



AGENDA ITEM: 12  
DATE OF MEETING: October 22, 2015  
ACTION: \_\_\_\_\_  
INFORMATION:   X  

## **FINANCIAL UPDATE**

### **SUMMARY**

Staff will provide the Commission fiscal briefings in two areas: First 5 California's (F5CA) year-end revenue and expenditures for Fiscal Year (FY) 2014–15, plus revenue and expenditure projections through FY 2017–18.

### **BACKGROUND**

In accordance with Health and Safety Code (HSC) section 130105, the California Children and Families Trust Fund (Fund) was created in the State Treasury and receives tobacco tax revenue collected pursuant to section 30131.2 of the Revenue and Taxation Code.

The California State Board of Equalization (BOE) collects Proposition 10 revenue and administers the Fund. BOE first determines the amount for adjustments to the Fund prior to the transfer of moneys to the designated F5CA accounts and County Fund. These adjustments include the annual backfill to the Proposition 99 Fund and Breast Cancer Fund ("backfill"), as well as the monthly BOE operational costs for tax collection and enforcement programs.

After these adjustments, BOE determines the amounts to be allocated to the State and county commissions pursuant to the percentages outlined in HSC section 130105. Eighty percent of the revenue is allocated to the county commissions and deposited in individual local Children and Families Trust Funds administered by each county commission. The remaining twenty percent is allocated and transferred to the following six Proposition 10 accounts for use by F5CA: Mass Media Communications, Education, Child Care, Research and Development, Administration, and Unallocated, all of which are interest-bearing accounts.

F5CA's Fiscal Services Office (FSO) disburses funds from the six State Commission accounts consistent with the directives of the State Commission and the Bylaws for F5CA.

The annual financial statement audit of the Fund and related F5CA accounts will be available on First 5 California's website once the audit is completed. The audit report for FY 2014–15 will be available in December 2015.

### **FY 2014–15 Revenue Collection, Fund Administration, and Adjustments**

The amount of revenue received varies each month. During the first and fourth quarters of each year, revenues received are consistently higher than during the second and third quarters. The BOE-calculated backfill typically occurs during the second quarter.

The total Proposition 10 tobacco tax revenue collected by the BOE in FY 2013–14 (prior to BOE adjustments) was \$460.6 million. The total revenue received in FY 2014–15 was \$461.0 million, representing a 0.07 percent increase in revenue from FY 2013–14.

In FY 2014–15, \$430.1 million was transferred to the County Fund and the six F5CA accounts. This amount consists of tax revenue transferred by the BOE and interest earned in the Fund.

The counties' share, or eighty percent of the total amount available after adjustments, was \$344.1 million, a decrease of \$304,000 or 0.1 percent over FY 2013–14.

As represented in Attachment A, the BOE adjustments to the tax revenue are as follows:

- The FY 2014–15 backfill totaled \$14.7 million, an increase of 8.1 percent from FY 2013–14 (\$13.6 million).
- Adjustments for BOE operational costs for tax collection and enforcement activities charged to the Children and Families Trust Fund was \$16.2 million, a decrease of 2.4 percent from FY 2013–14 (\$16.6 million).
- BOE was authorized to charge the Fund up to \$17.8 million for administration costs incurred during FY 2014–15. The actual costs ended up to be \$16.2 million; \$1.6 million lower than budgeted due to reduced program costs.
- The total BOE adjustments for both administrative costs and Proposition 10 backfill equaled \$31 million, an \$800,000 net increase over FY 2013–14
- BOE currently has budget authority to charge F5CA \$17.9 million for FY 2015–16.

Attachment B displays F5CA’s share of the FY 2014–15 tobacco tax revenue available (after backfill and BOE adjustments), which totaled \$86.0 million, and represents a 0.3 percent decrease from FY 2013–14 revenue (\$86.3 million). The attachment also shows the projected revenues to First 5 California funds through FY 2018–19. The Department of Finance (DOF) projects the tobacco tax revenue annually using a conservative methodology that is within 5 percent for most fiscal years.

**FY 2014–15 Surplus Money Investment Fund Earnings**

F5CA investments consist of cash in excess of current needs on deposit in the State Surplus Money Investment Fund (SMIF). The rate of interest earned on investment changes regularly and is posted quarterly to F5CA’s accounts. As of June 30, 2015, the interest rate was 0.283 percent, as reflected in the Apportionment Yield Rate chart developed by the State Controllers’ Office located at <http://www.sco.ca.gov/Files-ARD/smifrate.pdf>.

Table 1 below provides a summary of SMIF revenue by account beginning with FY 2010–11 through FY 2014–15.

**TABLE 1  
SMIF Revenue by Account**

	<b>FY 2010–11</b>	<b>FY 2011–12</b>	<b>FY 2012–13</b>	<b>FY 2013–14</b>	<b>FY 2014–15</b>
Media	\$184,025	\$121,192	\$67,787	\$65,724	\$69,320
Education	\$353,841	\$138,253	\$113,365	\$102,655	\$132,574
Child Care	\$173,764	\$100,460	\$83,929	\$77,342	\$89,997
Research	\$227,359	\$73,942	\$47,689	\$55,400	\$79,633
Administration	\$115,721	\$87,788	\$66,620	\$53,485	\$52,161
Unallocated	\$149,310	\$23,001	\$35,882	\$61,888	\$47,326
<b>Total</b>	<b>\$1,204,020</b>	<b>\$544,635</b>	<b>\$415,272</b>	<b>\$416,494</b>	<b>\$471,011</b>

F5CA received a total of \$471,011 in interest earnings during FY 2014–15 for all State F5CA accounts, representing an increase of 13.1 percent from FY 2013–14 interest earnings (\$416,494). The interest earned on F5CA accounts varies depending on fund balances and interest yield rates. Attachment C displays the change in SMIF interest earned by F5CA accounts over the previous five years.

**FY 2014–15 Fund Condition**

The Fund and related accounts are classified as “Other Governmental Cost Funds” for State of California financial reporting purposes, and defined as special revenue funds used to account for revenues restricted by law for specified purposes. Table 2 on the next page provides a summary of F5CA’s Fund Condition as of June 30, 2015.

**TABLE 2  
FY 2014–15 Fund Condition Overview**

(Dollars in Millions)	
	Actual FY 2014–15
Prior Year Fund Balance	\$155
Revenues and Transfers	\$87
Total Resources Available	\$242
Expenditures <sup>1</sup>	\$71
Ending Fund Balance	\$171

<sup>1</sup> Includes prior year adjustments, accruals, and fund-related transactions

Table 3 shows F5CA’s FY 2014–15 adjusted beginning balance, year-end revenue and expenditure results, and year-end balances by account. Each of the following F5CA accounts ended FY 2014–15 in a positive position.

**TABLE 3  
Summary of FY 2014–15 Revenue/Expenditures by Account**

Fund	Beginning Balance <sup>2</sup>	Revenue	Expenditures	Ending Balance
Mass Media Communications	\$20,498,024	\$26,470,086	\$23,564,771	\$23,802,260
Education	\$42,464,873	\$21,798,589	\$15,979,094	\$48,259,868
Child Care	\$29,785,590	\$12,991,635	\$10,693,894	\$32,054,668
Research and Development	\$25,901,464	\$12,981,271	\$5,370,800	\$33,505,868
Administration	\$21,440,563	\$4,593,705	\$6,331,127	\$19,643,280
Unallocated	\$14,362,059	\$8,648,419	\$9,282,459	\$13,722,095
<b>Totals<sup>3</sup></b>	<b>\$154,452,573</b>	<b>\$87,483,683</b>	<b>\$71,222,145</b>	<b>\$170,988,040</b>

<sup>2</sup> Includes prior year adjustments

<sup>3</sup> Totals may not add due to rounding

The Administration Account can expend only those funds related to personnel and other operating costs to administer the Act. For FY 2014–15, personnel expenditures totaled \$5,147,249 and general operating expenses and equipment totaled \$1,243,740. The State’s annual Pro Rata assessment and other State fees for FY 2014–15 totaled \$251,293.

### **Revenue and Expenditure Projections**

Attachment D shows the distribution of FY 2015–16 projected revenue for each F5CA account based on the current Department of Finance projections and adjusted by the actual FY 2014-15 revenue.

Attachment E compares revenue and expenditures with two years of actual data from FYs 2013–14 and 2014–15, along with three years of projected data through FY 2017–18. The projected expenditures displayed in FYs 2015–16 and 2016–17 are significantly less than previous years due to the expiration of the Child Signature Program in June 2015 and CARES Plus in June 2016. Attachment E also illustrates that expenditures are projected to exceed revenue in FYs 2015–16 through FY 2017–18 when the IMPACT programs become operational, resulting in a reduction of fund balances.

### **Financial Plan for FYs 2014–15 through 2017–18**

The F5CA Financial Plan, Attachment F, is based on actual cash balances for FY 2014–15, along with projected cash balances, estimated revenue, and expenditures for the current fiscal year and four budget years.

The Financial Plan shows the beginning cash balances available on July 1 of each fiscal year, the obligated full-year expenditures by project, the amount of projected current year revenue needed to meet current year obligations for each F5CA account, and the projected year-end balance. A negative number showing in the subtotal of any account does not represent an obligation or funding deficit, but the amount of funds needed from the current year revenue to meet current year obligations.

### **General Discussion**

Revenue is received throughout the year, so F5CA does not realize the full fiscal year total until August or September of the subsequent fiscal year.

F5CA operates on a cash basis. In order to “encumber” funds (set aside funds for current commitments and obligations of the State Commission), there must be either a carryover cash balance sufficient to cover these costs or projected current year revenue that would ensure sufficient cash in the given fiscal year to cover that year’s obligations.

**ATTACHMENTS**

- A. Board of Equalization Adjustments
- B. Actual and Projected State Revenue by Fiscal Year
- C. Surplus Money Investment Fund
- D. Fiscal Year 2015–16 Projected First 5 California Revenue by Account
- E. State Revenue and Expenditures by Fiscal Year
- F. First 5 California Financial Plan FYs 2014–15 through 2019–20



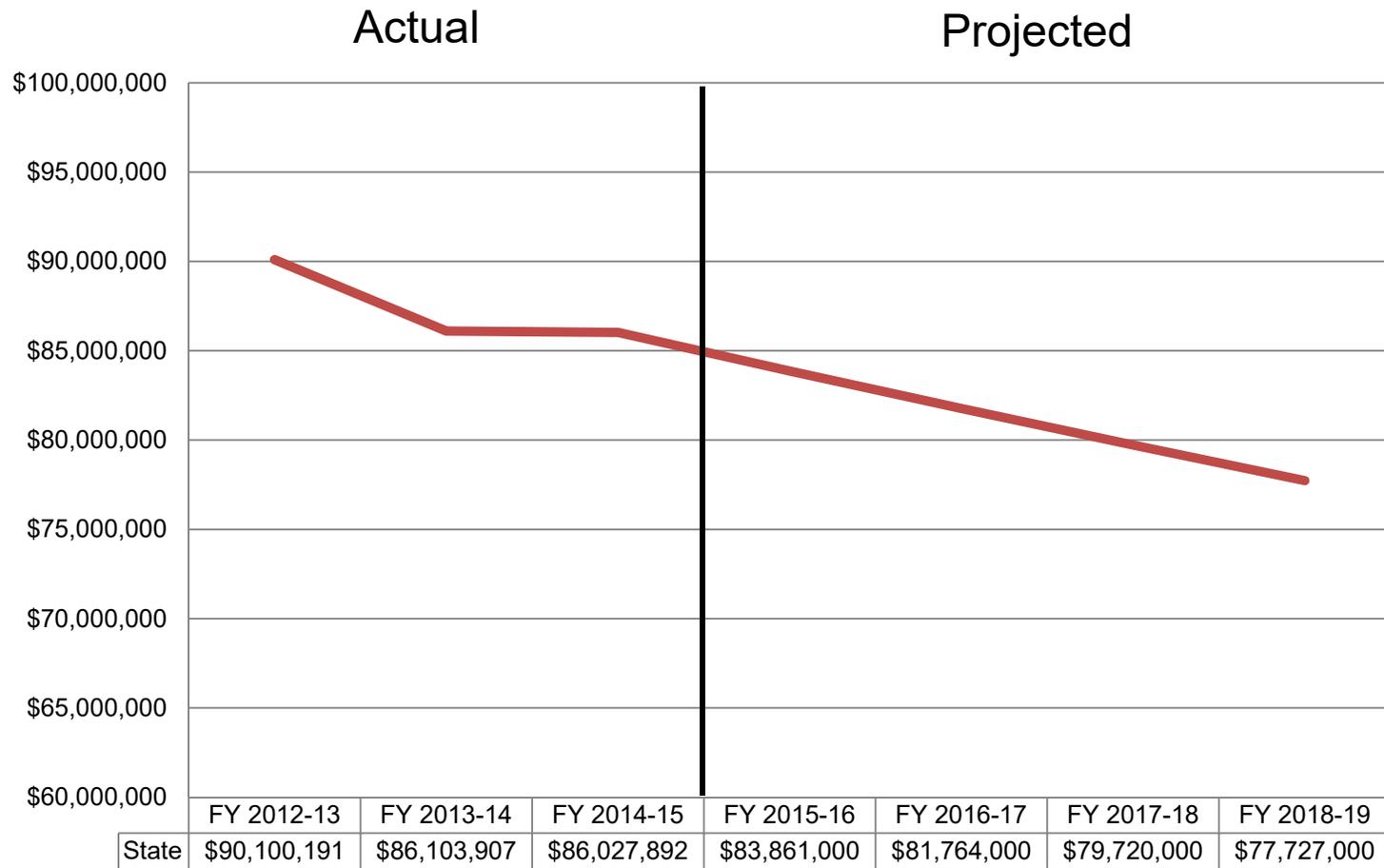
# Board of Equalization Adjustments

Board of Equalization (BOE) adjustments to total Proposition 10 tax revenue collected are deducted before disbursements to First 5 California accounts are made. The two primary deductions include administrative costs incurred by BOE tax collection, licensing, and enforcement activities; and Proposition 99 backfill amounts. A summary of these costs over the past decade and two years of projections are listed below.

	<b>BOE Administration</b>	<b>Backfill</b>	<b>Total BOE Charges</b>	
	FY 2005–06	\$4,958,000	\$20,300,000	\$25,258,000
	FY 2006–07	\$7,237,393	\$18,500,000	\$25,737,393
	FY 2007–08	\$10,508,495	\$19,600,000	\$30,108,495
	FY 2008–09	\$11,721,382	\$21,200,000	\$32,921,382
	FY 2009–10	\$11,738,182	\$21,800,000	\$33,538,182
	FY 2010–11	\$14,229,862	\$20,200,000	\$34,429,862
	FY 2011–12	\$15,711,540	\$16,500,000	\$32,211,540
	FY 2012–13	\$15,830,475	\$15,000,000	\$30,830,475
	FY 2013-14	\$16,588,489	\$13,600,000	\$30,188,489
	FY 2014-15	\$16,298,813	\$14,700,000	\$30,998,813
Projection	FY 2015–16	\$17,939,000	\$16,100,000	\$34,039,000
Projection	FY 2016–17	\$17,939,000	\$16,100,000	\$34,039,000

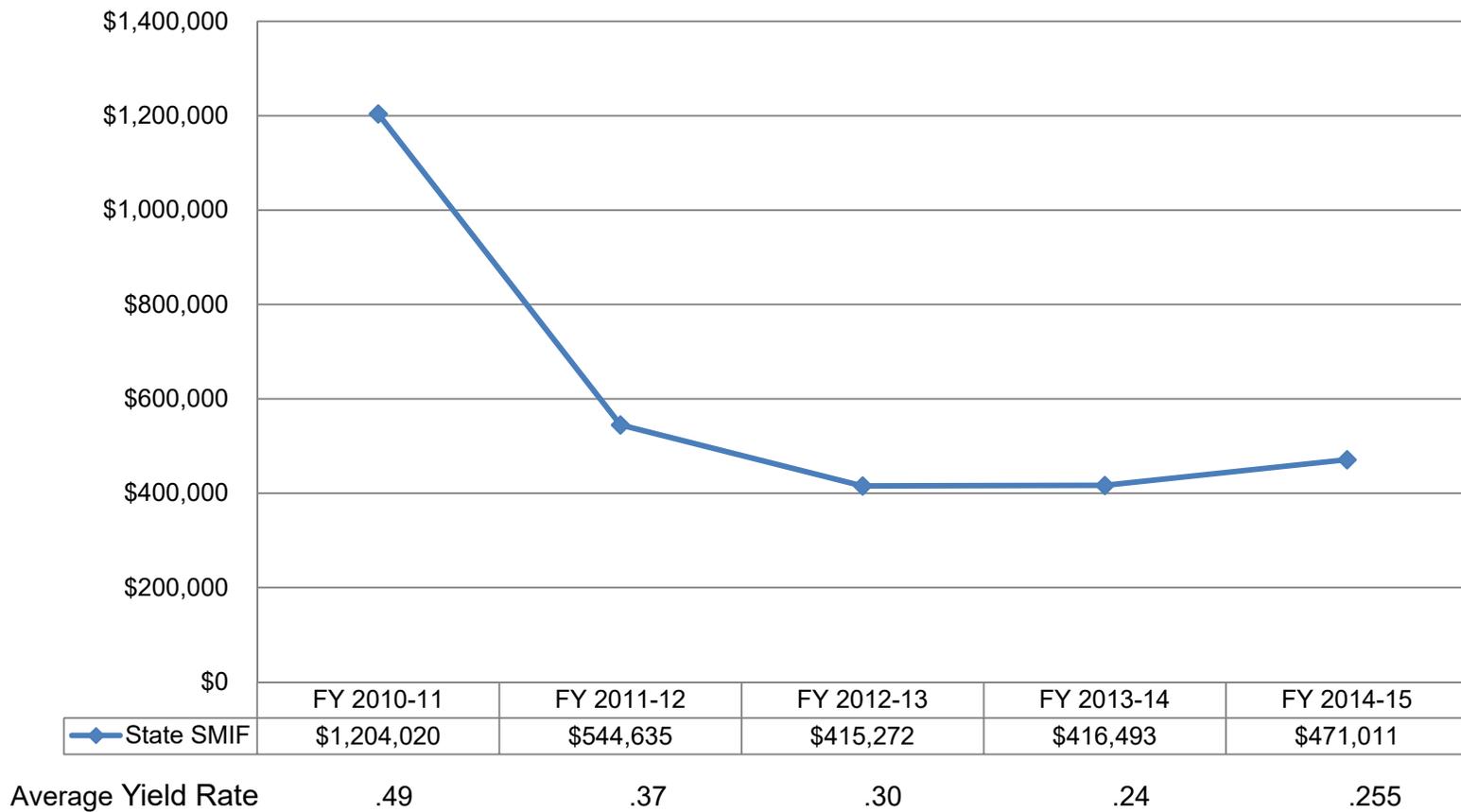


# Actual and Projected State Revenue by Fiscal Year





# Surplus Money Investment Fund





## Fiscal Year 2015–16 Projected First 5 California Revenue by Account

- Includes projected tax revenue disbursements to First 5 California (20 percent)
- First 5 California disbursements are distributed according to Health and Safety Code Section 130105

<b>Account Type</b>	<b>Statutory Distribution</b>	<b>% to Total Conversion</b>	<b>Projected Revenue (Excluding Interest)</b>
Media	6%	30%	\$ 25,159,000
Education	5%	25%	\$ 20,965,000
Child Care	3%	15%	\$ 12,579,000
Research	3%	15%	\$ 12,579,000
Unallocated	2%	10%	\$ 8,386,000
Administration	<u>1%</u>	<u>5%</u>	<u>\$ 4,193,000</u>
	20%	100%	\$ 83,861,000



**First 5 California  
Financial Plan  
FYs 2014-15 through 2019-20**

Account/Project	ACTUAL FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
<b>Mass Media Communications (0631)</b>						
<b>Beginning Balance</b>	<b>\$20,498,024</b>	<b>\$23,802,259</b>	<b>\$20,304,628</b>	<b>\$15,852,995</b>	<b>\$10,528,119</b>	<b>\$11,864,607</b>
Projected Expenditures and Obligations	23,165,851	27,564,197	27,614,042	27,611,542	20,102,000	20,102,000
Projected Revenue	25,808,368	23,495,160	22,601,495	21,739,107	20,906,904	20,103,827
Projected Interest	64,229	71,407	60,914	47,559	31,584	35,594
Federal Reimbursement for Kit	597,490	500,000	500,000	500,000	500,000	500,000
<b>Year-end Balance</b>	<b>\$23,802,259</b>	<b>\$20,304,628</b>	<b>\$15,852,995</b>	<b>\$10,528,119</b>	<b>\$11,864,607</b>	<b>\$12,402,028</b>
<b>Education (0634)</b>						
<b>Beginning Balance</b>	<b>\$42,464,873</b>	<b>\$48,259,869</b>	<b>\$41,177,519</b>	<b>\$38,783,630</b>	<b>\$34,863,904</b>	<b>\$30,038,915</b>
Projected Expenditures and Obligations	16,003,573	26,806,429	21,352,000	22,152,000	22,352,000	22,152,000
Projected Revenue	21,670,238	19,579,300	18,834,579	18,115,923	17,422,420	16,753,189
Projected Interest	128,331	144,780	123,533	116,351	104,592	90,117
<b>Year-end Balance</b>	<b>\$48,259,869</b>	<b>\$41,177,519</b>	<b>\$38,783,630</b>	<b>\$34,863,904</b>	<b>\$30,038,915</b>	<b>\$24,730,221</b>
<b>Child Care (0636)</b>						
<b>Beginning Balance</b>	<b>\$29,785,590</b>	<b>\$32,054,668</b>	<b>\$27,337,668</b>	<b>\$27,718,429</b>	<b>\$23,669,139</b>	<b>\$19,191,600</b>
Projected Expenditures and Obligations	10,722,556	16,560,744	11,002,000	15,002,000	15,002,000	15,002,000
Projected Revenue	12,904,184	11,747,580	11,300,747	10,869,554	10,453,452	10,051,914
Projected Interest	87,451	96,164	82,013	83,155	71,007	57,575
<b>Year-end Balance</b>	<b>\$32,054,668</b>	<b>\$27,337,668</b>	<b>\$27,718,429</b>	<b>\$23,669,139</b>	<b>\$19,191,600</b>	<b>\$14,299,089</b>
<b>Research and Development (0637)</b>						
<b>Beginning Balance</b>	<b>\$25,901,464</b>	<b>\$33,505,869</b>	<b>\$36,400,342</b>	<b>\$31,571,290</b>	<b>\$26,671,558</b>	<b>\$21,341,024</b>
Projected Expenditures and Obligations	5,376,867	8,953,624	16,239,000	15,864,000	15,864,000	15,864,000
Projected Revenue	12,904,184	11,747,580	11,300,747	10,869,554	10,453,452	10,051,914
Projected Interest	77,087	100,518	109,201	94,714	80,015	64,023
<b>Year-end Balance</b>	<b>\$33,505,869</b>	<b>\$36,400,342</b>	<b>\$31,571,290</b>	<b>\$26,671,558</b>	<b>\$21,341,024</b>	<b>\$15,592,961</b>
<b>Unallocated (0639)</b>						
<b>Beginning Balance</b>	<b>\$14,362,059</b>	<b>\$13,722,095</b>	<b>\$15,494,995</b>	<b>\$16,823,778</b>	<b>\$18,707,157</b>	<b>\$20,389,470</b>
Projected Expenditures and Obligations	9,288,382	6,099,986	6,251,534	5,413,461	5,342,777	5,263,630
Projected Revenue	8,602,789	7,831,720	7,533,832	7,246,369	6,968,968	6,701,276
Projected Interest	45,629	41,166	46,485	50,471	56,121	61,168
<b>Year-end Balance</b>	<b>\$13,722,095</b>	<b>\$15,494,995</b>	<b>\$16,823,778</b>	<b>\$18,707,157</b>	<b>\$20,389,470</b>	<b>\$21,888,284</b>
<b>Program Accounts 0631, 0634, 0636, 0637, and 0639 Totals:</b>						
Total Cigarette and Tobacco Tax Revenue	<b>\$81,889,762</b>	<b>\$74,401,340</b>	<b>\$71,571,399</b>	<b>\$68,840,506</b>	<b>\$66,205,195</b>	<b>\$63,662,119</b>
Total Resources Per Year	\$215,901,988	\$226,700,134	\$213,208,699	\$200,482,880	\$181,488,393	\$167,296,213
Total Expenditures Per Year	\$64,557,229	\$85,984,981	\$82,458,576	\$86,043,003	\$78,662,777	\$78,383,630
<b>Total Over/Under</b>	<b>\$151,344,760</b>	<b>\$140,715,153</b>	<b>\$130,750,123</b>	<b>\$114,439,877</b>	<b>\$102,825,616</b>	<b>\$88,912,583</b>
<b>Administration (0638)</b>						
<b>Beginning Balance</b>	<b>\$21,440,563</b>	<b>\$19,643,280</b>	<b>\$17,109,282</b>	<b>\$14,139,461</b>	<b>\$10,712,976</b>	<b>\$6,817,995</b>
Projected Expenditures and Obligations	6,390,989	6,508,787	6,788,065	7,092,088	7,411,604	7,747,420
Projected Revenue	4,542,393	3,915,860	3,766,916	3,623,185	3,484,484	3,350,638
Projected Interest	51,312	58,930	51,328	42,418	32,139	20,454
<b>Year-end Balance</b>	<b>\$19,643,280</b>	<b>\$17,109,282</b>	<b>\$14,139,461</b>	<b>\$10,712,976</b>	<b>\$6,817,995</b>	<b>\$2,441,667</b>
<b>ALL FIRST 5 CALIFORNIA FUNDS</b>						
Total Cigarette and Tobacco Tax Revenue	<b>\$86,432,155</b>	<b>\$78,317,200</b>	<b>\$75,338,315</b>	<b>\$72,463,691</b>	<b>\$69,689,679</b>	<b>\$67,012,757</b>
Total Resources Per Year	\$241,936,256	\$250,318,203	\$234,136,225	\$218,287,944	\$195,717,992	\$177,485,299
Total Expenditures Per Year	\$70,948,217	\$92,493,768	\$89,246,641	\$93,135,091	\$86,074,381	\$86,131,050
<b>Total Over/Under</b>	<b>\$170,988,039</b>	<b>\$157,824,435</b>	<b>\$144,889,583</b>	<b>\$125,152,853</b>	<b>\$109,643,611</b>	<b>\$91,354,250</b>
Total 15% Reserve	\$12,964,823	\$11,747,580	\$11,300,747	\$10,869,554	\$10,453,452	\$10,051,914
Net After Reserve	\$158,023,216	\$146,076,855	\$133,588,836	\$114,283,300	\$99,190,159	\$81,302,336

**First 5 California  
Financial Plan  
FYs 2014-15 through 2019-20**

	Account/Project	Strategic Plan Goal	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>1</b>	<b>Mass Media Communications (0631)</b>							
	<b>Beginning Balance</b>		<b>\$20,498,024</b>	<b>\$23,802,259</b>	<b>\$20,304,628</b>	<b>\$15,852,995</b>	<b>\$10,528,119</b>	<b>\$11,864,607</b>
A	Parent Signature Program - Education and Outreach	3.1	10,549,800	0	0	0	0	0
B	Parent Signature Program - Education and Outreach	3.1	0	22,459,542	22,509,542	22,509,542	15,000,000	15,000,000
C	Parent Signature Program - 1-800 Number	3.1	84,795	100,000	100,000	100,000	100,000	100,000
D	Parent Signature Program - Kit for New Parents	3.1	0	0	0	0	0	0
E	Parent Signature Program - Kit for New Parents	3.1	5,116,109	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
F	Child Signature Program	1.1, 1.2, 2.1, 2.2	7,809,448	0	0	0	0	0
G	Miscellaneous	3.1	1,855	2,655	2,500	0	0	0
H	SCO/PRORATA/ADJUSTMENTS		2,763	2,000	2,000	2,000	2,000	2,000
	<b>Total Budgeted Expenditures</b>		<b>23,564,771</b>	<b>27,564,197</b>	<b>27,614,042</b>	<b>27,611,542</b>	<b>20,102,000</b>	<b>20,102,000</b>
	Prior Year Adjustments		(398,920)	0	0	0	0	0
	<b>Adjusted Fund Balance Expenditures</b>		<b>23,165,851</b>	<b>27,564,197</b>	<b>27,614,042</b>	<b>27,611,542</b>	<b>20,102,000</b>	<b>20,102,000</b>
	<b>Subtotal</b>		<b>(\$2,667,827)</b>	<b>(\$3,761,938)</b>	<b>(\$7,309,414)</b>	<b>(\$11,758,547)</b>	<b>(\$9,573,881)</b>	<b>(\$8,237,393)</b>
	Projected Revenue		<b>25,808,368</b>	<b>23,495,160</b>	<b>22,601,495</b>	<b>21,739,107</b>	<b>20,906,904</b>	<b>20,103,827</b>
	Projected Interest		64,229	71,407	60,914	47,559	31,584	35,594
	Federal Reimbursement for Kit		597,490	500,000	500,000	500,000	500,000	500,000
	Other Revenue		0	0	0	0	0	0
	<b>Year-end Balance</b>		<b>\$23,802,259</b>	<b>\$20,304,628</b>	<b>\$15,852,995</b>	<b>\$10,528,119</b>	<b>\$11,864,607</b>	<b>\$12,402,028</b>
	15% Reserve		<b>3,871,255</b>	<b>3,524,274</b>	<b>3,390,224</b>	<b>3,260,866</b>	<b>3,136,036</b>	<b>3,015,574</b>
	<b>Net Year-end Balance</b>		<b>\$19,931,004</b>	<b>\$16,780,354</b>	<b>\$12,462,771</b>	<b>\$7,267,253</b>	<b>\$8,728,571</b>	<b>\$9,386,454</b>
<b>2</b>	<b>Education (0634)</b>							
	<b>Beginning Balance</b>		<b>\$42,464,873</b>	<b>\$48,259,869</b>	<b>\$41,177,519</b>	<b>\$38,783,630</b>	<b>\$34,863,904</b>	<b>\$30,038,915</b>
A	Statewide Summit	2.1, 2.2, 3.1	221,155	0	200,000	0	200,000	0
B	Co-Sponsorship Funding		44,220	150,000	150,000	150,000	150,000	150,000
C	Educare	1.2, 2.1	0	2,700,000	3,000,000	0	0	0
D	Teacher Signature Program - CARES Plus	1.2, 2.1, 2.2	128,949	1,354,429	0	0	0	0
E	Child Signature Program	1.1, 1.2, 2.1, 2.2	15,577,670	0	0	0	0	0
F	Child Signature Program 1 and 3 Extension	1.1, 1.2, 2.1, 2.2	0	10,600,000	0	0	0	0
G	First 5 IMPACT	1.1, 1.2, 1.3 2.1, 2.2	0	12,000,000	16,000,000	20,000,000	20,000,000	20,000,000
H	Proposed Pilot Programs	1.2, 1.3	0	0	2,000,000	2,000,000	2,000,000	2,000,000
I	QRIS Training and Technical Assistance	2.1, 2.2	3,138	0	0	0	0	0
J	Miscellaneous		1,199	0	0	0	0	0
K	SCO/PRORATA/ADJUSTMENTS		2,763	2,000	2,000	2,000	2,000	2,000
	<b>Total Budgeted Expenditures</b>		<b>15,979,094</b>	<b>26,806,429</b>	<b>21,352,000</b>	<b>22,152,000</b>	<b>22,352,000</b>	<b>22,152,000</b>
	Prior Year Adjustments		24,479	0	0	0	0	0
	<b>Adjusted Fund Balance Expenditures</b>		<b>16,003,573</b>	<b>26,806,429</b>	<b>21,352,000</b>	<b>22,152,000</b>	<b>22,352,000</b>	<b>22,152,000</b>
	<b>Subtotal</b>		<b>\$26,461,300</b>	<b>\$21,453,439</b>	<b>\$19,825,519</b>	<b>\$16,631,630</b>	<b>\$12,511,904</b>	<b>\$7,886,915</b>
	Projected Revenue		<b>21,506,973</b>	<b>19,579,300</b>	<b>18,834,579</b>	<b>18,115,923</b>	<b>17,422,420</b>	<b>16,753,189</b>
	Miscellaneous revenue-Child Summit		163,265					
	Projected Interest		128,331	144,780	123,533	116,351	104,592	90,117
	<b>Year-end Balance</b>		<b>\$48,259,869</b>	<b>\$41,177,519</b>	<b>\$38,783,630</b>	<b>\$34,863,904</b>	<b>\$30,038,915</b>	<b>\$24,730,221</b>
	15% Reserve		<b>3,226,046</b>	<b>2,936,895</b>	<b>2,825,187</b>	<b>2,717,388</b>	<b>2,613,363</b>	<b>2,512,978</b>
	<b>Net Year-end Balance</b>		<b>\$45,033,823</b>	<b>\$38,240,624</b>	<b>\$35,958,443</b>	<b>\$32,146,515</b>	<b>\$27,425,552</b>	<b>\$22,217,243</b>
	<b>Purple: Amount pending Commission approval.</b>							
	<b>Royal Blue: Amount projected based on sustained level of effort.</b>							
	<b>Green: Subtotal amounts.</b>							

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	Account/Project	Strategic Plan Goal	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>3</b>	<b>Child Care (0636)</b>							
	<b>Beginning Balance</b>		<b>\$29,785,590</b>	<b>\$32,054,668</b>	<b>\$27,337,668</b>	<b>\$27,718,429</b>	<b>\$23,669,139</b>	<b>\$19,191,600</b>
A	Child Signature Program	1.1, 1.2, 2.1, 2.2	3,904,724	0	0	0	0	0
B	Child Signature Program 1 and 3 Extension	1.1, 1.2, 2.1, 2.2	0	1,500,000	0	0	0	0
C	Teacher Signature Program - CARES Plus	1.2, 2.1, 2.2	6,786,407	10,058,744	0	0	0	0
D	RTT-ELC Environmental Rating Scales Training	1.2	0	0	0	0	0	0
E	First 5 IMPACT	1.1, 1.2, 1.3 2.1, 2.2	0	5,000,000	11,000,000	15,000,000	15,000,000	15,000,000
F	SCO/PRORATA/ADJUSTMENTS		2,763	2,000	2,000	2,000	2,000	2,000
	<b>Total Budgeted Expenditures</b>		<b>10,693,894</b>	<b>16,560,744</b>	<b>11,002,000</b>	<b>15,002,000</b>	<b>15,002,000</b>	<b>15,002,000</b>
	Prior Year Adjustments		28,662	0	0	0	0	0
	<b>Adjusted Fund Balance Expenditures</b>		<b>10,722,556</b>	<b>16,560,744</b>	<b>11,002,000</b>	<b>15,002,000</b>	<b>15,002,000</b>	<b>15,002,000</b>
	<b>Subtotal</b>		<b>\$19,063,034</b>	<b>\$15,493,924</b>	<b>\$16,335,668</b>	<b>\$12,716,429</b>	<b>\$8,667,139</b>	<b>\$4,189,600</b>
	Projected Revenue		<b>12,904,184</b>	<b>11,747,580</b>	<b>11,300,747</b>	<b>10,869,554</b>	<b>10,453,452</b>	<b>10,051,914</b>
	Projected Interest		87,451	96,164	82,013	83,155	71,007	57,575
	<b>Year-end Balance</b>		<b>\$32,054,668</b>	<b>\$27,337,668</b>	<b>\$27,718,429</b>	<b>\$23,669,139</b>	<b>\$19,191,600</b>	<b>\$14,299,089</b>
	15% Reserve		<b>1,935,628</b>	<b>1,762,137</b>	<b>1,695,112</b>	<b>1,630,433</b>	<b>1,568,018</b>	<b>1,507,787</b>
	<b>Net Year-end Balance</b>		<b>\$30,119,041</b>	<b>\$25,575,531</b>	<b>\$26,023,317</b>	<b>\$22,038,706</b>	<b>\$17,623,582</b>	<b>\$12,791,302</b>
<b>4</b>	<b>Research and Development (0637)</b>							
	<b>Beginning Balance</b>		<b>\$25,901,464</b>	<b>\$33,505,869</b>	<b>\$36,400,342</b>	<b>\$31,571,290</b>	<b>\$26,671,558</b>	<b>\$21,341,024</b>
A	Annual Report		11,754	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
B	CARES Plus Program Data Collection and Storage	1.2, 2.1, 2.2	315,151	780,000	0	0	0	0
C	California Health Interview Survey	1.1, 1.2	750,000	850,000	850,000	<b>850,000</b>	<b>850,000</b>	<b>850,000</b>
D	Child Signature Program	1.1, 1.2, 2.1, 2.2	3,908,247	0	0	0	0	0
E	Child Signature Program 1 and 3 Extension	1.1, 1.2, 2.1, 2.2	0	1,500,000	0	0	0	0
F	Transitional Kindergarten Study	1.2	370,000	740,000	375,000	0	0	0
G	Help Me Grow	1.1, 2.1	0	19,834	0	0	0	0
H	Quality Improvement Study-CSU Northridge	2.2	12,885	49,790	0	0	0	0
I	Proposed Pilots	1.2, 1.3	0	0	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>
J	First 5 IMPACT	1.1, 1.2, 1.3 2.1, 2.2	0	5,000,000	9,000,000	9,000,000	9,000,000	9,000,000
K	SCO/PRORATA/ADJUSTMENTS		2,763	2,000	2,000	2,000	2,000	2,000
	<b>Total Budgeted Expenditures</b>		<b>5,370,800</b>	<b>8,953,624</b>	<b>16,239,000</b>	<b>15,864,000</b>	<b>15,864,000</b>	<b>15,864,000</b>
	Prior Year Adjustments		6,067	0	0	0	0	0
	<b>Adjusted Fund Balance Expenditures</b>		<b>5,376,867</b>	<b>8,953,624</b>	<b>16,239,000</b>	<b>15,864,000</b>	<b>15,864,000</b>	<b>15,864,000</b>
	<b>Subtotal</b>		<b>\$20,524,598</b>	<b>\$24,552,245</b>	<b>\$20,161,342</b>	<b>\$15,707,290</b>	<b>\$10,807,558</b>	<b>\$5,477,024</b>
	Projected Revenue		<b>12,904,184</b>	<b>11,747,580</b>	<b>11,300,747</b>	<b>10,869,554</b>	<b>10,453,452</b>	<b>10,051,914</b>
	Projected Interest		77,087	100,518	109,201	94,714	80,015	64,023
	<b>Year-end Balance</b>		<b>\$33,505,869</b>	<b>\$36,400,342</b>	<b>\$31,571,290</b>	<b>\$26,671,558</b>	<b>\$21,341,024</b>	<b>\$15,592,961</b>
	15% Reserve		<b>1,935,628</b>	<b>1,762,137</b>	<b>1,695,112</b>	<b>1,630,433</b>	<b>1,568,018</b>	<b>1,507,787</b>
	<b>Net Year-end Balance</b>		<b>\$31,570,241</b>	<b>\$34,638,205</b>	<b>\$29,876,178</b>	<b>\$25,041,125</b>	<b>\$19,773,007</b>	<b>\$14,085,174</b>
	<b>Purple: Amount pending Commission approval.</b>							
	<b>Royal Blue: Amount projected based on sustained level of effort.</b>							
	<b>Green: Subtotal amounts</b>							

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	Account/Project	Strategic Plan Goal	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>5</b>	<b>Unallocated (0639)</b>							
	<b>Beginning Balance</b>		<b>\$14,362,059</b>	<b>\$13,722,095</b>	<b>\$15,494,995</b>	<b>\$16,823,778</b>	<b>\$18,707,157</b>	<b>\$20,389,470</b>
A	Small Population County Funding Augmentation	2.2	4,017,979	4,393,327	4,599,534	3,761,461	3,690,777	3,611,630
B	California Smoker's Helpline	2.2, 3.1	1,304,984	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
C	Grant/Program Development Consultant	1.2	52,009	54,750	0	0	0	0
D	Child Signature Program	1.1, 1.2, 2.1, 2.2	3,904,724	0	0	0	0	0
E	Help Me Grow	1.1, 2.1	0	149,909	0	0	0	0
F	Stakeholder Meeting Facilitation	1.2	0	100,000	250,000	250,000	250,000	250,000
G	SCO/PRORATA/ADJUSTMENTS		2,763	2,000	2,000	2,000	2,000	2,000
	<b>Total Budgeted Expenditures</b>		<b>9,282,459</b>	<b>6,099,986</b>	<b>6,251,534</b>	<b>5,413,461</b>	<b>5,342,777</b>	<b>5,263,630</b>
	Prior Year Adjustments		5,923	0	0	0	0	0
	<b>Adjusted Fund Balance Expenditures</b>		<b>9,288,382</b>	<b>6,099,986</b>	<b>6,251,534</b>	<b>5,413,461</b>	<b>5,342,777</b>	<b>5,263,630</b>
	<b>Subtotal</b>		<b>\$5,073,677</b>	<b>\$7,622,109</b>	<b>\$9,243,461</b>	<b>\$11,410,317</b>	<b>\$13,364,380</b>	<b>\$15,125,840</b>
	Projected Revenue		8,602,789	7,831,720	7,533,832	7,246,369	6,968,968	6,701,276
	Projected Interest		45,629	41,166	46,485	50,471	56,121	61,168
	<b>Year-end Balance</b>		<b>\$13,722,095</b>	<b>\$15,494,995</b>	<b>\$16,823,778</b>	<b>\$18,707,157</b>	<b>\$20,389,470</b>	<b>\$21,888,284</b>
	15% Reserve		1,290,418	1,174,758	1,130,075	1,086,955	1,045,345	1,005,191
	<b>Net Year-end Balance</b>		<b>\$12,431,677</b>	<b>\$14,320,237</b>	<b>\$15,693,703</b>	<b>\$17,620,202</b>	<b>\$19,344,125</b>	<b>\$20,883,093</b>
	<b>Program Accounts 0631, 0634, 0636, 0637, 0639 Totals:</b>							
	Total Cigarette and Tobacco Tax Revenue		\$81,726,497	\$74,401,340	\$71,571,399	\$68,840,506	\$66,205,195	\$63,662,119
	Total Resources Per Year		\$215,738,723	\$226,700,134	\$213,208,699	\$200,482,880	\$181,488,393	\$167,296,213
	Total Expenditures Per Year		\$64,557,229	\$85,984,981	\$82,458,576	\$86,043,003	\$78,662,777	\$78,383,630
	<b>Total Over/Under</b>		<b>\$151,344,760</b>	<b>\$140,715,153</b>	<b>\$130,750,123</b>	<b>\$114,439,877</b>	<b>\$102,825,616</b>	<b>\$88,912,583</b>
	Total 15% Reserve		\$12,258,975	\$11,160,201	\$10,735,710	\$10,326,076	\$9,930,779	\$9,549,318
	Net After Reserve		\$139,085,785	\$129,554,952	\$120,014,413	\$104,113,802	\$92,894,837	\$79,363,265
<b>6</b>	<b>Administration (0638)</b>							
	<b>Beginning Balance</b>		<b>\$21,440,563</b>	<b>\$19,643,280</b>	<b>\$17,109,282</b>	<b>\$14,139,461</b>	<b>\$10,712,976</b>	<b>\$6,817,994</b>
A	Administrative Expense	4.1, 4.2	6,079,593	6,013,273	6,292,065	6,596,088	6,915,604	7,251,420
B	SCO/PRORATA/ADJUSTMENTS		251,534	495,514	496,000	496,000	496,000	496,000
	<b>Total Budgeted Expenditures</b>		<b>6,331,127</b>	<b>6,508,787</b>	<b>6,788,065</b>	<b>7,092,088</b>	<b>7,411,604</b>	<b>7,747,420</b>
	Prior Year Adjustments		59,861	0	0	0	0	0
	<b>Adjusted Fund Balance Expenditures</b>		<b>6,390,989</b>	<b>6,508,787</b>	<b>6,788,065</b>	<b>7,092,088</b>	<b>7,411,604</b>	<b>7,747,420</b>
	<b>Subtotal</b>		<b>\$15,049,575</b>	<b>\$13,134,492</b>	<b>\$10,321,217</b>	<b>\$7,047,373</b>	<b>\$3,301,372</b>	<b>(\$929,425)</b>
	Projected Revenue		4,301,395	3,915,860	3,766,916	3,623,185	3,484,484	3,350,638
	Miscellaneous Revenue-CDE Travel Reimbursement		240,998					
	Projected Interest		51,312	58,930	51,328	42,418	32,139	20,454
	<b>Year-end Balance</b>		<b>\$19,643,280</b>	<b>\$17,109,282</b>	<b>\$14,139,461</b>	<b>\$10,712,976</b>	<b>\$6,817,994</b>	<b>\$2,441,667</b>
	15% Reserve		645,209	587,379	565,037	543,478	522,673	502,596
	<b>Net Year-end Balance</b>		<b>\$18,998,070</b>	<b>\$16,521,903</b>	<b>\$13,574,423</b>	<b>\$10,169,498</b>	<b>\$6,295,322</b>	<b>\$1,939,071</b>
	<b>ALL FIRST 5 CALIFORNIA FUNDS</b>							
	Total Cigarette and Tobacco Tax Revenue		\$86,027,892	\$78,317,200	\$75,338,315	\$72,463,691	\$69,689,679	\$67,012,757
	Total Resources Per Year		\$241,531,993	\$250,318,203	\$234,136,224	\$218,287,944	\$195,717,991	\$177,485,299
	Total Expenditures Per Year		\$70,948,217	\$92,493,768	\$89,246,641	\$93,135,091	\$86,074,381	\$86,131,050
	<b>Total Over/Under</b>		<b>\$170,583,776</b>	<b>\$157,824,435</b>	<b>\$144,889,583</b>	<b>\$125,152,853</b>	<b>\$109,643,610</b>	<b>\$91,354,250</b>
	Total 15% Reserve		\$12,904,184	\$11,747,580	\$11,300,747	\$10,869,554	\$10,453,452	\$10,051,914
	Net After Reserve		\$157,679,593	\$146,076,855	\$133,588,836	\$114,283,299	\$99,190,159	\$81,302,336
	<b>Purple: Amount pending Commission approval.</b>							
	<b>Royal Blue: Amount projected based on sustained level of effort.</b>							
	<b>Green: Subtotal amounts.</b>							

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Expenditures by Program*	Authorized Amount	Term	Funding Source (F5CA Account)	Expenditures Incurred	Proposed Expenditures	Total Expenditures
<b>EXISTING/APPROVED:</b>						
Child Signature Program	\$135,000,000	July 1, 2012 - June 30, 2015	Mass Media Communications	19,850,619	0	19,850,619
			Education	39,660,012	0	39,660,012
			Child Care	9,925,309	0	9,925,309
			Research and Development	9,934,254	0	9,934,254
			Unallocated	9,925,309	0	9,925,309
			<b>Total</b>	<b>\$89,295,503</b>	<b>\$0</b>	<b>\$89,295,503</b>
Teacher Signature Program - CARES Plus	\$42,000,000	July 1, 2013 - June 30, 2016	Education	145,571	1,354,429	1,500,000
			Child Care	14,523,742	10,058,744	24,582,486
			Research and Development	884,511	780,000	1,664,511
			<b>Total</b>	<b>\$15,553,824</b>	<b>\$12,193,173</b>	<b>\$27,746,997</b>
Child Signature Program 1 and 3 Extension	\$13,600,000	July 1, 2015 - June 30, 2016	Education	0	10,600,000	10,600,000
			Child Care	0	1,500,000	1,500,000
			Research and Development	0	1,500,000	1,500,000
			<b>Total</b>	<b>\$0</b>	<b>\$13,600,000</b>	<b>\$13,600,000</b>
First 5 IMPACT	\$190,000,000	July 1, 2015 - June 30, 2020	Education	0	88,000,000	88,000,000
			Child Care	0	61,000,000	61,000,000
			Research and Development	0	41,000,000	41,000,000
			<b>Total</b>	<b>\$0</b>	<b>\$190,000,000</b>	<b>\$190,000,000</b>
<b>PROPOSED:</b>						
Dual Language Learner Pilot	\$16,000,000	July 1, 2016 - June 30, 2020	Education	0	4,000,000	4,000,000
			Research and Development	0	12,000,000	12,000,000
			<b>Total</b>	<b>\$0</b>	<b>\$16,000,000</b>	<b>\$16,000,000</b>
Family Engagement Pilots	\$16,000,000	July 1, 2016 - June 30, 2020	Education	0	4,000,000	4,000,000
			Research and Development	0	12,000,000	12,000,000
			<b>Total</b>	<b>\$0</b>	<b>\$16,000,000</b>	<b>\$16,000,000</b>
* Only programs with multiple funding sources identified.						