September 30, 2016**

The Committee reviewed the Budget Monitoring Report as of September 30, 2016 reflecting a positive variance in Revenues associated with an adjustment of the lower declining rate of Prop 10 Tax projections, underspending in Total Appropriations Projections at the beginning of the fiscal year, and larger Ending Fund Balance Projections than the planned Budget.

Commissioner Garb asked the frequency of Prop 10 Tax Revenue disbursements. Staff Khanh Chau responded that while Prop 10 Tax Revenue should be disbursed on a monthly basis, revenue receipts are delayed 3 months in average.

**4. Review and Recommend Approval of First 5 San Mateo County's Basic Financial Statements for the Year Ending June 30, 2016 Audit Report and Submission to the California State's Controller Office and First 5 California**

Mr. Hiep Pham, Audit Director, R.J.R CPA, presented the FY2015-2016 audit results, financial statement variances and trends, GASB 72 implementation, and other changes to the audit report. Overall, F5SMC received clean audit opinions for its Basic Financial Statements for the year ending June 30, 2016, for the Government Auditing Standards, and for the State Compliance Standards. The auditor cited that the changes of pension liabilities are associated with a high expected rate of return of the SAMCERA retirement investment pool.

Commissioner Michelson asked who and how pension cost and pension liabilities are computed. Mr. Pham responded that SAMCERA contracts with an independent actuarial consulting firm, Milliman Inc., to act as the plan's actuary and conduct annual actuarial valuations, which are presented to the SAMCERA Board annually. F5SMC receives approximately 0.1% allocations of countywide pension expenses and pension liabilities based on Milliman's actuarial valuations.

Commissioner Garb asked when the employer pension contribution is made. Staff Khanh Chau responded that employer pension contribution is kick-in on day one of hiring for eligible full time employee under the countywide defined pension plan, meanwhile the retirement benefit is vested after 5 years of service.

Committee members reviewed the audit report, asked questions about the benefit rate comparison of previous year and this year audit reports, timing of county retirement contribution, and if F5SMC were responsible for its pension liability. Mr. Hiep Pham responded that under the current year audit report, the Employee Benefits and Pension Expenses are reported in two separate lines whereas they were reported in one single line in FY14/15 audit report; staff Khanh Chau added that, for consistent with county, we copy pension expense presentation of San Mateo County's FY14/15 audit report. Staff Khanh Chau also added that under current defined pension plan of County of San Mateo, both employer and employee's pension contributions will be kick-in on the first hiring date for an eligible full time employee, meanwhile retirement benefits will be vested after 5 years of service; County retirement contribution rate has been decreased in exchange for the increase of COLA every year, as per the union negotiated changes implementation. In responding to question who is liable for pension liabilities, Staff Khanh Chau responded that as a discrete component unit of San Mateo County, F5SMC's audited financial statements are consolidated on the county wide financial statements and countywide audit report; in fact, F5SMC is liable for its allocated pension liability by SAMCERA.

A motion for approval of First 5 San Mateo County's Basic Financial Statements for the Year Ending June 30, 2016 Audit Report and Submission to the California State's Controller Office and First 5 California at the October 24, 2016 Commission Meeting was made by Commissioner Garb and seconded by Commissioner Rodriguez. Unanimously approved

**5. Information on First 5 San Mateo County's Amendments to Grant Agreements for strategic Plan Investment Plan (SPIP) Grantees 2015-2018**

Kitty Lopez stated that we have rolled out the Persimmony Online Grant Management System and the Communication plan as part of the SPIP. County counsel recommended to have the Grant Amendments for the inclusion of the Evaluation and Communication plans into the current executed contracts. Staff will conduct Grant Amendments for 17 contracts. This is an internal amendment process and it does not require Commission approval as there are no changes to Agreement Amounts or Agreement Terms. Each Amendment will required F5SMC Commission Chair and Grantee Representative's signatures and will executed by December 31, 2016.

Committee members suggested the inclusion of the Information section in the Executive Director report.

**6. Review and Recommend Approval of Sponsorship to the California Dental Association Foundation Cares (CDA) for the CDA Cares San Mateo County Event in the amount of \$5,000**

Current Sponsorship policy requires Commission approval for any sponsorship request exceed \$2,500.

Committee members reviewed and recommended approval of the sponsorship proposal to CDA for a 2 day free dental care event in San Mateo County in April 2017 in the amount of \$5,000.

**7. Adjournment**

Commissioner Michelson adjourned the meeting at 9:55 A.M.

**This document is intentionally blank**

**DATE:** February 13, 2017  
**TO:** First 5 San Mateo County Finance and Administration Committee  
**FROM:** Kitty Lopez, Executive Director  
**RE:** Budget Monitoring Report as of December 31, 2016

---

## **BUDGET MONITORING REPORT as of December 31, 2016 HIGHLIGHTS**

The Budget Monitoring Report as of December 31, 2016 is presented in detail as **Attachment 3A** and in summary as **Attachment 3B** with key highlights below:

**YTD Benchmark: 50%**

### **REVENUES**

- Beginning Fund Balance is adjusted to \$15,845,751 from \$14,735,599 or 12% higher than initial projection.
- YTD Interest Revenue projection is \$56K or 60%.
- YTD Prop 10 Tax Revenue projections are \$2.863 million or 53%, that represents a positive variance or 3% higher than YTD Benchmark. The positive variance is attributable to higher Prop 10 Tax revenue disbursements due to a correction of the Prop 10 Tax Revenue declining rate by Department of Finance, State of California.
- YTD Total Revenues projections are \$3.148 million or 53%, that represents a positive variance or 3% higher than YTD Benchmark. Attributable factors to this positive variance are higher disbursements in both Prop 10 Tax Revenue and Interest Income.

### **APPROPRIATIONS**

- Grantees' Q2'16 invoices are due to our office by January 31, 2017. At this point, most of Q2'16 program expenditures are estimates.
- YTD Program Expenditures projections are \$2.932 million or 36%, that represents a positive variance or 14% below YTD Benchmark.

Major contributions to this positive variance are attributable to underspending in various grants, Evaluation, and pending planning of the Policy Advocacy, Communications and System Changes unallocated fund of \$687K, which was reallocated from the Ending Fund Balance to the Program Appropriations during the FY16-17 Budget proposal.

- YTD Administrative Expenditures projections of \$484K or 46% that represents a positive variance or 4% below YTD Benchmark. Major contributions to this positive variance are attributable to under spending in Professional Services and various administrative budget items, and salary and benefit saving due to delayed hiring of an Extra-Help.
- YTD Total Appropriations projections are \$3.416 million or 37% that represents a positive variance or 13% below YTD Benchmark. Major contributions to this positive variance are attributable to under spending in both Program and Administrative Appropriations.

### **ENDING FUND BALANCE**

- At this time, we are projecting YTD Ending Fund Balance of \$15.577 million or 142%, that represents a positive variance of 42% or \$4.644 million higher than YTD planned budget.

Major contributions to this positive variance are attributable to higher Interest Revenue and Prop 10 Tax Revenue disbursements, under spending in both Program and Administrative Appropriations, and pending planning of the Policy, Advocacy, Communication, and System Changes un-allocated fund.

**CHALLENGES:**

- None at this time.



BUDGET MONITORING REPORT AS OF DECEMBER 31, 2016

YTD Benchmark Percentage :50%

	ORG/ACCT#	FY16-17 BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
<b>REVENUE</b>							
<b>FUND BALANCE (Beginning)</b>		\$ 14,173,599	\$ 15,845,751		\$ 15,845,751	112%	Adjusted Beginning Fund Balance as per the FY15-16 Audit Report.
Interest	19510-1521	94,047	32,970	23,512	56,482	60%	\$23K are Q2'17 Interest Revenue Estimates. Interest earning rate increases from 0.7% to 1.0% in recent months.
Tobacco Tax - Prop 10	19510-1861	5,363,000	2,415,652	446,917	2,862,569	53%	\$446K is Dec '16 Prop10 Revenue Estimate.
IMPACT Grant	19510-1861	458,000		229,000	229,000	50%	\$229K are Q1 and Q2'17 IMPACT Grant Revenue Estimates.
Wellness Grant	19510-2545	-	-	-	-		-
Miscellaneous Reimbursements	19510-2647	-	50	-	50		-
<b>TOTAL REVENUE</b>		\$ 5,915,047	\$ 2,448,673	\$ 699,428	\$ 3,148,101	53%	Positive variance due to an adjustment of Prop 10 Revenue declining rate projections by F5CA that resulted in higher disbursements in recent months.
<b>TOTAL AVAILABLE FUNDS</b>		\$ 20,088,646	\$ 18,294,424	\$ 699,428	\$ 18,993,852		-
<b>APPROPRIATIONS</b>							
<b>1. PROGRAMS</b>							
Family Engagement	19540-6125	1,689,000	368,523	385,189	753,712	45%	\$385K is Q2' 16 expenditure estimates.
Kit for New Parent KNP (KNP)	19540-6266	41,000	3,685	22,000	25,685	63%	\$22K is Q1 and Q2'16 expenditure estimates
Child Health & Development	19540-6156	1,822,000	338,239	395,500	733,739	40%	\$395K is Q2'16 expenditure estimates.
Early Learning	19540-6263	1,995,000	308,606	454,750	763,356	38%	\$454K is Q2' 16 expenditure estimates.
Early Learning - Regional Cost Sharing	19540-6263	30,000	-	-	-	0%	-
IMPACT Grant		349,000	34,194	87,250	121,444	35%	\$87K is Q2 16 expenditure estimates.
Policy Advocacy, Communications & Systems Change	19540-6814	598,000	83,532	92,250	175,782	29%	\$92K is Q2' 16 expenditure estimates.
Policy Advocacy, Communications & Systems Changes - Unallocated Fund		687,000	-	-	-	0%	
Other Communications		10,000	5,000	-	5,000	50%	California Dental Association sponsorship
Program Salary & Benefits		473,065	214,727	-	214,727	45%	Saving due to a delayed hiring of an Extra-Help
Evaluation	19540-6265	265,000	39,625	27,500	67,125	25%	\$27.5K is Q2'16 Persimmony expenditure estimates
Evaluation - Salaries & Benefits		141,434	71,978	-	71,978	51%	Evaluation Specialist 's salary and benefits. Staff reduces VTO
<b>TOTAL PROGRAM APPROPRIATIONS</b>		\$ 8,100,499	\$ 1,468,109	\$ 1,464,439	\$ 2,932,548	36%	Positive variances due to pending planning of the unallocated fund of the Policy Advocacy, Communications, System Changes budget.

	ORG/ACCT#	FY16-17 BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
<b>2. ADMINISTRATIVE</b>			-	-	-		-
<b>Salaries and Benefits</b>		<b>\$ 636,702</b>	<b>303,383</b>	<b>-</b>	<b>303,383</b>	<b>48%</b>	
<b>Services and Supplies</b>							-
Outside Printing & Copy Svc	19510-5191	4,000	-	-	-	0%	-
General Office Supplies	19510-5193	11,400	1,784	4,000	5,784	51%	\$4K is expenditure estimate for the ergonomic standing desks and ergonomic furniture.
Photocopy Lease & Usage	19510-5196	2,500	622	417	1,039	42%	\$417 are Nov and Dec'16 expenditure estimates.
Computer Supplies	19510-5211	10,000	-	-	-	0%	-
County Memberships - (e.g. F5 Assn Dues)	19510-5331	17,500	14,766	-	14,766	84%	F5CA Association Dues are paid in full.
Auto Allowance	19510-5712	11,000	5,421	-	5,421	49%	-
Meetings & Conference Expense	19510-5721	13,000	4,766	-	4,766	37%	Staff attended F5CA Summit in Sacramento
Commissioners Meetings & Conference Exp	19510-5723	6,000	200	-	200	3%	-
Other Business Travel expense	19510-5724	5,000	749	-	749	15%	-
Dept. Employee Training Expense	19510-5731	5,000	4,196	-	4,196	84%	Staff professional development training by outside consultant
Wellness grant	19510-5856		435	-	435		
Other Professional Services	19510-5858	60,000	-	-	-	0%	-
<b>Sub Total - Services &amp; Supply</b>		<b>\$ 145,400</b>	<b>\$ 32,940</b>	<b>\$ 4,417</b>	<b>\$ 37,356</b>	<b>26%</b>	<b>Positive variances due to under spending in Professional Services and various administrative areas</b>
<b>Other Charges</b>							
Telephone Service Charges	19510-6712	3,800	1,404	317	1,721	45%	\$317 is Dec'16 Telephone expenditure estimate.
Automation Services - ISD	19510-6713	42,000	13,108	3,500	16,608	40%	\$3.5K is Dec'16 ISD Automation Services estimate.
Annual Facilities Lease	19510-6716	100,000	43,451	17,000	60,451	60%	\$17K are projected for one time spending of old furniture removal and disposal, new office wiring and IT reset-up, and smaller size new office
General Liability Insurance	19510-6725	7,200	2,452	490	2,942	41%	-
Official Bond Insurance	19510-6727	300	85	17	102	34%	-
Human Resources Services	19510-6733	5,350	269	-	269	5%	-
Countywide Security Services	19510-6738	500	456	-	456	91%	Annual Countywide Security Charges
All Other Service Charges	19510-6739	48,000	22,679	4,800	27,479	57%	\$16.7K audit cost paid in full. \$4.8K is County counsel expenditure estimate
A-87 Expense	19510-6821	66,000	32,938		32,938	50%	
<b>Sub Total - Other Charges</b>		<b>273,150</b>	<b>116,842</b>	<b>26,124</b>	<b>142,965</b>	<b>52%</b>	
<b>TOTAL ADMINISTRATIVE APPROPRIATIONS</b>		<b>\$ 1,055,252</b>	<b>\$ 453,164</b>	<b>\$ 30,540</b>	<b>\$ 483,705</b>	<b>46%</b>	<b>Positive variances due to under spending in various line items.</b>

	ORG/ACCT#	FY16-17 BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
Administrative Cost %		12%	24%	2%	14%		-
<b>TOTAL APPROPRIATIONS</b>		<b>\$9,155,751</b>	<b>\$1,921,273</b>	<b>\$1,494,979</b>	<b>\$3,416,253</b>	<b>37%</b>	Positive variances due to pending planning of the un-allocated fund of the Policy Advocacy, Communication, and System Changes budget line, underspending in Professional Services and various Administrative line items.
<b>FUND BALANCE (ENDING)</b>		<b>\$10,932,894.59</b>	<b>\$16,373,150.31</b>	<b>-\$795,550.92</b>	<b>\$15,577,599.39</b>	<b>142%</b>	Positive variances due to an adjustment of the Beginning Fund Balance, higher Interest Revenue and Prop 10 Tax Revenue disbursements, and under spending in both Program and Admin Appropriations.
			-	-	-		-
70% Program S&B		473,065	214,727	-	214,727	45%	-
Evaluation Staff		141,434	71,978	-	71,978	51%	-
Admin Staff and 30% Program S&B		636,702	303,383	-	303,383	48%	-
<b>Total Salaries and Benefits</b>		<b>\$ 1,251,201</b>	<b>\$ 590,088</b>	<b>\$ -</b>	<b>\$ 590,088</b>	<b>47%</b>	Positive variances due to delayed hiring of an Extra-Help

**Note:**

This Budget Monitoring Report is presented in a Hybrid Format as per suggestion of Finance and Administration Committee members.

The YTD Actuals column reflects Actual Revenues and Actual Expenditures reported in Countywide OFAS Accounting System.

The YTD Accruals\* (with an asterisk) column is a hybrid presentation using Modified Accrual Accounting or Projections. When Revenue and Expenditures are not measurable in monetary terms or are not available, Committee members suggest to make a Projection for the reporting month.

**Technical Terms**

1. Modified Accrual

Under Modified Accrual, Revenue is recognized and recorded when measurable and available to finance the expenditures of the current period; Available, under Modified Accrual, means collectible within the current period or soon enough to be used to pay liabilities of the current period; Measurable means quantifiable in monetary terms. Per F5CA, Prop 10 Tax Revenue is recorded when the Prop 10 Tax Revenue is posted on the F5CA website.

Expenditures are recognized and recorded when the related liability incurred with some exceptions.

2. Internal Reporting

The Budget Monitoring Report is an internal report, typically is designed to accomplish two goals:

- (a) allows management to monitor compliance with legal and contractual provisions applicable to the management of public funds; and
- (b) provides management with the information on current performance that it needs to make future financial plans.

Because internal reports are designed to serve the needs of management, management is free to select the format and content it believes is most relevant, with timeliness being a key consideration for their use as monitoring or planning documents.

**References**

- 1. Modified Accrual: Becker CPA Review, Financial, 2009 Edition Textbook, page F8-12
- 2. Internal Reporting: First 5 Association of California - Financial Management Guide - Fifth Edition, 2015, Updated 12/15/15, page 51

YTD Benchmark Percentage :50%

	FY16-17 BUDGET	YTD ACTUALS	YTD ACCRUALS*	YTD COMBINED (Actual & Accruals)	YTD Combined versus Budget %	NOTES
<b>REVENUE</b>						
<b>FUND BALANCE (Beginning)</b>	\$ 14,173,599	\$ 15,845,751	\$ -	\$ 15,845,751	100%	<b>Adjusted Beginning Fund Balance as per the FY15-16 Audit Report.</b>
Interest	94,047	32,970	23,512	56,482	60%	\$23K are Q2'17 Interest Revenue Estimates. Interest earning rate increases from 0.7% to 1.0% in recent months.
Tobacco Tax - Prop 10	5,363,000	2,415,652	446,917	2,862,569	53%	\$446K is Dec '16 Prop10 Revenue Estimate.
IMPACT grant	458,000	-	229,000	229,000	50%	\$229K are Q1 and Q2'17 IMPACT Grant Revenue Estimates.
Wellness Grant	-	-	-	-	0%	-
Miscellaneous Reimbursements	-	50	-	50	0%	-
<b>TOTAL REVENUE</b>	<b>5,915,047</b>	<b>2,448,673</b>	<b>699,428</b>	<b>3,148,101</b>	<b>53%</b>	<b>Positive variance due to an adjustment of Prop 10 Revenue declining rate projections by F5CA that resulted in higher disbursements in recent months.</b>
<b>TOTAL AVAILABLE FUNDS</b>	<b>20,088,646</b>	<b>18,294,424</b>	<b>699,428</b>	<b>18,993,852</b>		
<b>APPROPRIATIONS</b>						
<b>1. PROGRAMS</b>						
Family Engagement	1,689,000	368,523	385,189	753,712	45%	\$385K is Q2' 16 expenditure estimates.
Kit for New Parent KNP (KNP)	41,000	3,685	22,000	25,685	63%	\$22K is Q1 and Q2'16 expenditure estimates
Child Health & Development	1,822,000	338,239	395,500	733,739	40%	\$395K is Q2'16 expenditure estimates.
Early Learning	1,995,000	308,606	454,750	763,356	38%	\$454K is Q2' 16 expenditure estimates.
Early Learning - Regional Cost Sharing	30,000	0	0	0	0%	-
IMPACT Grant	349,000	34,194	87,250	121,444	35%	\$87K is Q2 16 expenditure estimates.
Policy Advocacy, Communication	598,000	83,532	92,250	175,782	29%	\$92K is Q2' 16 expenditure estimates.
Policy Advocacy, Communications & Systems Changes - Unallocated Fund	687,000	0	0	0	0%	-
Other Communications	10,000	5,000	0	5,000	50%	California Dental Association sponsorship
<b>Program Salary &amp; Benefits</b>	<b>473,065</b>	<b>214,727</b>	<b>0</b>	<b>214,727</b>	<b>45%</b>	Saving due to a delayed hiring of an Extra-Help
Evaluation	265,000	39,625	27,500	67,125	25%	\$27.5K is Q2'16 Persimmony expenditure estimates
<b>Evaluation - Salaries &amp; Benefits</b>	<b>141,434</b>	<b>71,978</b>	<b>0</b>	<b>71,978</b>	<b>51%</b>	Evaluation Specialist 's salary and benefits. Staff reduces VTO
<b>TOTAL PROGRAM APPROPRIATIONS</b>	<b>\$ 8,100,499</b>	<b>\$ 1,468,109</b>	<b>\$ 1,464,439</b>	<b>\$ 2,932,548</b>	<b>36%</b>	Positive variances due to pending planning of the unallocated fund of the Policy Advocacy, Communications, System Changes budget.
<b>2. ADMINISTRATIVE</b>						
<b>TOTAL ADMINISTRATIVE APPROPRIATIONS</b>	<b>\$ 1,055,252</b>	<b>\$ 453,164</b>	<b>\$ 30,540</b>	<b>\$ 483,705</b>	<b>46%</b>	<b>Positive variances due to under spending in various line items.</b>
Administrative Cost %	12%		2%	14%		
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 9,155,751</b>	<b>\$ 1,921,273</b>	<b>\$ 1,494,979</b>	<b>\$ 3,416,253</b>	<b>37%</b>	<b>Positive variances due to pending planning of the un-allocated fund of the Policy Advocacy, Communication, and System Changes budget line, underspending in Professional Services and various Administrative line items.</b>
<b>FUND BALANCE (ENDING)</b>	<b>\$ 10,932,895</b>	<b>\$ 16,373,150</b>	<b>\$ (795,551)</b>	<b>\$ 15,577,599</b>	<b>142%</b>	<b>Positive variances due to an adjustment of the Beginning Fund Balance, higher Interest Revenue and Prop 10 Tax Revenue disbursements, and under spending in both Program and Admin Appropriations.</b>
<b>Total Salaries and Benefits</b>	<b>\$ 1,251,201.00</b>	<b>\$ 590,088</b>	<b>\$ -</b>	<b>\$ 590,088</b>	<b>47%</b>	<b>Positive variances due to delayed hiring of an Extra-Help</b>

**DATE:** February 13, 2017

**TO:** First 5 San Mateo County Finance and Administration Committee

**FROM:** Kitty Lopez, Executive Director

**RE:** Review and Recommend Approval of First 5 San Mateo County's FY16-17 Revised Budget at the February 27, 2017 Commission Meeting

ion

---

### **ACTION REQUESTED**

Review and Recommend Approval of First 5 San Mateo County's FY16-17 Revised Budget at the February 27, 2017 Commission Meeting

### **A. BACKGROUND**

The proposal of First 5 San Mateo County's FY16-17 Revised Budget is based on the following assumptions:

- FY16-17 Program Appropriations were budgeted based on Strategic Planning Implementation Plan (SPIP) funding allocation, fiscal year budgets of executed contracts. It was anticipated that we would have FY16-17 Revised Budget at a later date once FY15-16 Financial Audit was completed.
- Under spending funds of various contracts were unknown in April 2016 when we developed the FY16-17 Budget; those under spending funds became available after FY15-16 Financial Audit Completion.

### **B. UPDATE**

- Adjustment to Beginning Fund Balance as per the outcome of FY15-16 Audit Report.
- Adjustment to Prop 10 Tax Revenue projections as per the revised declining rate of Prop 10 Tax Revenue projections by the Department of Finance, State of California, which previously was projected too conservative.
- Adjustments to Program Appropriations with new executed contracts in June 2016 as per the continuing SPIP implementation.
- Increases of personnel costs reflecting operational needs to implement programs, operations, and the new strategic plan implementation (SPIP).

### **C. REVENUE**

**Total Available Funds produce a net increase of \$2,163,152** include:

- \$1,672,152 reflects an adjustment of the Beginning Fund Balance as per the outcome of the FY15-16 Audit Report.
- \$491,000 reflects an adjustment of Prop 10 Tax Revenue projections.

### **D. PROGRAM APPROPRIATIONS**

**Total Program Appropriations produce a net increase of \$304,784** include:

**Increases by \$1,183,406**

- \$788,664 reflects net effect of newly approved contract execution in 3 main investment focus areas:
  - \$619,072 Family Engagement contracts;
  - \$24,186 Child Health & Development contracts;
  - \$145,406 Early Learning contracts;
- \$201,122 reflects the IMPACT grant revised budget and underspending fund carry over;
- \$173,620 reflects the reallocation of Persimmony and Big Data budget from Policy, Advocacy, Communications, and System Changes to Evaluation.
- \$20,000 personnel cost increase reflects the change of an Extra Help to full time employee and staff's volunteer time off (VTO) reduction.

#### **Decreases by \$878,621**

- \$186,621 reflects the decrease due to the reallocation of the Persimmony and Big Data budget from Policy, Advocacy, Communications, and System Changes to Evaluation.
- \$527,000 reflects the delay in spending of the Policy, Advocacy, Communications, and System Changes – Unallocated fund to the later date when specific investment opportunities are identified.
- \$165,000 reflects the reduction in Evaluation budget due to pending planning of the SPIP Evaluation funding.

#### **E. ADMINISTRATIVE APPROPRIATIONS**

**Total Administrative Appropriations produce a net decrease by \$25,000** include:

- \$30,000 decrease in the Professional Services due to underspending in the Consultant service.
- \$5,000 increase in the Facility Lease due to one-time budget for the old office furniture removal and disposal, new office rewiring and IT set-up, and the purchase of new smaller size office furniture.

#### **SUMMARY**

Proposal of FY2016-17 Revised Budget is presented in Attachment 4A and is summarized as following:

<b>REVENUE</b>	
▪ Increase Beginning Fund Balance FY2015-16	1,672,152
▪ Net projected revenues, increase by	491,000
<b>Total Available Fund, increase by</b>	<b>\$2,163,152</b>
<b>PROGRAM APPROPRIATIONS</b>	
<b>Total Program Appropriations projections, increase by</b>	<b>304,785</b>
<b>ADMINISTRATIVE APPROPRIATIONS</b>	
<b>Total Administrative Appropriations, increase by</b>	<b>(25,000)</b>
<b>TOTAL APPROPRIATIONS</b>	
<b>Total Appropriations, increase by</b>	<b>279,785</b>
<b>NET OF CHANGES, Ending Fund Balance FY16-17, increase by</b>	<b>\$1,883,367</b>

**F. FISCAL IMPACTS**

Net of Changes of FY 2016-2017 Revised Budget Ending Fund Balance increase by \$1,883,367 (See Attachment 4A).

The Administrative Percentage remains below 14% as per the approved Administrative Cost Policy for the FY2016-2017.

**RECOMMENDATION**

Review and Recommend Approval of First 5 San Mateo County's FY16-17 Revised Budget at the February 27, 2017 Commission Meeting

**FIRST 5 SAN MATEO COUNTY**

**FY 16-17 REVISED BUDGET**

**Attachment 4A**

	Account	FY16-17 Adopted Budget	Increase	Decrease	FY16-17 Revised Budget	Increase (Decrease) Revised Budget vs. Adopted Budget %	Notes
<b>REVENUE</b>							
<b>FUND BALANCE (Beginning)</b>		\$ 14,173,599	\$ 1,672,152		\$ 15,845,751	\$ 0	Adjustment of the Beginning Fund Balance as per the outcome of FY15-16 Audit Report.
Interest	19510-1521	94,047			94,047	0.0%	Increase interest earning rate to 1% from 0.7%
Tobacco Tax - Prop 10	19510-1861	5,363,000	491,000		5,854,000	9.2%	The increase 9.2% reflects the adjustments of Prop 10 Tax declining rate projections, which previously was made too conservative.
IMPACT Grant	19510-1861	458,000			458,000	0.0%	
Wellness Grant	19510-2545						
Miscellaneous Reimbursements	19510-2647						
<b>TOTAL REVENUE</b>		\$ 5,915,047	\$ 491,000	\$ -	\$ 6,406,047	8.3%	The 8.3% increase reflects the adjustments of the Beginning Fund Balance and Prop 10 Tax Revenue declining rate projection by State Department of Finance.
<b>TOTAL AVAILABLE FUNDS</b>		\$ 20,088,646	\$ 2,163,152	\$ -	\$ 22,251,798	10.8%	
<b>APPROPRIATIONS</b>							
<b>1. PROGRAMS</b>							
Family Engagement	19540-6125	1,689,000	619,072		2,308,072	36.7%	The 36.7% increase reflects 6 new executed contracts in Family Engagement as continuing SPIP implementation.
Kit for New Parent KNP (KNP)	19540-6266	41,000			41,000	0.0%	
Child Health & Development	19540-6156	1,822,000	24,186		1,846,186	1.3%	The 1.3% increase reflects 2 SHEC contracts approved in June 2016.
Early Learning	19540-6263	1,995,000	145,406		2,140,406	7.3%	The 7.3% increase reflects the QRIS contract approved in July 2016 and FY15-16 underspending fund carry over.
Early Learning - Regional Cost Sharing	19540-6263	30,000			30,000	0.0%	
IMPACT Grant	19540-6126	349,000	201,122		550,122	57.6%	The 57.6% increase reflects FY15-16 underspending fund carry over and a place holder for F5SMC's leverage fund contributed to the IMPACT grant.
Policy Advocacy, Communications & Systems Changes	19540-6814	598,000		186,621	411,379	-31.2%	The 31.2% decrease reflects the reallocation of the Persimmony and Big Data projects to Evaluation.
Policy Advocacy, Communications & Systems Changes - Unallocated Fund	19540-6814	687,000		527,000	160,000	-76.7%	The 76.7% decrease reflects the delay spending of this budget line to the later date when specific investment opportunities are identified.
Other Communications	19540-6814	10,000			10,000	0.0%	



Program Salary & Benefits		473,065	15,000		488,065	3.2%	The 3.2% increase reflects the change of an Extra Help to full time employee starting from March 1, 2017.
Evaluation	19540-6265	265,000		165,000	100,000	-62.3%	The 62.3% decrease reflects pending planning of the SPIP Evaluation funding. The \$100K budget may be utilized for programmatic evaluation, as per the Evaluation Committee guidelines.
Evaluation - Online Data System Reallocation	19540-6265		173,620		173,620		Reallocation of Persimmony and Big data project funding to Evaluation.
Evaluation - Salaries & Benefits	19540-6265	141,434	5,000		146,434	3.5%	The 3.5% increase reflects staff's VTO reduction from 10% to 5%.
<b>TOTAL PROGRAM APPROPRIATIONS</b>		<b>\$ 8,100,499</b>	<b>\$ 1,183,406</b>	<b>\$ 878,621</b>	<b>\$ 8,405,284</b>	<b>3.8%</b>	<b>The 3.8% increase reflects the net effects of newly executed contracts in June 2016, FY15-16 underspending fund carry over, underspending of un-allocated fund in Policy, Advocacy, Communications, and Evaluation.</b>
							-
<b>2. ADMINISTRATIVE</b>		<b>636,702</b>			<b>636,702</b>	<b>0.0%</b>	
<b>Salaries and Benefits</b>							-
<b>Services and Supplies</b>							
Outside Printing & Copy Svc	19510-5191	4,000			4,000	0.0%	
General Office Supplies	19510-5193	11,400			11,400	0.0%	
Photocopy Lease & Usage	19510-5196	2,500			2,500	0.0%	
Computer Supplies	19510-5211	10,000			10,000	0.0%	
County Memberships - (e.g. F5 Assn Dues)	19510-5331	17,500			17,500	0.0%	
Auto Allowance	19510-5712	11,000			11,000	0.0%	
Meetings & Conference Expense	19510-5721	13,000			13,000	0.0%	
Commissioners Meetings & Conference Exp	19510-5723	6,000			6,000	0.0%	
Other Business Travel expense	19510-5724	5,000			5,000	0.0%	
Dept. Employee Training Expense	19510-5731	5,000			5,000	0.0%	
Other Professional Services	19510-5858	60,000		30,000	30,000	-50.0%	The 50% decrease reflects the underspending in the ITN consultant for the Family Engagement implementation.
<b>Sub Total - Services &amp; Supply</b>		<b>\$ 145,400</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ 115,400</b>	<b>-20.6%</b>	
<b>Other Charges</b>							
Telephone Service Charges	19510-6712	3,800			3,800	0.0%	

Automation Services - ISD	19510-6713	42,000				42,000	0.0%	
Annual Facilities Lease	19510-6716	100,000	5,000			105,000	5.0%	The 5% increase reflects the \$17K one-time budget associated with old furniture removal and disposal (\$7K), new office rewiring and IT reset-up (\$3K)+ purchase of smaller size office furnitures (\$7K). Fiscal year rent cost projection is \$88K.
General Liability Insurance	19510-6725	7,200				7,200	0.0%	
Official Bond Insurance	19510-6727	300				300	0.0%	-
Human Resources Services	19510-6733	5,350				5,350	0.0%	
Countywide Security Services	19510-6738	500				500	0.0%	
All Other Service Charges	19510-6739	48,000				48,000	0.0%	
A-87 Expense	19510-6821	66,000				66,000	0.0%	
<b>Sub Total - Other Charges</b>		<b>273,150</b>	<b>5,000</b>	<b>-</b>		<b>278,150</b>	<b>1.8%</b>	
<b>TOTAL ADMINISTRATIVE APPROPRIATIONS</b>		<b>\$ 1,055,252</b>	<b>\$ 5,000</b>	<b>\$ 30,000</b>		<b>\$ 1,030,252</b>	<b>-2.4%</b>	<b>The 2.4% decrease reflects underspending in the Professional Services budget.</b>
<b>Administrative Cost %</b>		<b>12.6%</b>	<b>14.3%</b>	<b>12.7%</b>		<b>12.6%</b>		<b>-</b>
								<b>-</b>
<b>TOTAL APPROPRIATIONS</b>		<b>\$ 9,155,751</b>	<b>\$ 1,188,406</b>	<b>\$ 908,621</b>		<b>\$ 9,435,536</b>	<b>3.1%</b>	<b>The 3.1% increase reflects the net effects of the increase in Program Appropriations for new contract execution and the decrease in Administrative Appropriations due to underspending in Professional Services.</b>
								<b>-</b>
<b>FUND BALANCE (ENDING)</b>		<b>\$10,932,895</b>	<b>\$974,746</b>	<b>-\$908,621</b>		<b>\$12,816,262</b>	<b>17.2%</b>	<b>The 17.2% increase reflects the adjustments of audited Beginning Fund Balance and Prop 10 Tax Revenue projections, and the increase of Program Appropriations for new SPIP contract execution.</b>
Program		473,065	15,000	-		488,065	3.2%	
Evaluation		141,434	5,000	-		146,434	3.5%	-
Admin		636,702	+			636,702	0.0%	
<b>Total Salaries and Benefits</b>		<b>\$ 1,251,201</b>	<b>\$ 20,000</b>	<b>\$ -</b>		<b>\$ 1,271,201</b>	<b>1.6%</b>	<b>The 1.6% increase reflects the change of an Extra-Help to full time employee and staff's VTO reduction.</b>