



**FIRST 5 SAN MATEO COUNTY COMMISSION (F5SMC)
FINANCE AND ADMINISTRATION COMMITTEE MEETING**

**Monday, June 12, 2023
9:00 am to 10:00 a.m.**

**First 5 San Mateo County Office Building
1700 S. El Camino Real, 1st Floor – Miller Ream
San Mateo, CA 94402**

Participate via Zoom for Members of the Public
Invite Link <https://smcgov.zoom.us/j/95928535300>
Meeting ID: 959 2853 5300, Phone: +1 669 900 6833

PLEASE NOTE: This meeting will be held in a hybrid format with both in-person and Zoom participation options for members of the public; Subcommittee members shall appear in person

This meeting of the Finance and Administration Committee will be held at the address above in the First 5 San Mateo County Office Bldg. 1st Floor - Miller Ream, San Mateo, CA 94402 by teleconference pursuant to California Assembly Bill 2449 and the Ralph M. Brown Act, CA Gov't Code. Section 54950, et seq. **Members of the Subcommittee are expected to attend the meeting in person.** For information on exceptions allowed by law please reach out to counsel for First 5, Jennifer Stalzer at jstalzer@smcgov.org. For information regarding how to participate in the meeting, either in person or remotely, please refer to the instructions at the end of the agenda.

COMMISSION MEMBERS: Rosanne Foust, Sylvia Espinoza, Alexis Becerra (Chair)

STAFF: Kitty Lopez, Khanh Chau

AGENDA

	Item	
1.	Approval of the Finance and Administration Committee Agenda	Becerra
2.	Approval of the January 9, 2023 Finance and Administration Committee Meeting Minutes <i>(See Attachment 2)</i>	Becerra
3.	Action: Review of Budget Monitoring Report as of May 31, 2023 <i>(See Attachment 3, 3A, 3B, 3C)</i>	Lopez / Chau
4.	Action: Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) FY 2023-28 (FY22/23 Update) <i>(See Attachments 4, 4A, 4B)</i>	Lopez / Chau
5.	Verbal Update: Audit Services for the year ending 6.30.2023	Lopez / Chau
	Next Finance and Administration Committee Meeting October 16, 2023	

Public Participation:

The June 12, 2023 Finance and Administration Committee meeting may be accessed through Zoom online at the Zoom link at the top of this agenda. The June 12, 2023 Finance and Administration Committee meeting may also be accessed via telephone by dialing 1 669 900 6833 US. Enter the meeting ID: 956 4945 7628 then press #. (Find your local number:

<https://smcgov.zoom.us/j/acBJLZgb6r>). Members of the public can also attend this meeting physically in the Miller Ream Room.

*Written public comments may be emailed to kchau@smcgov.org, and such written comments should indicate the specific agenda item on which you are commenting.

*Spoken public comments will be accepted during the meeting in person or remotely through Zoom at the option of the speaker. Public comments via Zoom will be taken first, followed by speakers in person.

***Please see instructions for written and spoken public comments at the end of this agenda.**

***Instructions for Public Comment During Hybrid Meetings**

During hybrid meetings of the Finance and Administration Committee members of the public may address the Members of the Subcommittee as follows:

***Written Comments:**

Written public comments may be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to kchau@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting, or note that your comment concerns an item that is not on the agenda or is on the consent agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received by 5:00 p.m. on the day before the meeting, it will be provided to the Members of the Finance and Administration Committee and made publicly available on the agenda website under the specific item to which your comment pertains. If emailed comments are received after 5:00p.m. on the day before the meeting, the Fiscal Manager will make every effort to either (i) provide such emailed comments to the Subcommittee and make such emails publicly available on the agenda website prior to the meeting, or (ii) read such emails during the meeting. Whether such emailed comments are forwarded and posted, or are read during the meeting, they will still be included in the administrative record.

Spoken Comments*In person Participation:**

1. If you wish to speak to the Finance and Administration Committee, please raise your hand during the Public Comment portion of the meeting (for items not on the agenda) or during the discussion of the agenda item you wish to comment on. If you have anything that you wish distributed to the Subcommittee and included in the official record, please hand it to the Fiscal Manager who will distribute the information to the Subcommittee members and staff.

Via Teleconference (Zoom):

1. The June 12, 2023 Finance and Administration Committee meeting may be accessed through Zoom online at the links and telephone numbers listed above.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the Finance and Administration Committee Chair calls for the item on which you wish to speak, click on "raise hand." Speakers will be notified shortly before they are called to speak.

***Additional Information:**

For any questions or concerns regarding Zoom, including troubleshooting, privacy, or security settings, please contact Zoom directly.

Public records that relate to any item on the open session agenda for a regular 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 Finance and Administration Committee.

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

January 9, 2023

- 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.

Committee members recommended Commissioner Alexis Becerra to continue serving as the Finance and Administration Committee Chair for the calendar year 2023. Commissioner Alexis Becerra accepted the nomination.

A Motion for Approval of the Election of Commissioner Alexis Becerra as the Finance and Administration Committee Chair for the calendar year 2023 was made by Commissioner Foust, seconded by Commissioner Espinoza. Unanimously approved.

2. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the October 17, 2022 Finance and Administration Committee Meeting Agenda was made by Commissioner Foust, seconded by Commissioner Espinoza. Unanimously approved.

3. Approval of the Finance and Administration Committee Meeting Minutes

A Motion for Approval of the January 9, 2023 Finance and Administration Committee Meeting Minutes was made by Commissioner Foust, seconded by Commissioner Espinoza. Unanimously approved.

4. Election of Finance and Administration Committee Chair

Committee members recommended Commissioner Alexis Becerra to continue serving as the Finance and Administration Committee Chair for the calendar year 2023. Commissioner Alexis Becerra accepted the nomination.

A Motion for Approval of the Election of Commissioner Alexis Becerra as the Finance and Administration Committee Chair for the calendar year 2023 was made by Commissioner Foust, seconded by Commissioner Espinoza. Unanimously approved.

5. Update: Reissued Financial Statement for F5SMC for the year ending 6.30.2022

Kitty Lopez stated that Brown Armstrong Accountancy Corporation, F5SMC 's current auditor, reissued the Financial Statement for F5SMC for the year ending 6.30.2022 for the inclusion of pension note disclosure that was accidentally omitted in the previous report. The reissued Financial Statement for F5SMC for the year ending 6.30.2022 was transmitted to the State Controller Office, First 5 California, and San Mateo County Controller Office on 12.8.2022.

There is no change to the audit report opinions and no action needed by the Commission.

6. Update Prop 31 and Tobacco Tax Projection

Kitty Lopez stated the Prop 31-, Flavor Ban for Tobacco Products, was passed in November 2022 and will be effective in January 2023 banning flavored Tobacco Products. F5CA Association hired 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% decline to 11%-12% in the next 18 months (6 months of FY2023 and 12 months of FY2024); it will level off to 2%-4% in subsequent years.

Kitty Lopez added that 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. To date, there is no official update of Statewide Tobacco Tax Revenue Projections nor allocations to F5 Commissions from the State.

Committee members suggested to add the word “negative” to the declining rate for clarity.

7. Verbal Discussion: Initial Discussion and Strategic Plan Implementation Plan (SPIP) Funding Buckets/Allocations for FY2023-2025

Kitty Lopez stated that the current funding cycle FY20-23 will end June 30, 2023. Staff is currently reviewing resource allocation rationales and considerations; a final list of funding allocations and SPIP strategies will be presented and recommended to the Commission for consideration and approval in February and March 2023. Discussion ensued on possible investment scenarios and strategies.

Kitty Lopez added that with our conservative approach to projections in recent years, and the negative impact of Prop 31 to Tobacco Tax Revenue projections and allocations, we are looking to provide the same level of community investment of \$3.780M per year in FY 23-24 and FY24-25, as per the current approved Long-Term Financial Plan (LTFP). Kitty Lopez also added that any community investment funding allocations would be aligned with the Strategic Plan.

Committee members asked additional questions about the negative impacts of Prop. 31 on the F5SMC budget. Staff responded that the current fund balance plus the savings of underspend funds from the SPIP FY18-20 carry over dollars (estimated \$500K) would be able to support the same community investment level of \$3.780M each fiscal year in the period FY23-25.

Committee members suggested to spell out the SPIP abbreviation for clarity and a high-level presentation of the initial discussion of Strategic Plan Implementation Plan Funding Buckets and Allocations for FY23-25 at the January Commission Meeting.

Committee members asked questions for clarification and supported the funding level amount of \$3.780M each fiscal year in the next two-year funding cycle FY23-25.

Commissioner Becerra adjourned the meeting at 9:50 AM.

DATE: June 12, 2023
TO: First 5 San Mateo County Commission
FROM: Kitty Lopez, Executive Director
RE: Budget Monitoring Report as of May 31, 2023

BUDGET MONITORING REPORT as of May 31, 2023 HIGHLIGHTS

Budget Monitoring Report as of May 31, 2023 Highlights

The Budget Monitoring Report as of May 31, 2023 is presented in **Attachments 3A, 3B, and 3C**. Key Budget Monitoring Report highlights are as following:

YTD Benchmark: 91.6%

REVENUES

- YTD Interest Revenue projection is \$213K or 158%, that represents a positive variance or 66% higher than YTD Benchmark.
- YTD Tobacco Tax Revenue projections are \$4.754 million or 94%, that represents a positive variance or 2% lower than YTD Benchmark due to the inclusion of Prop 56 Tax revenue.
- YTD Other Grant Revenue is 1.353 million or 71%, which is 20% lower than YTD Benchmark due to some delayed executions of various grants associating with grantees' staffing challenges.
- YTD Total Revenues projections are \$6.320 million or 89%, that represents a negative variance or 2% lower than YTD Benchmark. Major attributable factors to this net negative variance are associated with higher Interest Revenue, inclusion of Children's Health Initiative (CHI) refund, and delayed executions of Other Grants due to grantees' staffing challenges.

APPROPRIATIONS

- YTD Program Expenditures projections are \$5.351 million or 59%, that represents a positive variance or 32% below YTD Benchmark. Major contributions to this positive variance are attributable to underspending in some contract administration and pending planning and executing of SPIP FY20-23 and SPIP FY18-20 fund carry over.
- YTD Admin Expenditures projections of \$634K or 80% that represents a positive variance or 11% below YTD Benchmark. Major contributions to this positive variance are attributable to savings in various Admin Expenses due to staff working outside the office and staff on medical leave.
- **YTD Total Appropriations (Net Appropriations*)** projections are \$5.944 million or 61%, that represents a positive variance or 30% below YTD Benchmark. Major contributions to this positive variance are attributable to underspending in Program Appropriations, pending planning and execution of strategic plan implementation, and under spending in various Administrative Operation budget lines.

ENDING FUND BALANCE (RESERVES*)

- Currently, we are projecting Ending Fund balance (Reserves*) of \$13.798 million or 128%, that represents a positive variance of 37% or \$3.043 million higher than the planned budget.

Major contributions to this positive variance are attributable to higher Interest Revenue, CHI refund and under spending in both Program and Administrative Appropriations.

CHALLENGES: None at this time.

FIRST 5 SAN MATEO COUNTY

SUMMARY BUDGET MONITORING REPORT as of May 31, 2023

	FY22-23 Revised Budget	YTD Actuals as of May 31, 2023	Accruals	YTD Combined
BEGINNING FUND BALANCE (Beginning Reserves*)	13,473,382	13,473,382		13,473,382
A. Interest Revenue	134,734	190,432	22,456	212,887
B. Tobacco Tax Revenue	5,064,000	4,332,086	422,000	4,754,086
Tobacco Tax Revenue Fiscal Year Allocations	5,064,000	4,332,086	422,000	4,754,086
C. Other Grant Revenues	1,915,182	800,885	552,320	1,353,204
F5CA Other Grants / IMPACT Grant	649,548	135,798	280,278	416,075
Non-Tobacco Tax Grants (DLP, PHD, SHD, MHSA)	1,265,634	665,087	272,042	937,129
TOTAL REVENUES	7,113,916	5,323,402	996,776	6,320,178
TOTAL AVAILABLE FUND (Total Sources*)	20,587,298	18,796,784	996,776	19,793,560
PROGRAM APPROPRIATIONS				
D1. Strategic Plan Investment - SPIP FY 20-23	5,564,035	2,518,212	927,339	3,445,551
Community Investments (FE, CH&D, EL)	4,345,469	2,220,832	724,245	2,945,077
Evaluation	229,441	96,367	38,240	134,607
Policy, Advocacy, & Communications (PAC)	989,125	201,013	164,854	365,867
D2. Strategic Plan Investment - SPIP FY 18-20 Carry-Over	797,693	62,192	8,333	70,525
Community Investments (FE, CH&D, EL)	330,675	37,502	8,333	45,835
Evaluation	160,000	-	-	-
Policy, Advocacy, & Communications (PAC)	307,018	24,690	-	24,690
E. Other Grants	1,357,809	597,435	226,305	823,740
F5CA Other Grants / IMPACT Grant	566,825	230,719	94,471	325,190
Non-Tobacco Tax Grants (DLP, PHD, SHD, MHSA)	790,984	366,716	131,834	498,550
F. Program Operations	1,303,837	992,917	18,556	1,011,473
Program Shared Operating Budget	223,666	125,896	18,556	144,452
Program Staff S&B & Shared Admin Staff Time	887,424	701,974	-	701,974
Evaluation Staff S&B	192,747	165,047	-	165,047
Total Program Appropriations (D1+D2+E+F)	9,023,374	4,170,756	1,180,533	5,351,289
ADMIN APPROPRIATIONS				
G. Admin Shared Operating Budget	223,666	125,896	18,556	144,452
H. Admin Staff S&B	584,693	499,073	-	499,073
Total Admin Appropriations (G+H)	808,359	624,969	18,556	643,525
TOTAL APPROPRIATIONS (Net Appropriations*)	9,831,733	4,795,725	1,199,088	5,994,814
Surplus / (Deficit) (Total Revenues - Total Appropriations)	(2,717,817)	527,677	(202,313)	325,364
ENDING FUND BALANCE	10,755,565	14,001,059	(202,309)	13,798,749
Total S&B	1,664,864	1,366,094	-	1,366,094

FIRST 5 SAN MATEO COUNTY

DETAILS BUDGET MONITORING REPORT as of May 31, 2023

YTD Benchmark: 91.6%

	ORG/ACCT#	FY22-23 Revised Budget	YTD Actuals as of May 31, 2023	Accruals	YTD Combined	YTD Combined vs. FY22-23 Adopted Budget (%)	Notes to Budget Monitoring Report
BEGINNING FUND BALANCE (Beginning Reserves*)		13,473,382	13,473,382		13,473,382	100%	
A. Interest Revenue	19510-1521	134,734	190,432	22,456	212,887	158%	Higher interest earning rate in the County Investment pool
B. Tobacco Tax Revenue		5,064,000	4,332,086	422,000	4,754,086	94%	
Tobacco Tax Revenue Fiscal Year Allocations	19510-1861	5,064,000	4,332,086	422,000	4,754,086	94%	\$422K are April 23 Tobacco Tax Revenue estimates
C. Other Grant Revenues		1,914,822	800,885	552,320	1,353,204	71%	
F5CA IMPACT Grant FY20-23	19510-1861	512,592	135,798	256,296	392,094	76%	\$256K are Q3 Tax Revenue estimates
F5CA Home Visiting Grant FY20-22	19510-1861	136,956		23,982	23,982	18%	\$24K is Revenue accrual
F5SF IMPACT HUB TA FY22-23	19510-2643	73,533.00	27,865	18,383	46,249	63%	\$18K are Q3 Tax Revenue estimates
County of San Mateo BHRS -MHSA Grant #2	19510-2643	250,000	147,638	102,362	250,000	100%	\$102K are Q3 Tax Revenue estimates
Peninsula Healthcare District - HMG Call Center Grant CY2022	19510-2643	50,000	45,000		45,000	90%	Full grant revenue received
Sequoia Healthcare District - Special Needs Grant FY20-23	19510-2643	474,592	126,607	118,648	245,255	52%	\$118 K are Q3 Tax Revenue estimates
Sequoia Healthcare District - Mental Health Grant FY20-23	19510-2643	130,596	30,376	32,649	63,025	48%	\$32K are Q3 Tax Revenue estimates
CHI Refund	19510-2643	286,053	286,053		286,053	100%	
F5SMC Wellness Grant	19510-2658		1,048		1,048		
Miscellaneous Reimbursements	19510-2647	500	500		500	100%	
TOTAL REVENUES		7,113,556	5,323,402	996,776	6,320,178	89%	Positive variances associated with higher Interest Revenue and Tobacco Tax Revenue
TOTAL AVAILABLE FUNDS (TOTAL SOURCES*)		20,586,938	18,796,784	996,776	19,793,560	96%	Positive variances associated with higher Interest Revenue and Tobacco Tax Revenue
APPROPRIATIONS							
PROGRAM APPROPRIATIONS							
D1. Strategic Plan Investment - SPIP FY 20-23		5,564,035	2,518,212	927,339	3,445,551	62%	
Resilient Family	19540-6125	1,186,540	851,553	197,757	1,049,310	88%	\$197K are April and May expenditure estimates
Healthy Children	19540-6156	1,679,788	619,864	279,965	899,829	54%	\$279K are April and May expenditure estimates
Quality Care and Education	19540-6263	1,479,141	749,415	246,524	995,939	67%	\$246K are April and May expenditure estimates
Grant Management and Other Evaluation Projects	19540-6265	229,441	96,367	38,240	134,607	59%	\$38K are April and May expenditure estimates
Other Evaluation Projects	19540-6265			0	-		
Policy Advocacy, Communications & Systems Change	19540-6814	432,798	199,063	72,133	271,196	63%	\$72K are April and May expenditure estimates
Emerging Projects	19540-6814	556,327	1,950	92,721	94,671	17%	Pending planning contracting
D2. Strategic Plan Investment - SPIP FY 18-20 Carry-Over		797,693	62,192	8,333	70,525	9%	Commission approved \$1,075 M SPIP FY18-20 Carry Over, which was expended \$199,169 in FY20-21; \$78,138 in FY21-22; and balance of \$797,693 in FY22-23. Any underspending fund will return to Fund Balance at the end of FY22-23.
Children Health & Development - Carry Over	19540-6156	280,675	1,557		1,557	1%	Leverage funding to the shared contribution of the new MHSA grant award FY2023
Early Learning - Carry Over	19540-6263	50,000	35,945	8,333	44,278	89%	
Other Evaluation Projects - Carry Over	19540-6265	160,000			0	0%	0
PAC - Carry Over	19540-6814	85,397	8,386		8,386	10%	
Emerging Projects - Carry Over	19540-6814	221,621	16,304		16,304	7%	
E. Other Grants		1,357,809	597,435	226,302	823,740	61%	
F5CA IMPACT Grant	19540-6126	447,734	198,583	74,622	273,205	61%	\$74K are April and May expenditure estimates
F5CA Home Visiting Grant	19540-6126	119,091	32,136	19,849	51,985	44%	\$19K are April and May expenditure estimates
F5SF IMPACT HUB TA FY22-23	19540-6126	62,503	24,231	10,417	34,648	55%	\$10K are April and May expenditure estimates
County of San Mateo BHRS - MHSA #2	19540-6131	171,680	130,677	28,613	159,290	93%	\$28K are April and May expenditure estimates

BEGINNING FUND BALANCE (Beginning Reserves*)		13,473,382		13,473,382		13,473,382	100%	
Peninsula Healthcare District - HMG Call Center Grant calendar year 2022	19540-6131	42,096		41,686	7,016	48,702	116%	\$19K are April and May expenditure estimates
Sequoia Healthcare District - Special Needs Grant	19540-6131	452,751		134,486	75,459	209,945	46%	\$75K are April and May expenditure estimates
Sequoia Healthcare District - Mental Health Grant	19540-6131	40,580		30,378	6,763	37,141	92%	\$6K are April and May expenditure estimates
SMC CEO - SMC Children Success Project	19540-6131	10,697		2,629	1,783	4,412	41%	
SMCOE - SMC Children Success Project	19540-6131	10,697		2,629	1,783	4,412	41%	
F. Program Operations		1,303,837		992,917	18,556	1,011,473	78%	
Program Shared Operating Budget		223,666		125,896	18,556	144,452	65%	
Program Staff S&B & Shared Admin Staff Time		887,424		701,974		701,974	79%	
Evaluation Staff S&B		192,747		165,047		165,047	86%	
Total Program Appropriations (D1+D2+D3+E+F)		9,023,374		4,170,756	1,180,530	5,351,286	59%	
ADMIN APPROPRIATIONS								
G. Admin Shared Operating Budget		223,666		125,896	18,556	144,452	65%	
H. Admin Staff S&B		584,693		499,073		499,073	85%	
Total Administrative Appropriations		808,359		624,969	18,556	643,525	80%	
Administrative Cost Rate %		8%		13%	2%	11%		
TOTAL APPROPRIATIONS (NET APPROPRIATIONS*)		9,831,733		4,795,725	1,199,085	5,994,810	61%	
ENDING FUND BALANCE (ENDING RESERVES*)		10,755,205		14,001,059	-202,309	13,798,749	128%	

Color Coding

- Shared Budget/Shared Cost
- Revenue ; Fund Balance
- Appropriations
- Salaries & Benefits

Schedule 1- OPERATING BUDGET MONITORING REPORT as of May 31, 2023

YTD Benchmark: 91.6%

	ORG / ACCT#	FY22-23 Revised Budget	YTD Actuals as of May 31, 2023	Accruals	YTD Combined	YTD Combined vs. FY22-23 Adopted Budget (%)	Notes to Budget Monitoring Report
I. Services and Supplies							
Outside Printing & Copy Svc	19510-5191	2,000	0	0	0	0%	
General Office Supplies	19510-5193	8,000	2,293	667	2,960	37%	
Photocopy Lease & Usage	19510-5196	5,000	491	417	907	18%	
Computer Supplies	19510-5211	25,000	6,844	2,083	8,927	36%	Software licenses and Place holder for IT equipment
County Memberships - (e.g. F5 Assn Dues)	19510-5331	15,000	12,704	1,250	13,954	93%	
Auto Allowance	19510-5712	11,000	9,424	917	10,341	94%	
Meetings & Conference Expense	19510-5721	10,000	4,530	833	5,363	54%	
Commissioners Meetings & Conference Exp	19510-5723	5,000	516	417	933	19%	
Other Business Travel Expense	19510-5724	10,000	1,017	833	1,850	19%	Reopening business travel
Dept. Employee Training Expense	19510-5731	10,000		833	833	8%	Staff leadership training
Wellness grant	19510-5856	0	67	0	67		
Other Professional Services	19510-5858	50,000		4,167	4,167	8%	10K Place holder for Accounting Consultation
Sub Total - Services & Supplies		151,000	37,886	12,417	50,302	33%	
II. Other Charges							
Telephone Service Charges	19510-6712	5,500	2,278	458	2,736	50%	Include direct Communication Services
Automation Services - ISD	19510-6713	53,000	30,265	4,417	34,681	65%	
Annual Facilities Lease	19510-6716	105,000	87,282	8,750	96,032	91%	
General Liability Insurance	19510-6725	11,232	10,298	936	11,234	100%	
Official Bond Insurance	19510-6727	800	240	67	307	38%	
Human Resources Services	19510-6733	2,000	269	167	436	22%	
Countywide Security Services	19510-6738	800	569	67	636	79%	
All Other Service Charges	19510-6739	60,000	34,756	5,000	39,756	66%	include Card Keys, Audit, County Counsel and Accounting Services
A-87 Expense	19510-6821	58,000	47,950	4,833	52,783	91%	
Sub Total - Other Charges		296,332	213,907	24,694	238,601	81%	
Total Operating Budget		447,332	251,792	37,111	288,903	65%	
Program Shared Operating Budget		223,666	125,896	18,556	144,452	65%	Allocation rate 50%
Admin Shared Operating Budget		223,666	125,896	18,556	144,452	65%	Allocation rate 50%

Schedule 2 - SALARIES & BENEFITS BUDGET MONITORING REPORT as of May 31, 2023

Program Staff & Shared Admin Staff		887,424	701,974		701,974	79%	27% Admin staff time allocated to Program
Evaluation Staff		192,747	165,047		165,047	86%	
Admin Staff		584,693	499,073		499,073	85%	
Total Salaries and Benefits		1,664,864	1,366,094	0	1,366,094	82%	

Color Coding

- Shared Budget/Shared Cost
- Revenue ; Fund Balance
- Appropriations
- Salaries & Benefits

DATE: June 12, 2023
TO: First 5 San Mateo County Finance and Administration Committee
FROM: Kitty Lopez, Executive Director
RE: Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) FY 2023-28 (FY22/23 Update)

ACTION REQUESTED

Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) FY 2023-28 (FY22/23 Update)

KEY MESSAGES

- Please read the LTFP FY2023-28 (FY22/23 Update) Memo (Attachment 4) in conjunction with the LTFP Narrative (Attachment 4A) and LTFP Spreadsheets (Attachments 4B, 4C).
- Long-Term Financial Plan (LTFP) is a snapshot in time with financial information that continues to change and evolve. The Commission has the opportunity to review and approve updated LTFP every year.
- F5SMC's LTFP FY 2023-28 (FY22/23 Update) provides 5-year financial planning for the period FY 2023-28, which is the bridge of two strategic plans:
 - ✓ from current strategic plan SPIP FY 2020-25
 - ✓ to the upcoming new strategic plan SPIP FY 2025-30.

and provides investment landscape from two main revenue sources:

(1) Mainstream F5CA Tobacco Tax revenue (82% of fiscal revenues) to fund F5SMC's Strategic Plan Implementation Plan (SPIP), and

(2) Additional Other Grant Revenues acquired through complete grant applications (18% of total fiscal revenues) which are utilized in leverage funding or shared funding projects that are in compliment to F5SMC's Strategic Plan Implementation Plan (SPIP).

- Other Grant Revenues help reduce F5SMC's sole financial dependency on the main Tobacco Tax Revenue sources while bringing more funding into the community.
- We estimate having to reduce the Community Investments and Operating Budget in FY 2025-28 to be in line with the reduction of Tobacco Tax Revenue.

LTFP FY 2023-28 (FY22/23 Update) – KEY SUMMARY

	FY20-21 Actual	FY21-22 Actual	FY22-23 Revised Budget	FY23-24 Adopted Budget	FY24-25	FY25-26	FY26-27	FY27-28
Beginning Fund Balance	11,610	12,845	13,473	10,755	8,708	7,161	6,323	5,212
A+B. Tobacco Tax & Interest Revenues	6,105	5,821	5,199	4,608	4,277	4,021	3,747	3,552
C. Other Grants Revenues	1,112	1,189	1,915	959	959	600	600	600
Total Revenues	7,217	7,010	7,114	5,567	5,236	4,621	4,347	4,152
Total Available Fund	18,827	19,855	20,587	16,322	13,944	11,782	10,670	9,364
Appropriations								
D1. SPIP FY20-23	2,508	3,265	5,564	3,780	3,780	2,835	2,835	2,835
D2. SPIP FY20-23 Carry Over	0	0	0	900	0	0	0	0
D3. SPIP FY18-20 Carry Over	728	79	797	0	0	0	0	0
E. Other Grants Appropriations	933	901	1,357	800	800	500	500	500
F+G+H Operations	1,817	1,768	2,113	2,134	2,203	2,123	2,123	2,123
Total Appropriations	5,986	6,012	9,831	7,614	6,783	5,458	5,458	5,458
Ending Fund Balance Before Restricted Fund	12,841	13,842	10,756	8,708	7,161	6,323	5,212	3,905
Restricted Fund (Pension Liability and Operational Reserves)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Ending Fund Balance After Restricted Fund	10,841	11,842	8,756	6,708	5,161	4,323	3,212	1,905

FISCAL IMPACT

- Admin Cost Rate: range from 12%-15%, which is projected 12% in FY 2023-25 and 15% during FY 2025-28.
- At the end of FY 2027-28, Projected Ending Fund Balance after Pension Liability and Operational Reserves is \$1,905 M which is approximate to 4.5 months of fiscal revenue.
- FY 2023-25: Projected Budget Deficit of \$3.595 M over 2-year period. We will continue to draw down funds to cover this annual deficit from the Ending Fund Balance (Reserves*).

- FY 2025-28: Projected Budget Deficit of \$3.256 M over 3-year period. We may continue to draw down funds to cover this annual deficit from the Ending Fund Balance (Reserves*)
- At this time, we project from FY 2028 forward, Total Appropriations would be in line with Total Fiscal Revenues.

RECOMMENDATION

Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2023-28 (FY22/23 Update)

LTFP FY 2023-28 (FY22/23 Update) - NARRATIVES

** Please read the LTFP FY2023-28 (FY22/23 Update) Memo (Attachment 4) in conjunction with the LTFP Narrative (Attachment 4A) and LTFP Spreadsheets (Attachments 4B, 4C).*

F5SMC's LTFP FY 2023-28 (FY22/23 Update) are presented in **Attachments 4A, 4B and 4C** and are updated with:

- (1) F5CA Tobacco Tax Revenue Projections FY2023-27 with Flavor Ban, released March 20, 2023
- (2) FY 2021-22 Audited Financial Information;
- (3) FY 2022-23 Revised Budget and FY 2023-24 Adopted Budget
- (4) Funding Allocations of Strategic Plan Implementation Plan (SPIP) FY 2023-25, which was approved during the strategic planning process.
- (5) Continue executing the SPIP FY 2020-23 Carry Over Fund in coordination within 2-year time frame of the SPIP FY 2023-25, per previous Commission approval.

I. REVENUES

A. Interest Revenue:

- Interest Revenue is projected 1% Interest Earning Rate on the Beginning Fund Balance.

B. Tobacco Tax Revenue

- Tobacco Tax Revenues include Prop 10 and Prop 56 *Tax Revenues which are allocated to F5 Commissions based on actual birth rate in each county.
- F5CA Tobacco Tax Revenue Projections FY 2023-27 with Flavor Ban ** (released March 2023), reflects the average annual declining rate of 6% compared to 3% declining rate of Tobacco Tax Revenue Projections without Flavor Ban.

C. Other Grant Revenue:

- FY 2023-25: Total \$1.918M Other Grant Revenue (average \$959K/year), pending Other Grant applications in the pipeline.
- FY 2025-28: projected \$600K Other Grant Revenues each fiscal year. This projection is based on conservative estimates to historical trend, trusted relationships with existing funders, and leverage funding opportunities with F5SMC's Strategic Plan.

II. PROGRAM APPROPRIATIONS

D1. Strategic Plan Investment SPIP FY 2023-28:

- FY 2023-25: Cycle 4 investments are \$3.780M each fiscal year; said investment level was previously approved by the Commission during the strategic planning process in 2017 and 2018.
- FY 2025-28: Cycle 5 investments are projected to be \$2.835M each fiscal year, which represent 25% reduction from Cycle 4 investments; the new strategic plan FY 2025-30 (to be developed in 2024) will help guide investment strategies and priorities.

D2. SPIP FY 2020-23 Carry-Over:

- Continue implementation of SPIP FY 2020-23 Carry-Over Fund in coordination within 2-year time frame of SPIP FY 2023-25

D3. SPIP FY 2018-20 Carry-Over:

- Sunset of SPIP FY 2018-20 Carry-Over Fund, which underspending fund will be returned to Ending Fund Balance by June 30,2023.

E. Other Grants Appropriations

- FY 2023-25: Total \$1.6 M Other Grant appropriations (average \$800K/year)
- FY 2025-28: Include projected \$500K/year pass-through contracts from projected Other Grant Revenue of \$600K/year.

F. Program Operations: for consistent presentation and reading across F5SMC’s Budget and F5SMC’s LTFP, Operations Section includes:

- ✓ Program Operating Budget: Allocation rate of 50%
- ✓ Program and Evaluation Staff Salaries and Benefits
- ✓ Shared Admin Staff Time working on Program activities: Allocation rate of 27%

III. ADMIN APPROPRIATIONS

- FY 2025-28: Cycle 5, the Operating Budget are projected 18% reduction and flat staffing cost.

G. Shared Operating Budget: Allocation rate of 50%

H. Admin Staff Salaries and Benefits: Allocation rate of 73%

IV. RESTRICTED FUND FOR PENSION LIABILITY AND OPERATIONAL RESERVES

- Commission has approved in previous LTFFPs \$1M Pension Liability and \$1M for 6-month Operational Reserves, total of \$2M are therefore, Restricted Funds and are set aside for its intended restricted uses.

V. ENDING FUND BALANCE

- At the end of FY 2027-28, Projected Ending Fund Balance after Pension Liability and Operational Reserves is \$1.906M which is approximate to 4.5 months equivalent of FY 2028 Fiscal Revenue.

**The Proposition 56 taxes reduce tax-paid tobacco purchases (hereafter, “consumption”), resulting in lower revenue for other tobacco tax funds. In the first revenue allocation step, some Proposition 56 revenues replace—or “backfill”—these revenue losses. <https://lao.ca.gov/Publications/Report/3939>*

*** Prop 31 – Flavor Ban on all Tobacco Products was passed in November 2022; The law is effective immediately in January 2023. Prop 31 causes larger negative decline rate of Tobacco Tax Revenue Projections from current 3% to 11% of Tobacco Tax Revenue Projections in 2023 and 2024, then levels off to 6% negative decline rate from 2025 onward.*

F5SMC LONG-TERM FINANCIAL PLAN (LTFP) FY 2023-2028 (Update FY22/23)

CATEGORY	CYCLE 4					CYCLE 5		
	SPIP FY 2020-25					NEW SPIP FY2025-28		
	FY20-21 Actual	FY21-22 Actual	FY22-23 Revised Budget	FY23-24 Budget	FY24-25 Projection	FY25-26 Projection	FY26-27 Projection	FY27-28 Projection
BEGINNING FUND BALANCE (Beginning Reserves*)	11,610	12,845	13,473	10,755	8,708	7,161	6,324	5,212
A. Interest Revenue	145	125	135	102	87	72	63	52
B. Tobacco Tax Revenue	5,959	5,696	5,064	4,506	4,190	3,949	3,684	3,500
C. Other Grant Revenues								
F5CA Other Grants / IMPACT Grant	357	395	650	452	452	200	200	200
Other Non-Tobacco Tax Grants	755	794	1,266	507	507	400	400	400
Total Revenues	7,217	7,010	7,114	5,567	5,236	4,621	4,347	4,152
TOTAL AVAILABLE FUND (Total Sources*)	18,827	19,855	20,587	16,322	13,944	11,782	10,671	9,364
PROGRAM APPROPRIATIONS								
D1. Strategic Plan Investment SPIP (excl. E. Other Grants)	2,508	3,265	5,564	3,780	3,780	2,835	2,835	2,835
Community Investments (Resilient Families, Healthy Children, Quality Care & Education)	2,255	2,939	4,345					
Evaluation	52	46	229					
Policy, Advocacy, & Communications (PAC) & Emerging Projects	201	280	989					
D2. SPIP FY20-23 Carry Over				900				
D3. SPIP FY18-20 Carry Over to FY20-23 & No Cost Extension	728	79	797					
E. Other Grants	933	901	1,358	800	800	500	500	500
F5CA Other Grants / IMPACT Grant	310	348	567	360	360	150	150	150
Other Non-Tobacco Tax Grants	622	552	791	440	440	350	350	350
F. Program Operations	1,109	1,069	1,304	1,314	1,355	1,315	1,315	1,315
Shared Operating Budget	156	143	224	215	220	180	180	180
Program Staff S&B & Shared Admin Staff Time	953	926	1,080	1,099	1,135	1,135	1,135	1,135
Total Program Appropriations (D+E+F)	5,278	5,313	9,023	6,794	5,935	4,650	4,650	4,650
ADMIN APPROPRIATIONS								
G. Shared Operating Budget	156	143	224	215	220	180	180	180
H. Admin Staff S&B	552	556	585	605	628	628	628	628
Total Admin Appropriations (G+H)	708	699	809	820	848	808	808	808
TOTAL APPROPRIATIONS (Net Appropriations*)	5,986	6,012	9,832	7,614	6,783	5,458	5,458	5,458
Surplus / (Deficit) (Total Revenues - Total Appropriations)	1,231	998	(2,718)	(2,047)	(1,547)	(837)	(1,111)	(1,307)
Admin Cost Rate	12%	12%	8%	11%	12%	15%	15%	15%
ENDING FUND BALANCE before Pension Liability and Operational Reserves (Ending Reserves* before Pension Liability and Operational Reserves)	12,841	13,843	10,755	8,708	7,161	6,324	5,212	3,906
Restricted Fund Set Aside (formerly is read as RESERVES)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
6 months of Operations (wind down)	900	900	900	900	900	1,000	1,000	1,000
Pension Liability (GASB 68 Implementation)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
ENDING FUND BALANCE after Pension Liability and Operational Reserves (Ending Reserves* after Pension Liability and Operational Reserves)	10,841	11,843	8,755	6,708	5,161	4,324	3,212	1,906

