

07 NOV -1 PM 2:09

**Executive Officers Report
November 7, 2007 Meeting**

DATE: October 30, 2007

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director



SUBJECT: Executive Officer Report

The Executive Officers Report for November 7, 2007 will include the following items.

A. Informational Items (Report)

1. Financial Highlights (Attachment 1)
2. State Association and State Commission Meetings
3. State legislative update
4. Strategic Assessment by the Bridgespan Group

B. Receive Report on Commission Investment Program (Report)

The Commission Investment Oversight Committee met on October 15th to review the status of the investment program and possible options. A summary of the discussion items from the meeting is attached for your information. We will provide an update at your January meeting.

C. Early Development Index (EDI) (Report)

To help design the Early Development Index (EDI) pilot project so that it is most useful for Orange County, a focus group is being conducted with kindergarten teachers and other district staff from different school districts in the county. The purpose of the focus group is to solicit input about how the EDI can best be implemented in local schools and to assess the feasibility of implementing EDI in Orange County. Through the focus group process, staff will gather information on current assessments that schools conduct, supports needed in terms of training and implementation, and current technological capacities. Information from the focus group will be analyzed, summarized and presented to the Commission with recommendations in December.

D. Southern California Alliance for Learning and Results Project (Action)

In August 2007, your Commission authorized \$25,000 in funding as our share to support the Southern California Regional First 5 Commissions (Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura Counties) in developing a regional center for managing, analyzing, and communicating results and outcomes of First 5 investments. The proposed pilot project, entitled the Southern California Alliance for Learning and Results (SCALAR), is being developed to assist Commissions in accomplishing many of the shared accountability and learning objectives through a coordinated regional approach.

Authorization was previously made to issue payment for Orange County's participation in SCALAR to First 5 San Bernardino who was serving as the fiscal agent for regional technical assistance funding from the State Commission and had agreed to serve in the same capacity for this regional project. Since that time, Riverside Children and Families Commission is now the fiscal lead for regional technical assistance and the SCALAR project. Authorization is requested to rescind the Commission's prior action for payment of the \$25,000 funding contribution for SCALAR from First 5 San Bernardino and instead, authorize payment to the Riverside County Children and Families Commission.

E. Hope Family Housing Project-Buena Park *(Report)*

The Hope Family Housing project coordinated by HomeAid Orange County is completing the final steps required to activate the Commission funding agreement for the project. This transitional shelter project is being constructed by John Lang Homes and will be operated by the Orange County Rescue Mission. We will provide a detailed update and schedule at your meeting.

Attachments:

1. Financial Highlights
2. Investment Program Overview

FINANCIAL HIGHLIGHTS

September 30, 2007

Investment Update

The Children and Families Commission of Orange County investment portfolio consisting of U.S. Treasury bills is **\$44,791,400** 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 **\$5,684,027** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- \$6,720,222 – Tobacco Tax Revenues for July 2007 through August 2007. As reported by the state, Prop 10 revenues for July 2007 through August 2007 were approximately \$720,000 or 2% higher than the year to date estimated budget plan of \$6,000,000. Commission cash receipts for tobacco tax revenue include payments through February totaling \$3,668,382 as included in Attachment 1B.
- \$2,025,132 – Interest Revenues received for July 2007 through September 2007 are approximately \$275,000 or 15.7% higher than the year to date estimated budget plan of \$1,750,000. 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 **\$25,571,633**. Overall budgeted expenditures and encumbrances were approximately \$7,301,385 or 39% higher than the year to date current operating budget plan of \$18,270,248. 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 September 30, 2007:

- \$25,571,633 – Total Year To Date Actual Operating Expenditures and Encumbrances
 - \$23,243,423 for Children's Programs
 - \$13,064,955 – Healthy Children Programs
 - \$2,498,671 – Strong Families Programs
 - \$5,413,105 – Ready to Learn (School Readiness) Programs
 - \$2,266,692 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$1,729,994)
 - \$2,328,211 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 \$2,328,211 were 2% of the year to date ended September 30, 2007 Operating Budget of \$107,708,288.

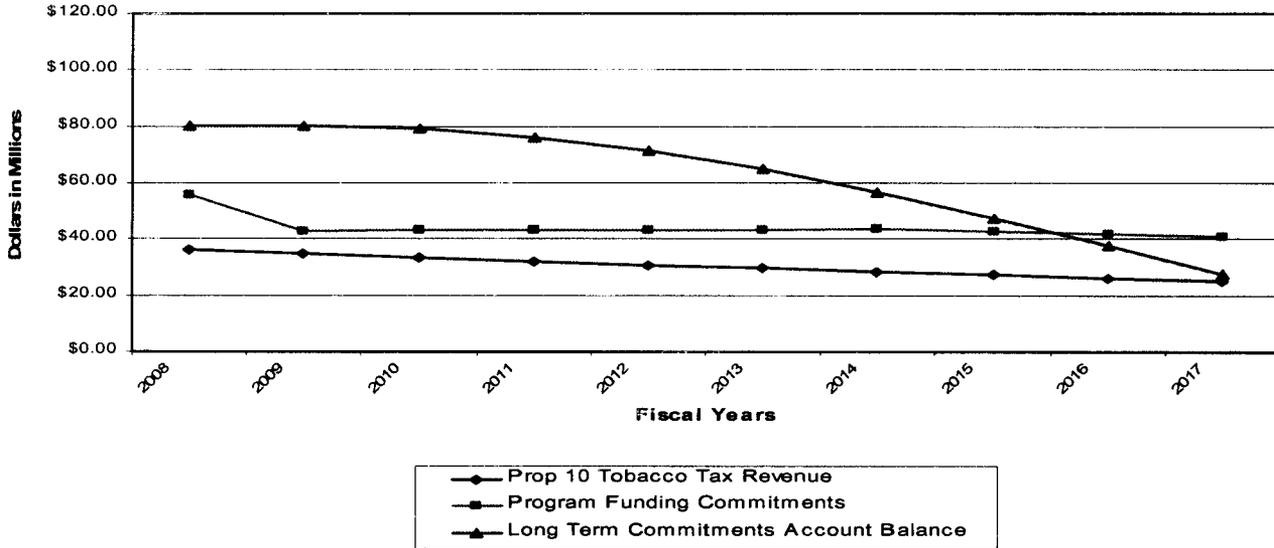
Consistent with 10-Year Financial Plan

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

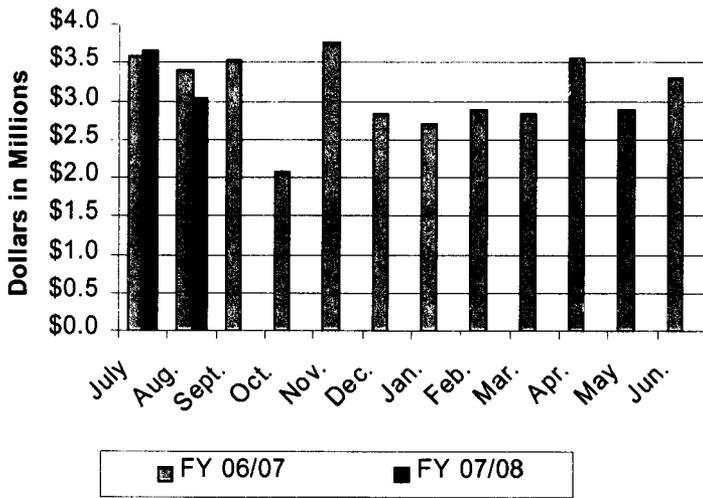


Children and Families Commission of Orange County Snapshot Period Ended September 30, 2007

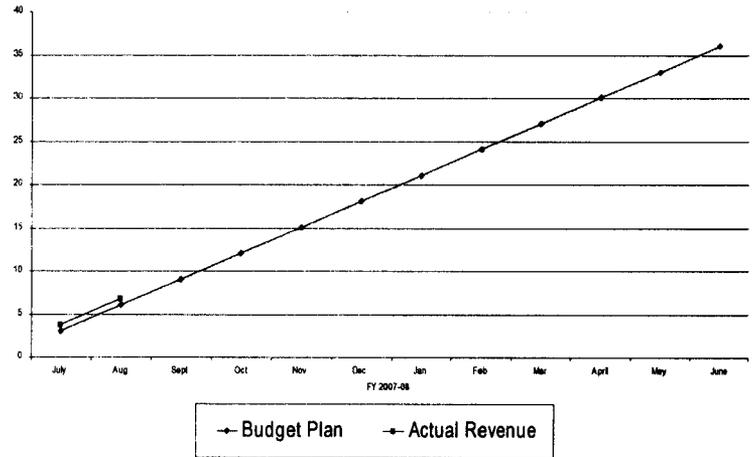
1) Ten-Year Financial Plan Projections



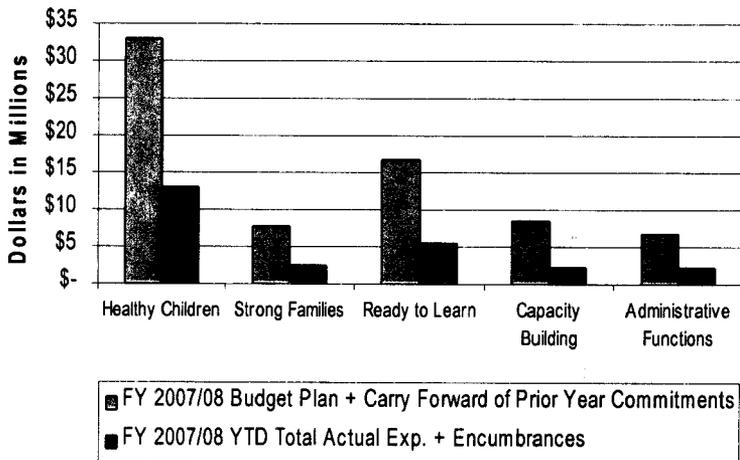
2) FYS 06/07 & 07/08 Tobacco Monthly Revenues *



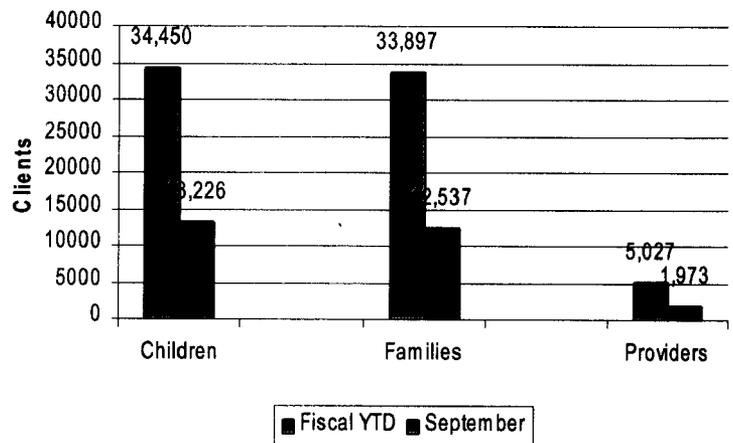
3) FY 2007-08 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



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



5) Clients served in September and Fiscal YTD



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

**Children and Families Commission of Orange County
Comparison of FY 2007-08 Budget vs. Actuals - Unaudited
Period Ended 9/30/07**

High Level Summary

	FY 2007-08 (budget + carry forward for prior year commitments)	FY 2007-08 YTD Total Actual Expend. & Encumb. Thru 9/30/07	Budget vs. Actuals	Actuals % of Final Budget Amount
FINANCING				
<u>General Purpose Revenues</u>				
Tobacco Tax Revenue	36,000,000	3,668,382	-32,331,618	10%
All Other General Purpose Revenues	8,070,000	2,084,427	-5,985,573	26%
General Purpose Revenues Subtotal	44,070,000	5,752,809	-38,317,191	13%
Special Purpose Revenues	5,649,564	-68,782	-5,718,346	-1%
TOTAL REVENUES	49,719,564	5,684,027	-44,035,537	11%
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	63,358,683	-44,035,537	59%
REQUIREMENTS				
<u>PROGRAM SERVICES</u>				
Healthy Children	33,059,512	13,064,955	-19,994,557	40%
Strong Families	7,632,423	2,498,671	-5,133,753	33%
Ready to Learn	16,643,485	5,413,105	-11,230,380	33%
Capacity Building	8,395,398	2,266,692	-6,128,706	27%
TOTAL PROGRAM SERVICES	65,730,819	23,243,423	-42,487,396	35%
Administrative Functions	6,850,172	2,328,211	-4,521,961	34%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	73,080,990	25,571,633	-47,509,357	35%
Transfer to Long Term Commitments Account	10,000,000	0	-10,000,000	0%
Undesignated/Unreserved	24,627,298			
TOTAL REQUIREMENTS	107,708,288	25,571,633	-57,509,357	24%
FINANCES LESS EXPENSES	0	37,787,049	37,787,050	

**Children and Families Commission of Orange County
Investment Portfolio Report
As of 09/30/07**

Issuer	Purchase Date	Maturity Date	Days to Maturity	Yield (%)	CUSIP	Cost	Market Value	Accrued Earnings		
								Unrealized Gain (Loss)	For Month	To Date
Treasury Bond (semi-annual coupons)										
U.S. Treasury Security	7/27/2006	10/31/2007	461	5.1906	912828EK2	4,942,968.75	5,001,560.00	5,271.36	21,034.73	142,246.52
U.S. Treasury Security	8/17/2006	1/31/2008	532	4.9822	912828EU0	4,957,812.50	5,004,690.00	14,364.58	20,211.87	69,367.54
U.S. Treasury Security	9/6/2006	4/30/2008	602	4.8511	912828FC9	5,001,562.50	5,019,530.00	18,979.75	19,901.65	101,549.23
U.S. Treasury Security	8/25/2006	4/30/2008	614	4.9197	912828FC9	4,996,093.75	5,019,530.00	20,878.74	20,170.37	105,118.99
U.S. Treasury Security	9/15/2006	10/15/2008	761	4.7986	912828BM1	4,835,937.50	4,951,560.00	33,483.46	19,275.01	154,287.26
U.S. Treasury Security	9/26/2006	1/15/2009	842	4.5856	912828BV1	4,855,468.75	4,953,125.00	34,144.89	18,396.85	97,954.29
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	4,935,155.00	43,498.16	18,590.81	142,320.66
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	4,967,970.00	60,967.24	19,048.28	88,974.58
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	4,938,280.00	72,226.92	19,225.80	140,848.16
Subtotal for: Treasury Bond						44,070,898.45	44,791,400.00	303,815.10	175,855.37	1,042,667.23
Grand Total						\$ 44,070,898.45	\$ 44,791,400.00	\$ 303,815.10	\$ 175,855.37	\$ 1,042,667.23

All of the above investments and any investment decisions made for the month September 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

**Children & Families Commission of Orange County
Investment Oversight Committee Review of CFCOC Investment Program
Long-Term Specific Investment Program (SIP)
October 15, 2007 Meeting**

Potential Options for Review	Comments
Implement July 2007 IOC recommendations to revise Commission Investment Policy Statement (IPS)	<ul style="list-style-type: none"> • Board of Supervisor approval of revised County IPS is required for implementation • BOS reviews County IPS each January
Allow individual Treasury securities in the SIP to mature and invest funds in the OCIP Money Market Fund until OC Treasurer situation is resolved	-----
OC Treasurer resumes purchase of new Treasury securities for the SIP as current individual Treasuries mature	-----
Establish separate investment policy with County/OC Treasurer for management of SIP funds	-----
Retain external money managers or investment advisors to manage investments for Commission	Total Return active portfolio management produces realized and unrealized gains and losses
Transfer SIP funds from OC Treasury funds to trust bank with OC Treasurer managing investments	-----
Invest SIP funds in Local Agency Investment Fund	-----
Invest SIP funds through an investment program of an outside local public agency (e.g. OCERS, OCTA)	External money managers utilize Total Return investment strategy