



Children & Families
Commission of Orange County

**Executive Officers Report
May 2, 2007 Meeting**

DATE: April 21, 2007
TO: Children and Families Commission of Orange County
FROM: Michael M. Ruane, Executive Director 
SUBJECT: Executive Officer Report

07 MAY 2007 4:55 PM
COMMUNITY SERVICES

The Executive Officers Report for your May 2, 2007 meeting will include the following items.

A. Informational Items

1. Monthly Financial Report and Snapshot (*Enclosed*)
2. State Commission and Association meetings
3. State Budget and Legislative Update

B. Upcoming Meetings (*Information*)

1. First 5 State Association Conferences in Orange County May 30, 31 and June 1, 2007.
2. Annual Planning meeting - June 6th at the Beckman Center, UC Irvine
3. July meeting has been rescheduled to June 27th (due to July 4th Holiday)

C. Master Agreement for School District Contracts- (*Information and Action*)

Commission Counsel and staff have previously updated all master agreements for grantees except for school districts and have now completed the Master Agreement for school districts. A summary of the revisions are enclosed as Attachment 2 to the report. The major revision is to the standard 10% limit on the Indirect Rate for our funding agreements. School district indirect rates are set independently by a state agency and, in the past have not been charged by some school districts as part of their contribution to the program. This in-kind contribution is no longer feasible or desirable in most cases so it is important to establish a 10% annually reviewable indirect rate limit for all future contracts with school districts. Approval is requested for the updated Standard Form Agreement for School Districts.

D. Strategic Planning for Early Childhood Mental Health (*Information and Action*)

Over the next two years, the First 5 Association will convene a group to explore systemic barriers to the delivery and funding of mental health services for children aged 0-5 and their families. The project will (1) identify ways to maximize leveraging of federal and state funds for early childhood mental health services; (2) develop policy proposals and identify practices to reduce barriers to prevention and early identification services for high-risk population; and (3) plan outreach strategies to promote social and emotional well-being for young children.

The California Endowment has committed funding to facilitate the process and ensure statewide representation on this project. Southern California counties confirmed to participate include Orange County, Riverside, Santa Barbara and Ventura. Recommended representation for Orange County's Leadership Team, identified based on project participation criteria, include:

- American Academy of Pediatrics, Chapter IV
- Children and Families Commission of Orange County
- County of Orange, Behavioral Health, Children and Youth Services
- Orange County Department of Education / Special Education Services
- Regional Center of Orange County
- School Readiness Nurse Program

In order to ensure full representation through the two-year planning process, the following are proposed to serve as alternates if any of the above stated six-member Leadership Team alternates cannot attend a scheduled meeting.

- Family Support Network
- Neurodevelopmental Programs
- LEAPS Team

The Leadership Team members will be expected to attend all group meetings and must actively participate in at least one workgroup. Authorization is requested to approve payment of the six-member Leadership Team expenses related to attending scheduled project meetings, as required through the Strategic Planning for Early Childhood Mental Health process. Expenses may include transportation, hotel, and other appropriate fees as reviewed and approved by the Executive Director. We will receive approximately \$900 in total reimbursement for these expenses from the California Endowment.

E. Orange County Chapter of the American Academy of Pediatrics (*Information*)

There will be a brief report at the May Commission meeting regarding our joint work with the American Academy of Pediatrics, California Chapter 4 (Orange County) to expand programs and enhance organizational capacity. This partnership is a critical component of your Commission's efforts in the areas of developmental screening, childhood health and early literacy, as well as quality improvement.

Attachments:

1. Financial Highlights
2. Summary of Updated Standard Form Agreements for School Districts

SUMMARY OF UPDATED STANDARD FORM AGREEMENTS FOR SCHOOL DISTRICTS

Simplified Language

Change Location

Update waiver of jury trial provision consistent with recent precedent and county counsel's policy directive for county contracts	ppg 9.11
Edits throughout to remove legalese, no "herein", "thereof", etc. <ul style="list-style-type: none"> • Correct internal paragraph references • Revise references to paragraphs and subparagraphs (versus sections) 	throughout document

Added Language

Change Location

Permits annual review and appropriate modification of indirect cost rates in project budgets without exceeding the Commission's maximum allowable indirect cost rate of 10% or increasing any Agreement's Maximum Payment Obligation, based on California Department Of Education established indirect cost rates by district	ppg 16.4
Counterparts. Permits Agreements to be executed in several counterparts and establishes that electronic and/or faxed signatures have the same force and effect as an original signature	ppg 26

Changed Requirement

Change Location

Update indemnification provisions <ul style="list-style-type: none"> • No Commissioner, public official, officer, agent, or employee of Commission will have personal liability 	ppg 6
Expand right of inspection and access to Contractor's records by Commission and authorized representatives of the State of California and/or First 5 California	ppg 18.6
Update Contractor's computer hardware and software specifications	ppg 8.3
Update all insurance requirements	ppg 7

FINANCIAL HIGHLIGHTS

March 31, 2007

Investment Update

The Children and Families Commission of Orange County investment portfolio consisting of U.S. Treasury bills is **\$49,300,785** 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 **\$33,551,099** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- \$24,793,677 – Actual Tobacco Tax Revenues received and recorded as of February 2007. As reported by the state, Prop 10 revenues for July 2006 through February 2007 were approximately \$206,323 or 1% lower than the year to date estimated budget plan of \$25,000,000. Commission cash receipts for tobacco tax revenue include payments through January totaling \$22,460,645 as included in Attachment 1B.
- \$4,961,471 – Interest Revenues received for July 2006 through February 2007 are approximately \$294,804 or 6.3% higher than the year to date estimated budget plan of \$4,666,667. 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 **\$58,218,587**. Overall budgeted expenditures and encumbrances were approximately \$3,123,578 or 5.1% lower than the year to date current operating budget plan of \$61,342,165.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended March 31, 2007:

- \$58,218,587 – Total Year To Date Actual Operating Expenditures and Encumbrances
 - \$53,251,120 for Children's Programs
 - \$29,029,084 – Healthy Children Programs
 - \$3,876,760 – Strong Families Programs
 - \$16,098,165 – Ready to Learn (School Readiness) Programs
 - \$4,247,110 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$1,595,759)
 - \$4,967,467 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 \$4,967,467 were 4.5% of the year to date ended March 31, 2007 Operating Budget of \$111,463,996.

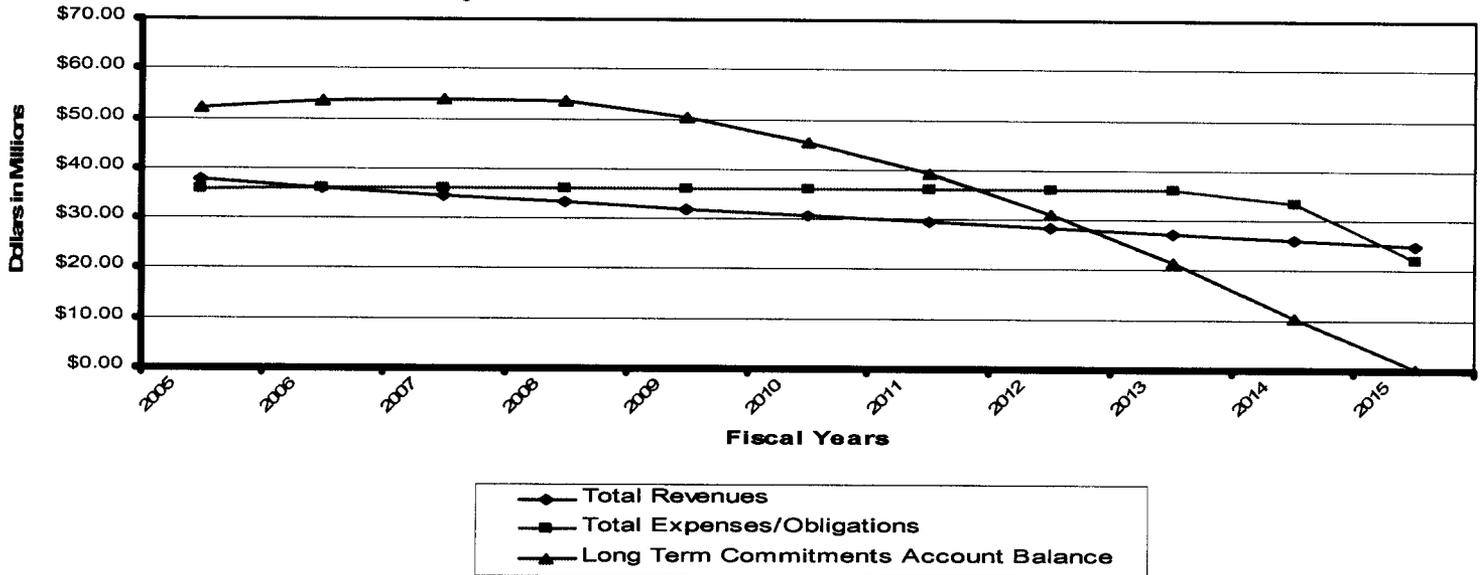
Consistent with 10-Year Financial Plan

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

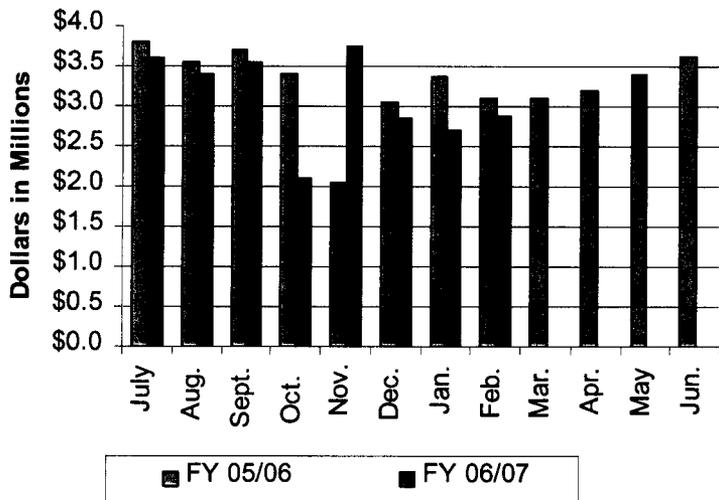


Children and Families Commission of Orange County Snapshot Period Ended March 31, 2007

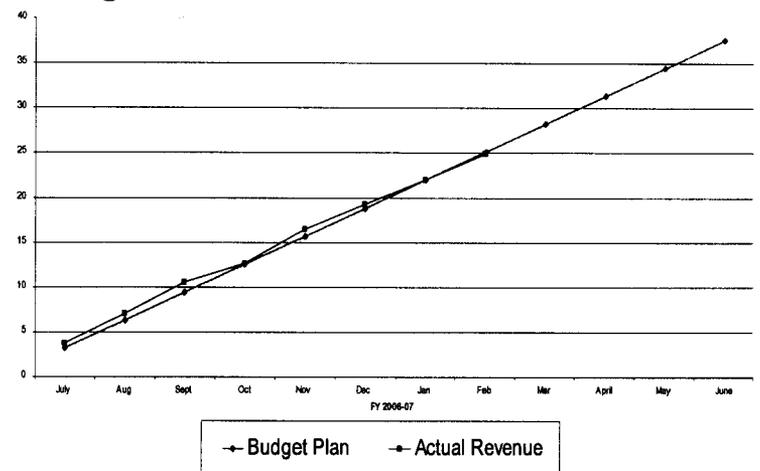
1) Ten-Year Financial Plan Projections



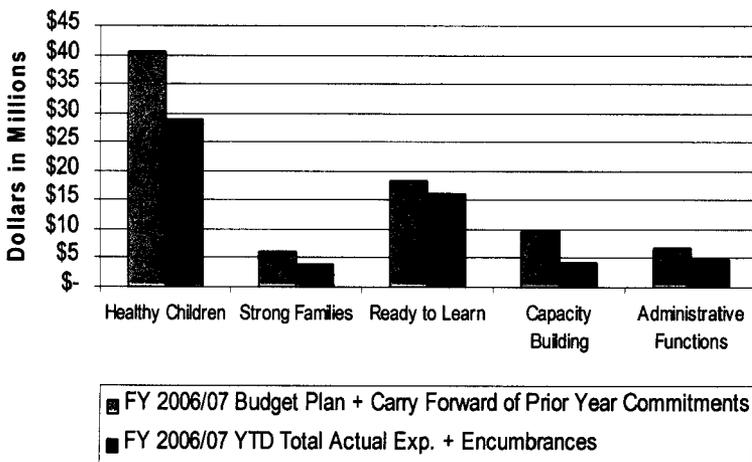
2) FYs 05/06 & 06/07 Tobacco Monthly Revenues *



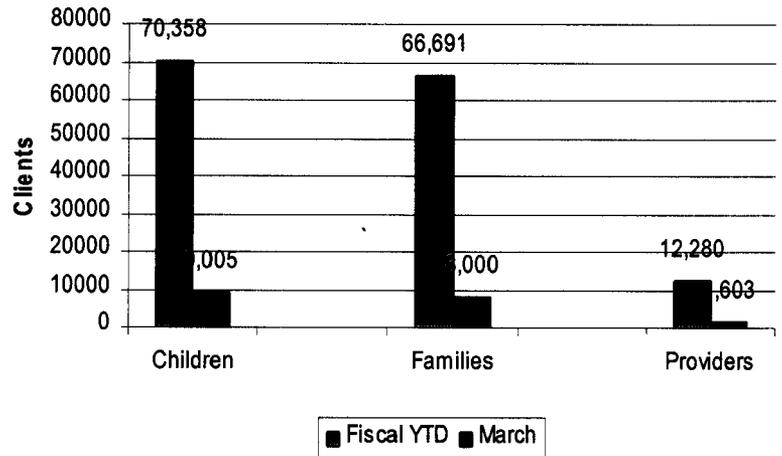
3) FY 2006-07 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



4) FY 2006-07 Budget Plan Vs. YTD Total Actuals



5) Clients served in March and Fiscal YTD



* SOURCE: County Funds Distribution Report (July 06 – Feb 07) First 5 California

Children and Families Commission of Orange County
Comparison of FY 2006-07 Budget vs. Actuals - Unaudited
Period Ended 3/31/07

High Level Summary

	FY 2006-07 (budget + carry forward for prior year commitments)	FY 2006-07 YTD Total Actual Expend. & Encumb. Thru 3/31/07	Budget vs. Actuals	Actuals % of Final Budget Amount
FINANCING				
<u>General Purpose Revenues</u>				
Tobacco Tax Revenue	37,500,000	22,460,645	-15,039,355	60%
All Other General Purpose Revenues	7,060,000	6,683,686	-376,314	95%
General Purpose Revenues Subtotal	44,560,000	29,144,331	-15,415,669	65%
Special Purpose Revenues	9,229,340	4,406,768	-4,822,572	48%
TOTAL REVENUES	53,789,340	33,551,099	-20,238,241	62%
Multi-Year Commitments - Operating Budget	0	0	0	0%
Fund Balance Available	43,587,439	35,753,645	7,833,794	82%
PY Carry forward Encumbrances	14,087,217	14,087,217	0	
TOTAL FINANCING	111,463,996	83,391,961	-12,404,447	75%
REQUIREMENTS				
<u>PROGRAM SERVICES</u>				
Annual Grant Cycle Funding	0	0	0	
Healthy Children	40,453,161	29,029,084	-11,424,076	72%
Strong Families	6,099,319	3,876,760	-2,222,558	64%
Ready to Learn	18,466,693	16,098,165	-2,368,528	87%
Capacity Building	9,671,548	4,247,110	-5,424,437	44%
TOTAL PROGRAM SERVICES	74,690,720	53,251,120	-21,439,600	71%
Administrative Functions	6,598,834	4,967,467	-1,631,367	75%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	81,789,554	58,218,587	-23,570,966	71%
Transfer to Long Term Commitments Account	15,986,298	0	-15,986,298	0%
Undesignated/Unreserved	13,688,144			
TOTAL REQUIREMENTS	111,463,996	58,218,587	-39,557,264	52%
FINANCES LESS EXPENSES	0	25,173,374	25,173,373	

**Children and Families Commission of Orange County
Investment Portfolio Report
As of 03/31/07**

<u>Issuer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days to Maturity</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Purchase Price</u>	<u>Market Value *</u>	<u>Unrealized Gain (Loss)</u>	<u>Accrued Earnings</u>	
									<u>For Month</u>	<u>To Date</u>
U.S. Treasury Security (semi-annual coupons)										
U.S. Treasury Security	7/27/2006	7/31/2007	369	5.2322	912828EB2	\$ 4,933,984.40	\$ 4,980,470.00	\$ 2,117.39	\$ 22,137.88	\$ 76,481.47
U.S. Treasury Security	7/27/2006	10/31/2007	461	5.1906	912828EK2	4,942,968.75	4,977,345.00	3,695.66	22,032.59	119,907.11
U.S. Treasury Security	8/17/2006	1/31/2008	532	4.9822	912828EU0	4,957,812.50	4,975,780.00	(33.56)	21,191.04	54,257.97
U.S. Treasury Security	8/25/2006	4/30/2008	614	4.9197	912828FC9	4,996,093.75	4,998,440.00	952.98	20,956.15	103,178.99
U.S. Treasury Security	9/6/2006	4/30/2008	602	4.8511	912828FC9	5,001,562.50	4,998,440.00	(2,585.23)	20,678.47	101,248.45
U.S. Treasury Security	9/15/2006	10/15/2008	761	4.7986	912828BM1	4,835,937.50	4,881,250.00	2,626.07	19,990.23	114,801.81
U.S. Treasury Security	9/26/2006	1/15/2009	842	4.5856	912828BV1	4,855,468.75	4,878,905.00	(8,662.73)	19,236.96	66,215.00
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	4,856,250.00	(127.84)	19,283.23	107,008.82
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	4,896,095.00	15,154.26	19,936.28	62,547.93
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	4,857,810.00	24,659.32	19,945.20	107,446.70
Subtotal for: Treasury Bond						<u>49,004,882.85</u>	<u>49,300,785.00</u>	<u>37,796.32</u>	<u>205,388.03</u>	<u>913,094.25</u>
Grand Total						<u>\$ 49,004,882.85</u>	<u>\$ 49,300,785.00</u>	<u>\$ 37,796.32</u>	<u>\$ 205,388.03</u>	<u>\$ 913,094.25</u>

All of the above investments and any investment decisions made for the month March 31, 2007 were in full compliance with the Commission's investment policy as adopted on October 5, 2005.

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

Signed by: _____
Director of Finance

* Market values provided by Bloomberg