



## **FIVE-YEAR FINANCIAL PLAN**

**Adopted: June 11, 2008**

The Plumas County Children and Families Commission initially adopted a ten-year Financial Plan in August 2003. This five-year revised plan provides the framework for implementing the Annual Budget process. The Annual Budget Package and the Five-Year Financial Plan are in direct support of the goals, priorities, and objectives documented in the Commission's Strategic Plan that was approved for FY 2008-2013. This plan is a tool for the Commission to guide its actions and community investments. No funds are actually appropriated from this document.

### **Financial Plan Goals:**

The main goal of the plan is long term sustainability. The funding commitments also support a funding mode that includes spending a portion of the reserves for a period of 5 years to fund multi-year programs and develop the system integration and changes necessary to improve outcomes for children 0-5 years.

- Long term sustainability to effective programs supported with Proposition 10 funds;
- Spend the maximum possible annually for community programs;
- Plan for the future of the commission and funded programs through leveraging; and
- Plan for system integration and changes necessary to improve outcomes for children 0-5

### **Financial Plan Objectives:**

The objectives of this plan are intended actions to achieve the above stated goals.

- Provide capacity for program priorities;
- Commitment to evaluation outcomes to fund the most effective programs;
- Pursue leveraging to sustain both the commission and funded programs;
- Provide capacity for multi-year initiatives to make a positive impact on child outcomes;
- Establish a one-year reserve for program continuation or contingencies; and
- Establish a range of 16% to 20% of the approved annual budget that may be spent on administrative functions

### **Financial Plan Principles:**

The following principles provide guidelines for the use of the plan.

- Guides spending for a five-year period of time;
- The Financial Plan is the basis for the annual budget process/package;
- The Financial Plan will be reviewed and updated annually by the Commission;
- Staff will validate the assumptions annually and provide Commission with annual report;
- Commission must approve any changes to the Financial Plan;
- Surplus budget funds will rollover into the beginning fund balance of the next year;
- The Commission will evaluate the goals, objectives and principles of the financial plan on an annual basis; and
- Commission will leverage its financial resources to maximize the impact of its Prop 10

revenue to achieve outcomes designated in the Strategic Plan.

**Financial Plan Assumptions:**

The assumptions used to build the spreadsheet model of the plan are as follows:

**Economic Assumptions**

- Any cost adjustments to funded program amounts will be based on demonstrated need;
- 3% Interest Earnings on all funds;
- Maintain one-year’s revenue for sustainability and/or closeout is necessary;
- Continuation of State Minimum Allocation and rural county augmentation methodology; and
- Up to 8% of the Commission’s expended annual budget may be spent on operational and fiscal support through a Memorandum of Understanding by and between the Commission and the County of Plumas.

**Policy Assumptions**

- Continuation of State Augmentation for Minimum Allocation and Administration
- Maintain one-year’s revenue for sustainability an/or closeout should it be necessary, or contingency issues; and
- Adoption of an Administrative Cost Policy in FY 2005-06.

**Implementation:**

The Financial Plan will become effective annually upon approval by the Commission. It will be the guideline for the preparation of the funding allocation plan and the annual budget for each fiscal year.

**Projected Five-Year Spending Plan:**

The Commission may choose to increase or decrease the fund allocation priorities based on changes in the Strategic Plan, Fund Allocation Plan, or Financial Plan. At the discretion of the Commission, specific funds will be matched to support specific programs or services that address state or regional issues.

Fund allocation priorities from 05-06 through 09-10 are noted in the following table.

<b>PROJECTED 5-YEAR SPENDING PLAN</b>	
School Readiness	CCFC Matching Funds \$500,000 Local Matching Funds \$400,000
CARES	\$45,000
Other Programs/Services	\$260,000
Leverage & Training Funds	\$ 15,000
Staffing and Operating Costs	\$640,000
Program Evaluation	\$100,000

**Funding Allocation Plan:**

The Commission determines how funds will be allocated to meet established Commission goals and objectives. The Commission has developed a Financial Plan that is a component of the Strategic Plan and reflects defined strategic results areas, goals, and objectives.

As a minimum allocation county, Plumas will receive approximately \$315,000 in Proposition 10 revenues annually. In May of 2004 First 5 California's Annual Audit Guidelines for small counties set a limit of one year's annual revenue of uncommitted funds to qualify for state augmentations.

At the beginning of fiscal year 2005-06, the Commission had \$642,506 in its Trust Fund account. The Funding Allocation Plan acknowledges that this funding commitment spends down the fund balance, ending with carryover funds to ensure one additional funding year. The small size of the county limits options for new programs so the Commission is focused on funding multi-year programs, evaluation outcomes, and leveraging to sustain successful programs over the long term.

Resource allocation for internally run programs such as School Readiness and the Child Care Retention/Incentive project as well as community programs and services all make children and families a priority.

Program and service funds are routinely segmented into three categories:

<b>Funding Category</b>	<b>Funding Term</b>	<b>Commission Approval</b>
Program/Service Grants	Multi-year	Annually
Internally Run Programs	Multi-year	Annually
Community Training	Executive Director Approval of \$5,000 or less	Allocated Annually

### **Planning for Sustainability**

This plan was designed to reflect a continued minimum allocation to small counties, as well as the administrative augmentations. Travel Augmentation of \$3,787 was cut by First 5 California in the year 2008. The plan supports the future intent to develop leveraging opportunities for both the commission staff and community providers. The Commission will work with the County and Community Based Organizations to enable leveraging to occur at the community provider level. The Commission will also research federal, state, foundation or private grants to sustain strong and effective programs for children 0-5 years that can be supported for the long term.

### **Financial Management**

Quarterly and annual financial reports to the Commission assist members and staff in evaluating the effective use of Proposition 10 dollars. Quarterly and annual financial reports document Commission revenue, expenses, grant funds expended, committed and uncommitted fund balances, and as applicable, reserve fund interest earnings.

Through a formal Memorandum of Understanding (MOU) with the County of Plumas, the Plumas County Public Health Agency (PCPHA) provides the Commission's fiscal administration. The MOU was extended through fiscal year 2010 in March 2008 by mutual consent. The PCPHA and the Commission staff will manage assets consistent with fiscal accounting control policies and procedures of the Plumas County Auditor's Office.

### **Administrative Costs:**

The First 5 Plumas County Children and Families Commission shall use the most recent definition in the First 5 Financial Management Guide to define administrative functions. The definition will be consistent with the guidelines issued by the First 5 California Children and

Families Commission. At the time of the policy development and adoption, these guidelines state:

*Administrative costs are defined as costs incurred in support of the general management and administration of a First5 Commission for a common or joint purpose that benefits more than one cost objective (other than evaluation activities) and/or those costs not readily assignable to a specifically benefited cost objective.*

The Commission shall adhere to this definition in its budgeting, accounting and financial reporting processes. Where there is a question of interpretation of how specific activities shall be coded, the definition of administrative costs benefiting more than one cost objective, or not being readily assignable to one cost objective will serve as the determining definition.

Administrative costs may include commission support (meetings, recruitment, committee work), fiscal management, state/local government monitoring/participation, public relations, general administration (office support, staff management), management staff, support staff salary and benefits, contract management, performance monitoring, staff training and travel costs, and other direct/indirect costs necessary to support operations and facilitate the goals and objectives of the Commission.

An Administrative Cost Policy was adopted by the Commission on May 10, 2006. Based on an analysis of the Commission's spending needs and best practice in government finance, the limit on the percentage of the annual operating budget that may be spent on administrative functions is a range of 16.0% -20.0%. The Administrative Cost Limit may be adjusted at the discretion of the Commission for special costs (e.g.: state initiative planning, capital asset purchases, etc) planned for within the annual budget process.

**Administrative Cost Monitoring and Reporting:**

The Plumas County Public Health Agency, through a Memorandum of Understanding with the Commission, will be responsible for establishing, within the accounting and reporting system a methodology for tracking and reporting administrative, program, and evaluation costs, and maintaining auditable records to ensure compliance with the administrative cost limit policy.

Contractors operating costs will be allocated on a percentage basis to administrative costs, depending on the type of services they perform for the Commission.

The Executive Director and the Plumas County Public Health Agency shall be responsible for presenting on a quarterly basis, to the Commission, a breakdown of administrative costs by line item and as a percentage of the operating budget. This information will ensure compliance with the administrative cost limit policy, and will also be used to help guide future budgeting decisions. This information shall also be reported, on an annual basis, to the First 5 California Commission in the annual financial report, which is adopted by the Commission at a public hearing.