

MEETING DATE:
JANUARY 21 2021 12:30PM



Facilitator: Eric Harrold

**THIS MEETING IS HELD VIA TELECONFERENCE/WEBINAR DUE
TO COVID 19 RESTRICTIONS**

Computer Link:

<https://zoom.us/j/93500578487?pwd=VVFiZHRvVXBJMWN1UFpYUWwrSGJqQT09>

Meeting ID: 935 0057 8487

Passcode: 846509

Phone in: 1-669-900-6833 US (San Jose)
Using the same meeting id and password as above.

**FINANCIAL PLANNING COMMITTEE
MEETING AGENDA**

Commission Members: Kathy Kossick (Chair), Beth Hassett (Vice-Chair), Lee Turner-Johnson
Advisory Committee Members: Walter Wyniarczuk, Silvia Rodriguez

1. Call to Order/Roll Call
2. Public Comments on Off-Agenda Items
3. Approve Draft Action Summary of October 22, 2020
4. Receive Staff Updates
5. Review and Comment on Financial Statements
6. Committee Member Comments

Location: 2750 Gateway Oaks Dr., #330, Sacramento, CA 59833
Quarterly/Third Thursday of the month
First 5 Conference Room

FIRST 5 SACRAMENTO COMMISSION
2750 Gateway Oaks Dr., Suite 330
Sacramento, CA 95833

FINANCIAL PLANNING COMMITTEE

DRAFT ACTION SUMMARY

Thursday, October 22, 2020 – 12:30 PM

Members: Kathy Kossick (Chair), Beth Hassett (Vice-Chair), Lee Turner-Johnson

Advisory Committee Members: Walter Wyniarczuk, Silvia Rodriguez

Staff: Julie Gallelo, Eric Harrold, Stephanie Wills

Absent: Walter Wyniarczuk

1. Welcome/Call to order and Roll Call
Action: The meeting was called to order at 12:32PM. A quorum was established.
2. Public Comments on Off-Agenda Items
Action: None
3. Approve Draft Action Summary of July 16, 2020
Action: Turner-Johnson/Hassett. Approved as recommended.
4. Receive Staff Updates
Action: Eric Harrold updated members, including:
 - Katie Cline is out on approved leave for 2 months. Stephanie Wills will step in and cover her duties.
 - Although one staff member has contracted the COVID-19 coronavirus unrelated to work, Staff continue to work from home in accordance with our Return to Work policies and the virus did not spread to other staff. The staff member who was sick has recovered with no problems.
 - Audit for FY19-20 was concluded and issued on 9/24/2020; with an overall clean report. More details to follow in Agenda Item #6
 - First 5 Sacramento has released RFPs (Request for Proposals) for our upcoming funding cycle 2021-2024; \$40 million will be awarded to various contractors for services over the three year period.
 - Prop 10 funds have been coming in late, and sometimes with mystery fees attached, making revenue predictions difficult. F5 Association has hired an audit firm, HDL, to review State financial reports regarding Prop 10 funding, fees, and backfill formulas.
5. Approve 2021 Financial Planning Committee Meeting Calendar
Action: Hassett/Wyniarczuk. Approved as recommended.
6. Approve FY19-20 Audit Report
Action: Turner-Johnson/Wyniarczuk
 - Eric Harrold reviewed the Audit process and the highlights of the Audit Report with the committee. Staff gathered Financial Records, policy information, and any other request from Auditors. The final report showed No findings; no compliance issues; and found that the previous year findings have been corrected. Overall, we received a clean audit report. Many thanks to staff who follow correct procedures all year to ensure a clean audit report.

7. Review and Comment on Financial Statements

Action: Turner-Johnson pointed out to new member Rodriguez that the highest expense line item is always the 20259100 General Ledger account, since that is where all Contracted payments are posted. No additional comments.

8. Committee Member Comments

Action: No comments

Adjourned: 1:07PM

Respectfully submitted,

Stephanie Wills, Clerk
First 5 Sacramento Commission

FIRST 5 SACRAMENTO COMMISSION
Financial Planning Committee Staff Report
January 21, 2021

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1. Staffing:

Our staff continue to work from home and only go in to the office on as needed self-initiated basis. This approach has proved so effective and efficient that it is being considered for use post COVID-19.

Katie Cline has returned from planned leave after being off for two months.

The vacant Accounting Technician position will be officially deleted in the upcoming FY 21/22 budget process as planned in the 2021 Implementation Plan.

2. Building Lease Committee:

In July of 2020 First 5 managers reached out to General Services Real Estate Division for assistance in office space lease negotiations. The current First 5 lease is due to expire the end of July 2021. Simple tenant improvements and a reduction in square footage was proposed for the current office. The reduction in square footage was rejected by the building owners.

In October of 2020 a plan was formulated based on the response to COVID-19 and employees working from home. This plan would allow employees to continue to work from home and work from the office periodically at “hotel” workstations that are shared. A building lease committee was established for any of the employees to join and have a say in the future model of how First 5 will operate. The plan would seek a 33 to 50% smaller footprint with corresponding reductions in rent.

Staff have consulted with the Personnel Department to consider any special concerns or restrictions and none were identified that would prohibit this approach. The committee has visited several other office locations that meet the criteria for new office space and selected one site to be visited by Architectural Services to determine if the space will accommodate our needs. The committee is also scheduling visits to County owned facilities that have space available as well.

Non-binding negotiations will proceed for the current office space and one to two other sites simultaneously. When all options are considered Staff will bring a recommendation to the Commission in May 2021.

3. Budget:

The FY 2021/22 Recommended Budget Process kick-off meeting is scheduled for January 15, 2021. First 5 will begin working on the budget late January and February based on the new 2021 Strategic Plan funding levels.

On January 1, 2021, a new state law was to take effect banning the sale of all flavored tobacco products which was expected to have a significant impact on revenues. However, opponents to the law were able to gather enough signatures for a referendum delaying the law until it can be voted on by the people. It is expected to be on the ballot in November of 2022.

4. Proposition 10 Revenue:

We are still waiting for the anticipated results of the First 5 Association sponsored financial review performed by Hinderliter, de Llamas Companies (HdL). The review is a thorough financial analyses of the state Prop 10 revenues including fees charged by the State, backfill formulas, and year to date trends.

Tobacco tax revenues have been up for FY 20/21 when compared year over year, see chart below. Every month through November has been up from three to forty percent. Proposition 56 backfill was up by nearly \$200 thousand.

Prop 10 Revenue

	YoY Change		FY 20/21	FY 19/20
Jul	11.09%	\$	900,657.67	\$ 810,733.80
Aug	2.91%	\$	992,041.08	\$ 964,013.12
Sep	40.40%	\$	991,689.94	\$ 706,319.47
Oct	16.35%	\$	976,338.28	\$ 839,122.80
Nov	20.12%	\$	349,419.72	\$ 290,886.61
Dec				\$ 1,508,564.76
Jan				\$ 846,743.42
Feb				\$ 763,395.41
Mar				\$ 746,803.41
Apr				\$ 739,295.82
May				\$ 874,669.24
Jun				\$ 768,443.88
Total		\$	4,210,146.69	\$ 9,858,991.74
Ave/mo	2.49%	\$	842,029.34	\$ 821,582.64
	Prop 56	\$	3,150,162.41	\$ 2,969,793.11
	Total w/Prop 56	\$	7,360,309.10	\$ 12,828,784.85
	SMIF	\$	-	\$ 44,505.88
	Budget	\$	11,164,000.00	\$ 11,475,402.00
	Variance to Budget	\$	(3,803,690.90)	\$ 1,353,382.85

FIRST 5 SACRAMENTO COMMISSION
Financial Planning Committee
January 21, 2021

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Analysis of Financials for Period July 1, 2020 to December 31, 2020

Report Period: 6 months
% of Fiscal Year Complete: 50%

▶▶▶ Detail review of selected accounts and accounts greater than 55% expended compared to budget:

20202400 Periodical/Subscriptions

Budget: \$50
Expended: \$50 (100%)

These expenses reflect cost associated for our subscription to the online Sacramento Bee. This is a one-time payment, which has been paid and done for the year.

20203500 Ed/Training Svc

Budget: \$18,050
Expended: \$11,100 (61%)
Budget: \$18,050
Expended: \$11,100 (61%)

This general ledger (G/L) account is where much of the First 5 social media advertising is paid and is similar to account 20203600 Ed/Training Supplies. Both accounts are used for similar concepts but one is for supplies and the other for services. It is not always known during the budget process how much will be needed specific to service or supply. When the accounts are combined, the total budget is \$52,903 and total expenditures are \$13,802 for a rate of 26% expended.

20208100 Postal Svcs

Budget: \$100
Expended: \$76 (76%)

This general ledger item is for costs for mailing items through the US Postal Service. Staff had multiple RFP's to get out to reviewers; some had to be mailed to ensure delivery on time during holidays.

20222700 Cell Phones

Budget: \$2,318
Expended: \$1,511 (65%)

This general ledger item is for cost associated with staff cell phones, due to COVID, staff are using cell phones more than before. Monthly charges are slightly more than originally budgeted for.

20250500 Accounting Services

Budget: \$36,874
Expended: \$26,918 (73%)

This general ledger item is for accounting support from Department of Finance. Much of the budget is used for accounting support during the independent audit which occurs largely in the first quarter.

20281202 MS Enterprise Agrmt (EA)

Budget: \$871

Expended: \$566 (65%)

This account is an allocated cost to support charges for software licenses. The costs are estimated by DTECH in the budget process and provided to user departments. Over the course of the year, costs should be more in line with the budgeted amount.

20289800 Other Operating Supplies

Budget: \$0

Expended: \$4,931

This expenditure is offset by a \$5,000 donation arising from Covid-19 and was meant to assist families by procuring and distributing baby formula. This expense was not budgeted, as the donation was received after the budget was established.

20291300 Auditor Services

Budget: \$38,100

Expended: \$27,500 (72%)

This general ledger item is for accounting support from Department of Finance. Much of budget is used for accounting support during the independent audit, which occurs largely in the first and second quarters.

▶▶▶ Revenue Analysis

Revenues are tracking in-line with budgeted amounts. However, actual receipts typically come in after the reporting period and will lag until the fourth quarter when the revenues are accrued. Actual Revenues received through the second quarter are:

- MAA revenue \$220,044;
- CBCAP and CAPIT \$334,470;
- Prop 10 \$3,860,727;
- Earned interest \$6,174;
- CalWORKs \$921,109

SMIF is received once a year at the end of the year.

First 5 Sacramento Commission
Results of Operations
For the Fiscal Year Through December 31, 2020

Account Description	#5 Att #1	Budget	Total Actual	% of Budget
Salaries		\$1,453,235	\$627,982	43%
Benefits		743,961	327,813	44%
Total Salaries & Benefits		\$2,197,196	\$955,795	44%
20202400 Periodical/Suscripts		50	50	100%
20202900 Bus/Conference Exp		8,000	879	11%
20203100 Business Travel		17,716	-	0%
20203500 Ed/Training Svc		18,050	11,100	61%
20203600 Ed/Training Sup		34,853	2,702	8%
20203800 Employee Recogn		800	-	0%
20203900 Emp Transportation		3,000	86	3%
20205200 Ins Premium		40,325	-	0%
20206100 Membership Dues		32,540	-	0%
20207600 Office Supplies		7,000	1,076	15%
20208100 Postal Svc		100	76	76%
20208500 Printing Svc		10,000	1,126	11%
20222700 Cell Phones		2,318	1,511	65%
20226100 DTECH Equipment Maintenance		609	304	50%
20250500 Accounting Svc		36,874	26,918	73%
20250600 Investment Svc		42,000	13,203	31%
20253100 Legal Svc		13,000	-	0%
20259100 Other Prof Svc		21,222,115	5,561,126	26%
20259105 Media Svc		90,000	6,863	8%
20271100 DTECH Desktop Support		21,780	2,844	13%
20281200 Data Processing Sup		13,000	-	0%
20281202 MS Enterprise Agrmt (EA)		871	566	65%
20283200 Interpreter Svcs		400	-	0%
20289800 Other Oper. Sup		-	4,931	
20289900 Other Oper. Svc		700	318	45%
20291000 Countywide IT Services - ACP		11,731	5,863	50%
20291100 DTECH Labor - ACP		5,824	2,914	50%
20291200 DTECH Fee - ACP		12,149	6,406	53%
20291300 Auditor Svcs		38,100	27,500	72%
20291301 Finance General Accounting - ACP		1,407	704	50%
20291302 Finance Payroll Services - ACP		593	297	50%
20291303 Finance Payment Services - ACP		2,754	1,377	50%
20291305 Finance Internal Audits - ACP		489	244	50%
20291306 Finance System Control & Recon - ACP		874	437	50%
20291400 Co Exec Cab Svc		8,226	4,113	50%
20291600 Wan Allocation		21,524	10,766	50%
20291700 Alarm Svcs		3,090	1,545	50%
20292100 GS PRINTING SVC		11,100	591	5%
20292200 GS MAIL/POSTAGE		800	177	22%
20292300 Messenger Services - ACP		3,559	1,779	50%
20292500 Purchasing Services - ACP		1,853	927	50%
20294200 Facility Use - ACP		657	329	50%
20294300 Lease Property - ACP		152,120	74,705	49%
20295102 Benefit Admin Svcs - ACP		1,959	980	50%
20295103 Employment Services - ACP		4,482	2,241	50%
20295104 Training Svcs - ACP		961	481	50%
20295105 DPS Dept Svcs Teams - ACP		6,513	3,257	50%
20295106 401A Plan Admin Svcs - ACP		196	98	50%
20295107 Labor Relations - ACP		1,738	869	50%
20295400 Safety Program - ACP		135	67	50%
20296200 GS PARKING CHGS		2,000	18	1%
20298300 Surplus Property - ACP		411	206	50%
20298703 Telecommunication - ACP		19,854	8,944	45%
30348000 CW Cost Plan - ACP		9,414	4,710	50%
Total Services & Supplies		21,940,614	5,798,219	26%
Total Expenditures		\$24,137,810	\$6,754,014	28%
94941000 Interest		\$348,974	6,174	2%
95953000 CalWORKs		\$4,688,418	921,109	20%
95955500 Medi-Cal State Aid		700,000	220,044	31%
95956900 State - Prop 10		11,164,000	3,860,727	35%
95956900 State - CAPIT		444,000	316,718	71%
95956900 State - SMIF		20,000	-	0%
95959900 Federal Aid - CBCAP		51,000	17,752	35%
Total Revenue		\$17,416,392	5,342,524	31%

**First 5 Commission Sacramento
Results of Operations
For the Period Ending December 31, 2020**

Descriptions	Budget	Actual	(Over) Under Budget	#5 Att #2 % Remaining Budget
A. REVENUE				
Tobacco Tax Allocation	11,184,000	3,860,727	7,323,273	
MAA - Federal Funding	700,000	220,044	479,956	
CBCAP/CAPIT	495,000	334,470	160,530	
Interest Earnings	348,974	6,174	342,800	
CalWORKs HVP	4,688,418	921,109	3,767,309	
Other Income and Adjustments		-	-	
TOTAL SOURCES OF FUNDS	17,416,392	5,342,524	12,073,868	69%
B. FUNDED PROGRAMS				
Health	1,390,934	242,748	1,148,186	83%
Personnel	132,285	53,042	79,243	
Professional Svcs	1,235,601	180,374	1,055,228	
Media & Program Support	23,048	9,332	13,716	
Dental	282,044	63,460	218,584	78%
Personnel	45,928	21,254	24,674	
Professional Svcs	200,000	38,038	161,962	
Media & Program Support	36,116	4,168	31,948	
Nutrition	804,424	276,264	528,160	66%
Personnel	44,095	17,681	26,414	
Professional Svcs	749,313	254,416	494,897	
Media & Program Support	11,016	4,168	6,848	
Early Care	1,123,818	196,813	927,005	82%
Personnel	18,583	9,004	9,579	
Professional Svcs	1,097,829	185,152	912,677	
Media & Program Support	7,406	2,658	4,748	
School Readiness	4,793,175	824,115	3,969,060	83%
Personnel	184,882	89,287	95,595	
Professional Svcs	4,551,968	721,379	3,830,589	
Media & Program Support	56,325	13,449	42,876	
Effective Parenting	8,472,608	2,828,565	5,644,043	67%
Personnel	105,616	49,826	55,790	
Professional Svcs	8,275,654	2,752,678	5,522,976	
MAA Pymt Fees	42,000	13,203	28,797	
Media & Program Support	49,338	12,859	36,479	
CalWORKs HVI	4,681,010	1,408,052	3,272,958	70%
Personnel	193,521	88,209	105,312	
Professional Svcs	4,448,418	1,308,482	3,139,936	
Media & Program Support	39,071	11,362	27,709	
Community Connections	416,474	160,674	255,800	61%
Personnel	175,288	83,351	91,937	
Professional Svcs	207,222	62,083	145,139	
Media & Program Support	33,964	15,241	18,723	
Policy, Advocacy, and Sustainability	216,813	77,586	139,227	64%
Program Management	333,470	142,315	191,155	57%
Total Funded Programs	22,514,770	6,220,593	16,294,177	72%
C. OPERATING EXPENSES	1,111,755	405,382	706,373	64%
Personnel	743,762	284,486	459,276	62%
Direct Operating Expenses	245,264	68,220	177,044	72%
Allocated Operating Expenses	122,729	52,676	70,053	57%
D. PROGRAM EVALUATION	511,285	128,040	383,245	75%
TOTAL EXPENDITURES	24,137,811	6,754,014	17,383,796	72%