



It's All About The Kids

Stanislaus County Children and Families Commission

ACTION AGENDA SUMMARY

<u>COMMITTEE ROUTING</u>	
Administrative/Finance	<input checked="" type="checkbox"/>
Operations	<input checked="" type="checkbox"/>
Executive	<input checked="" type="checkbox"/>

AGENDA DATE: May 22, 2018

COMMISSION AGENDA #: VII-B-1 (PUBLIC HEARING)

SUBJECT:

Public Hearing to Consider the Adoption of the Fiscal Year 2018-2019 Budget, Long Range Financial Plan and Related Actions

BACKGROUND:

Background:

State law requires the Commission to annually hold a public hearing before adopting a budget for fiscal year operations (July 1 to June 30) and before adopting a long-range financial plan. The budget is an estimated spending plan for the funds received by the Stanislaus County Children and Families Commission.

Fiscal Year 2018-2019 Budget

By law, the Stanislaus County Board of Supervisors does not have statutory authority to alter, amend, or approve the Commission's budget. The Commission's budget appears in the Stanislaus County budget as an informational item so the Auditor has a legal basis to make Commission expenditures. The filing date for submitting proposed budgets to the County was March 26, 2018. An expense budget totaling \$6,338,193 for Fiscal Year 2018-2019 was submitted to the Chief Executive Office to act as a placeholder until the Commission adopts its budget. Any budget approved by the Commission at this meeting or at subsequent meetings will be incorporated into the County's 2018-2019 budget. The County implemented a change this year, requesting two-year budgets be submitted for their budget book. The Commission submitted a budget for both Fiscal Years 2018-2019 and 2019-2020. The 2019-2020 budget is considered a status quo/placeholder budget. It is understood the 2019-2020 budget could be modified, potentially significantly, based on the outcomes of the Commission's strategic direction/planning process taking place over the next seven (7) months.

The budget the Commission is acting on as part of this agenda item is only the Fiscal Year 2018-2019 budget, and not any other budget year. This is consistent with the Commission's past practices. It is expected the Fiscal Year 2019-2020 budget will be developed as priorities and strategies of the Commission are finalized through the Strategic Direction/Planning process.

Highlights:

Some important elements and assumptions of the budget and long range financial plan include:

- Total budgeted revenues are projected at \$4,889,108, which is an estimated increase of 13.6% (\$586,239) from the 2017-2018 budget. The projected increase is due to:
 - The planned backfill by the State for revenue lost through implementation of Proposition 56. While Proposition 56 created an additional \$2 tax on a pack of cigarettes, it was projected to decrease overall tobacco consumption, thus decreasing revenue to First 5 organizations. Also, the new \$2 tax was specifically designated for services and programs apart from First 5.
- Total budgeted expenses are projected at \$6,388,193, which is an estimated decrease of 11.4% (\$818,914) from the 2017-2018 budget. For the 2018-2019 budget, a \$500,000 contingency has been

established. No funds will be spent from Contingency without the approval of the Commission. Total administrative costs are projected at approximately 5% of total costs.

- Staffing levels are projected to remain the same in the 2018-2019 budget at 5 positions (four full-time and one part-time).
- Total 2018-2019 service provider contracts are budgeted at \$5,077,914, which is a decrease of 15.6% (\$935,010) from the 2016-2017 budget. These contracts for 2018-2019 were voted on and approved by the Commission at their February 27, 2018, meeting and do not need further action.
- The Commission will have 19 contracts with service providers associated with programs for 2018-2019.
- Funding of \$12,000 is included for a contract with Brown Armstrong for audit services and \$7,000 with Matrix Outcomes Model for Family Development Matrix services and training.
- There is a projected use of approximately \$1.5 million in fund balance to balance the 2018-2019 budget. Ending fund balance for 2018-2019 is projected to be approximately \$4.6 million
- Additional assumptions for the 2018-2019 budget are included in the attached Budget Assumption worksheet.

Long Range Financial Plan

The Long Range Financial Plan is submitted annually to the State. It is a very important planning document and fiscal tool for the Commission. Similar to the Fiscal Year 2019-2020 Budget, the Long Range Financial Model could be subject to change in the future as a result of priorities and strategies resulting from the Strategic Direction/Planning process.

Some important elements and assumptions of the Long Range Financial Plan for consideration include:

- The Plan is a working document and is to guide long-range planning. The Plan is subject to change upon approval of the Commission using updated projections.
- The State Department of Finance/First 5 California revenue projections for Stanislaus County have been used in the Long Range Financial Plan for the years they were available (2018-2019 through 2021-2022). Stanislaus County Children and Families Commission assumptions were used for 2022-2023.
- The Plan continues to highlight long-term projected revenue declines.
- The Plan assumes contractors will spend 97% of contract allocations in 2018-2019 through 2022-2023.
- The Plan assumes a minimum reserve of at least six months of budgeted revenue per Commission policy.
- The Plan projects that fund balance policy will be impacting the spending strategy of the Commission starting in Fiscal Year 2021-2022.

The Administrative and Finance Committee, the Operations Committee and Executive Committee met on May 7 and May 10, and May 16 respectively, to review and discuss this item.

STAFF RECOMMENDATIONS:

1. Accept the Fiscal Year 2018-2019 Budget from the Executive Director.
2. Conduct a Public Hearing to receive public comment and input on the Fiscal Year 2018-2019 Budget and Long Range Financial Plan.
3. Adopt the Fiscal Year 2018-2019 budget.
4. Authorize the Executive Director to make necessary technical adjustments to implement the approved Fiscal Year 2018-2019 Budget.
5. Authorize staff to submit the proposed budget for inclusion in the County budget.
6. Authorize the Executive Director to negotiate and sign an agreement not to exceed \$12,000 with Brown and Armstrong for 2018-2019 services.

7. Authorize the Executive Director to negotiate and sign an agreement not to exceed \$7,000 with Matrix Outcomes Model for 2018-2019 services.
 8. Adopt the financial projections for fiscal years 2018-2019 through 2022-2023 as the Commission's Long Range Financial Plan.
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FISCAL IMPACT:

The 2018-2019 budget contains projected expenses of \$6,388,193 with projected revenues of \$4,889,108 and a \$1.5 million projected use of fund balance. The projected 2018-2019 year-end fund balance is \$4,567,212. Agreements and/or addendums between the Commission and program operators will be executed before funds are disbursed to program operators.

COMMISSION ACTION:

On motion of Commissioner _____; Seconded by Commissioner _____
and approved by the following vote:

Ayes: Commissioner(s): _____

Noes: Commissioner(s): _____

Excused or Absent Commissioner(s): _____

Abstaining: Commissioner(s): _____

1) _____ Approved as recommended.

2) _____ Denied.

3) _____ Approved as amended.

Motion: _____

Attest: _____

Denae Davis – Confidential Assistant

STANISLAUS COUNTY CHILDREN & FAMILIES COMMISSION
LONG RANGE FINANCIAL PLAN - FY 2018/2019 through FY 2022/2023

	FY 17/18 Budget	FY 17/18 Projection	2 Year Budget		FY 18/19 Projection	FY 19/20 Projection	FY 20/21 Projection	FY 21/22 Projection	FY 22/23 Projection
			FY 18/19 Budget	FY 19/20 Spending Plan					
Beginning Fund Balance	\$ 8,680,640	\$ 8,371,068	\$ 6,066,297	\$ 4,567,212	\$ 6,066,297	\$ 5,169,910	\$ 4,246,136	\$ 3,187,946	\$ 2,596,392
REVENUE									
Interest	\$ 98,151	\$ 98,048	\$ 75,000	\$ 43,750	\$ 75,000	\$ 43,750	\$ 37,000	\$ 28,500	\$ 25,000
Tobacco Tax (Prop 10)	\$ 4,204,821	\$ 4,204,821	\$ 4,814,108	\$ 4,847,124	\$ 4,814,108	\$ 4,847,124	\$ 4,751,931	\$ 4,520,242	\$ 4,386,443
Misc. Revenue	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 4,302,972	\$ 4,377,869	\$ 4,889,108	\$ 4,890,874	\$ 4,889,108	\$ 4,890,874	\$ 4,788,931	\$ 4,548,742	\$ 4,411,443
EXPENDITURES									
Program									
Contracts/Programs	\$ 6,026,454	\$ 6,021,227	\$ 5,089,914	\$ 5,089,914	\$ 4,937,217	\$ 4,937,217	\$ 4,937,217	\$ 4,196,634	\$ 3,567,139
Contract Adjustments (TBD)	\$ 508,470	\$ 75,000	\$ 500,000	\$ 500,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Salaries & Benefits	\$ 199,366	\$ 135,664	\$ 311,678	\$ 323,044	\$ 311,678	\$ 323,044	\$ 335,966	\$ 349,404	\$ 363,380
Services & Supplies	\$ 29,636	\$ 44,495	\$ 85,172	\$ 94,864	\$ 85,172	\$ 94,864	\$ 98,185	\$ 101,621	\$ 105,178
County Cap Charges	\$ 6,332	\$ 12,554	\$ 14,668	\$ 15,183	\$ 14,668	\$ 15,183	\$ 15,942	\$ 16,739	\$ 17,576
Total Expenditures - Program	\$ 6,770,257	\$ 6,288,940	\$ 6,001,432	\$ 6,023,005	\$ 5,398,735	\$ 5,420,308	\$ 5,437,309	\$ 4,714,399	\$ 4,103,274
Evaluation									
Salaries & Benefits	\$ 58,474	\$ 16,958	\$ 19,390	\$ 20,096	\$ 19,390	\$ 20,096	\$ 20,900	\$ 21,736	\$ 22,606
Services & Supplies	\$ 12,887	\$ 10,645	\$ 11,750	\$ 5,508	\$ 11,750	\$ 5,508	\$ 5,700	\$ 5,900	\$ 6,106
County Cap Charges	\$ 1,266	\$ 1,116	\$ 1,376	\$ 1,424	\$ 1,376	\$ 1,424	\$ 1,495	\$ 1,570	\$ 1,648
Total Expenditures - Evaluation	\$ 72,628	\$ 28,719	\$ 32,516	\$ 27,028	\$ 32,516	\$ 27,028	\$ 28,096	\$ 29,206	\$ 30,360
Administration									
Salaries & Benefits	\$ 260,272	\$ 278,586	\$ 209,520	\$ 217,160	\$ 209,520	\$ 217,160	\$ 225,846	\$ 234,880	\$ 244,275
Services & Supplies	\$ 86,221	\$ 72,167	\$ 114,926	\$ 119,311	\$ 114,926	\$ 119,311	\$ 123,487	\$ 127,809	\$ 132,282
County Cap Charges	\$ 17,730	\$ 14,228	\$ 29,799	\$ 30,841	\$ 29,799	\$ 30,841	\$ 32,383	\$ 34,002	\$ 35,702
Total Expenditures - Administration	\$ 364,222	\$ 364,982	\$ 354,245	\$ 367,312	\$ 354,245	\$ 367,312	\$ 381,716	\$ 396,691	\$ 412,260
Total Expenditures	\$ 7,207,107	\$ 6,682,640	\$ 6,388,193	\$ 6,417,345	\$ 5,785,495	\$ 5,814,648	\$ 5,847,121	\$ 5,140,296	\$ 4,545,894
NET INCREASE (DECREASE) TO FUND BALANCE	\$ (2,904,135)	\$ (2,304,771)	\$ (1,499,085)	\$ (1,526,471)	\$ (896,387)	\$ (923,774)	\$ (1,058,190)	\$ (591,554)	\$ (134,451)
ENDING FUND BALANCE	\$ 5,776,506	\$ 6,066,297	\$ 4,567,212	\$ 3,040,741	\$ 5,169,910	\$ 4,246,136	\$ 3,187,946	\$ 2,596,392	\$ 2,461,941

Stanislaus Children and Families Commission

Budget Assumptions May 22, 2018

Fiscal Year 2017-2018 Year End Projections

- Revenue:
 - Revenue source: Department of Finance & First 5 California Projections of Tobacco Tax projections
 - Interest trending similar to prior year (1% of average annual fund balance)
- Contracts – Estimating 97% of funds will be expended.
- Estimated actual expenses are expected to finish close to budget.

Budget Estimates & Projection for Fiscal Year 2018-2019

- Revenue
 - Revenue projections are the most current as of January 2018, provided by Department of Finance & First 5 California for FY 18/19.
 - Total revenue is projected to increase by approximately \$586,239 largely due to the anticipated backfill by the State to compensate for the decrease in revenue in 17/18 as a result of the implementation of Proposition 56. However, the backfill is projected to come in lower than originally anticipated due to less Other Tobacco Product (OTP) collected than anticipated.
- Interest Income
 - Assumed 1.5% return on interest in the annual fund balance (County Treasury projected 2%)
- Salaries and Benefits
 - Staffing budgeted at 4.5 positions
 - i. 1 Executive Director
 - ii. 1 Confidential Assistant
 - iii. 1 Staff Services Coordinator
 - iv. 1 Accountant III
 - v. 0.5 Account Clerk III
- Shared costs are budgeted and spread accordingly in the following cost categories:
 - Administration 65%
 - Evaluation 3%
 - Program 32%

The Administrative allocation was budgeted at 70% in FY 17-18. The 65% number for 18/19 should also reflect better capture of actual hours spent by category.
- The budget includes a \$12,000 estimated budget for contract services with Brown & Armstrong for Audit fees in Administration and a \$7,000

- estimated budget in Evaluation for the contract with Matrix Outcomes Models for annual licensing and a special training for Family Resource Center staff on the Family Development Matrix.
- Budget also includes approximately \$50,000 for work that might be needed as a result of strategic planning, systems change, re-branding, etc.
 - Program Cost category for State reporting
 - Contracts and the ECE Conferences are budgeted in total at \$5,089,914. The ECE Conferences are projected to be \$12,000 in 2018-2019. (*Due to State Reporting Requirements, historically the ECE conference is budgeted with contracts, although there is no contract.*)
 - Contracts expenditures estimated at a 97% expenditure rate
 - There is a projected use of approximately \$1.5 million in fund balance to balance the 2018-2019 budget. Ending fund balance for 2018-2019 is projected to be approximately \$4.6 million