



To: First 5 Alameda County Commission
From: Patricia Zapanta, Acting Finance and Administration Director
Date: June 25, 2009
Subject: Financial Report for July 1 – May 31, 2009

ACTION REQUESTED

Information item - to review the July 1, 2008 – May 31, 2009 Financial Report

BACKGROUND

The following is a narrative report of Revenue and Expenses for the period of July 1 – May 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 91.7% of the budget projection.

Revenue

As of May 31, revenue was \$15,964,075, or 74.6% of the revenue projection, for the reasons outlined below.

- First, we have only received nine months of tobacco tax revenue, through March 2009, and have not received April and May. \$11,918,060 was received for the first nine months of the year, representing 75.6% 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 and is expected to be received by the end of the fiscal year. \$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 was received and recorded in April 2009 and the balance of \$463,570 invoice was received in June 2009.
- With regard to Grants, as of May 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 the first payment of \$141,000 from the Feds is expected to be

wired this week. 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 \$388,314.

- 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 submitted in March 2009 totaling \$392,337, and we are hoping to receive the revenue in the final quarter of the fiscal year.
- Investment revenue is \$1,362,814 or 83.2% 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 May 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

Eleven months through the year, First 5 Alameda County expenses are \$19,519,244 on a total budget of \$28,037,554, or 69.62% spent. Items to note are as follows:

Salaries and Benefits – Salaries and benefits are under budget projections due to a number of vacancies across the agency. In addition, these amounts are understated due to the reversal of the accrual from last fiscal year end closing. Everything will catch up by June 30th as salaries and benefits accrual are posted for this fiscal year end process.

Contracts/Grants – Contract and Grant payments are 68.40% spent. Contracts are under spent, largely due to time lags in payments, particularly larger contracts that bill and are paid on a quarterly basis. The fourth quarter will be the largest quarter for Contracts/Grants payments because large contract payments received in July and August are accrued to 2008-09 fiscal year.

Training - Training is 58.82% spent. The primary areas of under spending are in the FSS (Family Support Services) and ECE (Early Care and Education) divisions. The primary reasons for the under spending are:

- Timing lag of activities budgeted, i.e., activities happening during the last part or month of the fiscal year. Therefore, expenses are not invoiced and/or processed for payments (FSS and ECE)
- Planned program activities not implemented during this fiscal year (FSS and ECE)
- Activities taking place but on a smaller scale (FSS)
- ECE is under spent due to cost savings

General Expenses – General Expenses are 69.62% spent. As a reminder, many general (overhead) expenses are posted to the Administration budget during the course of the year. At year end, the allocable expenses are allocated among divisions to determine the full cost of each program and division. In effect, this decreases the overall Administration actual expenses and increases the expenses in the other divisions.

Depreciation will be posted at year end.

Consistent with Generally Accepted Accounting Principles (GAAP), we report Gain or Loss on Disposal of investments in the Financial Report. These figures are derived from Investment activities. The amount posted for the May 2009 represents a gain of \$225,656, which is posted as a credit to expenses (thus decreasing total expenses).

FISCAL IMPACT

Depending on actual Revenue and Expenses, this could be the first year the funds are used from the Sustainability Fund.

There is no additional fiscal impact as all funds are budgeted.

FINANCIAL HIGHLIGHTS

Financial Audit

It is a requirement of the Proposition 10 legislation and First 5 California that each First 5 commission complete an annual audit by October 15 and submit it to First 5 California and the State Controllers Office by November 1. Our annual financial audit begins on June 15th and will be performed by Patel and Associates, our independent auditor. It is a very comprehensive and rigorous audit of our assets, liabilities, fund balance, revenues and expenses. Results of the audit will be reported and presented at the September 2009 Commission meeting.

MRMIB Contract

The MRMIB (Managed Risk Medical Insurance Board) contract of \$375,635 with First 5 California was signed by Chair Simms-Mackey in May 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.

RECOMMENDATION

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

Submitted by:

Reviewed by:

Patricia Zapanta, Acting Director,
Finance and Administration

Mark Friedman, Chief Executive Officer

**First 5 Alameda County
Revenue and Available Funds
For the Period July 1 - May 31, 2009**

Revenues	Budget	Actual	Variance	Percentage Received
Prop 10 Tobacco Tax	15,772,394	11,918,060	(3,854,334)	75.6% A
Income from Alameda Co. Agencies	1,301,841	463,571	(838,271)	35.6%
Grants				
Federal	263,318	0	(263,318)	0.0%
State	1,769,989	1,925,359	155,370	108.8%
	2,033,307	1,925,359	(107,948)	94.7%
Fiscal Leveraging				
Medi-Cal Administrative Activities (MAA)	320,000	0	(320,000)	0.0%
Targeted Case Management (TCM)	225,000	225,000	0	100.0%
	545,000	225,000	(320,000)	41.3%
Investment Revenue	1,637,500	1,362,814	(274,686)	83.2% B
Other Sources	120,469	57,310	(63,159)	47.6%
Miscellaneous Income	0	11,961	11,961	100.0%
Total Revenues	21,410,511	15,964,075	(5,446,436)	74.6%

Available Funds				
Sustainability Fund	6,592,043	0	(6,592,043)	0.0%
Carry Over Restricted Funds				
Washington Mutual	35,000	0	35,000	0.0%
Total Carry Over Restricted Funds	35,000	0	35,000	0.0%
Total Available Funds	6,627,043	0	(6,557,043)	0.0%

TOTAL REVENUES & AVAILABLE FUNDS	28,037,554	15,964,075	(12,003,479)	56.9%
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Notes:

A - Reflects tobacco tax allocation up to March 31, 2009. Tobacco tax revenues from the State are 2 months in arrears.

B - Net of \$417,881 reversal of 2007-08 interest accrual.

**First 5 Alameda County
Budget vs. Actual Expenditures
For the Period July 1, 2008 - May 31, 2009**

	Family Support Services		Early Care & Education		Community Grants		Support Strategies		Evaluation & Technology		Administration		T o t a l		Variance	Percentage Spent
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual		
Personnel																
Personnel	258,825	300,164	943,891	587,423	352,060	255,115	567,585	410,383	632,051	525,042	994,283	839,097	3,748,694	2,917,225	831,469	77.82%
Service Delivery Personnel	1,358,827	917,604	0	0	0	0	0	0	0	0	0	0	1,358,827	917,604	441,224	67.53%
Benefits	695,590	622,559	405,873	285,944	151,386	87,198	244,061	151,858	271,782	211,253	427,542	330,663	2,196,234	1,689,475	506,759	76.93%
Sub-total Personnel	2,313,242	1,840,326	1,349,764	873,368	503,446	342,313	811,646	562,241	903,833	736,295	1,421,824	1,169,760	7,303,756	5,524,304	1,779,452	75.64%
Program Contracts/Grants/MOUs																
Contracts	6,959,968	5,385,218	4,360,858	2,850,436	125,672	124,147	2,367,300	834,488	341,659	177,378	150,166	13,063	14,305,623	9,384,729	4,920,894	65.60%
Grants	0	0	1,049,500	836,525	2,800,000	2,371,324	0	0	0	0	0	0	3,849,500	3,207,849	641,651	83.33%
Professional Services Contracts	76,754	3,163	163,000	39,485	80,000	31,297	46,900	40,792	50,000	0	7,000	0	423,654	114,737	308,917	27.08%
Sub-total Program Contracts/ Grants/MOUs	7,036,722	5,388,381	5,573,358	3,726,446	3,005,672	2,526,768	2,414,200	875,279	391,659	177,378	157,166	13,063	18,578,777	12,707,315	5,871,462	68.40%
Training Expenses																
Copying/Printing	49,000	4,299	33,500	11,333	3,000	0	17,500	16,877	1,500	0	4,500	3,081	109,000	35,590	73,410	32.65%
Equipment Rental	5,000	276	0	570	500	0	1,200	0	400	0	250	0	7,350	846	6,504	11.52%
Food/Hospitality	20,000	21,401	43,650	15,842	7,000	4,849	31,500	21,913	1,500	703	8,500	7,075	112,150	71,782	40,368	64.01%
Honoraria	9,500	13,950	77,000	19,300	1,000	(190)	19,500	13,039	500	0	0	0	107,500	46,099	61,401	42.88%
Postage	14,500	985	6,355	5,906	1,000	119	2,850	1,449	2,900	1,338	3,750	1,280	31,355	11,076	20,279	35.33%
Professional Services	28,000	27,627	0	3,602	1,000	742	54,000	41,033	1,500	0	1,000	455	85,500	73,458	12,042	85.92%
Space Rental	2,000	1,659	10,000	150	1,000	10	1,500	685	0	0	1,000	325	15,500	2,829	12,671	18.25%
Supplies	119,500	54,526	96,700	44,095	5,000	3,245	133,600	134,363	12,600	6,834	58,700	54,042	426,100	297,106	128,994	69.73%
Travel	36,540	17,877	12,500	6,561	2,000	699	9,500	2,008	9,500	3,931	2,500	1,299	72,540	32,375	40,165	44.63%
Staff Development/Training	20,300	9,270	14,000	4,567	3,500	3,957	6,500	4,688	9,000	5,493	13,000	8,694	66,300	36,669	29,631	55.31%
Sub-total Training Expenses	304,340	151,871	293,705	111,926	25,000	13,431	277,650	236,053	39,400	18,298	93,200	76,251	1,033,295	607,830	425,465	58.82%
General Expenses																
Communications	18,423	8,260	11,821	2,137	3,303	450	4,429	978	2,795	1,105	2,628	18,894	43,399	31,824	11,575	73.33%
Copying/Printing	6,817	0	6,233	0	2,624	0	1,969	0	966	0	1,387	1,311	19,996	1,311	18,685	6.56%
Equipment Leases/Rentals/Maint.	14,215	0	12,998	0	5,472	0	4,110	0	2,016	0	2,891	29,521	41,702	29,521	12,181	70.79%
Equipment Purchase	11,931	3,645	10,909	0	4,593	0	3,449	0	1,692	0	2,427	13,222	35,001	16,867	18,134	48.19%
Insurance	32,384	0	29,610	0	12,466	0	9,360	0	4,594	0	6,587	36,348	95,001	36,348	58,653	38.26%
Membership and Dues	7,158	510	6,545	0	2,756	1,800	2,068	110	1,015	0	5,456	16,490	24,998	18,910	6,088	75.65%
Postage	1,364	0	1,246	0	525	0	394	0	193	0	1,278	165	5,000	165	4,835	3.30%
Professional Services	44,315	1,052	40,518	25,516	17,059	124	12,810	206	6,285	103	131,013	199,492	252,000	226,492	25,508	89.88%
Space Rental	89,456	82,038	66,749	61,213	24,302	22,287	285,906	262,198	41,402	37,968	83,516	76,592	591,331	542,297	49,034	91.71%
Travel	0	66	0	0	0	0	0	0	0	0	4,000	1,650	4,000	1,716	2,284	42.89%
Depreciation	3,170	0	2,898	0	1,220	0	915	0	450	0	645	0	9,298	0	9,298	0.00%
Gain or Loss on Disposal	0	0	0	0	0	0	0	0	0	0	0	(225,656)	0	(225,656)	225,656	-100.00%
Sub-total General Expenses	229,233	95,571	189,527	88,866	74,320	24,661	325,410	263,492	61,408	39,176	241,828	168,029	1,121,726	679,795	441,931	60.60%
TOTAL	9,883,537	7,476,149	7,406,354	4,800,606	3,608,438	2,907,173	3,828,906	1,937,066	1,396,300	971,148	1,914,018	1,427,102	28,037,554	19,519,244	8,518,310	69.62%