

**First 5 Mariposa County
Management Discussion and Analysis
For the fiscal year ended June 30, 2014**

The Management Discussion and Analysis is presented to provide a narrative overview and analysis of the financial activities of First 5 Mariposa County for the year ended June 30, 2014. This information should be read in conjunction with the information furnished in the financial statements and notes to the financial statements.

Financial Highlights

- First 5 Mariposa is funded through revenues primarily related to Proposition 10 distributions:
 - 1) Proposition 10 distributions allocated on the basis of births to County residents;
 - 2) Augmentations from First 5 California to assist First 5 Mariposa with funding needed to support the Commission's activities; and
 - 3) Interest on funds held by the State of California pending distribution to First 5 Mariposa. In addition, interest is received on First 5 Mariposa funds invested through Mariposa County and miscellaneous revenues are received from various sources, including contributions and fund raising activities.
- For 2013/14, revenues to First 5 Mariposa totaled \$309,189, an increase of \$5,976 from the prior year. This was due primarily to the beginning of grant funding for the CARES Plus Program.
- For 2013/14, First 5 Mariposa provided \$81,751 for community program grants. Health programs were funded a total of \$61,000 for a program providing dental health services for children ages 0-5. \$10,000 in matching grant funds were expended as part of the CARES Plus 3-year grant program. Grants totaling \$10,751 were expended for pre-school support at two Mariposa County schools.
- During 2013/14, \$11,368 was expended for Evaluation activities, including on-site visitations, review of documentation, tracking of statistical data, and evaluating and reporting outcomes for programs funded by First 5 Mariposa. This amount was 3.44% of the total expenditures.
- During 2013/14, \$48,873 was expended for Administration expense, representing 14.8% of the total expenditures, well within the cap of 18% established by the Commission in 2006.
- The net fund balance was decreased by \$20,971 during 2013/14. While revenues were increased, expenditures also increased. No significant special projects were implemented in 2013/14.

First 5 Mariposa has faced several challenges in the past few years. Because the majority of its annual funding consists of augmentations from First 5 California, it is very vulnerable to changes in revenue. Two significant challenges were part of a continuing Commission discussion regarding funding First 5 grants and the three preschools.

1. First 5 California discontinued funding to local preschools, effective June 2013. This resulted in the loss of approximately \$125,000 annually to First 5 Mariposa, representing more than 50% of the funding used each year to provide 3 preschools in rural areas of the County.

2. In addition, there has been an ongoing effort by the State of California to divert Proposition 10 funding from First Five to various other State-financed programs. This diversion would threaten First Five Mariposa with the potential loss of 50% of its reserve funding and 50% of its annual Proposition 10 revenue.
3. On April 24, 2014, the State Commission approved a new funding methodology and accountability framework (Framework) to continue the support of First 5 County Commissions with small populations in their work and to ensure Proposition 10 is truly a statewide effort that impacts the lives of young children throughout California. The new funding approach reflects state and county input from the Small Population County Workgroup (Workgroup) and will be in effect beginning Fiscal Year (FY) 2014/15 and ending FY 2016/17.

The adopted Small Population County Funding Augmentation (SPCFA) formula is as follows:

1. The formula consists of a fixed, graduated baseline determined by the number of births in each county in 2011. The baseline amount will remain consistent for the duration of this SPCFA, regardless of number of live births in subsequent years.
 2. The SPCFA provides funding to the 20 smallest population counties meeting the eligibility criteria of annual births of 1,000 or less.
 3. First 5 California will augment the difference between the annual Proposition 10 tax revenue allocated to each county and the pre-determined baseline amount for the SPCFA.
 4. The minimum baseline is \$275,000 for counties qualifying with 1–50 births, and increases by \$25,000 for each 50 births.
 5. Mariposa County First 5 will receive \$325,000 in Small County Augmentation for the next three years. This fiscal year (2013-2014) Mariposa received only \$198,340 in Small County Augmentation and \$91,450 in Prop 10 funding.
4. Mariposa County First 5 approved four Mini-Grants in January 2014:
The Sierra Foothill Charter School's Transitional Kindergarten was funded for \$4,036 in order to purchase equipment and furniture for a listening center. The equipment purchased (iPods, iPads, and activities for the Learning Center) provided families and children with the opportunity to use and become experienced with technology in preparation for the Common Core Assessment and future grades.

The Mariposa Elementary School Transitional Kindergarten grant for \$4,758 provided the Transitional Kindergarten classroom (25 children) with extra assistance and one-on-one time with the teacher. Having a Transitional Kindergarten instructional aide will assist families by providing students and families with the education to maximize learning outcomes.

The Mariposa Health Departments grant for the Children's Dental Health Program received an additional \$5,000 funded by Mariposa County First 5. In addition, an extra \$6,000 was approved to the originally

approved \$50,000. Currently, with the total of \$61,000 for 2013-2014, a higher percentage of children received dental services. The additional funding provided dental care for close to 80% of children whose parents are in need of dental care services.

The Special Education Transitional Kindergarten received \$1,957 to provide two double-seat tricycles, three single seat tricycles, and safety helmets for children with special needs. Data shows that during recess time there is an increase in the students' socialization during the time that the children are riding tricycles.

During the 2013/14 fiscal year, First 5 Mariposa participated in the CARES Plus Round 2 California First Five Grant. The approved financial commitment is \$10,000 from First 5 Mariposa and \$20,000 from California First 5 for each year over a period beginning July 1, 2013, through June 30, 2016. The CARES Plus program is dedicated to increasing the quality of early learning programs for children ages 0 to 5 and their families by supporting the education and professional development of an effective, well compensated, and diverse early learning workforce.

Mariposa First 5 is participating in the CARES Plus Round 2 California First 5 grant in order to provide training and educational opportunities to the child care providers and preschool teachers throughout Mariposa County. The grant provides training in preschool assessments, providing a non-smoking environment for children and educational opportunities for college credits, including an A.A. degree and a B.A. degree. In 2013-2014, nine participants participated in the CORE and Component "A" completing 21 hours of training and receiving stipends. In 2014-2015, four preschool teachers will be working towards their A.A. degrees and five child care providers have registered as new participants.

In June 2014, the Commission approved two additional Maxi grants for the fiscal year 2014-2015: 1) Mariposa Elementary School was funded for an instructional aide in the Transitional Kindergarten class for \$17,340.24; and 2) Sierra Foothill Charter School was partially funded \$10,074 for an instructional aide (the other half of the aide's salary is being funded by the school).

Overview of the Financial Statements

First 5 Mariposa County basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances.

The statement of net position presents information on all of the Commission's assets and liabilities. The difference between the two is reported as *net position*, and is an indicator of the current financial condition of the Commission.

The statement of activities presents detail showing how the Commission’s net position changed during the current year. Net position is classified into three categories: invested in capital assets, restricted, and unrestricted.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. First 5 Mariposa County, like other local governments, uses fund accounting to ensure compliance with finance-related requirements.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of a government’s financial position. Following is a comparison of the prior year to current year Statement of Net Position and Statement of Activities.

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Change</u>
Total Assets:			
Current Assets	\$ 409,308	\$ 432,304	\$ (22,996)
Capital Assets	<u>\$ 278,220</u>	<u>\$ 291,622</u>	<u>\$ (13,402)</u>
Total Assets	<u>\$ 687,528</u>	<u>\$ 723,926</u>	<u>\$ (36,398)</u>
Total Liabilities	<u>\$ 9,412</u>	<u>\$ 9,770</u>	<u>\$ (358)</u>
Net Assets:			
Invested in Capital Assets, net of related debt	\$ 278,220	\$ 291,622	\$ (13,402)
Restricted	<u>\$ 399,896</u>	<u>\$ 422,534</u>	<u>\$ (22,638)</u>
Net Assets	<u>\$ 678,116</u>	<u>\$ 714,156</u>	<u>\$ (36,040)</u>

	<u>FY 2013/14</u>	<u>FY 2012/13</u>	<u>Change</u>
Total Revenues:			
Operating grants and contributions	\$ 306,201	\$ 300,425	\$ 5,776
Interest and investment earnings	2,309	2,454	(145)
Miscellaneous	<u>679</u>	<u>334</u>	<u>345</u>
Total Revenues	<u>\$ 309,189</u>	<u>\$ 303,213</u>	<u>\$ 5,976</u>
Total Expenditures:			
General government	<u>\$ 345,229</u>	<u>\$ 279,660</u>	<u>\$ (65,569)</u>
Total Expenditures	<u>\$ 345,229</u>	<u>\$ 279,660</u>	<u>\$ (65,569)</u>
Excess of Revenues Over-(Under) Expenditures	<u>\$ (36,040)</u>	<u>\$ 23,553</u>	<u>\$ (59,593)</u>
Net Position – Beginning	<u>\$ 714,156</u>	<u>\$ 690,603</u>	
Net Position – Ending	<u>\$ 678,116</u>	<u>\$ 714,156</u>	

Net Assets decreased over 6/30/2013 primarily as a result of an increase in expenditures for grant projects. Capital assets decreased due to scheduled annual depreciation allowances.

Governmental Funds Financial Analysis

Following is a summary comparison of prior year to current year Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance:

Balance Sheet

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Change</u>
Total Assets	\$ 419,920	\$ 432,304	\$ (12,384)
Total Liabilities	15,604	6,477	9,127
Total Fund Balances	<u>404,856</u>	<u>425,823</u>	<u>(20,967)</u>
Total Liabilities and Fund Balances	<u>\$ 419,920</u>	<u>\$ 432,304</u>	<u>\$ (12,384)</u>

Revenue, Expenditures, and Changes in Fund Balance

	<u>FY 2013/14</u>	<u>FY 2012/13</u>	<u>Change</u>
Revenues	\$ 309,189	\$ 303,213	\$ 5,976
Expenditures	<u>330,160</u>	<u>260,493</u>	<u>(69,667)</u>
(Deficiency) or Excess of Revenues	(20,971)	42,720	(63,691)
Fund Balance – Beginning	<u>425,827</u>	<u>383,107</u>	<u>42,720</u>
Fund Balance – Ending	<u>\$ 404,856</u>	<u>\$ 425,827</u>	<u>\$ (20,971)</u>

Revenues increased only slightly over prior year due to the allocation of Prop 10 funds.

Expenditures increased 26.7% from 2012/13 as a result of funding efforts for community grants and the implementation of the CARES Plus Round 2 first year grant. Capital expenditures incurred during 2013/14 totaled \$5,923.

Requests for Information

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

First 5 Mariposa County
P. O. Box 966
Mariposa, CA 95338