



AGENDA ITEM: 5
 DATE OF MEETING: July 18, 2012
 ACTION: _____
 INFORMATION: X

FINANCIAL UPDATE

SUMMARY

Staff will provide the State Commission a fiscal update on revenue projections, FY 2011-12 obligations and disbursements, and First 5 California's Financial Plan.

Revenue Update

The First 5 California Financial Plan for FY 2011-12 through FY 2014-15, Attachment A, includes updated fiscal year revenue projections based on the Governor's May Budget Revision estimates (dated May 16, 2012) for cigarette and other tobacco tax revenue.

Department of Finance Revenue Projection Calculations

	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
TOTAL REVENUE	\$488,000,000	\$472,000,000	\$456,000,000	\$441,000,000
OTHER COSTS AND BACKFILL				
Administration	(\$16,785,000)	(\$17,356,000)	(\$17,356,000)	(\$17,356,000)
0623 SMIF	\$100,000	\$100,000	\$100,000	\$100,000
PROP 99 BACKFILL	(\$16,500,000)	(\$16,500,000)	(\$16,500,000)	(\$16,500,000)
TOTAL OTHER COSTS	(\$33,185,000)	(\$33,756,000)	(\$33,756,000)	(\$33,756,000)
AVAILABLE TO TRANSFER	\$454,815,000	\$438,244,000	\$422,244,000	\$407,244,000
FUNDS TRANSFERRED TO:				
80% Counties	\$363,852,000	\$350,595,200	\$337,795,200	\$325,795,200
20% First 5 California	\$90,963,000	\$87,648,800	\$84,448,800	\$81,448,800

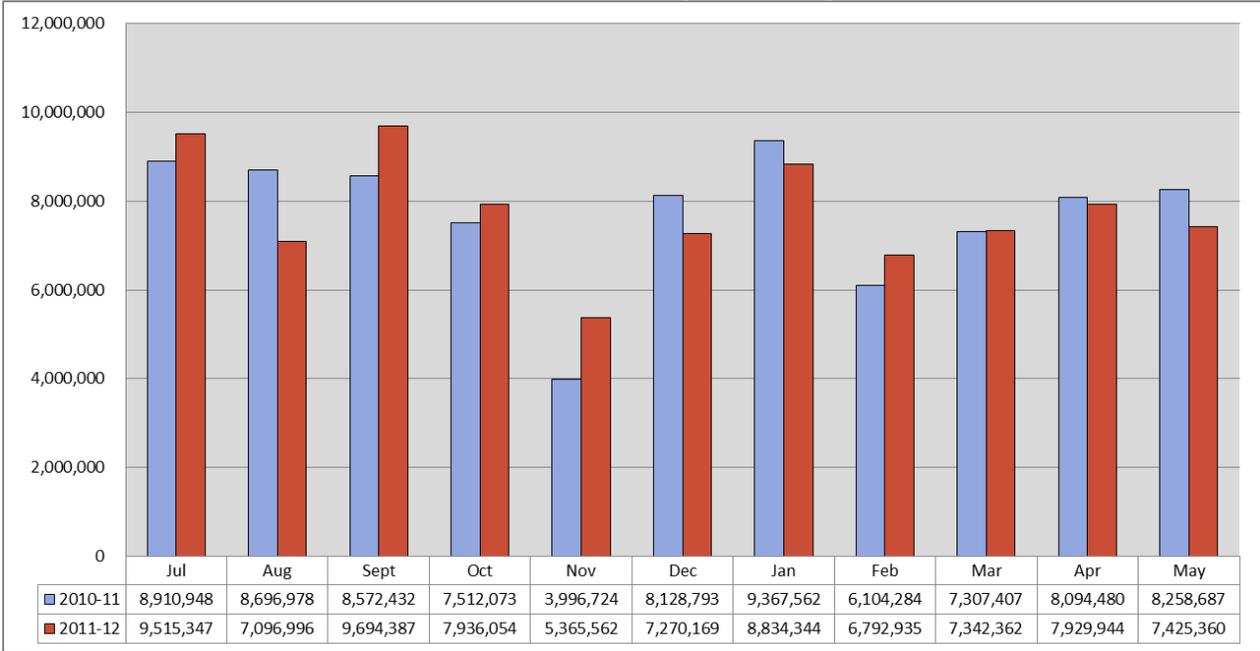
The following summary table compares the estimated Prop 10 tax revenues for State Commission operations (excludes the Counties account) with revenue received as of May 2012.

FY 2011-12	
Description	Amount
Projected DOF Revenue Projections	\$90,963,000
Actual Revenue Received (July – May)	\$85,203,459
Average Monthly Revenue	\$ 7,745,769

Based on eleven months of actual revenue, First 5 California revenues received through May 2012 tracks are close to the projected year-end revenue for FY 2011-12 (\$90,963,000). Staff will present actual reconciled year-end financial detail to the State Commission at the fall 2011 commission meeting.

As presented in the table above, the year-to-date revenue totals \$85,203,459. On the following page, Chart 1, Two-Year Revenue Comparison by Month, provides a comparison of actual FY 2011-12 monthly revenue deposited in First 5 California accounts (excluding the Counties account) with FY 2010-11 monthly revenue, July through May. This chart also shows the flow of funds into First 5 California accounts and reflects moderate variance in monthly revenue amounts between FY 2010-11 and FY 2011-12.

**Chart 1
Two-Year Revenue Comparison by Month**



June Revenue, which is reported to First 5 California at the end of July, should indicate that FY 2011-12 revenue will be almost equal to last year. The cause of this, according to the Board of Equalization, was the increased internet enforcement of the 2009 federal Children's Health Insurance Program. Fiscal Year 2012-13 and future years First 5 California will again realize the 3-4 percent decrease per year.

Staff will present actual reconciled Fiscal Year 2011-12 year-end revenue and expenditure detail to the State Commission at the October 2012 commission meeting.

First 5 California Financial Plan

First 5 California's Financial Plan is based on cash balances, estimated revenues and expenditures for current and three budget years, which run from July 1 through June 30 of each year.

The First 5 California Financial Plan, Attachment A, is organized by fiscal year and designed to show the beginning "cash" balances available on July 1 of each fiscal year, the obligated full-year expenditures by project, the amount of projected current year revenue needed to meet current year obligations for each First 5 California account, and the projected year-end balance. A negative number showing in the subtotal of any account does not represent an obligation or funding deficit, but the amount of funds needed from the current year revenue to meet current year obligations. As a conservative practice, First 5 California strives to retain approximately half of the projected revenue in each fiscal year for budget year carry over to ensure sufficient cash is available to meet obligations.

The First 5 California Financial Plan also reflects large multi-account obligations which are updated at the beginning of each fiscal year by staff to maintain fiscal integrity of each account to the extent possible.

ATTACHMENTS

- A. Financial Plan FY 2011-12 through FY 2014-15

First 5 California
Financial Plan FY 2011-12 through FY 2014-15

Account/Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Mass Media Communications (0631)				
Projected Carryover	\$31,407,195	\$12,390,848	\$13,310,111	\$13,846,442
Beginning Balance	\$31,407,195	\$12,390,848	\$13,310,111	\$13,846,442
School Readiness, Cycle 2	1,034,402			
State Budget Solution (\$50M Total)	\$25,000,000			
Public Education and Outreach	\$74,999			
Parent Signature Program - Education and Outreach	\$14,557,756	\$9,680,239	\$9,680,239	\$6,000,000
Parent Signature Program - 1-800 Number	\$150,000	\$150,000	\$150,000	\$150,000
Kit Federal Matching Funds				
Parent Signature Program - <i>Kit for New Parents</i>	\$5,574,310	\$5,574,310	\$5,000,000	\$5,000,000
Child Signature Program - Power of Preschool		\$10,000,000	\$10,000,000	\$10,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
Total Budgeted Expenditures	\$46,399,468	\$25,412,549	\$24,838,239	\$21,158,000
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	\$46,399,468	\$25,412,549	\$24,838,239	\$21,158,000
Subtotal	(\$14,992,274)	(\$13,021,702)	(\$11,528,128)	(\$7,311,558)
Projected Revenue	\$27,288,900	\$26,294,640	\$25,334,640	\$24,434,640
Adjustment to Balance				
Projected Interest	\$94,222	\$37,173	\$39,930	\$41,539
Other Revenue				
Year End Balance	\$12,390,848	\$13,310,111	\$13,846,442	\$17,164,622
Education (0634)				
Projected Carryover	\$25,052,048	\$20,122,847	\$18,837,416	\$11,748,128
Beginning Balance	\$25,052,048	\$20,122,847	\$18,837,416	\$11,748,128
School Readiness, Cycle 2	\$2,298,672			
State Budget Solution (\$50M Total)	\$7,000,000			
Statewide Conference	\$150,000	\$150,000	\$150,000	\$150,000
Co-Sponsorship Funding	\$150,000	\$150,000	\$150,000	\$150,000
Regional Technical Assistance	\$135,734			
Child Signature Program - Educare	\$100,000	\$2,950,000	\$2,950,000	
Educare Advisors	\$4,000			
Child Signature Program-PoP Bridge	\$17,898,700			
Child Signature Program - Power of Preschool		\$20,000,000	\$25,000,000	\$25,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
Total Budgeted Expenditures	\$27,745,106	\$23,258,000	\$28,258,000	\$25,308,000
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	\$27,745,106	\$23,258,000	\$28,258,000	\$25,308,000
Subtotal	(\$2,693,059)	(\$3,135,153)	(\$9,420,584)	(\$13,559,872)
Projected Revenue	\$22,740,750	\$21,912,200	\$21,112,200	\$20,362,200
Adjustment to Balance				
Projected Interest	\$75,156	\$60,369	\$56,512	\$35,244
Other Revenue				
Year End Balance	\$20,122,847	\$18,837,416	\$11,748,128	\$6,837,572
Orange: Account contribution for proposed Budget Solution				
Purple: Amount pending Commission approval				
Royal Blue: Amount projected for ongoing expenditures				
Green: Subtotal amounts				

**First 5 California
Financial Plan FY 2011-12 through FY 2014-15**

Account/Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Child Care (0636)				
Projected Carryover	\$23,130,745	\$15,394,637	\$13,115,134	\$15,813,800
Beginning Balance	\$23,130,745	\$15,394,637	\$13,115,134	\$15,813,800
School Readiness, Cycle 2	\$976,936			
State Budget Solution (\$50M Total)	\$4,000,000			
Child Signature Program - Power of Preschool		\$0	\$0	\$0
Teacher Signature Program - CARES Plus	\$16,465,015	\$15,465,006	\$10,000,000	\$10,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
Total Budgeted Expenditures	\$21,449,950	\$15,473,006	\$10,008,000	\$10,008,000
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	\$21,449,950	\$15,473,006	\$10,008,000	\$10,008,000
Subtotal	\$1,680,795	(\$78,369)	\$3,107,134	\$5,805,800
Projected Revenue	\$13,644,450	\$13,147,320	\$12,667,320	\$12,217,320
Adjustment to Balance				
Projected Interest	\$69,392	\$46,184	\$39,345	\$47,441
Other Revenue				
Year End Balance	\$15,394,637	\$13,115,134	\$15,813,800	\$18,070,561
Research and Development (0637)				
Projected Carryover	\$17,832,745	\$10,365,831	\$15,687,115	\$21,892,163
Beginning Balance	\$17,832,745	\$10,365,831	\$15,687,115	\$21,892,163
School Readiness, Cycle 2	\$1,436,670			
State Budget Solution (\$50M Total)	\$14,000,000			
Annual Report	\$149,004	\$149,000	\$149,000	\$149,000
PEDS Maintenance	\$100,000			
Project Training	\$3,070			
Data Collection and Storage	\$4,248,118			
Signature Program Data Collection and Storage	\$230,000	\$845,133	\$497,333	\$299,333
Signature Program Evaluation	\$0	\$1,000,000		
California Health Interview Survey 2011	\$750,000	\$750,000	\$750,000	\$750,000
IT Development	\$90,000	\$105,000	\$105,000	
Child Signature Program - RFA Development	\$150,000			
Child Signature Program - Power of Preschool		\$5,000,000	\$5,000,000	\$5,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
Total Budgeted Expenditures	\$21,164,862	\$7,857,133	\$6,509,333	\$6,206,333
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	\$21,164,862	\$7,857,133	\$6,509,333	\$6,206,333
Subtotal	(\$3,332,117)	\$2,508,698	\$9,177,782	\$15,685,830
Projected Revenue	\$13,644,450	\$13,147,320	\$12,667,320	\$12,217,320
Adjustment to Balance				
Projected Interest	\$53,498	\$31,097	\$47,061	\$65,676
Other Revenue				
Year End Balance	\$10,365,831	\$15,687,115	\$21,892,163	\$27,968,827

**First 5 California
Financial Plan FY 2011-12 through FY 2014-15**

Account/Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Unallocated (0639)				
Projected Carryover	\$5,426,453	\$10,431,443	\$5,219,618	\$4,672,156
Beginning Balance	\$5,426,453	\$10,431,443	\$5,219,618	\$4,672,156
State Budget Solution (\$50M Total)	\$0			
Small County Augmentations	\$3,057,407	\$3,000,000	\$3,000,000	\$3,000,000
California Smoker's Helpline	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Child Signature Program - ELAC	\$42,182	\$0		
Child Signature Program - Power of Preschool		\$10,000,000	\$5,000,000	\$5,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
Total Budgeted Expenditures	\$4,107,589	\$14,008,000	\$9,008,000	\$9,008,000
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	\$4,107,589	\$14,008,000	\$9,008,000	\$9,008,000
Subtotal	\$1,318,864	(\$3,576,557)	(\$3,788,382)	(\$4,335,844)
Projected Revenue	\$9,096,300	\$8,764,880	\$8,444,880	\$8,144,880
Adjustment to Balance				
Projected Interest	\$16,279	\$31,294	\$15,659	\$14,016
Transfer				
Other Revenue				
Year End Balance	\$10,431,443	\$5,219,618	\$4,672,156	\$3,823,053
0631, 0634, 0636, 0637, 0639 Totals:				
Total cigarette and tobacco tax revenue	\$86,414,850	\$83,266,360	\$80,226,360	\$77,376,360
Total resources per year	\$189,572,583	\$152,178,083	\$146,594,262	\$145,552,968
Total expenditures per year	\$120,866,976	\$86,008,689	\$78,621,572	\$71,688,333
Total Over/Under:	\$68,705,606	\$66,169,394	\$67,972,690	\$73,864,635
Total 15% Reserve	\$12,962,228	\$12,489,954	\$12,033,954	\$11,606,454
	\$55,743,379	\$53,679,440	\$55,938,736	\$62,258,181
Administration (0638)				
Projected Carryover	\$24,360,806	\$21,587,621	\$19,337,877	\$16,557,414
Beginning Balance	\$24,360,806	\$21,587,621	\$19,337,877	\$16,557,414
Administrative Expense	\$6,276,220	\$6,350,488	\$6,676,916	\$6,765,042
Furlough Buyback	\$734,375			
SCO/PRORATA/ADJUSTMENTS	\$383,822	\$346,459	\$384,000	\$384,000
Total Budgeted Expenditures	\$7,394,417	\$6,696,947	\$7,060,916	\$7,149,042
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	\$7,394,417	\$6,696,947	\$7,060,916	\$7,149,042
Subtotal	\$16,966,389	\$14,890,674	\$12,276,961	\$9,408,372
Projected Revenue	\$4,548,150	\$4,382,440	\$4,222,440	\$4,072,440
Projected Interest	\$73,082	\$64,763	\$58,014	\$49,672
Transfer				
Other Revenue				
Year End Balance	\$21,587,621	\$19,337,877	\$16,557,414	\$13,530,484
NOTE: Revenue Projections based on 2012 DOF May Revise.				