

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

As authorized by Governor Newsom’s Executive Order N-29-20, dated March 17, 2020, the meeting will be held via teleconferencing with members of the Commission attending from separate remote locations. The meeting will be held and live cast from the following location where members of the public shall have the right to observe and offer public comment:

DATE: Monday, January 9, 2023
TIME: 9:00 AM to 10:00 AM
Join Zoom Meeting
<https://smcgov.zoom.us/j/96737715600>
Meeting ID: 967 3771 5600, +1 669 900 6833

This altered format is in observance of the recommendation by local officials that certain precautions be taken, including social distancing, to address the threat of COVID-19.

MEMBERS: Rosanne Foust, Alexis Becerra, Sylvia Espinoza
STAFF: Kitty Lopez, Khanh Chau

AGENDA

AGENDA		
1.	Adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person would present imminent risks to the health or safety of attendees (See Attachment 1a. and Attachment 1b.)	Becerra
2.	Approval of the Finance and Administration Committee Agenda	Becerra
3.	Approval of the October 17, 2022 Finance and Administration Committee Meeting Minutes (See Attachment 3)	Becerra
4.	Elect Finance and Administration Committee Chair	Lopez
5.	Update: Reissued Financial Statements for F5SMC for the Year Ending 6.30.2022 (See Attachments 5, 5A, 5B)	Lopez / Chau
6.	Update Prop 31 and Tobacco Tax Projection (See Attachment 6)	Lopez / Chau
7.	Verbal Discussion <ul style="list-style-type: none"> • Initial Discussion and Strategic Plan Implementation Plan (SPIP) Funding Buckets/Allocations for FY2023-2025 	Lopez / Chau / Blakely
	Next Finance and Administration Committee Meeting February 13, 2023	

* **Public Comment:** This item is reserved for persons wishing to address the Commission Finance and Administration Committee on any Commission Finance and Administration Committee-related matters that are not otherwise on this meeting agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

Persons wishing to address a particular agenda item should speak during that agenda item. Speakers are customarily limited to two minutes, but an extension may be provided to you at the discretion of the Commission Finance and Administration Committee Chair.

The identified times are approximate and are intended to serve as a guide to the public and all First 5 meeting attendees regarding the approximate start times for any one section of the Agenda. The actual start and end times for an agenda item may differ from the noted times.

Public records that relate to any item on the open session agenda for a regular Commission Finance and Administration Committee meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Commission. The documents are also available on the First 5 Internet Web site at www.first5.smcgov.org.

Individuals who require special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Khanh Chau, by 12 Noon on Friday, January 6, 2023 at kchau@smcgov.org. Notification in advance of the meeting will enable the Commission Finance and Administration Committee to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

Date: January 9, 2023
To: Finance and Administration Committee
From: Kitty Lopez, Executive Director
Subject: **Resolution to make findings allowing continued remote meetings under Brown Act**

RECOMMENDATION:

Adopt a resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person for the Finance and Administration Committee of the First 5 San Mateo County Commission would present imminent risks to the health or safety of attendees.

BACKGROUND:

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021 for public agencies to transition back to public meetings held in full compliance with the Brown Act. The original Executive Order provided that all provisions of the Brown Act that required the physical presence of members or other personnel as a condition of participation or as a quorum for a public meeting were waived for public health reasons. If these waivers had fully sunset on October 1, 2021, legislative bodies subject to the Brown Act would have to contend with a sudden return to full compliance with in-person meeting requirements as they existed prior to March 2020, including the requirement for full physical public access to all teleconference locations from which board members were participating.

On September 16, 2021, the Governor signed AB 361, a bill that formalizes and modifies the teleconference procedures implemented by California public agencies in response to the Governor's Executive Orders addressing Brown Act compliance during shelter-in-place periods. AB 361 allows a local agency legislative body to continue to use teleconferencing under the same basic rules as provided in the Executive Orders when certain circumstances occur or when certain findings have been made and adopted by the legislative body. Since September 28, 2021, the Finance and Administration Committee of the First 5 San Mateo County Commission has renewed this finding for the following Committee Meetings: February 14, 2022, May 16, 2022, June 13, 2022, and October 17, 2022 accordingly.

AB 361 provides that Brown Act legislative bodies must return to in-person meetings on October 1, 2021, unless they choose to continue with fully teleconferenced meetings because a specific declaration of a state or local health emergency is appropriately

made. AB 361 allows legislative bodies to continue to conduct virtual meetings as long as there is a gubernatorially-proclaimed public emergency in combination with (1) local health official recommendations for social distancing or (2) adopted findings that meeting in person would present an imminent risk to health or safety of attendees. AB 361 became effective on October 1, 2021 and will sunset when California's state of emergency ends on February 1, 2023.

AB 361 also requires that, if the state of emergency remains active for more than 30 days, the legislative body must make findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules. The findings demonstrate the need for teleconferencing persists due to the nature of the ongoing public health emergency. Effectively, this means that legislative bodies must either agendaize a Brown Act meeting once every thirty days to make these findings, or, if a legislative body has not made such findings within the prior 30 days, the legislative body must re-adopt the initial findings if it wishes to conduct a remote meeting.

The County Board of Supervisors has adopted a resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency, meeting in person "would present imminent risks to the health or safety of attendees."

The County's resolution states, among other things, that: "The Board of Supervisors strongly encourages all legislative bodies of the County of San Mateo that are subject to the Brown Act, including but not limited to, the Planning Commission, the Assessment Appeals Board, the Civil Service Commission, and all other oversight and advisory boards, committees and commissions established by the Board of Supervisors and subject to the Brown Act, to make a similar finding and avail themselves of teleconferencing until the risk of community transmission has further declined, and directs the County Manager to provide necessary support for these legislative bodies to continue teleconferencing procedures when they have adopted such findings."

DISCUSSION:

For these reasons, we recommend that the Finance and Administration Committee of the First 5 San Mateo County Commission avail itself of the provisions of AB 361 allowing continuation of online meetings by adopting findings to the effect that conducting in-person meetings would present an imminent risk to the health and safety of attendees. A resolution to that effect and directing staff to take such other necessary or appropriate actions to implement the intent and purposes of the resolution, is attached hereto.

FISCAL IMPACT:

None

RESOLUTION NO.

RESOLUTION FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY DECLARED BY GOVERNOR NEWSOM, MEETING IN PERSON FOR THE FINANCE AND ADMINISTRATION COMMITTEE OF THE FIRST 5 SAN MATEO COUNTY COMMISSION WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES

WHEREAS, on March 4, 2020, pursuant to Government Code section 8550, *et seq.*, Governor Newsom proclaimed a state of emergency related to the COVID-19 novel coronavirus, and subsequently, the San Mateo County Board of Supervisors (“Board”) declared a local emergency related to COVID-19, and the proclamation by the Governor and declaration by the Board remain in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions in the California Open Meeting law, Government Code section 54950, *et seq.* (the “Brown Act”), related to teleconferencing by local agency legislative bodies, provided certain requirements were met and followed; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended provisions of Executive Order N-29-20 that waive otherwise-applicable Brown Act requirements related to remote/teleconference meetings by local agency legislative bodies through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 into law, and AB 361 provides that a local agency legislative body subject to the Brown Act may continue to meet without complying with the otherwise-applicable requirements in the Brown Act related to remote/teleconference meetings by local agency legislative

bodies, provided that a state of emergency has been declared and the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body makes such finding at least every thirty (30) days during the term of the declared state of emergency; and

WHEREAS, on September 28, 2021, in the interest of public health and safety, as affected by the state of emergency caused by the spread of COVID-19, the Board issued a finding that meeting in person would present imminent risks to the health or safety of attendees, and decided to invoke the provisions of AB 361 related to teleconferencing for meetings of the Board; and

WHEREAS, the Board also strongly encouraged other County legislative bodies to make a similar finding and continue meeting remotely through teleconferencing; and

WHEREAS, since September 28, 2021, Finance and Administration Committee of the First 5 San Mateo County Commission has renewed this finding for the following Committee Meetings: February 14, 2022, May 16, 2022, June 13, 2022, and October 17, 2022 accordingly; and

WHEREAS, Finance and Administration Committee of the First 5 San Mateo County Commission has an important governmental interest in protecting the health, safety and welfare of those who participate in its meetings; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, Finance and Administration Committee of the First 5 San Mateo County Commission finds that meeting in person would present imminent risks to the health or safety of attendees, and Finance and Administration

Committee of the First 5 San Mateo County Commission will therefore invoke the provisions of AB 361 related to teleconferencing for Committee Meetings of the San Mateo County Commission.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that

1. The recitals set forth above are true and correct.
2. Finance and Administration Committee of the First 5 San Mateo County Commission finds that meeting in person would present imminent risks to the health or safety of attendees.
3. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

* * * * *

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

October 17, 2022

- Commission Member: Alexis Becerra, Sylvia Espinoza, Rosanne Foust
- Staff: Kitty Lopez, Khanh Chau
- Minutes: Khanh Chau

1. Adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person would present imminent risks to the health or safety of attendees.

A motion to adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person would present imminent risks to the health or safety of attendees was made by Commissioner Espinoza, seconded by Commissioner Foust. Unanimously approved.

2. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the May 16, 2022 Finance and Administration Committee Meeting Agenda was made by Commissioner Foust, seconded by Commissioner Becerra. Unanimously approved.

3. Approval of the Finance and Administration Committee Meeting Minutes

A Motion for Approval of the June 13, 2022 Finance and Administration Committee Meeting Minutes was made by Commissioner Foust, seconded by Commissioner Becerra. Unanimously approved.

4. Review and Recommend Approval of F5SMC's FY 21-22 Budget Close Out as of June 30, 2022

Kitty Lopez briefed an overview of the Economic Factor and Current Year Budget highlighting the agency implementation of 3-tier robust fiscal budget – new strategic plan FY2020-2023, the previous strategic plan FY2018-2020 Carry Over, and Other Grant executions and grantees' staffing challenges in this long pandemic recovery phase. Kitty Lopez provided further details of Total Revenues, Total Expenditures, and Ending Fund Balance as of June 30, 2022 that produce positive variance readings of 5%, 30%, and 25% respectively. Overall, agency delivers approximately 70% of fiscal year budget;

Committee members reviewed the Budget Close Out, asked questions about agency policies regarding to underspending grant funds at the end of fiscal year. Staff responded that the underspending grant funds at the end of the fiscal year can be carried over to the next fiscal year for continuation of grant execution and any leftover funds can be returned to the Fund Balance at the end of the grant term; however, most of the grants will be fully executed at the end of the funding cycle. Committee members also asked agency policy in supporting grantees' staffing challenges. Staff responded

that while the total grant funding amounts cannot be changed as per Commission approval, First 5 offers flexibility by allowing grant budget modifications with the inclusion of COLA in the grantees' budgets.

Committee members praised for the well layout and clarity of the Budget Close Out memo and the helpfulness of the Economic Factor and Current Year Budget.

Committee members reviewed and endorsed the recommendation approval of the F5SMC's FY21-22 Budget Close Out as of June 30, 2022.

A Motion for Recommending Approval of F5SMC's FY 21-22 Budget Close Out as of June 30, 2022 was made by Commissioner Espinoza, seconded by Commissioner Foust. Unanimously approved.

5. Review and Recommend Approval of F5SMC's Basic Financial Statements for the Year Ending June 30, 2022 Audit Report and Its Submission to First 5 California and to California State's Controller Office

Kitty Lopez cited that agency continues hiring Brown Armstrong CPA firm for the professional audit services for the year ending 6.30.2022 for the second year. First 5 San Mateo County has obtained "clean opinions" for the Independent Auditor Report for the year ending June 30, 2022, as the Audit Report Outcomes presented in the audit memo:

- Independent Auditors' Report on the Financial Statements: Unmodified opinion (clean opinion);
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliances and Other Matters: No deficiencies, no instances of non-compliances (clean opinion);
- Independent Auditors' Report on State Compliance: F5SMC complied in all material respects with the compliance requirements (clean opinion).

Kitty Lopez stated that the Brown Armstrong CPA firm will make the audit presentation at the Commission Meeting on October 24, 2022

Kitty Lopez thanked agency fiscal team for the hard work and completion of the intensive audit requests. Staff also referred to the Note 17- Excess of Expenditures Over Appropriations as the result of the first-year implementation of the GASB 87- Financial Reporting for Lease of Government Entities; there are no fiscal impacts to cash flow or Actual Budget Close out as of June 30,2022.

Committee members appreciated the clean audit opinions of the F5SMC's Basic Financial Statements for the year ending 6.30.2022 and the hard work staff have offered for the quality audit.

Committee members reviewed and endorsed the audit report approval to the full Commission. A Motion for Approval of F5SMC's Basic Financial Statements for the Year Ending June 30, 2022 Audit Reports and its Submission to First 5 California and to California State's Controller Office was made by Commissioner Foust, seconded by Commissioner Espinoza. Unanimously approved.

Commissioner Becerra adjourned the meeting at 9:30 AM.

DATE: January 9, 2023
TO: First 5 San Mateo County Finance and Administration Committee
FROM: Kitty Lopez, Executive Director
RE: Update: Reissued Financial Statements for F5SMC for the Year Ending 6.30.2022

INFORMATIONAL ITEM

Update: Reissued Financial Statements for F5SMC for the Year Ending 6.30.2022

- Brown Armstrong reissued the financial statements for First 5 San Mateo County for the year ended June 30, 2022. The financial statements were reissued due to the fact the pension note disclosure regarding the deferred outflow and inflow (page 23) was accidentally omitted in the prior copy. Please find the reissued page 23 (Attachment 5A)
- There is no change to the Financial Statements and Auditor Report opinions and no further action is needed by the First 5 Commission.
- Reissued Financial Statements for First 5 San Mateo County for the year ending June 30, 2022 were transmitted to the State Controller Office, First 5 California, and County of San Mateo Controller Office on December 8, 2022. Please find reissued transmittal letters attached (Attachment 5B)

NOTE 8 – EMPLOYEES’ RETIREMENT PLAN (Continued)Net Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2022, First 5 recognized pension expense of \$154,757. At June 30, 2022, First 5 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 279,876	\$ -
Changes in pension-related assumptions	259,548	-
Change in proportionate share of net pension liability	477	-
Difference in actual and proportionate share of pension contributions	2,508	-
Differences between expected and actual pension experience	109,044	-
Net difference between projected and actual earnings on pension investments	-	564,350
	<u> </u>	<u> </u>
Total	<u>\$ 651,453</u>	<u>\$ 564,350</u>

First 5 reported \$279,876 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2023	\$ 28,393
2024	21,325
2025	(48,692)
2026	(193,799)
	<u> </u>
Total	<u>\$ (192,773)</u>

The total pension liabilities in the June 30, 2021 actuarial valuation were determined using the information below.

December 8, 2022

State Controller's Office
Division of Audits
Attn: First 5 Audit Oversight Unit
P.O. Box 942850
Sacramento, California 94250-5874

Re: First 5 San Mateo County

Enclosed is a reissued copy of the financial statements for First 5 San Mateo County for the year ended June 30, 2022. The financial statements were reissued due to the fact the pension note disclosure regarding the deferred outflow and inflow was accidentally omitted in the prior copy.

Please call if you have any questions.

Sincerely,

**BROWN ARMSTRONG
ACCOUNTANCY CORPORATION**

By: Thomas M. Young

TMY:jav

Enclosures

Pfx Engagement\74014 First 5 2022\FS Reissued Transmittal Letter

December 8, 2022

First 5 California
Attn: Administrative Services Division
2389 Gateway Oaks Drive, Suite 260
Sacramento, California 95833

Re: First 5 San Mateo County

Enclosed is a reissued copy of the financial statements for First 5 San Mateo County for the year ended June 30, 2022. The financial statements were reissued due to the fact the pension note disclosure regarding the deferred outflow and inflow was accidentally omitted in the prior copy.

Please call if you have any questions.

Sincerely,

**BROWN ARMSTRONG
ACCOUNTANCY CORPORATION**

By: Thomas M. Young

TMY:jav

Enclosures

Pfx Engagement\74014 First 5 2022\FS Reissued Transmittal Letter

DATE: January 9, 2023
TO: First 5 San Mateo County Finance and Administration Committee
FROM: Kitty Lopez, Executive Director
RE: Updated Prop 31 Flavor Ban and Statewide Tobacco Tax Projections

INFORMATIONAL ITEM

Updated Prop 31 Flavor Ban and Statewide Tobacco Tax Projections:

- Prop 31 Flavor Ban was passed in November 2022 and will be effective in January 2023 that bans flavored Tobacco Products.
- F5CA Association hires Capital Matrix Consulting (CMC) in November 2022 for timely evaluation of Prop 31 negative impacts on Tobacco Tax Revenue projections statewide.
- CMC projection shows a severe declining rate of Tobacco Tax Revenue projections - a fiscal cliff- from current 3% to 11%-12% in the next 18 months (6 months of FY2023 and 12 months of FY2024), then it will level off to 2%-4% in subsequent years.
- F5CA Association is exploring a budget ask at the State level for additional funds for all First 5s to reduce the negative impacts of Prop 31
- No official update of Statewide Tobacco Tax Revenue Projections nor allocations to F5 Commissions from the State currently.

