

DATE: April 27, 2010
TO: Children and Families Commission of Orange County
FROM: Michael M. Ruane, Executive Director 
SUBJECT: Executive Officer's Report

The Executive Officer's Report for May 5, 2010, will include the following items.

A. Informational Items (Report)

1. Financial Highlights (included in Attachment 1)

B. State Budget and Legislative Update (Report)

SB 1109 (Cox), which would have diverted Prop 10 revenues to the General Fund, was defeated in the Senate Health Committee. While the bill was defeated, the state budget shortfall continues to persist and the May Revise of the state budget will be released on May 10th. The May Revise will include the latest revenue and budget projections, and may propose additional budget proposals by the Governor. We will continue to monitor this situation and respond as necessary.

C. Capacity Building Program - Information Technology Needs for Commission Grantees (Report and Action)

As part of our Capacity Building Program, Commission staff has participated in the Steering Committee of local IT professionals, funders and nonprofits to explore the possibility of developing a technology services model in Orange County. Specifically this model will help nonprofits address their unique technology challenges. During a recent survey of one hundred twenty local nonprofits on their technology capabilities it was discovered that 66% were challenged, 34% were moderately experienced and none were within the Advanced Level.

After conducting a vigorous due diligence process the steering committee has identified the GroundWork Group which is a successful a nonprofit organization from Ohio. This nonprofit has developed a model of support that works to:

1. Educating nonprofit organizations about the critical role that technology plays in accomplishing (or hindering) their mission delivery;
2. Providing a comprehensive menu of services and products that nonprofits can access according to their specific needs; and
3. Creating linkages between IT business leaders and local nonprofits.

GroundWork Group has been in existence for over 5 years and has a self sustaining fee for service business model. They began as an initiative of the United of Central Ohio and with minimal start-up funding have grown to multi-million dollar nonprofit that provides direct IT support to over 150 nonprofits and education and IT linkages to many more.

At the time the steering committee identified them as a possible candidate, they were already articulated an organizational expansion strategy, and Orange County met the criteria for a potential expansion site. GroundWork Group is in the process of finalizing their governance structure to support expansion to other locations. Additionally, they are finalizing their Orange County launch strategies.

It is recommended that the Commission continue to participate in this project but at a maximum level of \$20,000 over the next two years for implementation. Any funding contributions would be provided to the Orange County Foundation and conditioned upon Commission grantees being part of the service strategy.

D. Promise Neighborhoods Federal Education Initiative *(Report)*

At the May 5th Commission meeting, staff will provide an update on local efforts to develop funding proposals in conjunction with Promise Neighborhoods Federal Education Initiative grant program.

ATTACHMENTS:

1. Financial Highlights

FINANCIAL HIGHLIGHTS

March 31, 2010

Investment Update

On March 1, the Commission's Specific Long-Term Investment Program (SLTIP) consisted of U.S. Treasury bills with a market value of \$35,200,000. On March 3, the Commission authorized the short-term repositioning of SLTIP funds to the Orange County Investment Pool (OCIP). On March 8, the seven U.S. Treasury securities invested in the SLTIP were sold and the proceeds were reinvested in the OCIP pending Commission consideration of an alternative investment strategy for SLTIP funds. Therefore, the ending balance for the SLTIP on March 31 was zero. A summary of the March 8 transactions and a copy of the March 31 Investment Portfolio Report are included in Attachment 1C.

Revenue Update

The Commission received and recorded **\$22,877,283** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- The Commission's total Tobacco Tax Revenues for the period of July 2009 through March 2010 as reported by First 5 California is \$21,709,657. Prop 10 revenues for July 2009 through March 2010 are approximately \$1,201,450 or 5.2% lower than the year to date estimated budget plan of \$22,911,107. As of March 31, \$17,266,476 has been received for July 2009 through January 2010.
- \$1,248,778 – Interest Revenues received for July 2009 through February 2010 are approximately \$417,889 or 25.1% lower than the year to date estimated budget plan of \$1,666,667.

Expenditure Update

The total actual operating expenditures and encumbrances year to date are **\$88,995,271**. Overall budgeted expenditures and encumbrances were approximately \$38,480,299 higher than the year to date current operating budget plan of \$48,962,738. The variance is due to multi-year encumbrances.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended February 28, 2010:

- \$88,995,271 – Total Year To Date Actual Operating Expenditures and Encumbrances
 - \$84,481,280 for Children's Programs
 - \$42,643,460 – Healthy Children Programs
 - \$15,944,387 – Strong Families Programs
 - \$18,393,985 – Ready to Learn (School Readiness) Programs
 - \$7,499,448 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$1,110,922)
 - \$4,513,991 for Administrative Functions

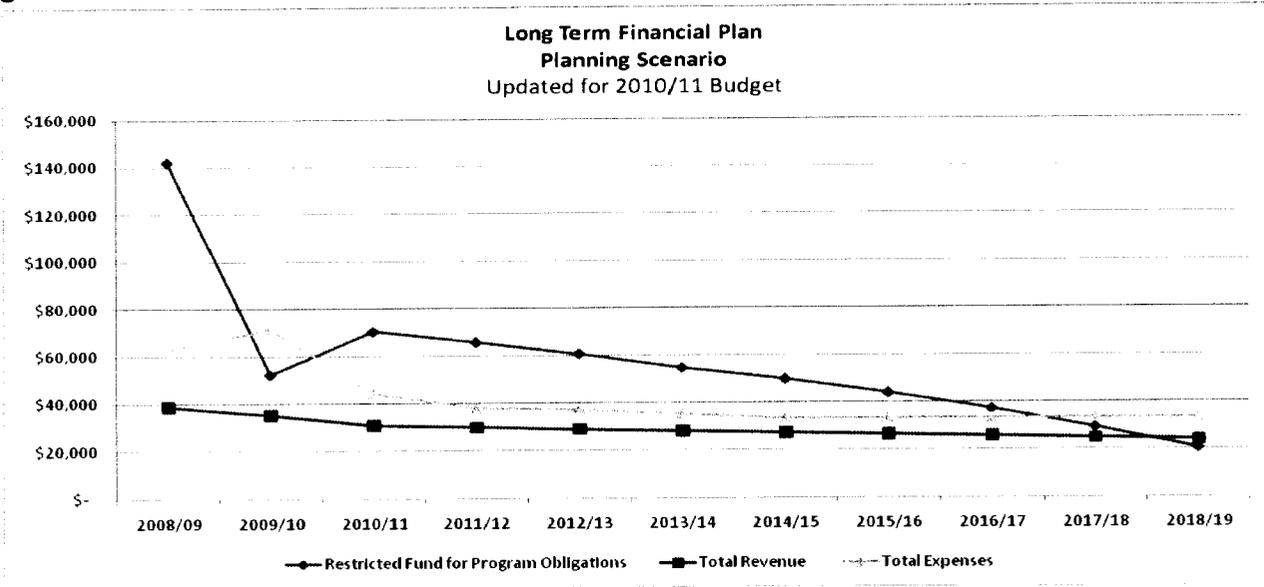
Administrative costs and functions are defined by State Commission guidelines (Fiscal Memorandum No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenditures and encumbrances of \$4,513,991 were 6.1% of the year to date ended March 31, 2010 Operating Budget of \$73,444,107.

Consistent with 10-Year Financial Plan

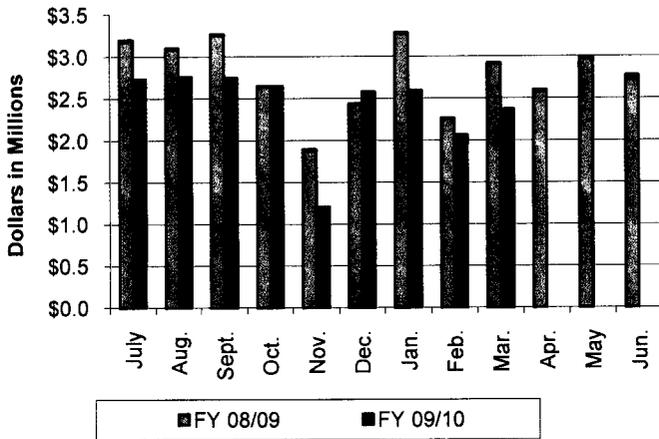
The Commission has dedicated funding for long-term support of programs consistent with the current Ten-Year Financial Plan.

Children and Families Commission of Orange County Snapshot Period Ended March 31, 2010

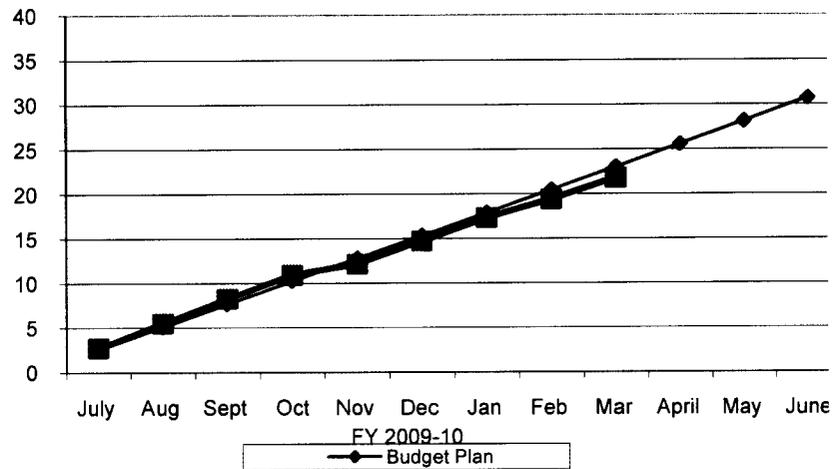
1) Long Term Financial Plan



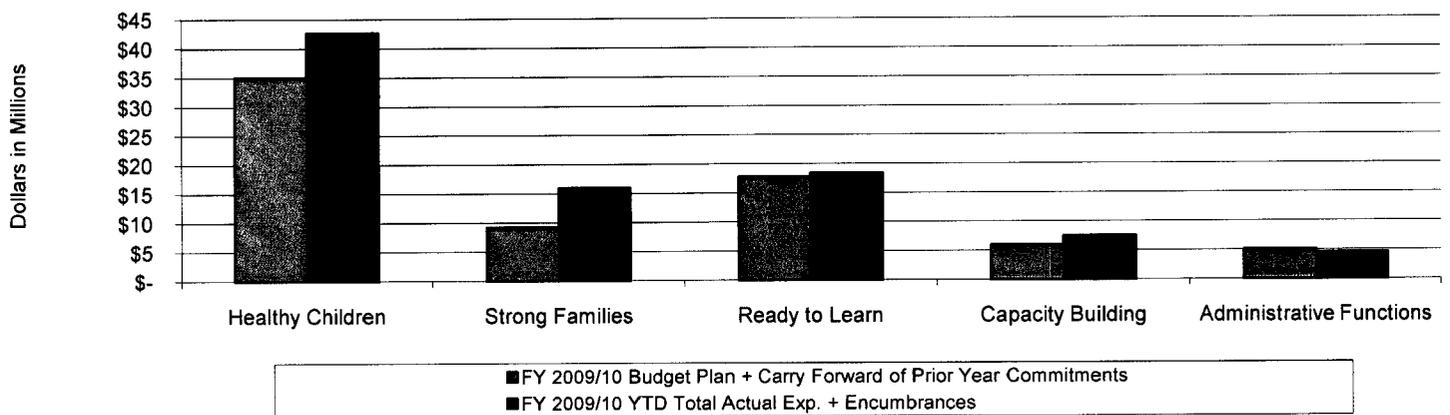
2) FYS 08/09 & 09/10 Tobacco Monthly Revenues *



3) FY 2009-10 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



4) FY 2009-10 Budget Plan Vs. YTD Total Actuals



* SOURCE: County Funds Distribution Report (08) First 5 California

**Children and Families Commission of Orange County
Comparison of FY 2009-10 Budget vs. Actuals - Unaudited
Period Ended 3/31/10**

High Level Summary

	FY 2009-10 Operating Budget	FY 2009-10 YTD Total Actual Expend. & Encumb. Thru 3/31/10	Budget vs. Actuals	Actuals % of Final Budget Amount
FINANCING				
<u>General Purpose Revenues</u>				
Tobacco Tax Revenue	30,548,143	17,266,476	-13,281,667	57%
All Other General Purpose Revenues	2,967,000	1,176,433	-1,790,567	40%
General Purpose Revenues Subtotal	33,515,143	18,442,909	-15,072,234	55%
Special Purpose Revenues	4,599,027	4,434,375	-164,652	96%
TOTAL REVENUES	38,114,170	22,877,283	-15,236,887	60%
Multi-Year Commitments - Operating Budget	0			
Fund Balance Available	33,404,762			
PY Carry forward Encumbrances	4,560,000			
TOTAL FINANCING	76,078,932	22,877,283	-15,236,887	30%
REQUIREMENTS				
<u>PROGRAM SERVICES</u>				
Healthy Children	35,001,763	42,643,460	7,641,697	122%
Strong Families	9,174,834	15,944,387	6,769,553	174%
Ready to Learn	17,787,422	18,393,985	606,563	103%
Capacity Building	5,921,125	7,499,448	1,578,323	127%
TOTAL PROGRAM SERVICES	67,885,144	84,481,280	16,596,136	124%
Administrative Functions	5,058,963	4,513,991	-544,972	89%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	73,444,107	88,995,271	15,551,164	121%
Transfer to Long Term Commitments Account	0	0	0	
Undesignated/Unreserved	2,634,825	0	0	
TOTAL REQUIREMENTS	76,078,932	88,995,271	15,551,164	117%
FINANCES LESS EXPENSES	0	-66,117,987	-66,117,987	

**Children and Families Commission of Orange County
Investment Activity Log
Month of March 2010**

<u>Issuer</u>	<u>Broker</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Purchase Amount</u>	<u>Total Sale</u>
<u>Securities Sold on March 8, 2010</u>							
U.S. Treasury Security	FTN Financial	4/30/2008	4/30/2010	2.3462	912828HX1	4,978,515.65	5,052,022.19
U.S. Treasury Security	FTN Financial	7/31/2008	7/31/2010	2.641	912828JF8	5,010,546.90	5,065,431.84
U.S. Treasury Security	Barclays Capital	7/9/2009	12/31/2010	0.6831	912828JV3	5,014,062.50	5,029,972.38
U.S. Treasury Security	FTN Financial	7/16/2009	10/31/2010	0.6626	912828JP6	5,053,710.94	5,066,363.09
U.S. Treasury Security	FTN Financial	7/24/2009	1/31/2011	0.8205	912828JY7	5,004,101.56	5,027,593.02
U.S. Treasury Security	FTN Financial	7/30/2009	2/28/2011	0.9047	912828KE9	4,997,656.25	5,024,388.59
U.S. Treasury Security	Credit Suis Securities	2/1/2010	4/30/2011	0.4077	912828KL3	5,028,906.25	5,038,125.86
						<u>35,087,500.05</u>	<u>35,303,896.97</u>

**Children and Families Commission of Orange County
Investment Portfolio Report
As of March 31, 2010**

<u>Issuer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days to Maturity</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Accrued Earnings</u>	
									<u>For Month</u>	<u>To Date</u>
<u>Treasury Bond (semi-annual coupons)</u>										
<u>Securities Sold on March 8th</u>										
Subtotal for: Treasury Bond						-	-	-	-	-
Grand Total						\$ -	\$ -	\$ -	\$ -	\$ -

All of the above investments and any investment decisions made for the month March 31, 2010 were in full compliance with the Commission's investment policy as adopted on March 4, 2009.

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

Signed by: _____
Director of Finance