



FIRST 5 ALAMEDA COUNTY COMMISSION MEETING AGENDA

Thursday, September 27, 2012

**First 5 Alameda County
1100 San Leandro Blvd., Suite 120
San Leandro, CA 94577
Conference Room A**

10:30 AM – 11:30 AM

Commissioners: *Chair:* Pamela Simms-Mackey M.D., *Vice Chair:* Helen Mendel, CMD, Alex Briscoe, Keith Carson, Ricky Choi, M.D., Renee Herzfeld, Lori Jones, Deborah Roderick Stark, Albert Wang, M.D.

1. **Public Comment**
2. **Approval of Minutes from June 28, 2012**

INFRASTRUCTURE

3. **FY 2011-12 Financial Audit Report**
4. **Cutwater Investment Presentation**
5. **Contract Authorizations**

PROGRAM

6. **FY 2013-17 Strategic Plan Update**
7. **State Commission & Association Updates**
8. **Legislation and Public Policy Updates**
9. **Office Space Update (CLOSED SESSION)**

MISCELLANEOUS

10. **Staff Announcements**
11. **Communication from Commissioners**
12. **Adjournment**



FIRST 5 ALAMEDA COUNTY COMMISSION MEETING MINUTES

Thursday, June 28, 2012

**First 5 Alameda County
1100 San Leandro Blvd., Suite 120
San Leandro, CA 94577
Conference Room A**

9:00 AM – 11:30 AM

Commissioners Present: *Chair:* Pamela Simms-Mackey M.D., Keith Carson, Renee Herzfeld, Lori Cox, Deborah Roderick Stark

1. Public Comment

Meeting called to order at 9:07AM

Sara Rizik-Baer is the Lead Program Coordinator for Raising a Reader in Alameda County. She spoke to the Commission on behalf of the program to express appreciation for how the Commission has supported the program since 2007. She stated that the program has expanded to 77 sites and served over 3,000 families.

Neva Bandelow from the Alameda County Child Care program addressed the Commission to update them on the My Teaching Partner program which is an intensive coaching program based on the CLASS system. She spoke to the Commission on the success of the program.

2. Help Me Grow Presentation

Janis Burger, Deputy Director stated that this presentation is one of several systems initiatives being presented to the Commission. She introduced staff member Loren Farrar, Help Me Grow Coordinator, and Susan Nelson, Director of North Region SELPA, and Co- Chair of the Help Me Grow Leadership Council. Ms. Nelson introduced Iris Preece, Administrator of Youth and Family Services at the City of Fremont. The presentation covered the transition from SART to Help Me Grow, the Help Me Grow National Replication Project, the accomplishments and lessons learned, the future directions, and finished with a story on the impact on families.

3. Approval of Minutes from May 3, 2012

Commission Action: The Commission approved the May 3, 2012 minutes upon motion by Vice Commissioner Carson, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

CONSENT

Chair Sims- Mackey stated that the following consent items were discussed thoroughly by the Executive Committee meeting and therefore were not discussed.

4. Final Reading of FY 2012-13 Budget

Commission Action: The Commission approved the Final Reading of FY 2012-13 Budget Proposal upon motion by Commissioner Cox, seconded by Commissioner Herzfeld and unanimously carried (5 in favor, 0 opposed).

5. Final Reading of FY 2013-17 Long Range Financial Plan

Commission Action: The Commission approved the Final Reading of FY 2013-17 Long Range Financial Plan upon motion by Commissioner Cox, seconded by Commissioner Herzfeld and unanimously carried (5 in favor, 0 opposed).

6. GASB 54 Recommendation

Commission Action: The Commission approved the GASB 54 Recommendation upon motion by Commissioner Carson, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

7. FY 2011-12 3rd Quarter Investment Report

Commission Action: The Commission approved the Investment Report for the period July 1, 2011 – March 31, 2012 upon motion by Commissioner Carson, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

8. FY 2011-12 3rd Quarter Financial Report

Commission Action: The Commission approved the Financial Report for the period July 1, 2011 – March 31, 2012 upon motion by Commissioner Carson, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

9. Investment Policy Update

Commission Action: The Commission approved the Investment Policy Recommendation upon motion by Commissioner Carson, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

10. ACERA 401(h) Account Authorization

Commission Action: The Commission approved the ACERA 401(h) Account Authorization upon motion by Commissioner Carson, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

11. F5AC Strategic Partnership Project

Mr. Friedman presented the F5AC Strategic Partnership Project. Staff met with four foundations and had extensive phone conversations to answer questions and provide clarification on the services sought. He stated that the San Francisco Foundation and Philanthropic Ventures Foundation both submitted responses. Subsequently staff interviewed leadership at both

foundations. He stated that among the most attractive opportunities presented by such an arrangement would be the potential to attract additional funding to be used to assist young children in Alameda County. Donors would be able to make tax deductible contributions easily and existing San Francisco Foundation and/or Philanthropic Ventures Foundation donors would be offered the opportunity to contribute. The San Francisco Foundation has already contacted potential donors and is very optimistic that they will be able to successfully attract funds to leverage the partnership. Philanthropic Ventures Foundation is also enthused about attracting additional funds.

He stated that the San Francisco Foundation is proposing to use a Field of Interest Fund as the partnership vehicle. Philanthropic Ventures Foundation is proposing setting up a Donor Advised Fund which would allow us to recommend investments consistent with our Strategic Plan. The fee structures proposed by both foundations are very similar with fees of 50 basis points for First 5 investments of at least \$5 million. Both foundations are open to exploring the possibility of continuing our relationship with one or both of our existing money managers, Cutwater and Chandler Asset Management.

Mr. Friedman and Mr. Rasiah met with the First 5 Alameda County attorney James Harrison and his opinion is that such an arrangement would be legal and that using the partnership as a vehicle to attract additional funding would make it clear that this structure has a purpose other than just sheltering funds. Mr. Rasiah also met with our current auditor Ramesh Patel and he also agreed that the strategic partnership was acceptable by audit standards.

He stated that the recommendation is that the Commission authorize staff to transfer up to \$15 million from the sustainability fund to, either, or both the San Francisco Foundation and Philanthropic Ventures Foundation. Development and execution of a legal agreement with each partnering foundation would precede the transfer of the funds. He stated that staff will work with one or two Commissioners on a task force to review the legal agreement and finalize the project. He stated that the final agreement will be brought to the full Commission in September.

Commission Action: The Commission approved the transfer of up to \$15 million for the F5AC Strategic Partnership Project upon motion by Commissioner Cox, seconded by Commissioner Carson and unanimously carried (5 in favor, 0 opposed).

12. FY 2011-13 Contract Authorizations

Ms. Burger presented the Contract Authorizations to the Commission. She stated that the Commission is being asked to approve the following contracts:

- **San Leandro Unified School District - \$35,000** We are requesting approval of a contract amendment for SLUSD to expand the summer pre-kindergarten program to 3 additional sites bringing the total to 4 sites for the year. The recommendation of a contract amendment would increase the total FY 2011-13 contract amount from \$22,000 to \$57,000.

- **Bright Research Group, Inc. – \$40,000** Bright Research Group, Inc. currently has a FY 2011-12 \$49,800 contract to provide Early Connections Full Partnership facilitation. The addition of \$40,000 brings the aggregate FY 2011-13 contract amount to \$89,800.

Commission Action: The Commission approved the above contract upon motion by Commissioner Stark, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

- **Family Resource Network – \$20,000** Family Resource Network currently has a FY 2011-13 contract for SART Family Navigation/Community Support activities and Family Leadership staffing support and consultation services in the amount of \$208,520 in the first year, and \$188,520 in the second year. The addition of this \$20,000 results in an aggregate contract amount of \$208,520 per year.

Commission Action: The Commission approved the above contract upon motion by Commissioner Cox, seconded by Commissioner Herzfeld and unanimously carried with Chair Simms-Mackey abstaining from the vote (4 in favor, 0 opposed, 1 abstained).

13. FY 2012-13 Budget Contract Authorizations

- American Education Research Corporation
- Ann Martin Children's Center
- Applied Survey Research
- Asian Community Mental Health Services (Community Consultation)
- Asian Health Services
- Crux Designs (Annual report)
- Crux Designs (Website support)
- International Contact
- Interpreters Unlimited
- Jewish Family & Children's Services
- Kadija Johnston
- Lan Do & Associates
- Marti Roach
- Oakland Parents Together
- Ohlone College
- Patel & Associates
- Remcho, Johansen, & Parcell, LLP
- Robbins Consulting
- RS Associates CPA
- Social Interest Solutions, Inc. (Development)
- Social Interest Solutions, Inc. (Maintenance and Hosting)
- Wiley, Price & Radulovich, LLP

- Xantrion, Inc.

Commission Action: The Commission approved the above FY 2012-13 contract authorization upon motion by Commissioner Stark, seconded by Commissioner Cox and unanimously carried (5 in favor, 0 opposed).

- Alameda County General Services Agency (Cares Plus)
- Alameda County General Services Agency (Race to the Top)

Commission Action: The Commission approved the above contract upon motion by Chair Simms-Mackey, seconded by Commissioner Stark and unanimously carried with Commissioner Herzfeld, Carson and Cox abstaining from the vote (2 in favor, 0 opposed, 3 abstained).

- Brookes Publishing (Online ASQ)

Commission Action: The Commission approved the above contract upon motion by Commissioner Herzfeld, seconded by Commissioner Cox and unanimously carried with Commissioner Stark abstaining from the vote (4 in favor, 0 opposed, 1 abstained).

- Lifelong Medical Care (Howard Daniel Clinic)
- Melinda Martin

Commission Action: The Commission approved the above contract upon motion by Commissioner Cox, seconded by Commissioner Stark and unanimously carried with Commissioner Herzfeld abstaining from the vote (4 in favor, 0 opposed, 1 abstained).

- Alameda County Public Health Department (SART Linkage Line)
- Alameda County Behavioral Health Care Services (Harris Training)

Commission Action: The Commission approved the above contract upon motion by Commissioner Stark, seconded by Commissioner Herzfeld and unanimously carried with Chair Simms-Mackey, Commissioner Carson and Cox abstaining from the vote (2 in favor, 0 opposed, 3 abstained).

- Children's Hospital & Research Center at Oakland (Community Consultation)
- Children's Hospital & Research Center at Oakland (Harris Training)
- Family Resource Network
- Nadirah Stills

Commission Action: The Commission approved the above contract upon motion by Commissioner Cox, seconded by Commissioner Herzfeld and unanimously carried with Chair Simms-Mackey abstaining from the vote (4 in favor, 0 opposed, 1 abstained).

14. FY 2013-2017 Strategic Plan Process Update

Mr. Friedman stated that Commissioners Stark, Choi and Herzfeld have participated on the Strategic Planning Task force. He stated that the draft strategic planning timeline is available in the packets. He stated that the milestones accomplished so far were the completion of the community survey and key informant interviews. The results were presented at the last task force meeting. He stated that the next task is to conduct budget analysis of our current initiatives including external funding. He stated that these commitments have to be taken into account when developing the next strategic plan.

15. Final Reading of FY 2012-13 Strategic Plan

Mr. Friedman stated that Proposition 10 requires that each county commission review the strategic plan and hold two public meetings on an annual basis and either modify it or approve it as it is. He stated that last June, the Commission approved a two-year FY 2011-13 budget for the last two fiscal years of the current strategic plan.

He stated that there are no significant changes for the final year of the FY 2009-13 Strategic Plan. The goals, outcomes and programs remain the same. The new three strategy agency structure will be incorporated in to the new FY 2013-17 strategic plan. He stated that there is no fiscal impact and that spending will occur in alignment with the Commission approved FY 2012-13 budget.

Commission Action: The Commission approved the Final Reading of the FY 2012-13 Strategic Plan upon motion by Commissioner Stark, seconded by Commissioner Herzfeld and unanimously carried (5 in favor, 0 opposed).

Commissioners Cox and Carson left the meeting.

16. State Commission & Association Updates

17. Legislation and Public Policy Updates

Mr. Friedman stated that the state commission is being asked to contribute \$80 million to state budget gaps, for medical and developmental services. He stated that he spoke with the Governor on this and other matters. He stated that it is clear that some of these funds being mandated are supplantation of fund but it is highly unlikely that the state commission will object. He stated that because our Commission doesn't rely heavily on state Commission funds this will not have a material impact for First 5 Alameda.

Mr. Friedman reported that the Affordable Care Act was upheld this morning by the Supreme Court.

18. Office Space Update (CLOSED SESSION)

Commission Action: The Commission approved the removal of the contingencies upon motion by Commissioner Stark, seconded by Commissioner Herzfeld and unanimously carried (3 in favor, 0 opposed).

MISCELLANEOUS

19. Staff Announcements

None

20. Communication from Commissioners

None

21. Adjournment



To: First 5 Alameda County Commission

From: Mark Friedman, Chief Executive Officer

Date: September 27, 2012

Subject: Adoption of FY 2011-12 Audit

REQUESTED ACTION

To review and approve the FY 2011-12 audit for adoption.

BACKGROUND

It is a requirement of the Proposition 10 legislation and First 5 California that each First 5 county commission complete an annual audit by October 15 and submit a report to First 5 California and the State Controllers Office by November 1.

The annual audit of the financial statements, the compliance audit (Expanded Audit) and the Single Audit of Federal Expenditures under OMB Circular A-133 have been completed and the opinion from the auditor is unqualified. The audit firm of Patel & Associates will present the audit to the full Commission on September 27th. Mr. Ramesh Patel, principal auditor, will present.

The audit process included internal controls testing of each area, and auditing as described:

- a. Audit cash disbursements, including appropriate documentation and authorization; including a comprehensive review of grants and contracts
- b. Audit Payroll, tying to general ledger, timesheets, I-9s, offer letters;
- c. Audit Revenues, including sending confirmation letters;
- d. Audit receivables from Prop 10 tobacco tax and other receivables
- e. Audit of accrued liabilities and confirmation of subsequent payments
- f. Audit of cash receipts

- g. Audit each account on the general ledger, starting with balance then audit of detailed transactions (the general ledger chart of accounts is attached) within the account.
- h. Audit bank reconciliations
- i. Confirm cash in County Treasury and investments with money managers
- j. Audit Prepaid expense accounts
- k. Audit of Accrued vacation
- l. Audit of all expense accounts and analysis of variances
- m. Audit of investment disclosure
- n. Audit Lease disclosure
- o. Preparation of Restricted Funds presentation
- p. Audit of Fixed Assets and preparation of schedule
- q. Review of Retirement Disclosure
- r. Development of Year-end Financial Statements
- s. Expanded compliance audit (related to SB 35 and AB 109)
 - i. Contracting and procurement
 - ii. Administrative costs
 - iii. Conflict of interest
 - iv. County ordinance
 - v. Long range financial plan
 - vi. Financial condition of the commission
 - vii. Program evaluation
 - viii. Salaries and benefits policies

The sections of the audit package are as follows.

- Independent auditors report
- Management Discussion and Analysis:
 - ◆ Financial highlights
 - ◆ Comparative information from 2010-11 and 2011-12
 - ◆ List of conditions that will affect First 5's future financial situation
- Statement of Net Assets: shows total assets as of June 30
- Statement of Activities

- Balance Sheet: show total liabilities and fund balance
- Reconciliation of Balance to Net Assets: shows reconciliation of items that are not reported in the Balance Sheet but are reported in the Net Assets
- Statement of Revenues, Expenditures and Changes in Fund Balance: show the specific year-end revenue and expenses in 2011-12.
- Reconciliation: reconciles items shown in one schedule but not in another
- Budget to Actual: shows original budget, final budget, actual expenses and variance. This is perhaps the most useful schedule for Commissioners.
- Notes to Financial Statements:
 - ◆ First 5 has prepared an investment disclosure consistent with GASB 40 requirements. Note 2 contains this disclosure.
 - ◆ Note 6 is a requirement of the Expanded Audit and discloses the cost of Evaluation for 2011-12
- Supplementary Schedule of Revenue and Expenditures by Fund Source
- Schedule of Expenditures of Federal Awards (Single Audit. OMB A-133)
- Independent auditors report on internal controls
- Independent auditors report on state compliance
- Status of prior year findings (there were no findings)

FISCAL IMPACT

The total cost of the 2011-12 audit is \$32,900, paid to Patel & Associates. There is no additional fiscal impact as all of the funds are currently budgeted.

RECOMMENDATION

That the Commission review and approve the 2011-12 audit for adoption.

Submitted by:

Reviewed by:

Mark Friedman
Chief Executive Officer

Mark R. Rasiah
Financial Controller

FIRST 5 ALAMEDA COUNTY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2012

Draft

**FIRST 5 ALAMEDA COUNTY
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
First 5 Alameda County
San Leandro, California

We have audited the accompanying financial statements of the governmental activities, and major fund of First 5 Alameda County, as of and for the year ended June 30, 2012, which collectively comprise First 5 Alameda County's basic financial statements as listed in table of contents. These financial statements are the responsibility of First 5 Alameda County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of First 5 Alameda County as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September XX, 2012, on our consideration of the First 5 Alameda County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on **pages 3 through 8 and 24** be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise First 5 Alameda County's financial statements. The schedule of revenues and expenditures by fund source and fund balance of CCFC and the schedule of expenditures of federal awards, as required by office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures by fund source and fund balance of CCFC funds and the *schedule of expenditures of federal awards* are fairly stated in all material respects in relation to the financial statements as a whole.

Oakland, California
_____, 2012

**FIRST 5 ALAMEDA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

This Management's Discussion & Analysis is intended to serve as a narrative overview and analysis of the financial activities of First 5 Alameda County for the year ended June 30, 2012. The information presented should be read in conjunction with the information furnished in the financial statements and notes to the financial statements (beginning on page 10).

FINANCIAL HIGHLIGHTS

- At the end of the Fiscal Year (FY) 2011-2012, First 5 Alameda County had assets of \$42.8 million and liabilities of \$3.2 million. The assets consist primarily of \$39.2 million in cash and investments. Net assets of \$39.6 million are available to meet First 5 Alameda County's ongoing operating expenses.
- During 2011-12, First 5 Alameda County revenues totaled nearly \$18 million, an increase of \$1 million over the prior year. Total expenditure was \$18.6 million, a decrease of \$5 million from the prior year.
- Revenue from the Proposition 10 tobacco tax measure were \$14.5 million, an increase of \$0.3 million over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The First 5 Alameda County financial statements include the statement of net assets, statement of activities and the statement of revenues, expenses and changes in fund balance – budget and actual. Notes to the financial statements are also included.

The statement of net assets provides information about the financial position of First 5 Alameda County as a whole on the full accrual basis, similar to that used in the private sector. The statement of activities provides information about the First 5 Alameda County's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of First 5 Alameda County's divisions.

The statement of activities explains in detail the change in net assets for the year. All First 5 Alameda County's assets and liabilities are current (generally within 12 months).

The statement of revenues, expenses and changes in fund balance – budget and actual, presents First 5 Alameda County's budget comparisons between the original budget and the final amended budget compared with actual resource inflows and outflows.

The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in the financial statements.

STATEMENT OF NET ASSETS

The net assets of First 5 Alameda County decreased by a little over \$30 million from the prior year. The composition of net assets as of June 30, 2012 and 2011 is shown in the following table:

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
Cash and investments	\$ 39,191	\$ 39,773	\$ (582)
Receivables	3,404	4,101	(697)
Prepaid expenses	52	32	20
Capital assets	185	94	91
	<hr/>	<hr/>	<hr/>
Total assets	42,832	44,000	(1,168)
	<hr/>	<hr/>	<hr/>
Accrued payroll	165	208	(43)
Other accrued liabilities	3,010	3,495	(485)
Due to State under AB99	<hr/>	23,579	<hr/>
	<hr/>	<hr/>	<hr/>
Total liabilities	3,175	27,282	(24,107)
	<hr/>	<hr/>	<hr/>
Net assets	\$ 39,657	\$ 16,718	\$ 22,939
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Net Assets increased mainly because the \$23.5 million liability owed to the State of California under AB 99, was put back into fund balance from where it came. The decrease in First 5 Alameda County's Cash and Investments was mostly as a result of the spending of Sustainability Funds as budgeted, to support operations during the fiscal year.

Fiscal year 2011-12 is the sixth full year of investment of funds outside of the Alameda County Treasury's investment pool. The investments outside of the County pool have grown from a \$34 million initial investment to a fair market value of \$36.5 million as of June 30, 2012. During FY 2011-12 fees charged by money managers and custodial services totaled \$36,305, compared to \$51,055 in the prior year, a decrease of \$14,750. Recent economic indicators show that the economic recovery has slowed and that the unemployment rate is unlikely to decrease significantly. This uniquely challenging economic environment may affect the future performance of the portfolio. Investment Earnings decreased from \$679,203 in 2010-11 to \$303,972 in 2011-12, a decrease of \$375,231 due to the prevailing low interest rate climate and high cash position during most of the year.

Receivables primarily consist of Prop 10 tobacco taxes for May and June 2012, that were received after the end of the fiscal year. Receivables decreased because the other revenue sources came in before the end of the fiscal year and the accruals were smaller. The decrease in accrued liabilities is primarily due to the timing of payments to contractors that bill on a quarterly basis.

STATEMENT OF ACTIVITIES

During the year ended June 30, 2012, First 5 Alameda County’s net assets increased by \$22.9 million from the prior year. This change in net assets is shown in the following table:

(All Amounts In \$000s)	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
Total program revenues	\$ 3,077	\$ 2,084	\$ 993
Total program expenses	<u>18,633</u>	<u>23,674</u>	<u>(5,041)</u>
Program loss	(15,556)	(21,590)	(6,034)
Transfer to State AB99		(23,579)	(23,579)
General revenues	<u>14,916</u>	<u>14,960</u>	<u>(44)</u>
Change in net assets	(640)	(30,209)	29,569
Extraordinary item	23,579		23,579
Net assets, beginning of year	<u>16,718</u>	<u>46,927</u>	<u>(30,209)</u>
Net assets, end of year	<u>\$ 39,657</u>	<u>\$ 16,718</u>	<u>\$ 22,939</u>

Total Program Revenues refer to revenues that are restricted for specific program use, such as MediCal Administrative Activities (MAA). The increase in Program Revenues was primarily due to an increase of approximately \$496,000 in interagency income and approximately \$415,000 increase in total grant revenues. MAA revenues in FY 2011-12 were \$737,148 and are marginally lower than the \$757,725 received in the prior year.

The 2011-12 Total Program Expenses decreased by nearly \$5 million from the prior year. This was largely due to the reorganization in July 2011 that resulted in a decrease in personnel costs and program expenditures.

Total General Revenues decreased marginally by \$44,000. This was mainly due to lower investment income which declined by more than 50% from the prior year, as a result of the combination of low interest rates and high cash holdings set aside in the investment portfolio, to pay for the AB 99 liability. These shortcomings however were partially offset by higher than expected Tobacco Tax revenues this year. The recent trend has been an average decline of about 2.5% - 3.5% year-over-year and this trend is expected to continue for the foreseeable future. Tobacco taxes are allocated to counties proportional to the number of births in each county. In addition to the Alameda County birth rate, Tobacco tax allocations are affected by a variety of factors including statewide tobacco sales, tax collection methods, and birth rate changes in the other counties.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

The Commission authorized an increase of \$745,000 to the adopted budget at mid-year, resulting in a final budget of \$21,415,000.

COMPARISON OF BUDGET TO ACTUAL

The following table presents a budget to actuals comparison of revenues and expenditures for the current fiscal year.

(All Amounts in \$000s)	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Prop 10 Tobacco tax	\$ 14,572	\$ 14,010	\$ 562
Sustainability fund	776	4,091	(3,315)
Interagency income	1,651	1,013	638
Grants	689	1,101	(412)
Fiscal leveraging	737	700	37
Investment income	304	500	(196)
Miscellaneous income	39		39
Total revenues	<u>\$ 18,768</u>	<u>\$ 21,415</u>	<u>\$ (3,647)</u>
Expenditures			
Personnel	\$ 6,431	\$ 6,584	\$ 153
Program contracts/grants/MOUs	10,766	13,156	2,390
Operating expenses	435	629	194
General expenses	1,137	1,046	(91)
Total expenditures	<u>\$ 18,768</u>	<u>\$ 21,415</u>	<u>\$ 2,647</u>
(Deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The final budget anticipated a drawdown of nearly \$4 million from the Sustainability Fund for FY 2011-12. In fact however, largely due to savings in expenditures, the actual amount used from Sustainability was much less. The Sustainability Fund is First 5 Alameda County's reserve fund which was set aside to cover expenditures and future costs as the expected decline of tobacco tax revenue occurs. In FY 2011-2012, \$23.5 million was set aside from Sustainability, to be transferred to the State of California under AB99 in June 2012. Due to a legal challenge to the law this did not occur, and the full amount was put back into the Sustainability Fund. This is the fourth year that funds budgeted from the Sustainability Fund have actually been needed and used.

Fiscal leveraging of \$737,148 reflects MAA (MediCal Administrative Activities) revenue in FY 2010-11.

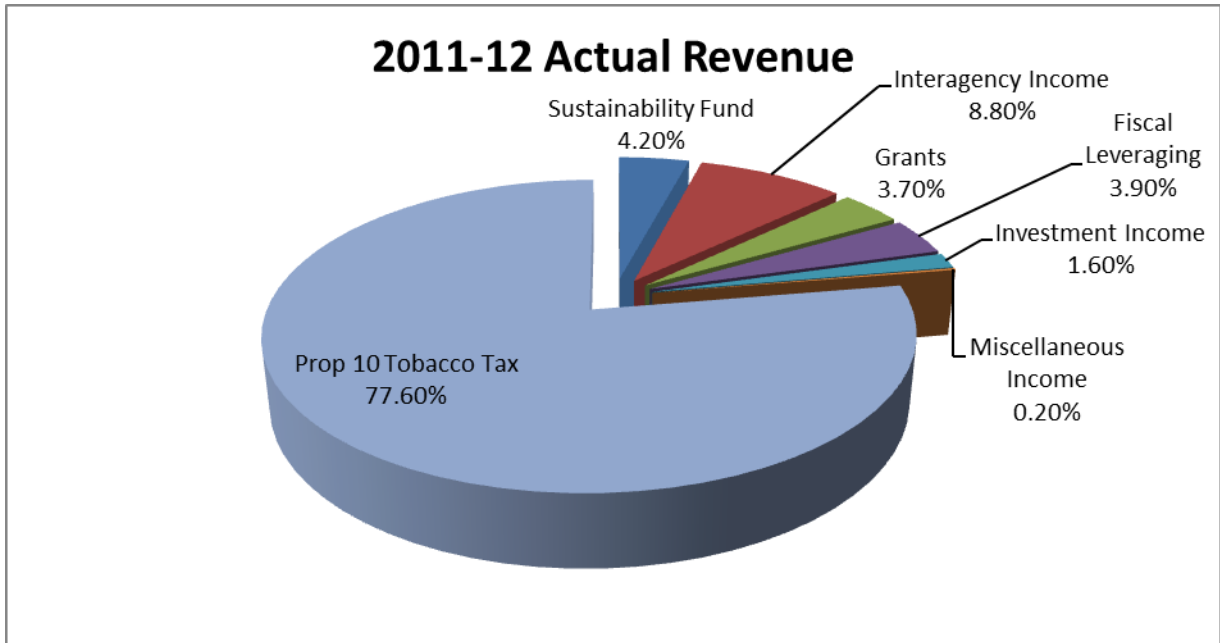
Investment revenue was budgeted at \$500,000 and \$303,972 was reported, a difference of \$196,028 under budget. See further discussion of investments on page 2

Personnel Salary and Benefits were budgeted at \$6.58 million and actual expenses were \$6.44 million, a saving of nearly \$153,000, or about 2.3 % below projections. This was primarily due to the reorganization that resulted in reduced staffing in several divisions, most notably Early Care and Education, Support Strategies and Administration.

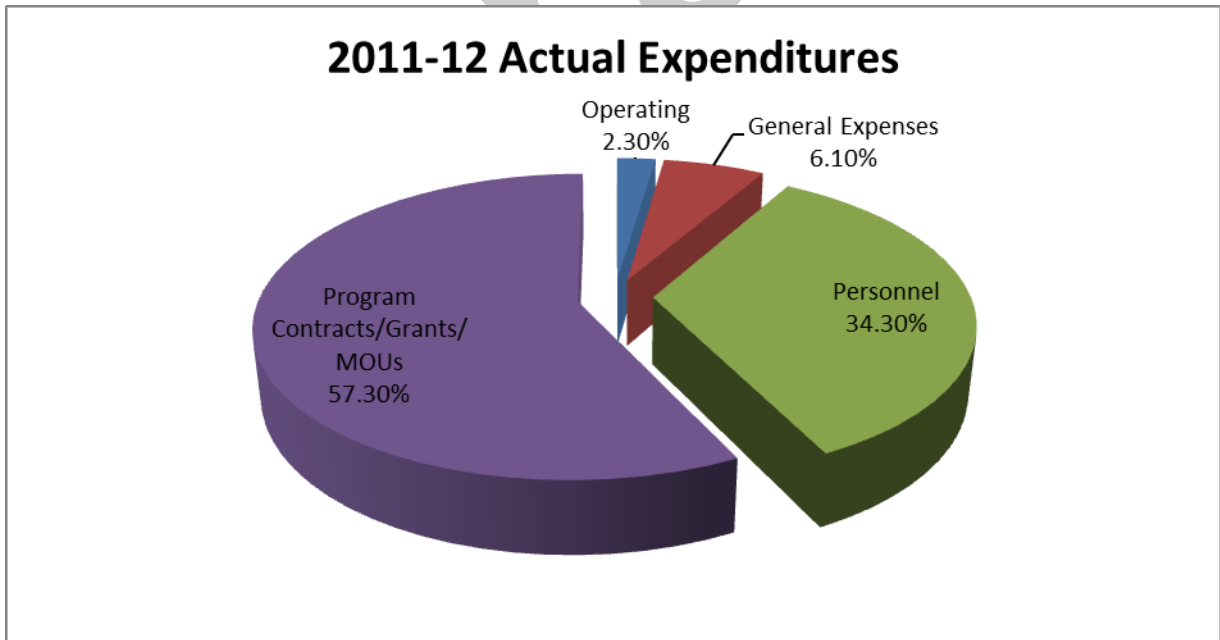
Program Contracts/Grants/MOUs were budgeted at \$13.1 million whereas actual expenses were \$10.7 million, a difference of \$2.4 million, or 18% below projections. This was mainly due to federal grants and non-tobacco tax appropriations being under spent.

Following are graphs of First 5 Alameda County's revenue by source and expenditures by category for 2011-12

REVENUES BY SOURCES



EXPENDITURES BY CATEGORIES



SUMMARY OF KNOWN FACTS, DECISIONS OR CONDITIONS

The following are currently known facts, decisions or conditions that are expected to have a significant impact on the financial position or changes in financial position of First 5 Alameda County:

- The California Board of Equalization reports that overall tobacco tax revenue for fiscal year 2009-10 declined 8.1%, the steepest drop since a decline of 11.2% in 1999-2000. This steep decline was attributable to a new \$.62 per pack of cigarette federal State Children's Health Insurance Program (SCHIP) and the ongoing recession. FY 2010-11 Prop 10 tobacco tax receipts for First 5 Alameda County were 2% below the FY 2009-10 levels. The State of California Department of Finance projects tobacco tax revenues to continue to decline at an annual average rate of nearly 3.5% over the 2009-2013 time frame.
- An increase in Alameda County Employees' Retirement Association employer contribution rate has resulted in an increase in First 5 Alameda County benefits expenses as well as continued increase in employee health insurance premiums.
- First 5 Alameda County began a four year strategic plan in July of 2009. The 2009-13 Strategic Plan includes seven core strategies that integrate the many different services and supports focused on specific target populations and outcomes. Due to the projected decline in tobacco tax revenues, program reductions were instituted in July of 2011.
- All of the above factors were considered in preparing First 5 Alameda County's budget for fiscal year 2012-13.

REQUESTS FOR INFORMATION

The annual financial report is designed to provide a general overview of the First 5 Alameda County's finances and operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mark Friedman

Chief Executive Officer

First 5 Alameda County

1100 San Leandro Blvd. Suite 120

San Leandro, CA 94577

**FIRST 5 ALAMEDA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Assets:

Cash and investments (Note 2)	\$	39,191,419
Tobacco taxes receivable		2,568,121
Other receivables		679,610
Interest receivable		155,862
Prepaid expenses		52,248
Capital assets, net (Note 3)		<u>185,067</u>
 Total assets		 <u>42,832,327</u>

Liabilities:

Accrued payroll		164,828
Employee benefits payable		156,234
Accrued vacation		295,939
Accounts payable and accrued liabilities		<u>2,557,874</u>
 Total liabilities		 <u>3,174,875</u>

Net assets:

Invested in capital assets		185,067
Unrestricted		<u>39,472,385</u>
 Total net assets	 \$	 <u><u>39,657,452</u></u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net</u> <u>Expenses</u>
Governmental activities:			
Continuum of Care & Linkages	\$ 8,809,005	\$ 2,250,175	\$ (6,558,830)
Provider Capacity Building	7,480,030	656,329	(6,823,701)
Policy, Advocacy & Communications	205,994		(205,994)
Evaluation and Technology	929,715	155,789	(773,926)
Administration	<u>1,208,354</u>	<u>14,743</u>	<u>(1,193,611)</u>
Total governmental activities	<u>\$ 18,633,098</u>	<u>\$ 3,077,036</u>	<u>(15,556,062)</u>
General revenues:			
Tobacco tax			14,572,161
Investment earnings			303,972
Miscellaneous			<u>39,527</u>
Total general revenues			<u>14,915,660</u>
Change in net assets			(640,402)
Extraordinary item:			
Extinguishment of AB 99 liability			23,579,000
Net assets - beginning			<u>16,718,854</u>
Net assets - ending			<u>\$ 39,657,452</u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY
BALANCE SHEET
JUNE 30, 2012**

Assets:

Cash and investments	\$	39,191,419
Tobacco taxes receivable		2,568,121
Interest receivable		155,862
Other receivables		679,610
Prepaid expenses		<u>52,248</u>
 Total assets	 \$	 <u><u>42,647,260</u></u>

Liabilities:

Accrued payroll	\$	164,828
Payroll taxes and employee benefits payable		156,234
Accounts payable and accrued liabilities		<u>2,557,874</u>
 Total liabilities		 <u>2,878,936</u>

Fund balance:

Nonspendable:		
Non-spendable		52,248
Committed:		
Program contracts		34,716,076
Assigned		<u>5,000,000</u>
 Total fund balance		 <u>39,768,324</u>
 Total liabilities and fund balance	 \$	 <u><u>42,647,260</u></u>

Draft

The accompanying notes are an integral part of these financial statements

FIRST 5 ALAMEDA COUNTY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total governmental fund balance	\$ 39,768,324
Amounts reported in governmental activities in the statement of net assets are different because:	
Accrued vacation not treated as an expenditure in governmental funds	(295,939)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	<u>185,067</u>
Total net assets - governmental activities	<u><u>\$ 39,657,452</u></u>

The accompanying notes are an integral part of these financial statements

FIRST 5 ALAMEDA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

REVENUES:

Prop 10 Tobacco tax	\$ 14,572,161
Interagency income	1,650,795
Grants:	
Federal	66,767
State	295,426
Private	326,900
Fiscal Leveraging:	
Medi-Cal Administrative Activities (MAA)	737,148
Investment income	303,972
Miscellaneous income	<u>39,527</u>
Total revenues	<u>17,992,696</u>

EXPENDITURES:

Personnel:	
Salaries	4,340,561
Benefits	<u>2,090,299</u>
Sub-total	<u>6,430,860</u>
Program Contracts/Grants/MOU's:	
Contracts	8,670,665
Grants	1,852,923
Child Development Corps Stipends	95,800
Professional services contracts	86,242
Training stipends	<u>60,061</u>
Sub-total	<u>10,765,691</u>
Training expenses:	
Copy/printing	19,008
Equipment	
Food/hospitality	32,393
Equipment rental	16,112
Honoraria	57,807
Postage	6,469
Professional services	71,322
Space rental	
Supplies	150,808
Travel	55,324
Staff development/training	13,332
Employee cell phone	<u>12,365</u>
Sub-total	<u>434,940</u>
General expenses:	
Communications	20,634
Copying/printing	17,437
Equipment leases/rentals/maintenance	3,037
Equipment purchase	35,887
Insurance	53,407
Membership and dues	20,780
Building purchase (Note 8)	117,430
Professional services	156,019
Space rental	<u>685,534</u>
Sub-total	<u>1,110,165</u>
Total expenditures	<u>18,741,656</u>
Deficiency of revenues over expenditures	(748,960)
Extraordinary item:	
Extinguishment of AB 99 liability	<u>23,579,000</u>
Net change in fund balance	22,830,040
Fund balance - beginning of year	<u>16,938,284</u>
Fund balance - end of year	<u>\$ 39,768,324</u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net change in governmental fund balance		\$ 22,830,040
Amounts reported in governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeds the capital outlays in the current period.		90,669
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>17,889</u>
Change in net assets of governmental activities		<u><u>\$ 22,938,598</u></u>

The accompanying notes are an integral part of these financial statements

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background - First 5 Alameda County was established in accordance with California Health and Safety Code Section 130140, which was enacted as a result of the passage of the California Children and Families Act of 1998 (Proposition 10). This act levies a 50-cent tax on tobacco products, of which 80 percent of the revenues are distributed to county commissions established specifically to fund programs for the purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age. Information on the Commission can be found on the Internet at <http://www.ackids.org/>.

Government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all governmental activities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which direct expenses of each program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Indirect expenses are allocated to programs based on the percentage of costs per program to total costs. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a program. Tobacco taxes are reported as general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. First 5 Alameda County uses a 60-day availability period for revenue recognition for all governmental fund revenues. All revenues are considered susceptible to accrual. Revenues include fiscal leveraging which consists of revenue from federal Title 19 funds for services to people who are eligible for or who receive Medi-Cal. Revenue is provided on a reimbursement basis for programs with eligible activities. Federal funding sources include Targeted Case Management (TCM), and Medi-Cal Administrative Activities (MAA). Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is First 5 Alameda County's policy to use restricted resources first.

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

First 5 Alameda County uses a General Fund to account for all its activities.

Fund Equity – Following is a description of the Commission’s fund balance classifications:

- **Nonspendable** – Includes amounts that cannot be spent because they are either (a) not in spendable form (inventories, prepaid amounts, etc.) or (b) legally or contractually required to be maintained intact (such as the corpus of principal of a permanent fund).
- **Restricted** – Includes amounts with constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of First 5 Alameda County Board. Those committed amounts cannot be used for any other purpose unless First 5 Alameda County Board removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts. First 5 Alameda County establishes grants allocation amounts for specific program and/or recipient by formal Commission Board vote.
- **Assigned** – Includes amounts First 5 Alameda County intends to be used for specific purposes that are neither restricted nor committed.

First 5 Alameda County applies restricted resources first when an expense is incurred for purposes for which both restricted and other funds are available, then First 5 Alameda County applies amounts to the committed fund balance followed by assigned and then unassigned amounts.

Budget Basis of Accounting – First 5 Alameda County prepares its budget on a cash basis. The actual results of operations as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual to provide a meaningful comparison of actual results with the budget. Budgetary control is at the cost center level. Appropriations lapse at fiscal year end. First 5 Alameda County made one budget amendment during the year.

Capital Assets – Capital assets, which consist of furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by First 5 Alameda County as assets with an initial, individual cost of more than \$5,000, and an estimated useful life of more than one year. Such assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives. The useful life for all capital assets is estimated to be 5 years.

Compensated Absences – It is First 5 Alameda County’s policy to permit employees to accumulate earned but unused vacation, sick and paid time-off benefits. Vacation pay that is expected to be liquidated with available financial resources is reported as a liability of First 5 Alameda County.

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2: CASH AND INVESTMENTS

The following is a summary of deposits and investments as of June 30, 2012:

	<u>Investment Maturities in Years</u>		<u>Total Fair Value</u>	<u>Moody's Credit Rating</u>	<u>Portfolio Allocation</u>
	<u>Less Than 1</u>	<u>1 – 5</u>			
Cash and cash deposits:	\$	\$	\$ <u>2,684,351</u>	Not rated	6.8%
Investments:					
Investment in County pool	1,113,404		1,113,404	Not rated	2.8%
Money market mutual funds	493,606		493,606	Not rated	1.3%
Commercial papers	5,296,689		5,296,689	See below	13.5%
Time deposits	315,028		315,028	P-1	0.8%
U.S. Treasury obligations	2,161,133	2,026,640	4,187,773	Aaa	10.7%
Federal agency securities	1,458,159	15,089,261	16,547,420	Aaa	42.2%
Corporate bonds and notes	<u>1,590,144</u>	<u>6,963,004</u>	<u>8,553,148</u>	See below	<u>21.9%</u>
Total investments	<u>\$12,428,163</u>	<u>\$24,078,905</u>	<u>36,507,068</u>		<u>93.2%</u>
Total cash and investments			<u>\$ 39,191,419</u>		<u>100%</u>

The commercial papers were rated by Moody's at June 30, 2012 as follows:

Aa2	\$	544,762
Aaa		499,730
P1		2,252,796
Not rated		<u>1,999,400</u>
	<u>\$</u>	<u>5,296,688</u>

The corporate bonds and notes were rated by Moody's at June 30, 2012 as follows:

A1	\$	223,300
A2		415,445
Aa-		1,452,510
Aa+		2,026,170
Aa1		258,477
Aa2		591,075
Aa3		1,098,811
Aaa		<u>2,487,360</u>
	<u>\$</u>	<u>8,553,148</u>

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, First 5 Alameda County’s investment policy limits the average portfolio maturity to three years. The investment policy states that First 5 Alameda County shall not directly purchase securities maturing more than six years from the date of purchase, unless matched to a specific cash flow.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. First 5 Alameda County’s investment policy limits investments to (a) U.S. Treasury obligations, (b) federal agency obligations (including notes issued by corporations under the Federal Deposit Insurance Corporation’s Temporary Liquidity Guarantee Program) and (c) securities that, at the time of purchase, are rated or collateralized as follows:

- Collateralized mortgage obligations - Planned Amortization Classes, Level 1, collateralized only by Government National Mortgage Association obligations
- Domestic corporate bonds and notes rated at least A by Standard and Poors (S&P) or A2 by Moody's
- Certificates of deposit, time deposits and banker's acceptances issued by the top 20 rated domestic banks ranked by total assets, rated at least B/C by the Thomson BankWatch, A-1 by S&P, or P-1 by Moody's
- Commercial paper rated A-1 by S&P or P-1 by Moody's
- Repurchase agreements collateralized by U. S. Treasury or government agency securities
- Local agency obligations rated A-1/P-1 short-term or Aa/AA long term

No more than 30% of the portfolio may be invested in each of the following categories of securities:

- Collateralized mortgage obligations
- Domestic corporate bonds and notes
- Negotiable certificates of deposit
- Bankers’ acceptances
- Commercial paper
- Repurchase agreements
- Reverse repurchase agreements
- State of California obligations
- Local agency obligations
- Any other obligation that does not bear the full faith and credit of the U.S. government or which is not fully collateralized or insured

No more than 70% of the total portfolio may be invested in all the foregoing instruments at any time.

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. First 5 Alameda County’s investment policy limits the amount that may be invested in the securities of any one issuer to five percent of the portfolio, except for securities of the U.S. Treasury.

First 5 Alameda County has \$1,113,404 invested in the County of Alameda Treasurer’s investment pool at June 30, 2012. The County’s investment policy limits the investment pool’s maximum average maturity to two years. Authorized investments include debts issued by the County; U.S. Treasury securities; bankers’ acceptances; federal, state and local government securities; commercial paper; medium-term corporate notes; negotiable certificates of deposit; state investment pool (Local Agency Investment Fund); money market and mutual funds; mortgage-backed obligations; repurchase agreements; and reverse repurchase agreements. Additional information regarding deposit custodial credit, interest and credit risks, and securities lending transactions of the County investment pool is presented in the notes of the County’s basic financial statements.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities in the possession of an outside party. Pursuant to rules issued by Federal Deposit Insurance Corporation (FDIC) in November 2010, beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The bank balance of First 5 Alameda County’s bank deposit was \$3,346,630 at June 30, 2012, all of which was fully insured by FDIC.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets recorded in governmental activities follows:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>June 30, 2012</u>
Capital assets – furniture and equipment	\$ 166,992	\$ 117,430	\$ 284,422
Less accumulated depreciation	<u>(72,594)</u>	<u>(26,761)</u>	<u>(99,355)</u>
Governmental activities capital assets, net	<u>\$ 94,398</u>	<u>\$ 90,669</u>	<u>\$ 185,067</u>

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4: RETIREMENT PLAN

Plan Description

First 5 Alameda County provides retirement benefits through the Alameda County Employees' Retirement Association (ACERA). ACERA began operations on January 1, 1948, and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, procedures and policies adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for Alameda County and participating special districts located in the County, including First 5 Alameda County. ACERA is not under the control of the Alameda County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by state law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The auditor's report and the December 31, 2011 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

Plan Membership. All full-time regular First 5 Alameda County employees are required by statute to become members of ACERA. Safety membership includes employees who are in active law enforcement, probation officers and juvenile hall counselors. General membership includes all other eligible classifications. As of June 30, 2012, 62 First 5 Alameda County employees are members of ACERA, and all members are General members.

Funding Policy

The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the ACERA Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of the date of entry and the actuarially calculated benefits. Member contributions are refundable upon termination from the retirement system.

Alameda County and special districts, including First 5 Alameda County, are required by statute to contribute the amounts necessary to finance the estimated benefits accruing to their employees. Employer contributions for the years ended June 30, 2012 and 2011 were \$664,425 and \$661,104, respectively; and employee contributions for the years ended June 30, 2012 and 2011 were \$316,963 and \$353,177, respectively.

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5: COMMITMENTS AND CONTINGENT LIABILITIES

First 5 Alameda County has received funds from various Federal, state and local programs. It is possible that at some future date, funding sources may be discontinued if First 5 Alameda County was found not in compliance with any applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, First 5 Alameda County does not expect such disallowed amount, if any, to materially affect the financial statements.

First 5 Alameda County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. First 5 Alameda County has purchased commercial insurance coverage for general liability, directors and officers, workers' compensation, employee liability; fidelity, and property coverage. There were no settlements or claims during the year ended June 30, 2012.

NOTE 6: PROGRAM EVALUATION COSTS

First 5 Alameda County spent \$929,715 program evaluation during year ended June 30, 2012.

NOTE 7: LIABILITY UNDER AB99

On January 10, 2011, with an amendment on March 14, 2011, the California Legislature enacted Assembly Bill No. 99. With this bill, the State of California established the *Children and Families Health and Human Services Fund* in the State Treasury. The bill, effective immediately, establishes a legal obligation for First 5 Alameda County to pay into this fund, by June 30, 2012, 50% of First 5 Alameda County's recorded fund balance as of June, 30, 2010. First 5 Alameda County has recorded \$23,579,000 as a liability for this legal obligation.

A lawsuit had been filed by several First 5 Commissions against the State (Children & Families Commission of Fresno County vs Brown Case No. 11CECG01077) challenging that the bill violates the intent of Proposition 10. In November 2011, Superior Court ruled in favor of the First 5 Commissions by reversing the Bill.

The Commission has removed the liability of \$23,579,000 and shown this as an extraordinary item

FIRST 5 ALAMEDA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8: NEW BUILDING PURCHASE

First 5 Alameda County leases office space under operating leases. The current lease will expire in May 2013. The Commission indicated a preference for the option of purchasing an existing building. First 5 Alameda County incurred \$117,430 of expenses for the potential purchase during the year ended June 30, 2012.

NOTE 9: EVALUATION OF SUBSEQUENT EVENTS

The management of First 5 Alameda County reviewed the results of operations for the period of time from its year end June 30, 2012 through **September XX, 2012**, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Draft

**FIRST 5 ALAMEDA COUNTY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Prop 10 Tobacco tax	\$ 13,510,000	\$ 14,010,000	\$ 14,572,161	\$ 562,161
Sustainability fund	3,846,262	4,091,262		(4,091,262)
Interagency income	1,013,421	1,013,421	1,650,795	637,374
Grants:				
Federal	500,000	500,000	66,767	(433,233)
State	272,000	272,000	295,426	23,426
Private	328,317	328,317	326,900	(1,417)
Sub-total	<u>1,100,317</u>	<u>1,100,317</u>	<u>689,093</u>	<u>(411,224)</u>
Fiscal Leveraging:				
Medi-Cal Administrative Activities (MAA)	700,000	700,000	737,148	37,148
Sub-total	<u>700,000</u>	<u>700,000</u>	<u>737,148</u>	<u>37,148</u>
Investment income	500,000	500,000	303,972	(196,028)
Miscellaneous income			39,527	39,527
Total revenues	<u>20,670,000</u>	<u>21,415,000</u>	<u>17,992,696</u>	<u>(3,422,304)</u>
EXPENDITURES:				
Personnel:				
Salaries	4,213,430	4,470,097	4,340,561	129,536
Benefits	2,075,215	2,113,548	2,090,299	23,249
Sub-total	<u>6,288,645</u>	<u>6,583,645</u>	<u>6,430,860</u>	<u>152,785</u>
Program Contracts/Grants/MOU's:				
Contracts	10,121,990	10,571,990	8,670,665	1,901,325
Grants	2,338,822	2,338,822	2,008,784	330,038
Professional services contracts	245,250	245,250	86,242	159,008
Sub-total	<u>12,706,062</u>	<u>13,156,062</u>	<u>10,765,691</u>	<u>2,390,371</u>
Training expenses:				
Copy/printing	50,300	50,300	19,008	31,292
Equipment	1,250	1,250	16,112	(14,862)
Food/Hospitality	48,950	48,950	32,393	16,557
Honoraria	61,180	61,180	57,807	3,373
Postage	12,000	12,000	6,469	5,531
Professional services	67,200	67,200	71,322	(4,122)
Space rental	3,000	3,000		3,000
Supplies	272,500	262,500	150,808	111,692
Travel	78,245	78,245	55,324	22,921
Employee cell phone	18,000	18,000	12,365	5,635
Staff development/training	26,150	26,150	13,332	12,818
Sub-total	<u>638,775</u>	<u>628,775</u>	<u>434,940</u>	<u>193,835</u>
General expenses:				
Communications	30,000	30,000	20,634	9,366
Copying/printing	30,000	30,000	17,437	12,563
Equipment leases/rentals/maintenance	3,000	3,000	3,037	(37)
Equipment purchase	36,000	36,000	35,887	113
Insurance	85,000	85,000	53,407	31,593
Membership and dues	22,000	22,000	20,780	1,220
Professional services	148,000	158,000	156,019	1,981
Space rental	660,000	660,000	685,534	(25,534)
Depreciation	22,518	22,518	26,761	(4,243)
Sub-total	<u>1,036,518</u>	<u>1,046,518</u>	<u>1,136,926</u>	<u>(90,408)</u>
Total expenditures	<u>20,670,000</u>	<u>21,415,000</u>	<u>18,768,417</u>	<u>2,646,583</u>
Extraordinary item:				
Extinguishment of AB 99 liability			23,579,000	23,579,000
Surplus of revenues over expenditures	<u>\$</u>	<u>\$</u>	<u>\$ 22,803,279</u>	<u>\$ 22,803,279</u>
			Deficiency of revenues over expenditures	\$ 22,803,279
			Depreciation	26,761
			GAAP Basis	<u>\$ 22,830,040</u>

The accompanying notes are an integral part of these financial statements

OTHER SUPPLEMENTARY INFORMATION

Draft

FIRST 5 ALAMEDA COUNTY
SCHEDULE OF REVENUES AND EXPENDITURES BY FUND SOURCE AND FUND BALANCE OF CCFC
FUNDS FOR FIRST 5 PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>CARES PLUS</u>
	<u>CCFC Funds</u>
REVENUE:	
Retention Incentives - Child Development Corps	\$ <u>295,426</u>
Total revenues	<u>295,426</u>
EXPENDITURES - Current:	
Salaries and employee benefits	
Salaries and employee benefits	69,191
Other	<u>226,235</u>
Total expenditures	<u>295,426</u>
Excess of revenues over expenditures	
Beginning fund balance	<u> </u>
Ending fund balance	\$ <u><u> </u></u>

Draft

**FIRST 5 ALAMEDA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Health & Human Services:			
Direct Program:			
The Alameda County SART System (Earmark)	93.647	90XP0378/01	\$ <u>66,767</u>
Pass-Through Programs From:			
Alameda County Health Care Services Agency - Medi-Cal Administrative Activities (MAA)	93.778	08-85116	737,148
Alameda County Behavioral Health Care Services - Early Connections	93.104	C-6133	377,482
Abt Associates, Inc. Project LAUNCH Special Study	93.unkown	29001	12,650
Alameda County Public Health Department - SART Linkage Line	93.991	C-6619	142,524
Project LAUNCH	93.243	C-5196	<u>859,630</u>
Total U.S. Department of Health and Human Services			<u>2,196,201</u>
U.S. Department of Education:			
Pass-Through Program From:			
California Department of Education Race to the Top Early Learning Challenge	84.412	N/A	<u>46,949</u>
Total U.S. Department of Education			<u>46,949</u>
Total Expenditures of Federal Awards			<u>\$ 2,243,150</u>

N/A: Not Available

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of First 5 Alameda County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
First 5 Alameda County
San Leandro, California

We have audited the financial statements of the governmental activities, and major fund of First 5 Alameda County as of and for the year ended June 30, 2012, which collectively comprise First 5 Alameda County’s basic financial statements and have issued our report thereon dated September XX, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of First 5 Alameda County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered First 5 Alameda County’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First 5 Alameda County’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of First 5 Alameda County’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether First 5 Alameda County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, the County Board of Supervisors, the County Commission, the State Commission, the State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. *However, this report is a matter of public record and its distribution is not limited.*

Oakland, California
September XX, 2012

Draft

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
First 5 Alameda County
San Leandro, California

Compliance

We have audited First 5 Alameda County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of First 5 Alameda County's major federal programs for the year ended June 30, 2012. First 5 Alameda County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of First 5 Alameda County's management. Our responsibility is to express an opinion on First 5 Alameda County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about First 5 Alameda County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of First 5 Alameda County's compliance with those requirements.

In our opinion, First 5 Alameda County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of First 5 Alameda County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered First 5 Alameda County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of First 5 Alameda County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the County Board of Supervisors, the County Commission, the State Commission, the State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Oakland, California
September XX, 2012

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Commissioners
First 5 Alameda County
San Leandro, California

We have audited the basic financial statements of First 5 Alameda County (the Commission), as of and for the year ended June 30, 2012 and have issued our report thereon dated September XX, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also audited First 5 Alameda County's compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of First 5 Alameda County's management. Our responsibility is to express an opinion on First 5 Alameda County's compliance based on our audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the statutory requirements listed below occurred. An audit includes examining on a test basis, evidence about First 5 Alameda County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of First 5 Alameda County's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the First 5 Alameda County's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict-of-Interest	3	Yes
County Ordinance	4	Yes
Long-range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefit Policies	2	Yes

In our opinion, First 5 Alameda County complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed above for the year ended June 30, 2012.

This report is intended solely for the information of the management, the County Board of Supervisors, the County Commission, the State Commission, the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Oakland, California
_____, 2012

Draft

**FIRST 5 ALAMEDA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.243	Project LAUNCH
93.104	Early Connections
93.647	SART Linkage

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**FIRST 5 ALAMEDA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

State Awards

Internal control over state programs:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported

Type of auditor's report issued on compliance for State programs:	Unqualified
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SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no findings.

**FIRST 5 ALAMEDA COUNTY
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2012**

There were no findings reported in the prior year.

Draft



To: First 5 Alameda County Commission
From: Janis Burger, Deputy Director
Date: September 27, 2012
Subject: Contract Authorizations

REQUESTED ACTION

To review and approve the following contract authorizations.

BACKGROUND

Per our Financial Policies, Section VII. Purchasing and Contracting, the Commission must approve contract/award amounts in excess of \$50,000. The following awards require specific authorization from the Commission.

Recommendation: To approve the following contract authorizations.

Family Resource Network – \$114,960

First 5 Alameda County is requesting approval of a contract amendment with Family Resource Network (fiscal agent Bananas) to expand the provision of Family Navigation Services for children and families identified through the Help Me Grow (formerly SART) system (2009-13 Strategic Plan, page 15). Family Resource Network will continue to provide peer-parent based Family Navigation Services, community support activities related to children with special needs, and coordination and administration of family leadership and involvement activities for the Help Me Grow System. Family Resource Network currently has a FY 2011-13 contract for Help Me Grow (SART) Family Navigation/Community Support activities and Family Leadership staffing support and consultation services in the amount of \$487,040. The addition of this \$114,960 results in an aggregate contract amount of \$602,000 (FY 2011-12 \$208,520, FY 2012-13 \$393,480) for which Commission approval is needed.

Fiscal Impact: None. All funds are budgeted and partially funded by the federal Help Me Grow (SART) appropriation.

Action Requested: Approve an aggregate contract amount of \$602,000 for Family Resource Network (fiscal agent Bananas) for FY 2011-13.

Better World Advertising - \$110,000

First 5 Alameda County is requesting approval of a sole source FY 2012-13 \$110,000 contract with Better World Advertising (BWA) to develop a social marketing campaign to engage parents/caregivers with accessible, accurate, timely, and culturally and linguistically responsive information about early childhood development, the importance of early identification/intervention and information about local services and supports to promote the wellbeing of their children and their families (2009-13 Strategic plan, page 15). Better World Advertising will develop and implement an audience research plan, produce an analysis of research findings and actionable recommendations for campaign design, strategies, marketing mix, messages and concepts.

Fiscal Impact: None. All funds are budgeted and provided by the Help Me Grow (SART) Federal Appropriation.

Action requested: Approve a FY 2012-13 contract amount of \$110,000 for Better World Advertising.

ALAMEDA COUNTY PUBLIC HEALTH DEPARTMENT (ACPHD) - \$80,000

First 5 Alameda County is requesting approval of a contract amendment with Alameda County Public Health Department to support expansion of Help Me Grow's Pediatric Strategies (formerly the Assuring Better Child Health and Development (ABCD) program) in various Child Health Disability and Prevention (CHDP) provider sites within the county (2009-13 Strategic Plan, page 10). Help Me Grow Pediatric Strategies assists pediatric sites to improve early child development services for children and their families by providing training, technical assistance and consultation on integrating the Ages & Stages Questionnaire (ASQ), a standardized developmental screening tool, developmental surveillance and the use of the Help Me Grow system. This contract funding provides match funding to leverage County and CHDP dollars. The Public Health Department currently has a FY 2011-13 \$44,000 contract for this work.

ALAMEDA COUNTY PUBLIC HEALTH DEPARTMENT (ACPHD) - \$25,000

First 5 Alameda County is requesting approval of a contract with Alameda County Public Health Department in the amount of \$25,000 to provide shared funding for a pilot project to support women in the perinatal period who have been identified as substance using. This project will pilot the placement of a roving substance use/mental health specialist at birthing hospitals who will support linkages to ongoing treatment and support as well as facilitate communication with the infant's medical home to support the ongoing monitoring of the infant's development, who

is at much higher risk for developmental and social-emotional problems (2009-13 Strategic Plan, page 15). This contract funding is enabled through the federal Help Me Grow (SART) appropriation and provides shared funding with County dollars.

Fiscal Impact: None. All funds are budgeted for both proposed awards with the first ACPHD authorization paid for by Prop 10 and the second ACPHD authorization paid for by the federal Help Me Grow (SART) appropriation.

*ACPHD currently has a FY 2011-13 \$120,000 community grant supporting the Asthma start program, a FY 2011-13 \$1,283,536.80 contract supporting the Your Family Counts home visiting program and a FY 2011-13 \$44,000 contract supporting Help Me Grow pediatric strategies in CHDP provider sites.

Action requested: Approve an aggregate FY 2011-13 contract amount of *\$1,552,536.80 for the Alameda County Public Health Department.

Social Interest Solutions - \$70,466

First 5 Alameda County is requesting approval of a \$70,466 FY 2012-13 amendment to the ECChange, ECCOnline and Pathways Referral data system development contract with Social Interest Solutions to support various enhancements to ECChange and Pathways data systems for Alameda County Public Health, Alameda County Health Care Services Agency CHDP and additional application users. Enhancements include the addition of fiscal leveraging features to enable federal Targeted Case Management documentation, user accessibility and client data exchange and transfer system enhancements to promote data sharing and data transfer across various applications.

First 5 currently has a second FY 2012-13 \$494,008 contract with SIS for maintenance and hosting of ECChange, ECCOnline and Pathways database systems and to provide email hosting services to First 5 (2009-13 Strategic Plan, page 26). The addition of \$70,466 to the existing FY 2012-13 \$146,000 development contract brings the aggregate FY 2012-13 development contract amount to \$216,466 and the aggregate SIS contract amount to \$710,474 for which Commission approval is needed.

Fiscal Impact: All database enhancements are funded by the Alameda County Public Health Department and the California Department of Education Race to the Top grant.

ACTION REQUESTED: Approve an aggregate contract amount of \$710,474 for Social Interest Solutions for FY 2012-13.

Ann Martin Center - \$99,000

First 5 Alameda County is requesting approval of a contract with Ann Martin Center in the amount of \$99,000 to provide assessment and preventive mental health services to children age 5-8 and in three East Oakland Elementary Schools: Brookfield, Sobrante Park and Markham (2009-13 Strategic Plan, page 9). Ann Martin Center will also increase linkages with incoming kindergarten families and increase parent engagement in the school community as children transition into Elementary School. Ann Martin Center has a FY 2011-13 contract ending

September 30, 2012 in the amount of \$69,000 and the addition of this FY 2012-13 \$99,000 contract brings the aggregate contract amount to \$168,000 for which Commission approval is needed.

Fiscal Impact: None. All funds are budgeted and funded through the SAMSHA Project LAUNCH grant.

Action requested: Approve an aggregate contract amount of \$168,000 for Ann Martin Center for FY 2011-13.

Alameda County General Services Agency/Local Childcare Planning Council – \$30,000

First 5 Alameda County is requesting approval of a \$30,000 contract with the Alameda County General Services Agency – Alameda County Local Childcare Planning Council (LCPC) to co-facilitate the county’s Race to the Top – Early Learning Challenge grant. This contract supports staffing for the LCPC to recruit, convene and administer the local advisory council, engage and manage meaningful involvement of various stakeholder groups that inform design and implantation of the Quality Rating Improvement Scale (QRIS) and represent Alameda County in state and regional work related to the development and implementation of QRIS. Alameda County General Services Agency currently has a FY 2012-13 \$43,220 contract to assist in the implementation of CARES Plus and the addition of this \$30,000 contract bring the aggregate contract amount to \$73,220 for which Commission approval is needed.

Fiscal Impact: None. All funds are budgeted and paid for by the California Department of Education Race to the Top grant.

Action requested: Approve an aggregate contract amount of \$73,220 for Alameda County General Services Agency for FY 2012-13.

Submitted by:

Reviewed by:

Janis Burger,
Deputy Director

Mark Friedman,
Chief Executive Officer