Children & Families
Commission of Orange County

Executive Officers Report
January 2, 2008 Meeting

DATE: December 18, 2007

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

SUBJECT: Executive Officer Report

The Executive Officers Report for January 2, 2008 will include the following items.

A. Informational Items *(Report)*

1. Financial Highlights (Attachment 1)
2. State Association and State Commission Meetings

B. 2008 Community Awards Program – April 8, 2008 *(Information and Action)*

The Commission's 2008 Community Awards Program is scheduled for April 8, 2008 at the Discovery Science Center in Santa Ana. As in past years, the Commission will pay for the facility and event cost, while the cash awards and entertainment costs will be funded by event sponsors and attendees. The fund established at the Orange County Community Foundation for this event will also be used to offset the costs of the event. Commission approval is requested to pay for expenses required to conduct the 2008 Community Awards Program, consistent with last year's budget and subject to approval by the Executive Director.

C. Proposed Early Literacy Fund *(Information)*

Work continues on the development and establishment of an Early Literacy Fund for Orange County to support and expand proven programs. Currently, there is considerable business and community leader interest in literacy, but there is no vehicle for community investment focused on early literacy programs in Orange County. One promising opportunity has been proposed which would be to develop an Early Literacy Fund modeled after the OC Register's *Annual Season of Caring* campaign. The Season of Caring showcases Orange County organizations and programs serving poor and at-risk families; and the OC Register matches community contributions to a fund established at the Orange County Community Foundation and funds all administrative costs. The Orange County Community Foundation and community leaders are interested in a similar model for the Early Literacy Fund, and we are continuing to develop a comprehensive plan for consideration at an upcoming Commission meeting. Initial response to the proposal has been positive, and it would also allow for additional opportunities to increase corporate and individual volunteer participation in early literacy programs, such as Reach Out and Read and community literacy programs.

17320 Redhill Avenue, Suite 200 · Irvine, California · 92614
714-834-5310 · FAX 949-474-2243

D. Federal and State Legislative Update *(Information and Action)*
An update on recent and pending federal and state legislative actions of interest to the Commission will be presented at the January 2nd Commission Meeting. The report will include:

- Federal funding status for the National Children's Study
- The planned Declaration for a Fiscal Emergency of California planned mid-year State Budget cuts, and the proposed 2008 State Budget.
- State Legislative proposals impacting Proposition 10, including SBX1-5 (Cox) which proposes a ballot amendment to reallocate Proposition 10 tax revenues to health coverage
- Senate Joint Resolution (SJR) 11 – (Correa) – Endorsing the National Children's Study which is sponsored by the Commission

There will be a supplemental report along with recommendations if there are any new legislative developments which require formal action by the Commission.

Attachments:

1. Financial Highlights

FINANCIAL HIGHLIGHTS
November 30, 2007

Investment Update

The Children and Families Commission of Orange County investment portfolio consisting of U.S. Treasury bills is **$40,153,910** with laddered maturities extending through October 2009. The Commission's investment portfolio report is included in Attachment 1C. Unrealized gains and losses that are noted have not become actual. They become realized gains and losses when the security in which there is a gain or loss is actually sold. The U.S. Treasuries in the Commission's investment portfolio are held until maturity.

Revenue Update

The Children and Families Commission of Orange County received and recorded **$13,815,555** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- $12,072,288 – Tobacco Tax Revenues for July 2007 through October 2007. As reported by the state, Prop 10 revenues for July 2007 through October 2007 were approximately $72,000 or .6% higher than the year to date estimated budget plan of $12,000,000. Commission cash receipts for tobacco tax revenue include payments through September totaling $10,374,338 as included in Attachment 1B.

- $3,439,185 – Interest Revenues received for July 2007 through November 2007 are approximately $522,518 or 17.9% higher than the year to date estimated budget plan of $2,916,667. The increase in rate of return earned by the Commission's funds on deposit at the County Treasurer has contributed to the higher than expected interest earnings.

Expenditure Update

The total actual operating expenditures and encumbrances year to date are **$51,871,824**. Overall budgeted expenditures and encumbrances were approximately $21,421,411 or 70% higher than the year to date current operating budget plan of $30,450,413. This variance is due to timely contract executions resulting in encumbrance reservations against the fiscal year 2007-2008 budget.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended November 30, 2007:

- $51,871,824 – Total Year To Date Actual Operating Expenditures and Encumbrances
  - $48,527,997 for Children's Programs
    - $28,611,119 – Healthy Children Programs
    - $4,326,684 – Strong Families Programs
    - $11,590,666 – Ready to Learn (School Readiness) Programs
    - $3,999,528 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of $1,800,987)
  - $3,343,827 for Administrative Functions

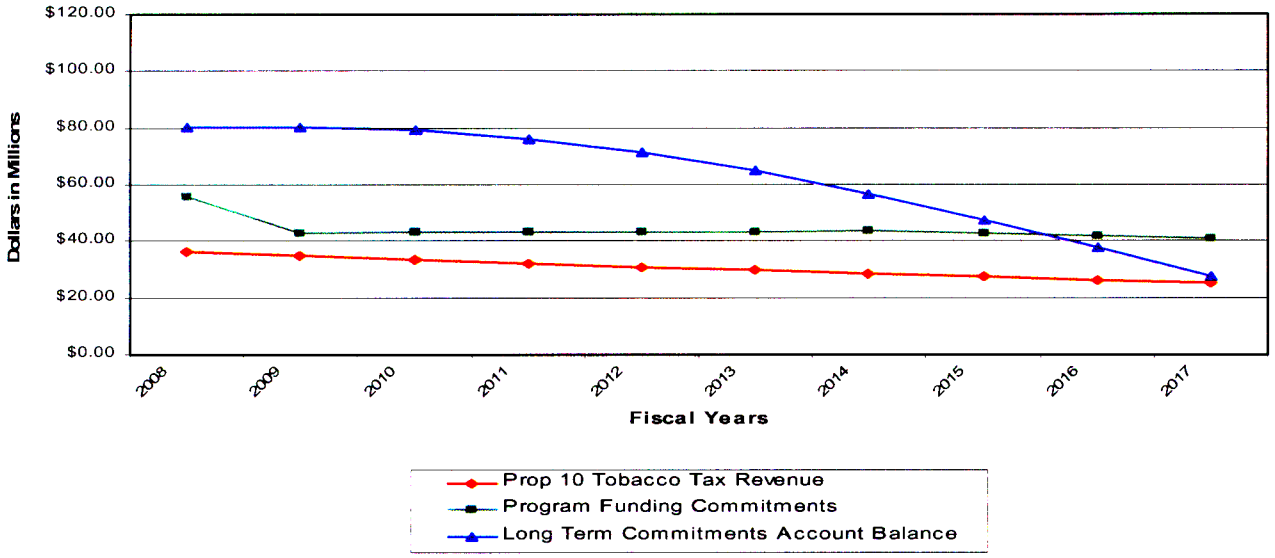
Administrative costs and functions are defined by State Commission guidelines (Fiscal Memorandum No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenditures and encumbrances of $3,343,827 were 3.1% of the year to date ended November 30, 2007 Operating Budget of $107,708,288.

Consistent with 10-Year Financial Plan

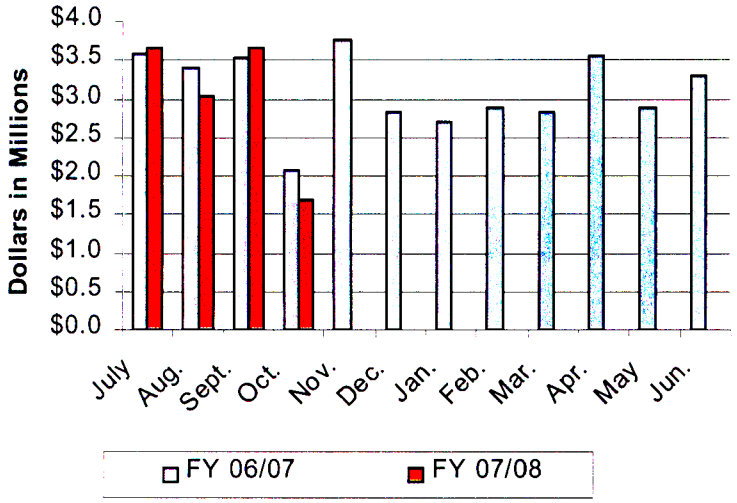
The Commission has dedicated funding for long-term support of programs consistent with the current Ten-Year Financial Plan.

Children and Families Commission of Orange County
Snapshot Period Ended November 30, 2007

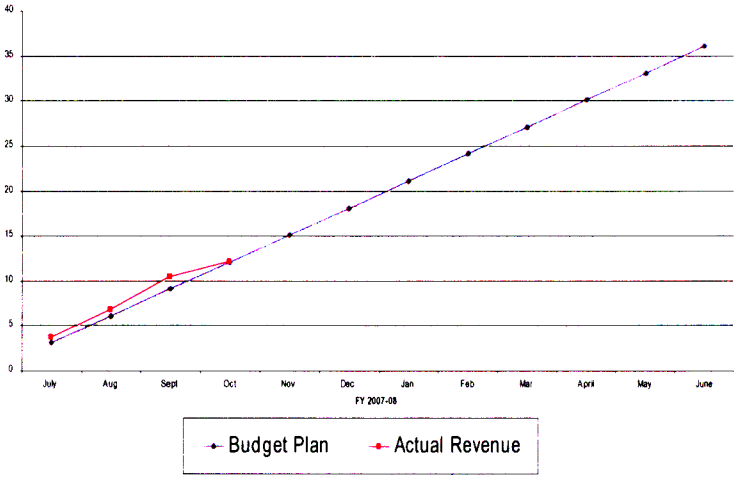
1) Ten-Year Financial Plan Projections



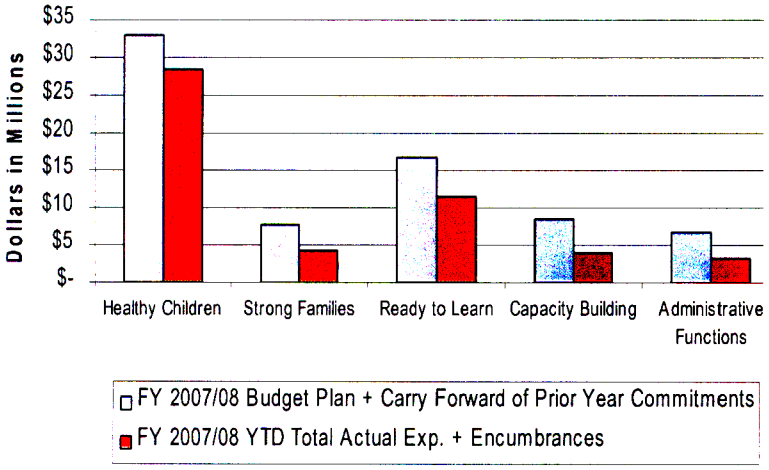
2) FYS 06/07 & 07/08 Tobacco Monthly Revenues *



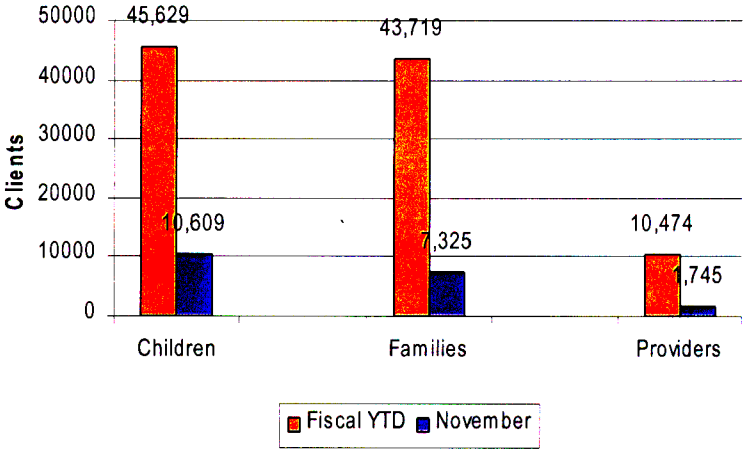
3) FY 2007-08 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



4) FY 2007-08 Budget Plan Vs. YTD Total Actuals



5) Clients served in November and Fiscal YTD



* SOURCE: County Funds Distribution Report (July 07 – October 07) First 5 California

Attachment 1B

Children and Families Commission of Orange County
Comparison of FY 2007-08 Budget vs. Actuals - Unaudited
Period Ended 11/30/07

High Level Summary

	FY 2007-08 (budget + carry forward for prior year commitments)	FY 2007-08 YTD Total Actual Expend. & Encumb. Thru 11/30/07	Budget vs. Actuals	Actuals % of Final Budget Amount
FINANCING				
General Purpose Revenues				
Tobacco Tax Revenue	36,000,000	10,374,338	-25,625,662	29%
All Other General Purpose Revenues	8,070,000	3,503,122	-4,566,878	43%
General Purpose Revenues Subtotal	44,070,000	13,877,460	-30,192,540	31%
Special Purpose Revenues	5,649,564	-61,905	-5,711,469	-1%
TOTAL REVENUES	49,719,564	13,815,555	-35,904,009	28%
Multi-Year Commitments - Operating Budget	0	0		
Fund Balance Available	46,500,000	43,587,439		
PY Carry forward Encumbrances	11,488,724	14,087,217		
TOTAL FINANCING	107,708,288	71,490,211	-35,904,009	66%
REQUIREMENTS				
PROGRAM SERVICES				
Healthy Children	33,059,512	28,611,119	-4,448,394	87%
Strong Families	7,632,423	4,326,684	-3,305,740	57%
Ready to Learn	16,643,485	11,590,666	-5,052,818	70%
Capacity Building	8,395,398	3,999,528	-4,395,870	48%
TOTAL PROGRAM SERVICES	65,730,819	48,527,997	-17,202,822	74%
Administrative Functions	6,850,172	3,343,827	-3,506,344	49%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	73,080,990	51,871,824	-21,209,166	71%
Transfer to Long Term Commitments Account	10,000,000	0	-10,000,000	0%
Undesignated/Unreserved	24,627,298			
TOTAL REQUIREMENTS	107,708,288	51,871,824	-31,209,166	48%
FINANCES LESS EXPENSES	0	19,618,387	19,618,387	

Attachment 1C

Children and Families Commission of Orange County
Investment Portfolio Report
As of 11/30/07

Issuer	Purchase Date	Maturity Date	Days to Maturity	Yield (%)	CUSIP	Cost	Market Value	Unrealized Gain (Loss)	Accrued Earnings For Month	Accrued Earnings To Date
Treasury Bond (semi-annual coupons)										
U.S. Treasury Security	8/17/2006	1/31/2008	532	4.9822	912828EU0	4,957,812.50	5,009,375.00	14,212.29	20,211.87	$ 110,465.02
U.S. Treasury Security	9/6/2006	4/30/2008	602	4.8511	912828FC9	5,001,562.50	5,032,030.00	31,638.08	19,901.64	19,474.91
U.S. Treasury Security	8/25/2006	4/30/2008	614	4.9197	912828FC9	4,996,093.75	5,032,030.00	32,990.66	20,170.37	23,591.08
U.S. Treasury Security	9/15/2006	10/15/2008	761	4.7986	912828BM1	4,835,937.50	4,994,530.00	63,302.59	19,275.02	115,354.80
U.S. Treasury Security	9/26/2006	1/15/2009	842	4.5856	912828BV1	4,855,468.75	5,009,375.00	79,924.10	18,396.86	135,361.23
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	5,004,690.00	101,273.49	18,590.83	101,997.00
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	5,042,190.00	126,499.90	19,048.28	127,706.08
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	5,029,690.00	152,669.45	19,225.81	95,565.63
Subtotal for: Treasury Bond						39,127,929.70	40,153,910.00	602,510.56	154,820.68	729,515.75
Grand Total						$ 39,127,929.70	$ 40,153,910.00	$ 602,510.56	$ 154,820.68	$ 729,515.75

All of the above investments and any investment decisions made for the month November 30, 2007 were in full compliance with the Commission's investment policy as adopted on May 2, 2007.

The Commission had adequate cash flows for six months of operations.

Signed by:_____

Director of Finance