



**Executive Officer's Report
January 4, 2012 Meeting**

DATE: December 20, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

A handwritten signature in black ink, appearing to read "Michael M. Ruane".

SUBJECT: Executive Officer's Report

The Executive Officer's Report for January 4, 2012, includes the following items.

A. Informational Items (*Report*)

1. Financial Highlights (included in Attachment 1)

B. State Budget and Legislative Update (*Report and Action*)

There are no specific legislative or budget proposals impacting county commissions that require a response at this time. Staff will provide a report and recommendations on any new proposals that emerge prior to the Commission meeting.

At the time of this report, the Governor's state budget proposal was not released. Any potential impacts on Proposition 10 revenues or county commission operations will also be addressed in the follow-up report.

C. Impact of Proposition 10 Legal Decision on Commission Financial Planning Process
(*Report and Action*)

The Fresno Superior Court recently ruled in favor of county commissions in their challenge of AB 99 which diverts Proposition 10 funding to the State. This item is intended to serve as a placeholder to present an update and recommended actions related to the impact of the ruling on the Commission's financial planning process.

ATTACHMENT:

1. Financial Highlights



Financial Highlights

As of November 30, 2011

Comparison of Budget vs. Actual Fiscal Year 2011-12 Unaudited Period Ending 11/30/11

	FY 2011-12 Amended Budget	FY 2011-12 Actual	
<u>Financing Sources</u>			
Tobacco Tax Revenue	\$27,369,400	\$8,352,836	30.5%
Interest Earnings	500,000	197,088	39.4%
Other Revenue	<u>1,304,238</u>	<u>262,298</u>	20.1%
Revenue Total	\$29,173,638	\$8,812,222	
<u>Expenses</u>			
Healthy Children	\$19,445,347	-\$248,879*	-1.3%
Strong Families	4,550,703	150,993*	3.3%
Early Learning	7,098,662	-1,142,545*	-16.1%
Capacity Building**	<u>2,846,290</u>	<u>456,739</u>	16%
Program Services	\$33,941,002	-\$783,692	
Admin. Functions***	<u>3,629,618</u>	<u>1,358,456</u>	
Total Operating Exp.	\$37,570,620	\$574,764	

*Negative amounts are a result of the reversal of year-end contract accruals for which we have not yet received actual invoices for payment

**Includes Evaluation costs of \$236,574

***Administrative costs and functions are defined by State Commission guidelines (Fiscal Memo No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenses of \$1,358,456 and encumbrances of \$751,838 were 5.62% of the Fiscal Year 2011-12 Amended Budget of \$37,570,620.

Total Encumbrances as of November 30, 2011

Healthy Children	\$18,443,691
Strong Families	\$2,230,387
Early Learning	\$5,617,360
Capacity Building	\$2,917,513
Admin. Functions	\$751,838

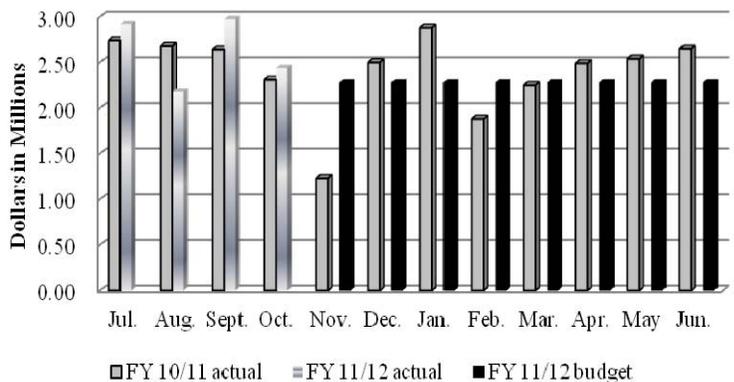
Revenue and Cash Balance Update

The Commission's total Tobacco Tax Revenue through October 2011 as reported by First 5 California is \$10,512,820. Prop 10 revenues for July - October are approximately 15% higher than the estimated budget plan of \$9.12 million. As of October 31, tobacco revenue has been received through September 2011.

Interest earnings for July 2011 through November 2011 are \$197,088. Other revenue of \$262,298 includes grant revenues for the VISTA program, MAA, ARRA Health Research reimbursements, and other miscellaneous revenue items.

As of November 30, 2011, the Commission's cash balance is \$88.8 million. \$51.4 million is included in the total cash balance as required by AB99.

Fiscal Year 2010-11 & 2011-12 Tobacco Monthly Revenues



Forecasted Fiscal Year 2011-12 Ending Fund Balance

From Commission Long Term Financial Plan

Beginning Fund Balance, July 1, 2011	\$29,975,476
Forecasted Revenue	29,923,700
Budgeted Program Expenses	(33,941,002)
Budgeted Administrative Expenses	(3,629,618)
Catalytic Projects	<u>(4,500,000)</u>
Projected June 30, 2012 Fund Balance	\$17,828,556*

*based on Commission action through October 2011