



To: First 5 Alameda County Commission
From: Rebecca Gebhart, Finance and Administration Director
Date: January 22, 2009
Subject: Financial Report for July 1 – December 31, 2008

REQUESTED ACTION

To review and approve the Financial Report for the first six months of FY2008-09.

BACKGROUND

The following is a narrative report of Revenue and Expenses for the period of July 1 – December 31, 2008. 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 50% of the budget projection.

Revenue

As of December 31, revenue was \$7,707,812, or 29.2% of the revenue projection, for the reasons outlined below. Being below the budget projection at this time of year is not unusual; last year the revenue at this point was at 26.7% of the budget.

- First, as usual, the receipt of the monthly tobacco tax allocation is two months in arrears. \$5,818,765 was received for the first four months of the year, representing 34.8% of the budget projection. The November allocation has not yet been received but the amount (\$903,738) has been posted on the First 5 California website. If the trend of the first five months of tobacco tax revenue continues, the tobacco tax allocation at year end will be \$16,134,007, which is lower than our current budget projection of \$16,712,800. We will adjust the tobacco tax revenue projection to be in alignment with the actual revenue and the adjustment will be reflected in the proposed Budget Modification.
- With regard to Income from Alameda County agencies, currently only \$74,700 is budgeted which is the Public Health Department's share of ECChange hosting and maintenance fees. However, we have received confirmation from the

Alameda County Child Care Planning Council that First 5 will receive \$927,141 from 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. This change to the budget will be made during the February 2009 Budget Modification.

- As of December 31, we had not received any of the federal earmark for Early Care and Education. It is on a reimbursement schedule which will begin in calendar 2009. We received the first payment of the First 5 California School Readiness grant, in the amount of \$917,177, and a payment from the state CARES program in the amount of \$222,944.
- Fiscal Leveraging Funds are at \$225,000 which is 41.3% of the budget projection. We will prepare the invoices for Medi-Cal Administrative Activities (MAA) in March 2009.
- Investment revenue is \$513,069 or 31.3% 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.
- 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 \$5,459,052. In past years, the full allocation of sustainability funds has not been needed due to budget savings.

Expenses

Total Expenses are \$9,658,306, which is 36.59% of the budget amount of \$26,395,320. This amount is consistent with spending patterns from prior years; at this point last year Expenses were \$9,022,596 on a total budget of \$27,153,616, or 33.23% spent.

In most line items, the percentage spent is under 50%. Those that are not are explained below.

- Grant funds are 52.08% spent, due to the third payment cycle of the 2007-09 Community Grants Initiative, payable after progress reports are received and reviewed in July 2008. This payment is 25% of each grantee's total two-year allocation. 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.

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 54.04% spent primarily due to the payment of the annual First 5 Association dues (\$12,541).
- General Expenses Professional Services is 55.81% spent, due to Strategic Planning consultation payments and fees associated with the preparation of the annual audit.

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.

REQUESTED ACTION

To review and approve the Financial Report for the first six months of FY2008-09.

Submitted by:

Reviewed by:

Rebecca Gebhart, Finance and
Administration Director

Mark Friedman, Chief Executive Officer