

**ADMINISTRATION/FINANCE COMMITTEE
MINUTES**

Friday, May 9, 2014

Present: Commissioner Stenslie, Commissioner Mantooh, Joe Richards

Staff Present: Claudia Harrison, Jennifer Johnson, Kathy Rangel

I. Call to Order/Welcome/Introductions

Commissioner Stenslie began the meeting at 2:07 p.m. Since there was not a quorum, information was reviewed, but action was not taken on any items. Commissioner Stenslie asked that the agenda be reordered to present items VII and VIII prior to item V. The reorder of the agenda was approved by consensus.

II. Approval of Minutes from February 7, 2014 and March 7, 2014

Minutes from the February 7, 2014 and March 7, 2014 meetings will be carried forward to the next meeting for approval.

III. Approval of Agenda

The agenda was accepted by consensus.

IV. Public Comments

There were no comments from the public.

VII. Review of Financial Reports as of March 31, 2014

Jennifer Johnson presented the Quarter 3 financial statements and the expenditure report as of March 31, 2014. She noted that the report largely reflects activity as of Quarter 2, as a majority of contractors are on a quarterly invoicing payment method. She pointed out that spending levels are slightly higher this year compared to last year at this time because 1) more programs are on advanced payment and 2) programs are running closer to their targeted spending level. Jennifer referred to the expenditure report and highlighted the areas of the report providing explanations as to variances.

VIII. Update on Commission Activities

Claudia Harrison reported that the Commission approved the Committee's recommendation to select Fanning & Karrh to conduct the audit. She also reported on the approved changes to the conflict of interest code. Claudia stated that George Tillquist has retired from all Committees and will be honored at the May Commission meeting. She reported that the Commission is beginning strategic planning and provided an overview of the process and timelines.

V. Recommendation to Approve FY 2014-15 Annual Budgets

Jennifer Johnson began the presentation on the proposed budgets for FY 2014-15. Jennifer stated that the proposed budgets are reflective of the fourth funding year of the five-year Strategic Plan and are reflective of the funding levels the Commission approved in December 2013. Jennifer reviewed the overall Operating budget, inclusive of the Operating Fund and the Community Investment Loan Fund. She highlighted revenue projections for Prop 10 tax distributions and leveraged funding. Expenditures are based on the approved allocations, new leveraged funds, and proposed carryover funds for certain program areas.

Jennifer noted that Committee members reviewed the preliminary budget assumptions that were provided to the Committee in April. Referring to the updated version of the assumptions document, she stated that they reflect refinements for services and supplies based on rate increases, historical usage, and anticipated need. Jennifer highlighted the updated assumptions. Jennifer reviewed the proposed staffing pattern and explained modifications for FY 2014-15.

Jennifer proceeded to review the Administration, Program Management, and Equipment budgets. Jennifer highlighted variances and provided explanations as to the proposed budgeted amounts. Jennifer also presented proposed budgets for Results-Based Accountability (RBA) and Communications, Education and Development (CED). She summarized these budgets, highlighting the variances and providing explanations as to the proposed budgeted amounts. There was consensus among the Committee members present to carry forward the proposed budgets.

VI. Recommendation to Approve Updated Financial Plan

Jennifer Johnson presented the long-range financial plan that has been updated as part of the budgeting process. She highlighted updates to the current plan, reviewing the assumptions for revenue and expenditure projections and indicated that the plan reflects a forecast for FY 2013-14 and the proposed budget for FY 2014-15. She stated that the plan continues to use an estimated 4% rate of decline per year for Prop 10 distributions. She highlighted that under the current 5 year plan, \$6.3 million dollars are estimated to be leveraged from external funders. She reported that the proposed plan reduces total funding dollars over the 5 year funding period from the \$62.6 million target to \$61.8 million, with projected unspent funds from FY 2013-14 reserved for the next funding cycle. She noted that the plan begins to draw from the Sustainability Fund in FY 2014-15 to sustain program funding levels, as previously planned, and maintains 6 months of operating dollars in the operating fund balance. She indicated the plan maintains a Community Investment Loan Fund at \$1,300,000 for revolving loans. She ended her overview stating that the plan continues to include reserves for equipment replacement and up to \$10,000 for proposed "infrastructure" types of investments. There was consensus among the Committee members present to carry forward the proposed financial plan.

VII. Recommendation to Approve Administrative Cap for FY 2014-15

Jennifer Johnson stated that county commissions are required to adopt a policy establishing a limit on the percentage of the Commission's operating budget that may be spent on administrative functions. Jennifer referred to the formal policy that the Commission adopted in May 2006 on administrative costs. She stated that the cap is set on an annual basis. The staff recommendation for FY 2014-15 is to maintain the targeted administrative cap of 5.5% of the total operating budget. The Committee members present concurred with the staff recommendation, which will be carried forward to the next Commission meeting for approval.

VIII. New Business/Miscellaneous

There was a brief discussion about sustainability and available resources at the end of FY 2020/21, given reduced Prop 10 distributions along with the depletion of the Sustainability Fund. This topic will be further explored through strategic planning.

IX. Closure

Commissioner Stenslie ended the meeting at 3:12 p.m.

X. Next Meeting

Scheduled for: **Friday, June 6, 2014**, 9:30 am – 11:30 a.m. at First 5 Ventura County