



**To:** First 5 Alameda County Executive Committee

**From:** Patricia Zapanta, Acting Finance and Administration Director

**Date:** May 22, 2009

**Subject:** Financial Report for July 1 – March 31, 2009

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## **FINANCIAL HIGHLIGHTS**

### **Single Audit**

During the FY 2007-08 financial audit, our auditors determined that we are required to go through a Single Audit, which is also known as the OMB A-133 audit. It is a rigorous, organization-wide audit of an entity that expends \$500,000 or more of Federal grants received for its operations. The audit was performed by Patel and Associates, our independent auditor. The audit covered both financial and compliance components. The result of the audit was clean, with no material findings. It is expected that we will go through another single audit for FY 2008-09 based on the Federal reimbursements (MAA and TCM revenues) and Federal earmark reported for this fiscal year, which will exceed the \$500,000 threshold.

### **MRMIB Contract**

The request from First 5 California for our share to fund MRMIB (Managed Risk Medical Insurance Board) insurance to cover new enrollments for children from birth to five until June 30, 2009 was approved by the Commission in January 2009. The amount requested from our county was \$375,635. During the past months, First 5 California developed a contract template to be used with each county for this particular transaction. Chair Simms-Mackey recently signed the contract and depending on the expediency at the State, we are expecting to be invoiced and pay most of the expenses by the end of this fiscal year.

### **INFORMATION ITEM**

To review the July 1, 2008 – March 31, 2009 Financial Report

## REVENUE AND EXPENSES

### Background

The following is a narrative report of Revenue and Expenses for the period of July 1 – March 31, 2009. Spreadsheets with Revenue and Expense information are attached. If all expenses and revenue were equally received and spent throughout the year, the revenue and expenses would be at 75% of the budget projection.

### Revenue

As of March 31, revenue was \$13,634,718, or 63.7% of the revenue projection, for the reasons outlined below. Being below the budget projection at this time of year is not unusual; at the end of the third quarter last year (March 31, 2008), the revenue was 46% received rather than 75%.

- First, the receipt of the monthly tobacco tax allocation for this particular period is one month behind instead of the usual two months lag. \$10,527,787 was received for the first nine months of the year, representing 66.7% of the budget projection.
- With regard to Income from Alameda County agencies, \$74,700 is budgeted for the Public Health Department's share of ECChange hosting and maintenance fees. \$927,141 is budgeted from the Alameda County Child Care Planning Council for AB212 funding for professional development and stipends for school-age providers, and for training ECE providers on accessing the SART (Screening, Assessment, Referral and Treatment) system. The first half of the funding, \$463,571 has been received and recorded in April 2009. The second half of the invoice has been issued and the full amount of the revenue is expected to be received by the end of this fiscal year.
- With regard to Grants, as of March 31, we had not received any of the federal grant for Early Care and Education, budgeted at \$268,318. The first reports have been submitted and we are establishing payment processes with the federal government's Department of Payment Management. We received the full payment of the First 5 California School Readiness grant, in the amount of \$1,537,045, and a payment from the state CARES program in the amount of \$222,944.
- Fiscal Leveraging Funds are at \$225,000 which was received for Targeted Case Management (TCM). TCM revenue is complete and at 100% of the revenue budget. With regard to Medi-Cal Administrative Activities (MAA), an invoice for all four quarters of 2007-08 was just submitted totaling \$392,337, which is expected to be received in the final quarter of the fiscal year.

- Investment revenue is \$1,069,731 or 65.3% of the budget projection. This projection tends to run behind all year due to the reversal of the year-end accrual, and then will catch up at year-end. Details of the investment revenue are explained in the March 31, 2009 Investment Report.
- The primary Miscellaneous income includes conference center rental fees, unspent grant reimbursement, and a State Fund Workers Compensation reimbursement.
- Sustainability funds are used at year-end to close the gap between revenue and expenses and are from the First 5 Alameda County Sustainability Fund reserve. The amount authorized by the Commission for use in 2008-09 is \$6,592,043. In past years, the full allocation of sustainability funds has not been needed due to budgetary savings.

## Expenses

Total Expenses are \$15,452,026, which is 55.11% of the budget amount of \$28,037,554. This amount is consistent with spending patterns from prior years; at the end of the third quarter last year (March 31, 2008), the budget was 59% spent rather than 75% spent.

In most line items, the percentage spent is under 75%. Those that are not are explained below.

- Grant funds are 78.2% spent, due to the fourth payment of the 2007-09 Community Grants Initiative, payable after progress reports are received and reviewed in January 2008. This payment is 25% of each grantee's total two-year allocation, and no more payments are scheduled for 2009-10 in Community Grants. In addition, in Early Care and Education, the Child Development Corps had expenses for stipends for members of the AA Degree Corps which appear in the Grants line item.
- Training – Professional Services show expenses at 79.33% of the budget. This is mainly due to \$15,000 fees paid by Family Support Services to Schacht and Associates for grant writing services related to the SAMSHA (Substance Abuse and Mental Health Services Administration) federal grant that we applied for.

It is important to note that General Expenses that are allocated to all programs are posted throughout the year to the Administration budget (which then appears to be going "over budget".) However, costs are allocated across programs at year-end.

- General Expenses, Membership and Dues are 75.47% spent primarily due to the payment of the annual First 5 Association dues (\$12,541).

**Summary**

The Revenue and Expenses are appropriate for this time in the fiscal year.

**Fiscal Impact**

The Revenue and Expenses are appropriate for this time of year; there is no additional fiscal impact.

**RECOMMENDATION**

To review the July 1, 2008 – March 31, 2009 Financial Report

Submitted by:

Reviewed by:

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Patricia Zapanta, Acting Finance  
and Administration Director

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Mark Friedman, Chief Executive Officer