



1700 S. El Camino Real, Suite 405
San Mateo, CA 94402-3050
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**FIRST 5 SAN MATEO COUNTY
FINANCE AND ADMINISTRATION COMMITTEE MEETING**

DATE: Monday, September 10, 2018
TIME: 9:00 AM to 10:00 AM
ADDRESS: 1700 S. El Camino Real, Suite 405
San Mateo, CA 94402

MEMBERS: Pam Frisella, Michael Garb, Rosanne Foust

STAFF: Kitty Lopez, Khanh Chau

AGENDA

AGENDA		
1.	Approval of the Finance and Administration Committee Agenda	Garb
2.	Approval of the August 13, 2018 Finance and Administration Committee Meeting Minutes (See Attachment 2)	Garb
3.	Review and Recommend Approval of the F5SMC's FY2017-2018 Budget Close-Out as of June 30, 2018 (See Attachments 3 – 3A)	Lopez / Chau
Next Meeting: October 15, 2018		

**FIRST 5 SAN MATEO COUNTY
FINANCE AND ADMINISTRATION COMMITTEE
MEETING MINUTES**

August 13, 2018

- Commission Member: Michael Garb, Rosanne Foust
- Staff: Kitty Lopez, Khanh Chau
- Minutes: Khanh Chau

Commissioner Pam Frisella absent.

1. Approval of the Finance and Administration Committee Meeting Agenda

A Motion for Approval of the August 13, 2018 Finance and Administration Committee Meeting Agenda was made by Commissioner Foust, seconded by Commissioner Garb. Unanimously approved.

2. Approval of the June 11, 2018 Finance and Administration Committee Meeting Minutes

Commissioner Rosanne stated that Commissioner may not make the motion due to Commissioner's absence at the previous Finance Meeting depending on Commission policy. Kitty Lopez responded that Commissioner can accept the Meeting Minute instead.

A Motion for Approval of the June 11, 2018 Finance and Administration Committee Meeting Minutes was made by Commissioner Foust, seconded by Commissioner Garb. Unanimously approved.

3. Review of F5SMC Financial Document; Provide Feedback for Follow-Up Presentation at the August 27, 2018 Commission Meeting

Kitty Lopez stated the purpose of this agenda is to seek Finance Committee's feedback and guidance for a follow-up at the August 27, 2018 Commission Meeting. At the June 25, 2018 Commission Meeting, some grantees raised concerns about the variances of their grant awards in FY18-20 with higher funding reduction than the 3% average step-down that was presented in the Long-Term Financial Plan (LTFP). The Master Strategic Planning Implementation Plan (SPIP) Funding Allocations FY18-20 was reviewed and approved at the August 27, 2017 Commission Meeting.

Kitty Lopez stated that public concern does not mean the LTFP is wrong, but we need to provide clarification to address public questions and to show fiscal transparency. Kitty Lopez further explained the LTFP provides a big financial picture of the agency whereas the Master SPIP Funding Allocations FY18-20 reflects funding approval for individual programs in FY18-20.

Committee members reviewed both financial documents; suggested minor format and revision of column headers to improve clarity.

Committee members reached a consensus that the LTFP and the Master SPIP Funding Allocations FY18-20 are both correct, but they are presented in different ways: LTFP presents the most updated financial position and financial projections of the agency whereas the Master SPIP Funding Allocations FY18-20 reflects the actual contract award amount for each program during the period FY18-20.

4. Verbal Update: MOU of with County of San Mateo Human Services Agency for the Build-Up Kids in San Mateo

Kitty Lopez stated that we succeeded securing a cost sharing contribution from County of San Mateo Human Services Agency. We will have an MOU between F5SMC and SMC Human Services Agency for Build-Up for SMC Children Initiatives. HSA will contribute \$65,000 each year for two years FY18-20 totaling \$130,000; First 5 San Mateo will contribute \$50,000 each year for two years FY18-20 totaling \$100,000.

Other topics:

Committee members asked an update of Persimmony Financial Report errors. Staff Khanh Chau responded that we have positive progress so far with Persimmony Financial Report improvement: the previous calculation errors have been fixed and the Persimmony Financial Report now includes each quarter claiming expenditures and YTD Total. Kitty Lopez added that staff Jenifer Clark will make a presentation about Persimmony utilization at the upcoming Commission Meeting.

Committee members also asked about the Budget Monitoring Report. Staff Khanh Chau responded that due to various tight deadlines of year-end payment processing, year-end closing and financial audit preparation for audit field works starting on August 29, 2018, staff will present the FY17-18 Year-End Close at the September 10, 2018 Financial and Administration Meeting.

Commissioner Garb adjourned the meeting at 9:35AM.

DATE: September 10, 2018
TO: First 5 San Mateo County Finance and Administration Committee
FROM: Kitty Lopez, Executive Director
RE: Review and Recommend Approval of the FY 2017-2018 Budget Close-Out as of June 30, 2018

ACTION REQUESTED

Review and Recommend Approval of the FY 2017-2018 Budget Close-Out as of June 30, 2018

BACKGROUND

- At the May 22, 2017 Commission Meeting, Commission approved F5SMC FY 2017-2018 Budget.
- At the January 22, 2018 Commission Meeting, Commission approved F5SMC FY 2017-2018 Revised Budget.

FY 2017-2018 BUDGET CLOSE-OUT as of June 30, 2018 HIGHLIGHTS

- The FY 2017-2018 Budget Close-Out as of June 30, 2018 is presented in detail in **Attachment 3A** with key highlights presented in the table below:

FY 2017-2018 BUDGET CLOSE-OUT HIGHLIGHTS <i>(July 1, 2017 – June 30, 2018)</i>	
REVENUE	<ul style="list-style-type: none"> • Interest Revenue (\$208K) produces a 67% positive variance or \$83K higher than the planned budget as a result of higher interest earning rate in the County investment pool. • Tobacco Tax Revenue (\$5,262K) produces a net 3% positive variance or \$176K higher than the planned budget due the additional Prop 56 Tax Revenue of \$232K (the \$2 Tobacco Tax bill). • Impact Grant Revenue (\$650K) is 4% below the planned grant budget due to grant timing execution issues. • Additional revenues totaling \$40K from various Non-Prop 10 grants are partially recognized during the fiscal year as these grants start near fiscal year ends; these grant terms span from 2017-2019. • Total Actual Revenues of \$6,161K represents a 3% positive variance or \$177K higher than the planned budget.
EXPENDITURES	<ul style="list-style-type: none"> • Total Program Expenditures (\$7.881M) produce a 13% positive variance or \$1.215M below the planned budget. Major contributions to this positive variance are associated with underspending in the Policy, Advocacy, and Communications (PAC) - Un-Allocated Fund, underspending of various grants at the end of the 3-year grant terms, and timing execution issues of various Non-Prop 10 grants. • Total Administrative Expenditures (\$938K) produce a 13% positive variance or \$134K below the planned budget. Major contributions to this positive variance are associated with underspending in Professional Services, various administrative areas, Audit and County Counsel services charges, and salary savings.

	<ul style="list-style-type: none"> • Total Expenditures of \$8.819M represents a 13% positive variance or \$1.349M below the planned budget.
ENDING FUND BALANCE	<ul style="list-style-type: none"> • FY 2017-2018 Ending Fund Balance of \$12.265M represents 14% positive variance or \$1.526M higher than the Ending Fund Balance of the planned budget. <p>Major contributions to this positive variance are associated with higher Interest revenue, Tobacco Tax revenue, and additional revenue sources as well as underspending in both Program and Administrative Appropriations.</p>

FISCAL IMPACT

Admin Cost rate of 11% is within the Commission's approved Admin Cost Rate Policy (15%)

RECOMMENDATION

Review and Recommend Approval of the FY 2018-2019 Budget Close-Out as of June 30, 2018.

	ORG/ACCT#	FY17-18 Revised Budget	YTD Actuals as of June 30, 2018	Accruals	FY17-18 Budget Close-Out as of June 30, 2018	FY17-18 Budget Close-Out versus FY17-18 Revised Budget (%)	Notes to FY17-18 Budget Close-Out as of June 30, 2018
A. REVENUE							
FUND BALANCE (BEGINNING)		14,922,527	14,922,527		14,922,527	100%	Beginning Fund Balance is adjusted as per the outcome of the FY16-17 Audit Report
Interest	19510-1521	125,002	208,234		208,234	167%	Higher Beginning Fund Balance and higher Interest Earning rate.
Tobacco Tax - Prop 10 & Prop 56	19510-1861	5,086,486	5,262,165		5,262,165	103%	Include \$223K Prop 56 Revenue (\$2 Tobacco Tax)
IMPACT Grant	19510-1861	673,815	218,480	431,742	650,221	96%	
Help me Grow Grant	19510-2643	100,000	6,930		6,930	7%	Partial revenue recognition for the Help Me Grow grant in FY17-18 (\$300K grant with grant term from December 2017 to December 31 2018)
Build-Up Kids (San Bruno)	19510-2643		1,031		1,031		Partial revenue recognition for the Build-Up Kids grant in FY17-18 (\$15,740 grant with grant term from April 2018 to December 31 2018)
IMPACT HUB	19510-2643		32,411		32,411		
Wellness Grant	19510-2545	0	774		774		
Miscellaneous Reimbursements	19510-2647	-	0		0		
Total Revenue		5,985,303	5,730,025	431,742	6,161,767	103%	
Total Available Funds		20,907,830	20,652,552	431,742	21,084,294	101%	Positive variances are associated with adjusted Beginning Fund Balance, higher Interest Revenue and Tobacco Tax Revenue and new revenue funding sources.
B. APPROPRIATIONS							
1. Programs							
Family Engagement	19540-6125	2,428,341	2,247,661		2,247,661	93%	
Kit for New Parent (KNP)	19540-6266	41,000	22,340		22,340	54%	Pending shipments of KNP built in FY17-18; underspending fund is carried over to FY18-19
Child Health & Development	19540-6156	1,808,352	1,538,766		1,538,766	85%	\$60K underspending fund in SHEC contract will be carried-over to FY18-19
Early Learning	19540-6263	2,351,935	2,283,663		2,283,663	97%	
Early Learning - Regional Cost Sharing Project	19540-6263	30,000	0		0	0%	No Early Learning regional cost sharing project with other F5s.
Help Me Grow Grant	19540-6131	85,000	0		0	0%	Timing grant execution issues. Consultant contract starts July 1, 2018
Build-Up Kids	19540-6131		1,441		1,441		Timing grant execution issues.

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IMPACT Grant	19540-6126	623,815	557,891		557,891	89%	Timing grant execution issues in the grant Communication Plan.
Policy, Advocacy, Communications & Systems Changes	19540-6814	505,959	449,812		449,812	89%	
Policy Advocacy, Communications & Systems Changes - Unallocated Fund	19540-6814	371,500	36,622		36,622	10%	\$145K underspending fund (\$100K of the Help Me Grow Call Center and \$45K of the Build-Up Kids) in PAC-Un-Allocated Fund will be carried - over to FY18-19
Other Communications	19540-6814	10,000	0		0	0%	No sponsorship activities during the fiscal year.
Program Salary & Benefits		538,098	477,232		477,232	89%	Saving due to delayed Extra-Help staff hiring.
Evaluation	19540-6265	0			0		
Grant Management and Big Data	19540-6265	147,850	114,649		114,649	78%	Contracts are fully executed.
Evaluation - Salaries & Benefits		154,057	150,812		150,812	98%	
Total Program Appropriations		9,095,907	7,880,889	-	7,880,889	87%	Positive variances are associated with various grant underspending at the end of the grant terms and timing execution issues of various Non-Prop 10 grants.
2. Administration							
Salaries and Benefits		660,222	606,438		606,438	92%	Saving due to delayed staff replacement hiring.
Services and Supplies							
Outside Printing & Copy Svc	19510-5191	4,000	158		158	4%	It is expected to use this budget line for the new strategic plan printing in Oct 2018.
General Office Supplies	19510-5193	11,400	11,581		11,581	102%	
Photocopy Lease & Usage	19510-5196	2,500	1,199		1,199	48%	Under usage of the black and white copier.
Computer Supplies	19510-5211	10,000	1,955		1,955	20%	No purchase of new laptops this year.
County Memberships - (e.g. F5 Assn Dues)	19510-5331	17,500	13,666		13,666	78%	
Auto Allowance	19510-5712	11,000	10,842		10,842	99%	
Meetings & Conference Expense	19510-5721	13,000	6,746		6,746	52%	Parts of staff travel is billed in the FSCA IMPACT grant and SFO IMPACT HUB grant.
Commissioners Meetings & Conference Exp	19510-5723	3,000	2,249		2,249	75%	No special Commission Meeting expenses this year.
Other Business Travel expense	19510-5724	5,000	4,823		4,823	96%	
Dept. Employee Training Expense	19510-5731	5,000	3,649		3,649	73%	No group training provided to agency staff during this fiscal year.
Wellness grant	19510-5856	0	824		824		Partial FY16/17 Wellness grant was spent in FY17/18
Other Professional Services	19510-5858	40,000	40,671		40,671	102%	

	ORG/ACCT#	FY17-18 Revised Budget	YTD Actuals as of June 30, 2018	Accruals	FY17-18 Budget Close-Out as of June 30, 2018	FY17-18 Budget Close-Out versus FY17-18 Revised Budget (%)	Notes to FY17-18 Budget Close-Out as of June 30, 2018
Total - Services & Supplies		122,400	98,362	0	98,362	80%	Major positive variances are associated with underspending in various budget lines.
Other Charges							
Telephone Service Charges	19510-6712	4,000	3,407		3,407	85%	
Automation Services - ISD	19510-6713	48,000	39,776		39,776	83%	
Annual Facilities Lease	19510-6716	96,000	86,279		86,279	90%	\$4K of underspending fund for smaller size office furniture purchase will be carried over to the General Office Supplies budget line of FY18-19.
General Liability Insurance	19510-6725	7,500	6,356		6,356	85%	
Official Bond Insurance	19510-6727	600	222		222	37%	
Human Resources Services	19510-6733	5,350	269		269	5%	No group training for agency staff by HR department during this fiscal year.
Countywide Security Services	19510-6738	500	449		449	90%	
All Other Service Charges	19510-6739	60,000	30,703		30,703	51%	Saving in Audit services cost and underspending in County Counsel services
A-87 Expense	19510-6821	67,700	65,877		65,877	97%	
Total - Other Charges		289,650	233,337	0	233,337	81%	Positive variances are associated with underspending in Audit Services and County Counsel Services charges.
Total Administrative Appropriations		1,072,272	938,137	0	938,137	87%	Positive variances are due to saving in various Administrative budget lines.
Administrative Cost %		11%	11%		11%		
Total Appropriations		10,168,179	8,819,026	0	8,819,026	87%	Positive variances are due to underspending in both Program and Administrative Appropriations
C. FUND BALANCE (ENDING)		10,739,651	11,833,526	431,742	12,265,268	114%	Positive variances are due to higher Revenues and underspending in both Program and Administrative Appropriations
Program		538,098	477,232		477,232	89%	
Evaluation		154,057	150,812		150,812	98%	
Admin		660,222	606,438		606,438	92%	
Total Salaries and Benefits		1,352,377	1,234,482	0	1,234,482	91%	Saving due to delayed staff replacement hiring.