

**First 5 San Mateo County
Audit Presentation
June 30, 2016**

Audit Presentation Outline

- **Audit Opinions**
- **Financial Statement Variances/Trends**
- **Other Comments**
- **Open for Questions**

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- **Independent Auditor's Report**
 - Unmodified – clean opinion
- **Government Auditing Standards**
 - No significant deficiencies
- **State Compliance Standards**
 - There were no current year findings

First 5 San Mateo County
(A Discretely Presented Component Unit of the County of San Mateo)
STATEMENT OF NET POSITION
June 30, 2016

	2016	2015	Variance	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 16,557,067	\$ 18,612,116	\$ (2,055,049)	Spending down State funds and less AP this year
Intergovernmental receivable, net	1,332,210	1,399,922	(67,712)	
Interest receivable, net	37,459	32,117	5,342	
Net OPEB asset	166,065	166,309	(244)	
Total assets	<u>18,092,801</u>	<u>20,210,464</u>	<u>(2,117,663)</u>	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred pension contributions	208,495	203,366	5,129	
Total deferred outflows of resources	<u>208,495</u>	<u>203,366</u>	<u>5,129</u>	
<u>LIABILITIES</u>				
Accounts payable	1,956,734	3,396,523	(1,439,789)	Had some large outstanding payables to SMC last year
Salaries and benefits payable	38,779	27,093	11,686	
Long-term liabilities:				
Net pension liability	572,419	409,823	162,596	Increased due to estimates changing
Compensated absences:				
Payable in less than one year	26,673	29,381	(2,708)	
Payable in more than one year	37,952	17,028	20,924	
Total liabilities	<u>2,632,557</u>	<u>3,879,848</u>	<u>(1,247,291)</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred pension actuarial	21,125	240,810	(219,685)	Decreased due to estimates changing
Total deferred inflows of resources	<u>21,125</u>	<u>240,810</u>	<u>(219,685)</u>	
<u>NET POSITION</u>				
Unrestricted	15,647,614	16,293,172	(645,558)	Spending down State funds
Total net position	<u>\$ 15,647,614</u>	<u>\$ 16,293,172</u>	<u>\$ (645,558)</u>	

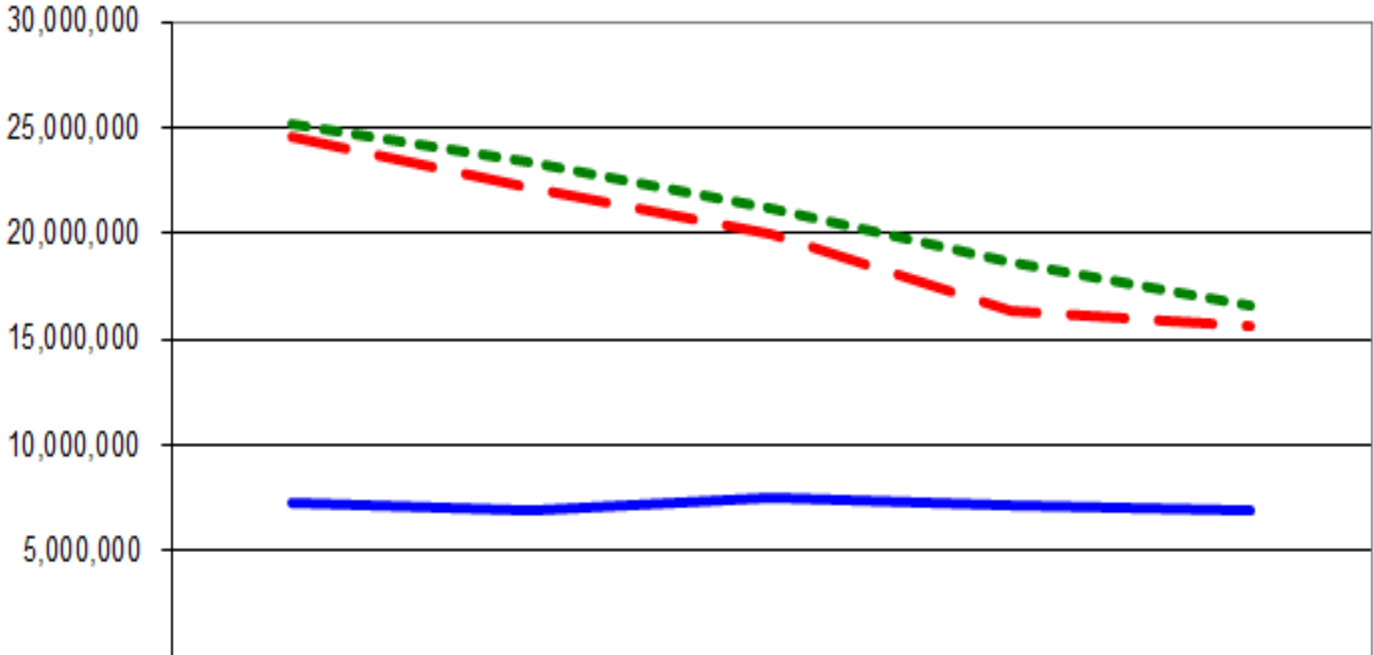
First 5 San Mateo County
(A Discretely Presented Component Unit of the County of San Mateo)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	2016	2015	Variance	
Program expenses:				
Salaries and wages	\$ 591,756	\$ 448,573	\$ 143,183	Increase in staff from 7.5 FTE to 8.25 FIE*
Employee benefits	214,925	198,765	16,160	
Pension expenses	345,989	253,355	92,634	
General office supplies	38,388	72,920	(34,532)	
Professional services	232,625	307,489	(74,864)	
Other administrative expenses	33,246	28,427	4,819	
Contributions to local projects	6,023,705	8,915,690	(2,891,985)	Less spent on local projects this year
Total program expenses	7,480,634	10,225,219	(2,744,585)	
Program revenues:				
Operating grants and contributions:				
Tobacco tax	6,316,574	6,466,950	(150,376)	Decline in tobacco taxes
Other grants	269,796	374,763	(104,967)	Last year had CHI program federal refund
Private grants	-	44,878	(44,878)	Last year had Lucile Packard Foundation grant
Total program revenues	6,586,370	6,886,591	(300,221)	
Net program revenues (expenses)	(894,264)	(3,338,628)	2,444,364	
General revenues:				
Investment earnings (losses)	188,563	140,562	48,001	
Investment loss recovery	-	53,818	(53,818)	
Other revenue	60,143	42,133	18,010	
Total general revenues	248,706	236,513	12,193	
Change in net position	(645,558)	(3,102,115)	2,456,557	Less spent on local projects this year
Net position, beginning of period (as previously reported)	16,293,172	19,965,173	(3,672,001)	
Restatement	-	(569,886)	569,886	Last year was implementation of GASB 68
Net position, beginning of period (as restated)	16,293,172	19,395,287	(3,102,115)	
Net position, end of period	\$ 15,647,614	\$ 16,293,172	\$ (645,558)	Spending down State funds

*

- Additional new Extra Help hire: \$109K increase (major costs are salary of roughly \$90K; Extra Help does not participate in the County Retirement Plan)
- Change an Extra Help to a full time employee: \$38K increase (include salary and benefits)
- Increase Extra Help hours to cover staff on medical leave; Agency received \$19.5K SDI and Work Comp payment refunds that was recorded as Revenue; current practice is that Agency paid its employees by the same amounts as staff claiming SDI hours and Agency got SDI payment refunds later (to avoid hardship on the staff due to lengthy insurance payment process). In other words, the \$19.5K should be deducted from the payroll cost in making comparison.
- Staff structure was changed as well: FY15-16: 7.5FTE +0.75 Extra Help versus FY14-15: 7.0FTE +0.5 Extra Help.

Trends



	2012	2013	2014	2015	2016
- - - Cash Flow	25,213,824	23,369,358	21,122,233	18,612,116	16,557,067
— Revenues	7,259,026	6,855,484	7,473,487	7,123,104	6,835,076
- - - Unrestricted Net Assets	24,580,005	22,194,104	19,965,173	16,293,172	15,647,614

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- **Budget to Actual**
 - \$1.6M under budgeted deficit
- **Audit Adjustments**
 - Closing entries (GASB 31, GASB 68, OPEB, Accrued Vacation)
 - Two accrual adjustments

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- **Changes This Year**
 - In the Statement of Activities, separated pension expense from employee benefits
 - GASB 72 implementation, added one paragraph stating that the Investment Pool is a level 2 classification

- **Conclusion**
 - Would like to thank Kitty, Khanh and the rest of the staff for their cooperation and assistance during the audit.