



**To: First 5 Alameda County Commission**

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

**Date: May 28, 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

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

Agenda Item 4

Revenues	Budget	Actual	Variance	Percentage Received
<b>Prop 10 Tobacco Tax</b>	15,772,394	10,527,787	(5,244,607)	66.7% <b>A</b>
<b>Income from Alameda Co. Agencies</b>	1,301,841	0	(1,301,841)	0.0%
<b>Grants</b>				
Federal	263,318	0	(263,318)	0.0%
State	1,769,989	1,759,989	(10,000)	99.4% <b>B</b>
	2,033,307	1,759,989	(273,318)	86.6%
<b>Fiscal Leveraging</b>				
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%
<b>Investment Revenue</b>	1,637,500	1,069,731	(567,769)	65.3% <b>C</b>
<b>Other Sources</b>	120,469	41,322	(79,147)	34.3%
<b>Miscellaneous Income</b>	0	10,889	10,889	100.0%
<b>Total Revenues</b>	<b>21,410,511</b>	<b>13,634,718</b>	<b>(7,775,793)</b>	<b>63.7%</b>

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

<b>TOTAL REVENUES &amp; AVAILABLE FUNDS</b>	<b>28,037,554</b>	<b>13,634,718</b>	<b>(14,332,836)</b>	<b>48.6%</b>
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**Notes:**

A - Prop 10 Tobacco Tax revenues reflect revenues up to February 28, 2009.

For this reporting period, Tobacco tax revenues from the State are 1 month behind. It is usually 2 months in arrears.

B - \$165,370 CARES revenue for the first half of the fiscal year was received and posted in April 2009.

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

**First 5 Alameda County  
Budget vs. Actual Expenditures  
For the Period July 1, 2008 - March 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		
<b>Personnel</b>																
Personnel	258,825	206,584	943,891	438,141	352,060	188,926	567,585	323,890	632,051	403,009	994,283	643,840	3,748,694	2,204,390	1,544,304	58.80%
Service Delivery Personnel	1,358,827	711,400	0	0	0	0	0	0	0	0	0	0	1,358,827	711,400	647,428	52.35%
Benefits	695,590	485,030	405,873	221,798	151,386	67,851	244,061	121,176	271,782	164,928	427,542	257,223	2,196,234	1,318,006	878,228	60.01%
<b>Sub-total Personnel</b>	<b>2,313,242</b>	<b>1,403,013</b>	<b>1,349,764</b>	<b>659,938</b>	<b>503,446</b>	<b>256,777</b>	<b>811,646</b>	<b>445,066</b>	<b>903,833</b>	<b>567,938</b>	<b>1,421,824</b>	<b>901,063</b>	<b>7,303,756</b>	<b>4,233,796</b>	<b>3,069,960</b>	<b>57.97%</b>
<b>Program Contracts/Grants/MOUs</b>																
Contracts	6,959,968	3,742,627	4,360,858	2,498,955	125,672	108,121	2,367,300	600,523	341,659	161,817	150,166	12,100	14,305,623	7,124,142	7,181,481	49.80%
Grants	0	0	1,049,500	700,865	2,800,000	2,307,324	0	0	0	0	0	0	3,849,500	3,008,188	841,312	78.14%
Professional Services Contracts	76,754	3,163	163,000	26,726	80,000	27,408	46,900	32,776	50,000	0	7,000	0	423,654	90,073	333,581	21.26%
<b>Sub-total Program Contracts/ Grants/MOUs</b>	<b>7,036,722</b>	<b>3,745,790</b>	<b>5,573,358</b>	<b>3,226,546</b>	<b>3,005,672</b>	<b>2,442,853</b>	<b>2,414,200</b>	<b>633,298</b>	<b>391,659</b>	<b>161,817</b>	<b>157,166</b>	<b>12,100</b>	<b>18,578,777</b>	<b>10,222,404</b>	<b>8,356,374</b>	<b>55.02%</b>
<b>Training Expenses</b>																
Copying/Printing	49,000	4,222	33,500	9,424	3,000	0	17,500	13,072	1,500	0	4,500	3,081	109,000	29,799	79,201	27.34%
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	16,253	43,650	13,402	7,000	4,455	31,500	17,992	1,500	692	8,500	6,580	112,150	59,373	52,777	52.94%
Honoraria	9,500	7,450	77,000	16,200	1,000	(190)	19,500	13,039	500	0	0	0	107,500	36,499	71,001	33.95%
Postage	14,500	985	6,355	5,760	1,000	119	2,850	1,428	2,900	1,338	3,750	1,280	31,355	10,909	20,446	34.79%
Professional Services	28,000	26,180	0	3,102	1,000	2,212	54,000	35,877	1,500	0	1,000	455	85,500	67,826	17,674	79.33%
Space Rental	2,000	1,284	10,000	150	1,000	10	1,500	100	0	0	1,000	325	15,500	1,869	13,631	12.06%
Supplies	119,500	39,406	96,700	39,778	5,000	3,245	133,600	78,078	12,600	6,705	58,700	38,485	426,100	205,698	220,402	48.27%
Travel	36,540	14,238	12,500	4,566	2,000	699	9,500	1,772	9,500	307	2,500	1,191	72,540	22,772	49,768	31.39%
Staff Development/Training	20,300	8,310	14,000	5,265	3,500	3,957	6,500	4,688	9,000	9,049	13,000	7,513	66,300	38,782	27,518	58.49%
<b>Sub-total Training Expenses</b>	<b>304,340</b>	<b>118,605</b>	<b>293,705</b>	<b>98,216</b>	<b>25,000</b>	<b>14,507</b>	<b>277,650</b>	<b>166,045</b>	<b>39,400</b>	<b>18,090</b>	<b>93,200</b>	<b>58,911</b>	<b>1,033,295</b>	<b>474,374</b>	<b>558,921</b>	<b>45.91%</b>
<b>General Expenses</b>																
Communications	18,423	6,677	11,821	1,745	3,303	450	4,429	905	2,795	1,003	2,628	16,235	43,399	27,014	16,385	62.25%
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	28,209	41,702	28,209	13,493	67.64%
Equipment Purchase	11,931	1,471	10,909	0	4,593	0	3,449	0	1,692	0	2,427	12,620	35,001	14,092	20,909	40.26%
Insurance	32,384	0	29,610	0	12,466	0	9,360	0	4,594	0	6,587	33,320	95,001	33,320	61,681	35.07%
Membership and Dues	7,158	510	6,545	0	2,756	1,800	2,068	110	1,015	0	5,456	16,445	24,998	18,865	6,133	75.47%
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	309	17,059	124	12,810	206	6,285	103	131,013	179,980	252,000	181,773	70,227	72.13%
Space Rental	89,456	66,758	66,749	49,812	24,302	18,136	285,906	213,362	41,402	30,897	83,516	62,326	591,331	441,290	150,041	74.63%
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	(226,302)	0	(226,302)	226,302	-100.00%
<b>Sub-total General Expenses</b>	<b>229,233</b>	<b>76,533</b>	<b>189,527</b>	<b>51,866</b>	<b>74,320</b>	<b>20,509</b>	<b>325,410</b>	<b>214,583</b>	<b>61,408</b>	<b>32,002</b>	<b>241,828</b>	<b>125,960</b>	<b>1,121,726</b>	<b>521,454</b>	<b>600,272</b>	<b>46.49%</b>
<b>TOTAL</b>	<b>9,883,537</b>	<b>5,343,941</b>	<b>7,406,354</b>	<b>4,036,566</b>	<b>3,608,438</b>	<b>2,734,646</b>	<b>3,828,906</b>	<b>1,458,992</b>	<b>1,396,300</b>	<b>779,847</b>	<b>1,914,018</b>	<b>1,098,034</b>	<b>28,037,554</b>	<b>15,452,026</b>	<b>12,585,528</b>	<b>55.11%</b>