



FIVE-YEAR FINANCIAL PLAN

Approved on: June 24, 2015

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 on June 8, 2011 for FY 2011-2016. 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. Between FY 2006-2009, the funding commitments also supported a funding mode that included spending a portion of the reserves for a period of three 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 25% 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.

Mental Health Services Act (MHSA) Funds

On June 16, 2015, the Plumas County Board of Supervisors approved a service agreement contract so that First 5 Plumas could implement and sustain over the long-term an Infant-Early Childhood Mental Health Program. The contract in the amount of \$280,000 is for a 24.5 month period.

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 as necessary;
- Continuation of First 5 California small 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 First 5 California’s support of small population counties
- 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 and beyond. In accordance with the administrative Cost Policy approved by the Commission places a 25% limit on all administrative costs in one fiscal year.

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.

Small County Augmentations:

On April 24, 2014, First 5 California approved a new funding methodology and accountability framework for the allocation of augmentation funds to twenty small population counties beginning in Fiscal Year (FY) 2014-15 and ending FY 2016-17.

The funding includes a fixed, graduated baseline formula determined by the number of births in each county in 2011. The funding formula qualifies a county for the augmentation if the county’s number of births is 1,000 or less. Plumas County First 5 qualifies for a \$350,000 annual baseline amount. The goal of the small population county funding augmentation is to

support the success of small counties in their work and to ensure Proposition 10 is truly a statewide effort that impacts the lives of young children throughout California.

Fund allocation priorities from 2011 through 2016 are noted in the following table.

Programs for children ages 0-5	\$800,000
Local Collaboration & Training Funds	\$50,000
Staffing and Operating Costs	\$1,125,000
Community Outreach-Educational materials, travel, media/promotional	\$175,000
Program Evaluation	\$100,000
Mental Health services development FY 2014-15	\$35,000

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.

The Commission’s fund balance beginning July 1, 2012 was \$430,015. The fund balance ending, June 30, 2013 was \$437,191 a net increase in fund balance in the amount of \$7,176. The Funding Allocation Plan acknowledges that this funding commitment will guarantee there are sufficient Proposition 10 funds in the county Trust Fund 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.

In June 2011, the Commission adopted a revised Strategic Plan FY 2011-2016. The revised plan identifies desired outcomes, strategies, and potential indicators for each First 5 California result areas. The result areas identified are: improved family functioning, improved child development, improved health, and improved systems of care.

As a result of the strategic planning, the Commission released a Request for Proposals in the amount of \$100,000 for intensive home visiting and case management for children ages 0-5 and their families/caregivers on April 25, 2012. The Commission approved \$80,000 to the Plumas County Public Health Agency and \$25,000 to a consultant for early childhood development services for the families served by First 5 Plumas’ intensive home visiting services.

Program and service funds are routinely segmented into three categories:

Funding Category	Funding Term	Commission Approval
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 fund augmentations to small counties. 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. To leverage additional funds, the Commission's Executive Director participates in Medi-Cal Administrative Activities (MAA), which leverages approximately \$10,000 to \$15,000 annually.

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, GASB 54 reports on assigned, committed and unassigned 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 has been re-approved by the Commission and the County of Plumas through fiscal year 2016. By mutual written consent, the Memorandum of Understanding may be extended an additional two years.

The PCPHA and the Commission staff will manage assets consistent with fiscal accounting control policies and procedures of the Plumas County Auditor's Office. The cost of the MOU services shall not exceed eight (8) percent of the Commission's expended annual budget.

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 First 5 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.

Due to the Commission's declining revenues, the Administrative Cost Policy of 16.0%-20.0% was revised and adopted by the Commission on June 8, 2011. The upper limit of the policy was increased from 20.0% to 25.0%. 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% -25.0%. 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.

The Executive Director and the Plumas County Public Health Agency shall be responsible for presenting on an annual basis, to the Commission, a breakdown of administrative, program, and evaluation 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.