



AGENDA ITEM: 6
 DATE OF MEETING: July 25, 2013
 ACTION: _____
 INFORMATION: X

FINANCIAL UPDATE

SUMMARY

Staff will provide the State Commission a fiscal update on revenue projections, fiscal year (FY) 2012-13 obligations and disbursements, and First 5 California's Financial Plan.

Revenue Update

The First 5 California Financial Plan for FY 2012-13 through FY 2015-16, Attachment A, includes updated fiscal year revenue projections based on the Governor's May Budget Revision estimates (dated May 14, 2013) for cigarette and other tobacco tax revenue.

Department of Finance Revenue Projection Calculations

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
TOTAL REVENUE	\$481,000,000	\$466,000,000	\$452,000,000	\$442,000,000
OTHER COSTS AND BACKFILL				
Administration	(\$17,162,000)	(\$17,602,000)	(\$17,602,000)	(\$17,602,000)
0623 SMIF	\$91,000	\$91,000	\$91,000	\$91,000
PROP 99 BACKFILL	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
TOTAL OTHER COSTS	(\$32,071,000)	(\$32,511,000)	(\$32,511,000)	(\$32,511,000)
AVAILABLE TO TRANSFER	\$448,929,000	\$433,489,000	\$419,489,000	\$409,489,000
FUNDS TRANSFERRED TO:				
80% Counties	\$359,143,200	\$346,791,200	\$335,591,200	\$327,591,200
20% First 5 California	\$89,785,800	\$86,697,800	\$83,897,800	\$81,897,800

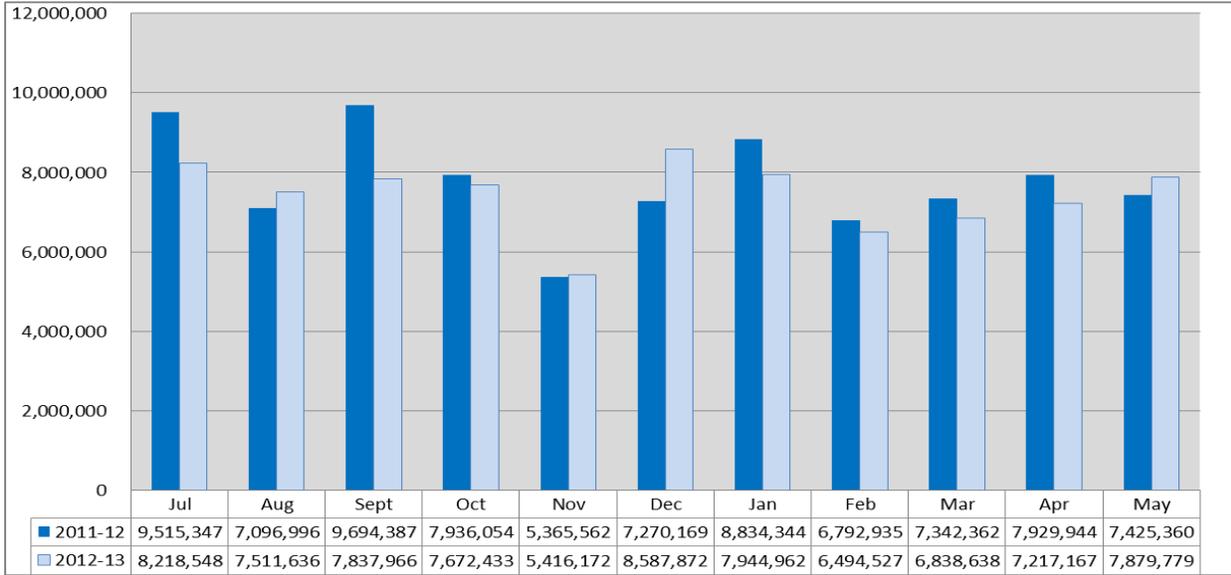
The following summary table compares the estimated Prop 10 tax revenues for State Commission operations (excludes the Counties account) with revenue received as of May 2013.

FY 2012-13 State Commission Revenue Allocations	
Description	Amount
Department of Finance annual projection	\$89,785,800
Actual revenue received to date (July – May)	\$81,619,698
Average monthly revenue	\$ 7,419,973

As presented in the table above, the year-to-date revenue totals \$81,619,698. Based on eleven months of actual revenue, First 5 California revenues received through May 2013 tracks closely with the projected year-end revenue for FY 2012-13 (\$89,785,800). Staff will present actual reconciled year-end financial detail to the State Commission at the fall 2013 Commission meeting.

Chart 1, State Commission Revenue, provides a comparison of actual FY 2012-13 monthly revenue deposited in First 5 California accounts (excluding the Counties account) with FY 2011-12 monthly revenue for July through May. This chart shows the flow of funds into First 5 California accounts and reflects the moderate variance in monthly revenue amounts between the two fiscal years.

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



First 5 California expects June revenue, which is reported at the end of July, will show that FY 2012-13 saw a decrease in revenue of approximately 3.85 percent.

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 is prepared on the fiscal year basis from July 1 through June 30.

The First 5 California Financial Plan, Attachment A, is 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.

The First 5 California Financial Plan also reflects large multi-account obligations, such as the Signature Programs authority that are updated as necessary to maintain the fiscal integrity of each account.

The Financial Plan Summary, Attachment B, reflects the same information without the detail of each account. This display is provided to show the account balances at a glance.

The Signature Program Funding Summary, Attachment C, reflects the current funding authority, based on prior Commission actions approving proposals for the Signature Programs.

ATTACHMENTS

- A. Financial Plan FY 2012-13 through FY 2015-16
- B. Financial Plan Summary
- C. Signature Program Funding Summary

**First 5 California
Financial Plan FY 2012-13 through FY 2015-16**

Account/Project	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Mass Media Communications (0631)				
Beginning Balance	\$19,731,055	\$9,566,748	\$15,120,202	\$18,530,554
Parent Signature Program - Education and Outreach	10,376,587	10,376,587	11,696,348	
Parent Signature Program - 1-800 Number	167,599	100,000	100,000	
Parent Signature Program - <i>Kit for New Parents</i>	7,107,054			
Child Signature Program	10,000,000	10,000,000	10,000,000	
DDS Contract - Budget Solution	10,000,000			
SCO/PRORATA/ADJUSTMENTS	8,000	8,000	8,000	8,000
Total Budgeted Expenditures	37,659,240	20,484,587	21,804,348	8,000
Prior Year Adjustments	0	0	0	0
Adjusted Fund Balance Expenditures	37,659,240	20,484,587	21,804,348	8,000
Subtotal	(\$17,928,185)	(\$10,917,838)	(\$6,684,146)	\$18,522,554
Projected Revenue	26,935,740	26,009,340	25,169,340	24,569,340
Projected Interest	59,193	28,700	45,361	55,592
Other Revenue (Federal Reimbursement for Kit)	500,000			
Year-end Balance	\$9,566,748	\$15,120,202	\$18,530,554	\$43,147,486
15% Reserve	4,040,361	3,901,401	3,775,401	3,685,401
Net Year-end Balance	\$5,526,387	\$11,218,801	\$14,755,153	\$39,462,085
Education (0634)				
Beginning Balance	\$21,236,975	\$20,489,136	\$18,467,053	\$18,688,904
Statewide Conference	150,000	150,000	150,000	150,000
Co-Sponsorship Funding	150,000	150,000	150,000	150,000
Child Signature Program - Educare	2,950,000	2,950,000		
Teacher Signature Program - CARES Plus		500,000	500,000	500,000
Child Signature Program	20,000,000	20,000,000	20,000,000	
SCO/PRORATA/ADJUSTMENTS	8,000	8,000	8,000	8,000
Total Budgeted Expenditures	23,258,000	23,758,000	20,808,000	808,000
Prior Year Adjustments	0	0	0	0
Adjusted Fund Balance Expenditures	23,258,000	23,758,000	20,808,000	808,000
Subtotal	(\$2,021,025)	(\$3,268,864)	(\$2,340,947)	\$17,880,904
Projected Revenue	22,446,450	21,674,450	20,974,450	20,474,450
Projected Interest	63,711	61,467	55,401	56,067
Year-end Balance	\$20,489,136	\$18,467,053	\$18,688,904	\$38,411,421
15% Reserve	3,366,968	3,251,168	3,146,168	3,071,168
Net Year-end Balance	\$17,122,168	\$15,215,886	\$15,542,737	\$35,340,254
Purple: Amount pending Commission approval.				
Royal Blue: Amount projected if Commission approves sustained level of effort.				

**First 5 California
Financial Plan FY 2012-13 through FY 2015-16**

Account/Project	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Child Care (0636)				
Beginning Balance	\$24,499,428	\$14,776,103	\$10,250,191	\$5,345,965
Child Signature Program	5,000,000	5,000,000	5,000,000	
Teacher Signature Program - CARES Plus	18,256,694	12,566,910	12,511,647	12,511,147
SCO/PRORATA/ADJUSTMENTS	8,000	8,000	8,000	8,000
Total Budgeted Expenditures	23,264,694	17,574,910	17,519,647	12,519,147
Prior Year Adjustments	0	0	0	0
Adjusted Fund Balance Expenditures	23,264,694	17,574,910	17,519,647	12,519,147
Subtotal	\$1,234,734	(\$2,798,807)	(\$7,269,456)	(\$7,173,182)
Projected Revenue	13,467,870	13,004,670	12,584,670	12,284,670
Projected Interest	73,498	44,328	30,751	16,038
Year End Balance	\$14,776,103	\$10,250,191	\$5,345,965	\$5,127,526
15% Reserve	2,020,181	1,950,701	1,887,701	1,842,701
Net Year-end Balance	\$12,755,922	\$8,299,491	\$3,458,265	\$3,284,826
Research and Development (0637)				
Beginning Balance	\$12,384,327	\$13,648,450	\$19,973,116	\$26,329,705
Annual Report	159,950			
PEDS Maintenance	73,680			
General Research Software	24,110			
CARES Plus Program Data Collection and Storage	1,029,990	712,950	780,000	780,000
California Health Interview Survey	750,000	1,000,000	500,000	
IT Development	187,020			
Child Signature Program - RFA Development	8,150			
Child Signature Program	5,000,000	5,000,000	5,000,000	0
DDS Contract - Budget Solution	5,000,000			
SCO/PRORATA/ADJUSTMENTS	8,000	8,000	8,000	8,000
Total Budgeted Expenditures	12,240,900	6,720,950	6,288,000	788,000
Prior Year Adjustments				
Adjusted Fund Balance Expenditures	12,240,900	6,720,950	6,288,000	788,000
Subtotal	\$143,427	\$6,927,501	\$13,685,116	\$25,541,705
Projected Revenue	13,467,870	13,004,670	12,584,670	12,284,670
Projected Interest	37,153	40,945	59,919	78,989
Year End Balance	\$13,648,450	\$19,973,116	\$26,329,705	\$37,905,365
15% Reserve	2,020,181	1,950,701	1,887,701	1,842,701
Net Year-end Balance	\$11,628,270	\$18,022,416	\$24,442,005	\$36,062,664

**First 5 California
Financial Plan FY 2012-13 through FY 2015-16**

Account/Project	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Unallocated (0639)				
Beginning Balance	\$10,641,650	\$10,598,910	\$9,792,487	\$8,803,644
Small County Augmentations	2,995,547	3,000,000	3,000,000	3,000,000
California Smoker's Helpline	999,698	1,400,000	1,400,000	1,400,000
Strategic Planning Consultant	50,000	100,000		
Child Signature Program	5,000,000	5,000,000	5,000,000	5,000,000
SCO/PRORATA/ADJUSTMENTS	8,000	8,000	8,000	8,000
Total Budgeted Expenditures	9,053,245	9,508,000	9,408,000	9,408,000
Prior Year Adjustments	0	0	0	0
Adjusted Fund Balance Expenditures	9,053,245	9,508,000	9,408,000	9,408,000
Subtotal	\$1,588,405	\$1,090,910	\$384,487	(\$604,356)
Projected Revenue	8,978,580	8,669,780	8,389,780	8,189,780
Projected Interest	31,925	31,797	29,377	26,411
Year-end Balance	\$10,598,910	\$9,792,487	\$8,803,644	\$7,611,835
15% Reserve	1,346,787	1,300,467	1,258,467	1,228,467
Net Year-end Balance	\$9,252,123	\$8,492,020	\$7,545,177	\$6,383,368
Program Accounts 0631, 0634, 0636, 0637, 0639 Totals:				
Total cigarette and tobacco tax revenue	\$85,296,510	\$82,362,910	\$79,702,910	\$77,802,910
Total resources per year	\$174,555,426	\$151,649,495	\$153,526,768	\$155,734,780
Total expenditures per year	\$105,476,079	\$78,046,446	\$75,827,995	\$23,531,147
Total Over/Under:	\$69,079,347	\$73,603,049	\$77,698,773	\$132,203,633
Total 15% Reserve	\$12,794,477	\$12,354,437	\$11,955,437	\$11,670,437
	\$56,284,871	\$61,248,612	\$65,743,337	\$120,533,197
Administration (0638)				
Beginning Balance	\$23,089,422	\$20,440,803	\$17,400,256	\$13,942,115
Administrative Expense	6,862,718	7,230,193	7,323,232	7,423,806
SCO/PRORATA/ADJUSTMENTS	344,459	206,566	382,000	382,000
Total Budgeted Expenditures	7,207,177	7,436,759	7,705,232	7,805,806
Prior Year Adjustments	0	0	0	0
Adjusted Fund Balance Expenditures	7,207,177	7,436,759	7,705,232	7,805,806
Subtotal	\$15,882,245	\$13,004,044	\$9,695,024	\$6,136,309
Projected Revenue	4,489,290	4,334,890	4,194,890	4,094,890
Projected Interest	69,268	61,322	52,201	41,826
Year End Balance	\$20,440,803	\$17,400,256	\$13,942,115	\$10,273,025
15% reserve	673,394	650,234	629,234	614,234
Net Year-end Balance	\$19,767,409	\$16,750,022	\$13,312,881	\$9,658,791
ALL FIRST 5 CALIFORNIA FUNDS				
Total cigarette and tobacco tax revenue	\$89,785,800	\$86,697,800	\$83,897,800	\$81,897,800
Total resources per year	\$202,203,406	\$176,486,510	\$175,174,115	\$173,813,611
Total expenditures per year	\$112,683,257	\$85,483,206	\$83,533,226	\$31,336,953
Total Over/Under:	\$89,520,150	\$91,003,305	\$91,640,888	\$142,476,658
Total 15% reserve	\$13,467,870	\$13,004,670	\$12,584,670	\$12,284,670
Net after reserve	\$76,052,280	\$77,998,635	\$79,056,218	\$130,191,988

**First 5 California
Financial Plan Summary
June 2013**

AGENDA ITEM: 6
DATE OF MEETING: JULY 25, 2013
Attachment B

Account/Project	FY 12-13	FY 13-14	FY 14-15	FY 15-16 *
Mass Media Communications (0631)				
Beginning Balance	\$19,731,055	\$9,566,748	\$15,120,202	\$18,530,554
Projected expenditures and obligations	37,659,240	20,484,587	21,804,348	8,000
Projected revenue	26,935,740	26,009,340	25,169,340	24,569,340
Projected interest	59,193	28,700	45,361	55,592
Other revenue (Federal reimbursement for Kit)	500,000			
Year-end Balance	\$9,566,748	\$15,120,202	\$18,530,554	\$43,147,486
15% Reserve	\$4,040,361	\$3,901,401	\$3,775,401	\$3,685,401
Net Year-end Balance	\$5,526,387	\$11,218,801	\$14,755,153	\$39,462,085
Education (0634)				
Beginning Balance	\$21,236,975	\$20,489,136	\$18,467,053	\$18,688,904
Projected expenditures and obligations	23,258,000	23,758,000	20,808,000	808,000
Projected revenue	22,446,450	21,674,450	20,974,450	20,474,450
Projected interest	63,711	61,467	55,401	56,067
Year-end Balance	\$20,489,136	\$18,467,053	\$18,688,904	\$38,411,421
15% Reserve	\$3,366,968	\$3,251,168	\$3,146,168	\$3,071,168
Net Year End Balance	\$17,122,168	\$15,215,886	\$15,542,737	\$35,340,254
Child Care (0636)				
Beginning Balance	\$24,499,428	\$14,776,103	\$10,250,191	\$5,345,965
Projected expenditures and obligations	23,264,694	17,574,910	17,519,647	12,519,147
Projected revenue	13,467,870	13,004,670	12,584,670	12,284,670
Projected interest	73,498	44,328	30,751	16,038
Year-end Balance	\$14,776,103	\$10,250,191	\$5,345,965	\$5,127,526
15% Reserve	\$2,020,181	\$1,950,701	\$1,887,701	\$1,842,701
Net Year End Balance	\$12,755,922	\$8,299,491	\$3,458,265	\$3,284,826
Research and Development (0637)				
Beginning Balance	\$12,384,327	\$13,648,450	\$19,973,116	\$26,329,705
Projected expenditures and obligations	12,240,900	6,720,950	6,288,000	788,000
Projected revenue	13,467,870	13,004,670	12,584,670	12,284,670
Projected interest	37,153	40,945	59,919	78,989
Year-end Balance	\$13,648,450	\$19,973,116	\$26,329,705	\$37,905,365
15% Reserve	\$2,020,181	\$1,950,701	\$1,887,701	\$1,842,701
Net Year End Balance	\$11,628,270	\$18,022,416	\$24,442,005	\$36,062,664
Unallocated (0639)				
Beginning Balance	\$10,641,650	\$10,598,910	\$9,792,487	\$8,803,644
Projected expenditures and obligations	9,053,245	9,508,000	9,408,000	9,408,000
Projected revenue	8,978,580	8,669,780	8,389,780	8,189,780
Projected interest	31,925	31,797	29,377	26,411
Year-end Balance	\$10,598,910	\$9,792,487	\$8,803,644	\$7,611,835
15% Reserve	\$1,346,787	\$1,300,467	\$1,258,467	\$1,228,467
Net Year End Balance	\$9,252,123	\$8,492,020	\$7,545,177	\$6,383,368
Program Accounts 0631, 0634, 0636, 0637, 0639 Totals:				
Total cigarette and tobacco tax revenue	\$85,296,510	\$82,362,910	\$79,702,910	\$77,802,910
Total resources per year	174,555,426	151,649,495	153,526,768	155,734,780
Total expenditures per year	105,476,079	78,046,446	75,827,995	23,531,147
Total Over/Under:	\$69,079,347	\$73,603,049	\$77,698,773	\$132,203,633
Total 15% Reserve	\$12,794,477	\$12,354,437	\$11,955,437	\$11,670,437
	\$56,284,871	\$61,248,612	\$65,743,337	\$120,533,197
Administration (0638)				
Beginning Balance	\$23,089,422	\$20,440,803	\$17,400,256	\$13,942,115
Projected expenditures and obligations	7,207,177	7,436,759	7,705,232	7,805,806
Projected revenue	4,489,290	4,334,890	4,194,890	4,094,890
Projected interest	69,268	61,322	52,201	41,826
Year-end Balance	\$20,440,803	\$17,400,256	\$13,942,115	\$10,273,025
15% Reserve	\$673,394	\$650,234	\$629,234	\$614,234
Net Year End Balance	\$19,767,409	\$16,750,022	\$13,312,881	\$9,658,791
ALL FIRST 5 CALIFORNIA FUNDS				
Total cigarette and tobacco tax revenue	\$89,785,800	\$86,697,800	\$83,897,800	\$81,897,800
Total resources per year	202,203,406	176,486,510	175,174,115	173,813,611
Total expenditures per year	112,683,257	85,483,206	83,533,226	31,336,953
Total Over/Under:	\$89,520,150	\$91,003,305	\$91,640,888	\$142,476,658
Total 15% Reserve	\$13,467,870	\$13,004,670	\$12,584,670	\$12,284,670
Net After Reserve	\$76,052,280	\$77,998,635	\$79,056,218	\$130,191,988
* FY 15-16 balances increase significantly because current Child Signature Program authority expires June 30, 2015.				

Signature Program Funding Summary Fiscal Years 2012-13 through 2015-16

CHILD SIGNATURE PROGRAM						
Authority: Up to \$45 Million through June 30, 2015						
Account	FY 12-13	% of FY Total	FY 13-14	% of FY Total	FY 14-15	% of FY Total
Media	\$10,000,000	22.22%	\$10,000,000	22.22%	\$10,000,000	22.22%
Education	\$20,000,000	44.44%	\$20,000,000	44.44%	\$20,000,000	44.44%
Child Care	\$5,000,000	11.11%	\$5,000,000	11.11%	\$5,000,000	11.11%
Research	\$5,000,000	11.11%	\$5,000,000	11.11%	\$5,000,000	11.11%
Unallocated	\$5,000,000	11.11%	\$5,000,000	11.11%	\$5,000,000	11.11%
FY total	\$45,000,000	100%	\$45,000,000	100%	\$45,000,000	100%
TEACHER SIGNATURE PROGRAM						
Cares Plus Round 1						
Authority: Up to \$36 Million through June 30, 2013						
Account	FY 12-13	<ul style="list-style-type: none"> • CARES Plus – Round 1, Phase I Planning and Development activities began in FY 2010-11; • \$6 million of unused funding was moved from Round 1 to Round 2 				
Child Care	\$24,218,135					
Research	\$1,000,000					
FY total	\$25,218,135					
Cares Plus Round 2						
Authority: Up to \$42 Million through June 30, 2016 *						
CARES Plus – Round 2 RFA was released March 7, 2013, and funds will be awarded in June 2013.	Account	FY 13-14	FY 14-15	FY 15-16		
	Child Care	\$12,720,000	\$12,720,000	\$12,720,000		
	Education	\$500,000	\$500,000	\$500,000		
	Research	\$780,000	\$780,000	\$780,000		
	FY total	\$14,000,000	\$14,000,000	\$14,000,000		
PARENT SIGNATURE PROGRAM						
Authority:						
1. Parent Outreach and Education: \$31.1 Million 1/1/2012-12/31/2014 2. Kit for New Parents: Up to \$15 Million through 7/31/2013 3. 1-800-Number: Up to \$150,000 Annually						
Account	FY 12-13	FY 13-14	FY 14-15	FY 15-16		
1. Media	\$10,376,587	\$10,376,587	\$11,696,348	\$10,000,000		
2. Media	\$5,574,310	\$5,000,000	\$5,000,000	\$5,000,000		
3. Media	\$150,000	\$150,000	\$150,000	\$150,000		
FY total	\$16,100,897	\$15,526,587	\$16,846,348	\$15,150,000		

* Includes \$6 million in unused funds moved from CARES Plus-Round 1.