

**ADMINISTRATION/FINANCE COMMITTEE
MINUTES**

Friday, May 8, 2015

Present: Commissioner Stenslie, Commissioner Mantooth, Joe Richards, Kara Ralston

Staff Present: Claudia Harrison, Jennifer Johnson, Kathy Rangel

I. Call to Order/Welcome/Introductions

Commissioner Stenslie began the meeting at 9:48 p.m.

II. Approval of Minutes from February 6, 2015 and April 3, 2015

A motion was made Kara Ralston, seconded by Commissioner Mantooth, to approve minutes from February 6, 2015 and April 3, 2015. The motion carried.

III. Approval of Agenda

A motion was made by Commissioner Mantooth, seconded by Joe Richards, to approve the agenda. The motion carried.

IV. Public Comments

There were no comments from the public.

V. Recommendation to Approve FY 2015-16 Annual Budgets

Jennifer Johnson presented the proposed budgets for FY 2015-16. Jennifer stated that the proposed budgets are reflective of the fifth and final year of the Strategic Plan and are reflective of the funding levels the Commission approved in December 2014. 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. She discussed the utilization of the Commission's Sustainability Fund and noted that \$4.4 million from the Sustainability Fund is anticipated to be used in FY 2015-16 to maintain program services. Proposed 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 at the last meeting. 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 needs. Jennifer explained the proposed budget expands the allocation of certain office type expenses to all internal cost centers. Jennifer reviewed the proposed staffing pattern and explained modifications for FY 2015-16. There was a brief discussion about annual premiums for health insurance and the future implications of the ACA insurance plans on current medical benefits.

Jennifer proceeded to review the Administration, Program Management, and Equipment budgets. Jennifer highlighted variances and provided explanations as to the proposed budgeted amounts. She also presented the proposed budgets for Communications, Education and Development, and Results-Based Accountability (RBA) budgets. She summarized these budgets, highlighting the variances and providing explanations as to the proposed budgeted amounts.

Claudia Harrison reported that the Commission is required to present the proposed budget for review and input to the County Board of Supervisors and the Community Commission of Ventura County.

Subsequent to these presentations, the budget will be brought back to the Commission in June for final approval.

There was a motion made by Kara Ralston, seconded by Joe Richards, to approve the FY 2015-2016 budgets. The motion carried.

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 2014-15 and the proposed budget for FY 2015-16. She stated that the plan continues to use an estimated 4% rate of decline per year for Prop 10 revenues. She reported that total funding dollars for FY 2011-12 through FY 2015-16 have been reduced from \$61.8 million to \$60.8 million due to forecasted unspent funds and other state/federal leveraging opportunities for preschool efforts. She indicated that the plan also assumes the approval of First 5 CA Child Signature Program (CSP) #1 bridge funding of \$311,875 for FY 2015-16. She highlighted that under the current 5 year plan, \$6.6 million dollars are estimated to be leveraged from external funders. She noted that the updated plan proposes \$45 million in total local funding dollars available over 5 years, through the use of revenues and remaining Sustainability Fund to fund programs/initiatives in the new strategic plan. She indicated the plan maintains a Community Investment Loan Fund at \$1,300,000 for revolving loans. She stated the plan transfers Sustainability funds to Operating Fund, beginning in FY 2014-15, to sustain program funding levels. She ended her overview by noting that this fund takes us through the end of FY 2018-19, when it is essentially depleted.

A motion was made by Commissioner Mantooth, seconded by Kara Ralston, to approve the updated Financial Plan. The motion carried unanimously.

VII. Recommendation to Approve Administrative Cap for FY 2015-16

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 2015-16 is to maintain the targeted administrative cap of 5.5% of the total operating budget. She reviewed the proposed modifications to the policy, which align with the recently updated First 5 Financial Management Guide. There was discussion current cap and how it will be difficult to maintain the low percentage in the future.

There was a motion made by Joe Richards, seconded by Commissioner Mantooth, to approve the administrative cap of 5.5% for FY 2015-16 and the proposed changes to the policy. The motion carried.

VIII. Review of Financial Reports as of March 31, 2015

Jennifer Johnson presented the financial statements of March 31, 2015. Jennifer referred to the balance sheet and statement of revenues and expenditures. She gave an overview of the statements and provided explanations as to variances.

VII. Update on Commission Activities

Claudia Harrison provided the Committee an overview of the draft strategic plan and reported that it will be released for community input and be presented to the Board of Supervisors and the Community Commission of Ventura County. She provided an update on tobacco related legislation and on the

continued issue of the Board of Equalization's administrative fees and the impact on Proposition 10 revenues.

VIII. New Business/Miscellaneous

There was no new business to discuss.

IX. Closure

Commissioner Stenslie ended the meeting at 10:43 a.m.

X. Next Meeting

Next Meeting: **Friday, June 5, 2015**, 9:30 am – 11:30 a.m. at First 5 Ventura County. *This meeting was subsequently cancelled.*