

FIRST 5 FRESNO COUNTY

ADMINISTERED BY CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY
FINANCE AND PROGRAM REVIEW COMMITTEE

DATE: Thursday, January 15, 2026 Lighthouse for Children
TIME: 11:30 a.m. 2405 Tulare Street
Fresno, CA 93721

This Regular Meeting will also be broadcasted to the public using the following link:
<https://us06web.zoom.us/j/83395123487?pwd=z86tgBGHdj31pv7hJ9TprkbHH5tkug.1>

Meeting ID: 833 9512 3487 | Passcode: 777483

The public may participate in the meeting, as otherwise permitted under the Brown Act, by joining using the link above.

AGENDA

ITEM	SUBJECT	PRESENTER
1.	CALL TO ORDER	S. Holt, Committee Member
2.	POTENTIAL CONFLICTS OF INTEREST Any Commission Member who has potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.	S. Holt, Committee Member
3.	PUBLIC COMMENT This portion of the agenda is reserved for members of the public desiring to address the Commission on any matter not on the agenda. Limit two minutes per speaker.	S. Holt, Committee Member
4. Action Pg. 1	OCTOBER 16, 2025 COMMITTEE MEETING MINUTES	F. González, E.D.
5. Action Pg. 3	2025-2026 PROPOSED REVISED AGENCY BUDGET Supporting Document	F. González, E.D. A. Hillis, Staff
6. Action Pg. 22	INTERNAL POLICIES AND PROCEDURES – ANNUAL REVIEW Supporting Documents	F. González, E.D. A. Hillis, Staff
7.	ADJOURNMENT	S. Holt, Committee Member

FIRST 5 FRESNO COUNTY
ADMINISTERED BY CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY

FINANCE AND PROGRAM REVIEW COMMITTEE MEETING

January 15, 2026 - 11:30 a.m.

2405 Tulare Street
Fresno, CA 93721

AGENDA ITEM NO. 4

RECOMMENDED ACTION:

Approve the October 16, 2025, Finance and Program Review Committee Meeting Minutes.

ACTION SUMMARY MINUTES

October 16, 2025 - 11:30 a.m.

Present: Hugo Morales, Sabrina Beavers, Susan Holt

Staff: Fabiola González, Ashley Hensley, Alix Hillis, Kendalyn Mack-Franklin, Lupita Ramirez, Hannah Norman, Karen Rangel, Liliana Salcedo, Alex Treas

1. CALL TO ORDER

2. POTENTIAL CONFLICTS OF INTEREST

None heard.

3. PUBLIC COMMENT

None heard.

4. JUNE 2, 2025 COMMITTEE MEETING MINUTES

The Committee approved the minutes from the June 2, 2025, Committee Meeting.

Public Comment: None heard.

Motion: Holt Second by: Beavers

Ayes: Beavers, Holt, Morales

Noes: None heard

5. FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2024-2025

The Committee approved, for full Commission consideration, the Financial Audit Report for Fiscal Year 2024-2025.

Public Comment: None heard.

Motion: Holt Second by: Beavers

Ayes: Beavers, Holt, Morales

Noes: None heard

6. STATE ANNUAL REPORT FOR FISCAL YEAR 2024-2025

The Committee approved, for full Commission consideration, the State Annual Report for Fiscal Year 2024-2025.

Public Comment: None heard.

Motion: Beavers Second by: Holt
Ayes: Beavers, Holt, Morales

7. ADJOURNMENT

Public Comment: Fabiola González, Executive Director, congratulated Alix Hillis and the rest of the First 5 Fresno County team on a complete audit report with no findings.

Motion: Beavers Second by: Holt
Ayes: Beavers, Holt, Morales
Noes: None heard

FIRST 5 FRESNO COUNTY
ADMINISTERED BY CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY

FINANCE AND PROGRAM REVIEW COMMITTEE MEETING

January 15, 2026 – 11:30 a.m.

2405 Tulare Street
Fresno, CA 93721

AGENDA ITEM NO. 5

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: 2025-2026 Proposed Revised Agency Budget

RECOMMENDED ACTION

Approve, for full Commission consideration, the First 5 Fresno County (F5FC) 2025-2026 Proposed Revised Budget.

BACKGROUND

The agency budget implements the Commission's adopted Strategic Plan in order to fund programs, partnerships, and efforts designed to synergistically shape the systems that impact families with young children in Fresno County. In June 2025, the Commission approved the 2025-2026 budget. The current budget revision being presented is necessary due to the completion of the fiscal year 2024-25 audit and the subsequent designation of available fund balance to support Strategic Plan Investments.

Key Points of the 2025- 2026 Proposed Revised Budget:

Revenue -- Increased by \$210,700

- Other Revenue: The sale of the Huron property (net \$198,000) in October 2025 is the main cause of the increase to Revenue.

Fund Balance -- Increased by \$4,350,000

- Unassigned Fund Balance: With the completion of the 2024-25 audit report, year-end de-obligations and unspent funds are allocated to fill any gaps of existing funding in FY 2025-2026, based on the Commission's Accounting Policies and Procedures Manual. The amount of \$4.35 million is made available for awards by the Commission.

Program Allocations (Strategic Plan Investment Areas) – Increased by \$4.54 million

- Increases made to these investments are due to the available Unassigned Fund Balance which allows the Commission to invest in multi-year contracts. The Strategic Plan identifies the Commission's priorities and approaches to community investments. All known adjustments in funding have been identified in the cost analysis and justification section.

Accountability and Evaluation – No change

Operations Contingency Fund & Strategic Reserve – No change. An assessment of the Fund and Reserve levels, as outlined in the Accounting Policies and Procedures Manual, will take place at the creation of the next budget.

Operating Expenses – Increased by \$18,692

- Capital Equipment Expense: Increase to this line item from the addition of audio/visual equipment in the Commission meeting space.
- Commissioner/Advisory Expense: Increase due to more costs associated to Commission meetings with the seventh seat on the Commission being filled in 2025.
- Program Development/ Strategic Planning Expense: Increase to have funds available for printing of the new strategic plan, etc.

Fiscal Impact: Approval of the 2025-2026 Proposed Revised Budget will provide an updated financial framework to allocate funds and cover operational costs for the Commission.

CONCLUSION:

The mid-year revision to the agency budget accounts for unanticipated revenue and cost savings from the prior year offering the Commission the opportunity to allocate funding for the Programmatic Investments of the Strategic Plan through fiscal year 2025-2026. Upon approval, staff will forward, for full Commission consideration, the 2025-2026 Proposed Revised Agency Budget.



FY 2025 - 2026 PROPOSED REVISED BUDGET

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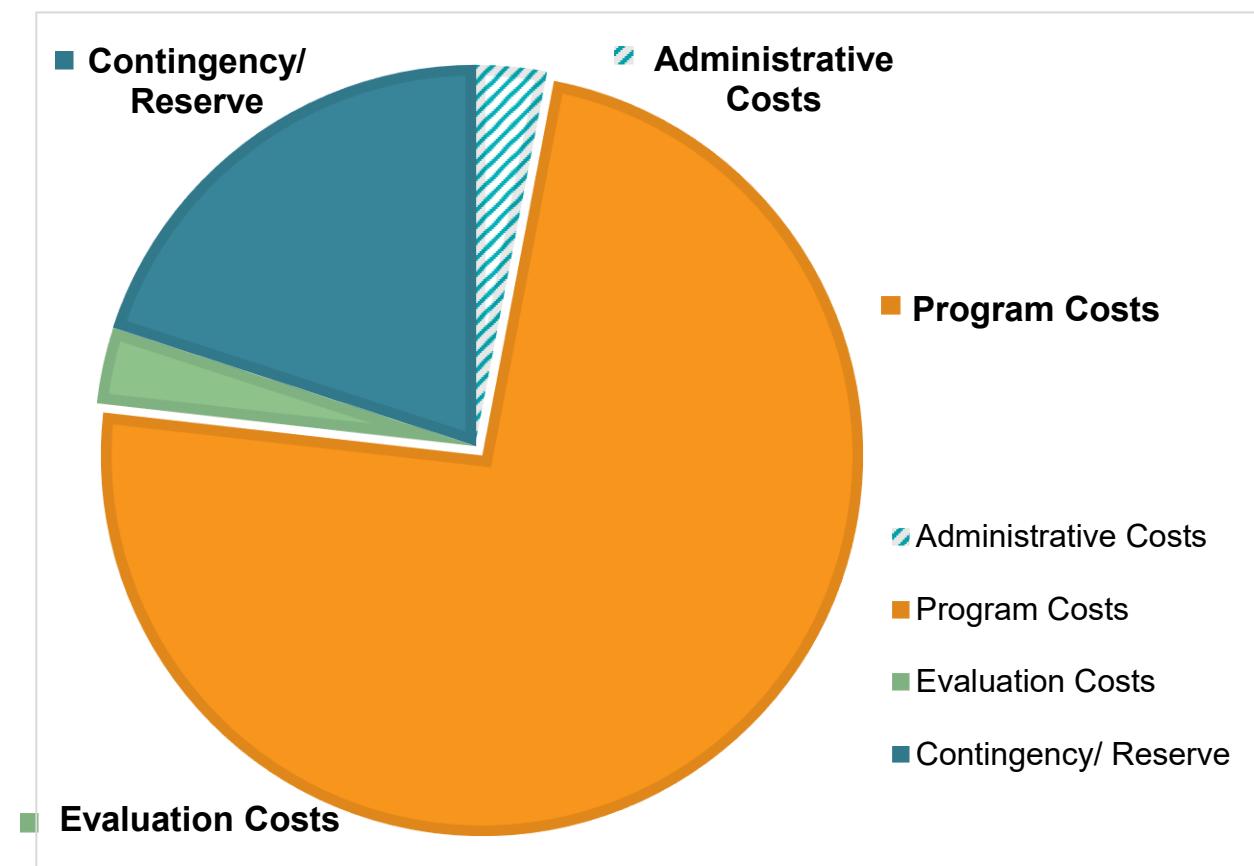
EXECUTIVE SUMMARY

First 5 Fresno County is committed to honoring and supporting families raising children throughout the county to have access to all they need to thrive. We envision a future where all children and their families are healthy, loved, and nurtured. By the age of five, 90% of a child's brain is developed. Rooted in this fact, California voters passed Proposition 10, the California Children and Families Act, in 1998. As a result, a 50-cent tax on all tobacco products was established 'to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development.' Proposition 10 funds are distributed to California counties based on the county's birthrate.

FY 2025-2026 BUDGET

The anticipations within the FY 2025-2026 Budget are focused on honoring our commitment to the outgoing 2020 – 2025 Strategic Plan and the incoming 2025-2030 Strategic Plan which was drawn up incorporating experiences and expertise from our community. Our efforts have been focused on incorporating what we heard as possible opportunities for the Commission to lead or support. This budget demonstrates our continued focus on supporting the early childhood system of care in Fresno County in innovative ways, while keeping long-term sustainability in mind. We invite our community to envision new ways of addressing the needs of children and families – and creating the early childhood system of care of the future, today. For details on the agency's vision, mission and more, refer to the full Strategic Plan on our website www.first5fresno.org.

The breakdown of 2025-2026 Budget expenses by cost category, as detailed in the Cost Analysis, is as follows:



**FIRST 5 FRESNO COUNTY
2025-2026 PROPOSED REVISED
BUDGET SUMMARY**

	2025-2026 Approved Budget	2025-2026 Proposed Revised Budget	Variance
Revenue			
Proposition 10 Revenue	\$6,240,728	\$6,240,728	\$0
First 5 CA IMPACT Regional Fiscal Agent	\$21,600	\$21,600	\$0
First 5 CA IMPACT Regional Hub Program	\$2,641,620	\$2,641,620	\$0
Other Revenue	\$100,221	\$310,921	\$210,700
Interest Revenue - County Treasury	\$205,375	\$205,375	\$0
Investment Earnings (Unrealized)	\$257,990	\$257,990	\$0
Total Revenue	\$9,467,534	\$9,678,234	\$210,700
Fund Balance			
Assigned Fund Balance for Operations Contingency & Strategic Reserve	\$3,500,000	\$3,500,000	\$0
Unassigned Fund Balance*	\$0	\$4,350,000	\$4,350,000
	\$3,500,000	\$7,850,000	\$4,350,000
Revenue & Fund Balance	\$12,967,534	\$17,528,234	\$4,560,700
*With the Audit Report for period ending June 30, 2025 complete, this budget revision is proposed incorporating the available Fund Balance amount assigned to Strategic Plan Investment Areas of the Commission.			
Strategic Plan Investment Areas			
Maternal, Child and Family Health			
Patient-Centered Prenatal Care	\$361,800	\$212,691	(\$149,109)
African American Infant Mortality Prevention	\$821,501	\$1,450,325	\$628,824
Home Visitation	\$0	\$1,500,000	\$1,500,000
Thriving Families			
Thriving Families Direct Service Investments	\$844,900	\$3,237,575	\$2,392,675
Lighthouse for Children Community Learning Center	\$431,742	\$421,360	(\$10,382)
Early Learning			
QRIS - Child Care Workforce Quality Training & Technical Assistance	\$1,265,000	\$1,415,000	\$150,000
Systems-Building			
Help Me Grow Fresno County & Central Valley	\$250,000	\$250,000	\$0
Innovation & Learning Partnerships	\$215,000	\$215,000	\$0
Communications	\$198,300	\$228,300	\$30,000
Strategic Plan Investments Total	\$4,388,243	\$8,930,251	\$4,542,008
Externally Funded Programs			
First 5 CA IMPACT Legacy - Regional Fiscal Agent	\$21,600	\$21,600	\$0
First 5 CA IMPACT Legacy - Regional Hub Program	\$2,641,620	\$2,641,620	\$0
Total Externally Funded Programs	\$2,663,220	\$2,663,220	\$0
Accountability and Evaluation			
Accountability Contract Management Database System	\$175,000	\$175,000	\$0
Evaluation Services	\$300,000	\$300,000	\$0
Accountability and Evaluation Total	\$475,000	\$475,000	\$0
Total Strategic Plan Investment Areas	\$7,526,463	\$12,068,471	\$4,542,008
Reserve			
Operations Contingency Fund	\$1,500,000	\$1,500,000	\$0
Strategic Reserve Fund	\$2,000,000	\$2,000,000	\$0
	\$3,500,000	\$3,500,000	\$0

**FIRST 5 FRESNO COUNTY
2025-2026 PROPOSED REVISED
BUDGET SUMMARY**

	2025-2026 Approved Budget	2025-2026 Proposed Revised Budget	Variance
Operating Expenses			
Salaries & Benefits			
Salary Expense	\$771,495	\$771,495	\$0
Payroll Tax Expense	\$73,565	\$73,565	\$0
Retirement Expense	\$67,429	\$67,429	\$0
Employee Benefits Expense	\$276,492	\$276,492	\$0
Worker's Compensation Expense	\$4,086	\$4,086	\$0
	Total Salaries & Benefits Expenses	\$1,193,067	\$0
Services & Supplies			
Audit Expense	\$29,000	\$30,000	\$1,000
Capital Equipment Expense	\$10,000	\$15,000	\$5,000
Commissioner/Advisory Expense	\$1,400	\$3,000	\$1,600
Dues & Subscriptions Expense	\$72,187	\$72,187	\$0
Equipment Rental/Maintenance Expense	\$70,858	\$70,858	\$0
General & Administrative Expense	\$40,000	\$40,000	\$0
Insurance Expense	\$209,807	\$209,807	\$0
Local Travel Expense - Local Mileage	\$3,900	\$4,000	\$100
Materials & Supplies Expense	\$6,700	\$10,000	\$3,300
Overhead Expense	\$175,000	\$175,000	\$0
Professional Services Expense	\$78,980	\$81,672	\$2,692
Program Development/Strategic Planning Expense	\$10,000	\$15,000	\$5,000
Staff Training & Conference Expense	\$21,000	\$21,000	\$0
Telephone Expense	\$19,172	\$19,172	\$0
	Total Services & Supplies Expenses	\$748,004	\$766,696
	Total Operating Expenses	\$1,941,071	\$1,959,763
			\$18,692

Budget Summary

Total First 5 Fresno County Budget	\$12,967,534	\$17,528,234	\$4,560,700
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REVENUE

2025-2026 PROPOSED REVISED REVENUE BUDGET

TOTAL **\$9,678,234**

Proposition 10 Revenue	\$6,240,728
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The State collects the state tobacco tax revenue and distributes each proportionate share to the 58 California counties based on birth-rate, in accordance with the Children and Families Act of 1998. This also includes Back-fill from Proposition 56, the California Electronic Cigarette Excise Tax and any other-related revenue received.

External Revenue	\$2,663,220
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First 5 California IMPACT

These funds allow First 5 Fresno County (F5FC) to serve as the Lead Fiscal Agency and the Regional Hub Lead for the IMPACT Legacy project and partner with other counties in the Central Valley Region to provide ongoing coordination and focused support to neighboring counties working to raise the quality of early care and education in their communities to ensure children have the skills, knowledge, and disposition necessary to be ready for school and life.

Other Revenue	\$310,921
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This includes rents collected from Lighthouse for Children (LFC) tenants (approximately \$10,700/month) used to offset operating costs, minimal revenue from use of conference space by external partners at the LFC facility, and other outside revenue not captured above.

REVISED: The Commission sold property in Huron, California, increasing this line by \$198,000.

Interest Revenue - County Treasury	\$205,375
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Interest collected from the Proposition 10 funds held on deposit in the County of Fresno's Treasury Pool account.

Investment Earnings	\$257,990
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Anticipated unrealized, net investment income (interest, dividends, gains, and losses) from F5FC investments managed by the Commission's Investment firm for future program allocation.



COST ANALYSIS
BUDGET LINE ITEM DETAIL

This portion of the budget, the Cost Analysis, provides the details to the numbers. The line items are itemized for easy reading.

STRATEGIC PLAN INVESTMENT AREAS																									
Strategic Plan Investments		2025-2026 Proposed Revised Budget																							
Maternal, Child and Family Health																									
Patient-Centered Prenatal Care																									
<p>Original Justification: Resources are allocated for the group prenatal care project, Glow!, which is harnessing the project's pilot phase (2017-2020) and the recently concluded EMBRACE Study. The Study was a four-year, \$5.6 million grant awarded to University of California, San Francisco's Preterm Birth Initiative-California (UCSF-PTBi) from the Patient-Centered Outcomes Research Institute (PCORI). The grant allowed UCSF-PTBi to research two enhanced prenatal care models (group prenatal care named Glow! and comprehensive prenatal services program (CSPSP)) in the Central Valley. The pilot was initiated after the publishing of the Commission-funded African American Infant Mortality Needs Assessment. There, group prenatal care was a recommendation to reduce stress and disrespectful care which cause high rates of preterm births and infant mortality.</p> <p>At the winddown of the EMBRACE Study and the anticipation of the published outcomes, the Commission is in the process of maintaining and developing partnerships with clinics and pregnancy care settings to continue to implement group prenatal care in the Central Valley as we band together with our partners to advocate for policy change to center the patient in prenatal care. Glow! includes partnerships with Community-Based Organizations to act as Glow! program facilitators (known as the Glow! Contracted Network) who work with physicians to administer the program. This portion of the budget is to fund the Network with proper trainings, Staff coordination, and program expansion efforts as outlined below.</p>																									
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Glow! Facilitation Expense</td><td style="width: 40%; text-align: center;">Glow! Contracted Network Contracts Glow! Future Expansion Post EMBRACE Study</td><td style="width: 30%; text-align: right;">Original \$170,000 \$12,600</td><td style="width: 30%; text-align: right;">Revised \$0 \$25,000</td></tr> <tr> <td>Glow! Coordination Expense</td><td style="text-align: center;">Group Prenatal Care - First 5 Fresno Staff Liason (1 FTE F5FC) Programmatic Materials (Curriculum Materials, Site Licenses, etc.)</td><td style="text-align: right;">\$127,333 \$40,467</td><td style="text-align: right;">\$137,665 \$38,887</td></tr> <tr> <td></td><td style="text-align: center;">Trainings: CenteringPregnancy Curriculum, Respectful Care Trainings, Materials</td><td style="text-align: right;">\$11,400</td><td style="text-align: right;">\$11,140</td></tr> <tr> <td></td><td></td><td style="text-align: right;">Total \$361,800</td><td style="text-align: right;">\$212,691</td></tr> <tr> <td></td><td></td><td style="text-align: right;">Patient-Centered Prenatal Care</td><td style="text-align: right;">\$212,691</td></tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">Original Amount 361,800</td><td style="width: 30%; text-align: center;">Revised Amount 212,691</td><td style="width: 40%; text-align: center;">Variance (149,109)</td></tr> </table>			Glow! Facilitation Expense	Glow! Contracted Network Contracts Glow! Future Expansion Post EMBRACE Study	Original \$170,000 \$12,600	Revised \$0 \$25,000	Glow! Coordination Expense	Group Prenatal Care - First 5 Fresno Staff Liason (1 FTE F5FC) Programmatic Materials (Curriculum Materials, Site Licenses, etc.)	\$127,333 \$40,467	\$137,665 \$38,887		Trainings: CenteringPregnancy Curriculum, Respectful Care Trainings, Materials	\$11,400	\$11,140			Total \$361,800	\$212,691			Patient-Centered Prenatal Care	\$212,691	Original Amount 361,800	Revised Amount 212,691	Variance (149,109)
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Original Amount 361,800	Revised Amount 212,691	Variance (149,109)																							
<p>Revised Justification: A decrease for this budget area due to the contracts for the facilitation of the Glow! Group Prenatal Care program entered into no-cost extensions requiring no new funding for that area.</p>																									
African American Infant Mortality Prevention																									
<p>Original Justification: The Commission remains committed to working with the community and its professionals to tackle the high rates of infant mortality among Fresno's African American community. Embracing our unique role as a county-wide convener and coordinator in the early childhood system, the Commission will continue to explore innovative and collaborative ways to address societal issues that contribute to infant mortality through investment and partnerships. Within the 2020-2025 Strategic Plan, it is the Commission aspires to dedicate approximately 20-25% of its total program investments to infant mortality prevention in the African American community.</p> <p>Some innovative projects include but are not limited to infusing the Glow! Group Prenatal Care curriculum with culturally appropriate content, organizational capacity building to support those serving Fresno's African American 0-5 population, and direct investment into trusted community organizations like Cultural Brokers, Inc. to implement safe-sleep education and supports focused on the African American community as well as the continued development of the Black Child Legacy Campaign- a community-driven movement working to reduce deaths of African American children. There is potential within this portion of the budget to support innovative pilot efforts and community-driven grant making to reduce African American infant mortality and preterm birth. This portion of the budget also includes 0.3 FTE of F5FC staff.</p>																									
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">African American Infant Mortality Prevention</td><td style="width: 40%; text-align: right;">\$1,450,325</td><td style="width: 30%;"></td></tr> <tr> <td>Original Amount</td><td style="text-align: right;">Revised Amount</td><td style="text-align: right;">Variance</td></tr> <tr> <td style="text-align: center;">821,501</td><td style="text-align: right;">1,450,325</td><td style="text-align: right;">628,824</td></tr> </table>			African American Infant Mortality Prevention	\$1,450,325		Original Amount	Revised Amount	Variance	821,501	1,450,325	628,824														
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Original Amount	Revised Amount	Variance																							
821,501	1,450,325	628,824																							
<p>Revised Justification: The increase to this portion of the budget, as a result of the incorporation of the available fund balance, allows the Commission to partner with organizations to leverage these budgeted dollars to move toward meeting its goal to increase prevention of infant mortality in the African American community as mentioned in the original justification. The Commission is involved in local coalitions and community partner groups where opportunities for supports to African American families are discussed. Opportunities to enter into contracts for this focus area will be brought to the Commission as these partnerships are developed.</p>																									

COST ANALYSIS
BUDGET LINE ITEM DETAIL

Strategic Plan Investments Cont'd			2025-2026 Proposed Revised Budget
Home Visitation			Home Visitation _____ \$1,500,000
Original Amount	Revised Amount	Variance	
0	1,500,000	1,500,000	
<p>Revised Justification: In the original budget the Commission's Home Visitation investment was folded into the Thriving Families portion of the budget. In the new Strategic Plan, Home Visitation is within the Maternal, Child & Family Health focus area. The Commission has been in contract with the Department of Public Health for three home visitation programs each program utilizes the Commissions investment as leverage to draw down state dollars ultimately bringing more dollars to Fresno County. The contracts for these three models: Nurse Liaison, Nurse Family Partnership, and Community Health teams, a local model carried out by CBO subcontractors, are reaching the end of their initial terms and have the option to renew. With these contracts in good standing, staff recommend renewing these contracts through the term of the procurement mechanism.</p>			
Thriving Families			
Thriving Families Direct Service Investments			
<p>Original Justification:</p> <p>This long-standing area of investment is a compilation of community- based partnerships that provide direct support to families across the county. Under this area, contracts with local Community-Based Organizations and grassroots entities, the Commission remains committed to funding an effective, and culturally responsive network of direct services to fill gaps in the early childhood system of care. In May 2023, the Commission awarded 20 organizations' contracts which were the results of the Thriving Families Direct Service procurement. The funds for those contracts were committed in prior budgets in order to secure multi-year funding for these partners, a best practice in grant making. Further dollars are set aside in this budget for this area, for assigning as the new strategic plan is finalized.</p> <p>This portion of the budget also includes dollars set aside for other expenses such as funded partner training costs, collaborative meeting expenses and translation services, community storytelling from families- what we call Community Scientists, and funds to purchase Ages & Stages Questionnaires (ASQ) kits for funded partners and potential ASQ trainings. This area is also where development of programs, that align with the Commission's Strategic Plan, would originate.</p>			
Thriving Families Service Programs _____ \$3,237,575			
Original Amount	Revised Amount	Variance	
858,000	3,237,575	2,379,575	
<p>Revised Justification: With the completion of the prior year's audit, available dollars are allocated back to programmatic efforts. The increase to this line item, allows the Commission to release a new multi-year funding opportunity for non-profits directly serving families. These funded partners are filling gaps in the system that supports families with young children.</p>			
Lighthouse for Children Community Learning Center			
<p>Original Justification:</p> <p>The Lighthouse for Children Community Learning Center (CLC) is the space for a network of community partners working together to provide classes and workshops that encourage and foster healthy relationships between young children and their caregivers all while increasing early literacy, language, and school readiness. Along with family services, the CLC supports professionals working with young children. Staff is currently facilitating a Family-Centered Design program to assess and further refine the use of the space including the services provided by local agencies to families with young children. This section of the budget contains the 0.3 FTE for a First 5 Fresno staff who are the liaison for the CLC and the budget includes the overhead and operating costs (phones, internet, utilities, program supplies, etc.) of the CLC space and the other partner space at the Lighthouse for Children.</p>			
Original Budget	Revised Budget		
CLC Staff Time Expense (Salaries, Benefits, etc.)	36,626	\$37,060	
Overhead & Operating Expense	395,146	\$384,300	
Total	\$431,772	\$421,360	
Community Learning Center _____ \$421,360			
Original Amount	Revised Amount	Variance	
431,742	421,360	(10,383)	
<p>Revised Justification: A slight decrease to this line item as staff continue to explore how to best use this space in the Lighthouse for Children.</p>			

COST ANALYSIS
BUDGET LINE ITEM DETAIL

			2025-2026 Proposed Revised Budget
Strategic Plan Investments Cont'd 2			
Early Learning			
QRIS - Child Care Workforce Quality Training & Technical Assistance			
Original Justification:			
The Commission's investments like the Quality Rating and Improvement System (QRIS) leverages dollars received from First 5 California's IMPACT project to increase technical assistance and training opportunities for early childhood providers throughout the county. This portion of the budget sets aside funds for a contract extension, to not have a gap in services, as the First 5 California current investment begins to sunset. This portion of the budget also includes the overhead expense (\$235k) for the LFC Child Development Center, a high-quality demonstration childcare site that stands as a model for center-based childcare. The Office of the Fresno County Superintendent of Schools Early Care and Education Department operates the space that the Commission provides. This section also includes \$1,000,000 in development dollars for the Commission to explore how to begin thinking of ways to change the complex childcare system.			
QRIS - Local High Quality Training & Technical Assistance			\$1,415,000
Original Amount	Revised Amount	Variance	
1,265,000	1,415,000	150,000	
Revised Justification: The increase to this portion of the budget, as a result of the incorporation of the available fund balance allows for an increase in a potential match (\$1.15m total) to explore an innovative pilot or partnership to support the Fresno County childcare infrastructure. This could take shape possibly through convening partners to collaborate on policy, incentivizing more providers to provide care, supplementing high quality care costs for families, or possibly a joint local measure, etc.			
Systems-Building			
Help Me Grow Fresno County & Central Valley			
Original Justification:			
Help Me Grow is a nationally utilized model of doing collaborative work for young children that promotes collaboration across sectors to build a more efficient and effective system for young children and their families. Locally, it is called Help Me Grow Fresno County (HMGFC). Acting as convener and connector, the Commission brings the community and key leaders together in support of changing the way our systems work for better outcomes for our children. A successful approach to addressing the key challenges Fresno County families are facing requires systemic change.			
The amount allocated is for the future of this investment in the early childhood system of care work. In the Central Valley Region, First 5s are in contract with Valley Children's Healthcare to make a regional web of connections for the local Help Me Grow Models. With this exciting new partnership, we are working toward creating a more seamless system to connect young-child-facing services and those providing services. As system change work continues to be the work that the Commission is leading, staff continue to have conversations about collaboration to work together to make systems work for our Fresno families.			
Help Me Grow Fresno County			\$250,000
Original Amount	Revised Amount	Variance	
250,000	250,000	0	
Revised Justification: No change to this budget area.			
Innovation & Learning Partnerships			
Original Justification:			
Lasting improvements to the health and development of the county's youngest residents are possible when community organizations, business, policy makers, families and the Commission find innovative ways to collaborate and create a more integrated and comprehensive support system for young children and their families. The Commission will invest in emerging, innovative partnerships that directly align with the Strategic Plan and the agency's mission along with communication strategies to further convey the importance of early childhood development.			
Innovation & Learning Partnerships			\$90,000
Early Matters Fresno Policy, Administration & Leveraging			\$125,000
Innovation & Learning Partnerships Total			\$215,000
Original Amount	Revised Amount	Variance	
215,000	215,000	0	
Revised Justification: No change to this budget area.			

COST ANALYSIS
BUDGET LINE ITEM DETAIL

Strategic Plan Investments Cont'd 3			2025-2026 Proposed Revised Budget	
Communications				
Original Justification:				
The Commission engages in communication and community relations efforts to connect with community leaders, stakeholders, businesses, elected officials, and the broader Fresno County audience. By engaging with Fresno County residents and leaders alike, the Commission has the opportunity to promote and enhance our message and advocacy of the importance of the first 5 years of life. To this end, the Commission will invest in the following:				
Community Event Sponsorship Program		\$30,000		
Communications Materials		\$45,300		
Communicating Families Stories		\$10,000		
Website Maintenance and Domain Hosting		\$43,000		
Community Communications & Relations Efforts (Photos, Graphics, sponsored post, etc.)		\$100,000		
	Total	\$228,300	Communications Total \$228,300	
Original Amount	Revised Amount	Variance		
198,300	228,300	(30,000)		
Revised Justification: Included is an increase to this line item for the addition of website maintenance and to set dollars aside to procure for an update to the website.				
			Strategic Plan Investments Budget Total	\$8,930,251
Total Evaluation Expense	8,930,251	x	0%	0
Total Program Expense	8,930,251	x	100%	8,930,251
Total Administration Expense	8,930,251	x	0%	0
Externally Funded Initiatives			2025-2026 Proposed Revised Budget	
<i>These externally funded initiatives create strong partnerships while furthering the Commission's impact in the community. Funding for these projects, as detailed below, comes from revenue streams separate from the Proposition 10 Revenue received by the Commission.</i>				
First 5 CA IMPACT Legacy - Regional Fiscal Agent				
The Commission serves as the Fiscal Lead Agency (Fiscal Lead) for the IMPACT Legacy Regional Hub grant from First 5 California. The Fiscal Lead receives the grant award funding from First 5 CA on behalf of the region and distributes the funds to counties via subcontracts. The Fiscal Lead is tasked with reviewing and recording expenditures made by the Hub and requesting reimbursement from First 5 CA on a quarterly basis. The Commission receives funding to cover employee costs related to the tasks noted above, approximately 0.20 FTE. This is a one-year grant.				
		First 5 CA - IMPACT Fiscal Agent Subtotal	\$21,600	
Revised Justification: No change to this line item.				
First 5 CA IMPACT Legacy - Regional Hub Program				
IMPACT Legacy Regional Hub- Region 5 (called the Hub) serves as the training and technical assistance (T&TA) coordination lead for IMPACT Legacy grant from First 5 California. The Hub's goal is to strengthen the early learning and care system across the region by providing regional coordination, professional development, and high-quality trainings to child care providers across seven counties in the Central Valley. As the Regional Hub Lead agency, F5FC serves as the coordinator to fulfill reporting requirements and ensure First 5 CA's goals for the program are being met and administers the Hub partner organizations' reimbursements (\$2,157,424) and other costs for regional trainings (\$432,345). Additionally, the Commission receives funding (\$51,850) to cover employee costs related to the tasks noted, approximately 0.60 FTE. This is a one-year grant.				
		First 5 CA - IMPACT Regional Hub Subtotal	\$2,641,620	
Revised Justification: No change to this line item.				
			Externally Funded Initiatives Total	\$2,663,220
Total Evaluation Expense	2,663,220	x	0%	0
Total Program Expense	2,663,220	x	100%	2,663,220
Total Administration Expense	2,663,220	x	0%	0

COST ANALYSIS
BUDGET LINE ITEM DETAIL

			2025-2026 Proposed Revised Budget
Accountability and Evaluation			
Original Justification:			
Accountability Contract Management System			
Organizations that receive Commission funds report financial, programmatic, and evaluation data to ensure compliance with the agency's contractual obligations. The fiscal reporting structure of the Commission is modeled after the First 5 Financial Management Guide. The Commission is in contract with Bonterra (formerly known as Social Solutions, Inc.), for data management system & services, for use of their system Apricot 360. This system collects programmatic data and allows for fiscal reporting to ultimately be able to report to the state each year as per our requirements.	Contract Management Data System	\$175,000	
Evaluation Services			
The effectiveness of the Commission's investments is monitored regularly by staff along with a contracted evaluation firm. With evaluation being mandatory, the contracted evaluator works with the Commission, staff, and grantees to inform ongoing program practices and to evaluate progress towards the Commission's desired outcomes in line with the strategic plan. The Commission uses evaluation data to inform its decision-making; ensuring that funds are used as efficiently and effectively as possible.	Evaluation Services	\$300,000	
Accountability and Evaluation Total			\$475,000
Original Amount	Revised Amount	Variance	
475,000	475,000	0	
Revised Justification: No change to this line item.			
Total Evaluation Expense	475,000	x	100%
Total Program Expense	475,000	x	0%
Total Administration Expense	475,000	x	0%

RESERVE

			2025-2026 Proposed Revised Budget
Operations Contingency Fund			\$1,500,000
Original Justification:			
The Operations Contingency Fund was established to guard against possible losses and meet unforeseen and unavoidable requirements that may arise during the budget year. Parameters of usage are outlined in the agency's Accounting Policies and Procedures Manual. This fund will remain at \$1,000,000, being deobligated and then reobligated at the start of each fiscal year.			
Original Amount	Revised Amount	Variance	
1,500,000	1,500,000	0	
Revised Justification: No change to this line item.			
Total Evaluation Expense	1,500,000	x	0%
Total Program Expense	1,500,000	x	0%
Total Administration Expense	1,500,000	x	100%
			1,500,000

			2025-2026 Proposed Revised Budget
Strategic Reserve Fund			\$2,000,000
Original Justification:			
The Strategic Reserve Fund is a separate fund to guard against any future immediate and unanticipated Proposition 10 revenue deficits or shortfalls that may arise during the budget year. Parameters of usage are outlined in the agency's Accounting Policies and Procedures Manual. This fund will remain at \$2,000,000, being deobligated and then reobligated at the start of each fiscal year.			
Original Amount	Revised Amount	Variance	
2,000,000	2,000,000	0	
Revised Justification: No change to this line item.			
Total Evaluation Expense	2,000,000	x	0%
Total Program Expense	2,000,000	x	100%
Total Administration Expense	2,000,000	x	0%
			2,000,000

COST ANALYSIS

BUDGET LINE ITEM DETAIL

OPERATING EXPENSES

OPERATING EXPENSES

2025-2026 Proposed
Revised Budget

Salary Expense

Original Justification:

Salaries for a total of 8.25 FTE operating positions for the administration of Commission business. Salary expense for 2.75 additional program staff FTE (shown below in grey) are accounted for in the Strategic Plan Investments portion of the budget for a total of 11 FTE. All vacant positions are captured within this budget document. If the Commission requires additional or different staffing, this would be noted in the budget revision that occurs mid-year. Any potential salary increases are budgeted, recommended by supervisors, and are based on First 5 Fresno County's Employee Compensation Policy. Additionally, the budgeted amount includes compensated absences, the liability of employee banked Personal Time Off (PTO), potential overtime budget, and a portion for potential future salary increases are included here.

Salaries Total	\$731,130
Compensated Absences & Salary Increase	\$40,365
Total Operating	\$771,495

Original Amount	Revised Amount	Variance
771,495	771,495	0

Revised Justification: No changes to the line item total.

Some approved positions in the Commission structure are not /may not be utilized currently and therefore not reflected in the current budget. This budget does not include two of those position levels (italicized). Future budget iterations and Commission needs may consider unused position levels based on evolving work of the Commission. **Positions:** Executive Director | *Deputy Director* | Director | Manager | Specialist

**Represents the total amount of salaries for FTE associated with program work, funded by external revenue or program dollars.

Total Evaluation Expense	771,495	x	3%	23,145
Total Program Expense	771,495	x	74%	570,906
Total Administration Expense	771,495	x	23%	177,444

Payroll Tax Expense

Original Justification:

Federal Unemployment Tax Act (FUTA). Estimated 6% on first \$7,000 earned by each employee at 8.25 FTE. The remaining 2.75 FTE is accounted for in Externally Funded Programs A. and in Strategic Plan Investments (captured in the program portion of the budget) to total 11 FTE.

FTE	8.25	x	\$7,000	x	6%	=	\$3,465
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B. Medicare Employer Tax. The employer's share is set by the federal government at 1.45% of each gross salary.

\$771,495	x	1.45%	=	\$11,187
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C. Social Security Employer Tax. The employer's share is set by the federal government at 6.2% of each gross salary.

\$771,495	x	6.2%	=	\$47,833
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D. CA State Unemployment Insurance - Estimated 6.2% on first \$7,000 earned by each employee at 8.25 FTE. The remaining 2.75 FTE is accounted for in Externally Funded Programs and Strategic Plan Investments (captured in the program portion of the budget) to total 11 FTE. (Rates subject to change)

FTE	8.25	x	\$7,000	x	6.2%	=	\$3,581
							Other Taxes/ Unexpected Expense
							\$7,500
							Total
							\$73,565

Original Amount	Revised Amount	Variance
73,565	73,565	0

Revised Justification: No changes to this line item.

Total Evaluation Expense	73,565	x	3%	2,207
Total Program Expense	73,565	x	74%	54,438
Total Administration Expense	73,565	x	23%	16,920

COST ANALYSIS
BUDGET LINE ITEM DETAIL

				2025-2026 Proposed Revised Budget
Retirement Expense				\$67,429
Original Justification: The cost of retirement benefits for full-time, permanent employees is calculated at 8.74% of each gross salary. With cost fluctuations within this line item from the vacant staff position at the start of the fiscal year, this amount also reflects the Years of Service Benefit for staff members who are with the Commission for 10, 15, 20+ years.				
<u>Salaries Amount</u>	x	8.74%	=	<u>Total Amount</u>
<u>Revised Salaries Amount</u>	x	8.74%	=	<u>Total Amount</u>
Original Amount		Revised Amount	Variance	
67,429		67,429	0	
Revised Justification: No changes to this line item.				
Total Evaluation Expense		67,429	x	3% 2,023
Total Program Expense		67,429	x	74% 49,897
Total Administration Expense		67,429	x	23% 15,509
				2025-2026 Proposed Revised Budget
Employee Benefits Expense				\$276,492
Original Justification: The Commission's contracted insurance benefits broker recommended a conservative 15% increase to the projected actuals assuming no large plan changes are made. The calculation shows the cost breakdown and includes the deduction of the benefits expense for Strategic Plan Investments & Externally Funded program staff FTE. Benefits for full time, permanent staff include dental, life, medical, and vision insurance and a health savings account and health reimbursement account. This line item also includes the auto allowance, up to \$400/month, for the Executive Director for the wear-and-tear and other travel-related expenses of their personal vehicle for business use in lieu of mileage reimbursement based on the County of Fresno's policy of use.				
<u>FY 2024-25 Projected Actuals</u>	x	15%	+	<u>Budget Amount</u>
\$235,210		\$6,000	=	\$276,492
Original Amount		Revised Amount	Variance	
276,492		276,492	0	
Revised Justification: No changes to this line item.				
Total Evaluation Expense		276,492	x	3% 8,295
Total Program Expense		276,492	x	74% 204,604
Total Administration Expense		276,492	x	23% 63,593
				2025-2026 Proposed Revised Budget
Worker's Compensation Expense				\$4,086
Original Justification: The budgeted amount for worker's compensation is based on the prior year amount provided by the Commission's contracted insurance firm which defines staff within the salesman category for contract managers' responsibility to execute county-wide site visits and in-person annual contract reviews. The Commission's insurance firm included a conservative increase of 10% to the prior full-year actual amount each fiscal year in their estimate.				
<u>FY24-25 Premium</u>	x	15%	=	<u>Budgeted Amount</u>
\$3,553		Est. Annual Rate Increase	\$4,086	
Original Amount		Revised Amount	Variance	
4,086		4,086	0	
Revised Justification: No changes to this line item.				
Total Evaluation Expense		4,086	x	3% 123
Total Program Expense		4,086	x	74% 3,024
Total Administration Expense		4,086	x	23% 940

COST ANALYSIS
BUDGET LINE ITEM DETAIL

			2025-2026 Proposed Revised Budget	
Audit Expense			\$30,000	
Original Justification:				
Expenses for mandatory independent audit services for the Commission are projected to be \$24,500 for the fiscal year. The estimate is based on the proposal provided by the awarded auditing firm in their submission resulting from the Commission's Request for Quotations procurement in 2020 for auditing services. These services will go out to bid toward the end of the fiscal year.	Original Amount 29,000	Revised Amount 30,000	Variance 1,000	
Revised Justification: No major change to this line item.				
Total Evaluation Expense	30,000	x	0%	0
Total Program Expense	30,000	x	0%	0
Total Administration Expense	30,000	x	100%	30,000
Capital Equipment Expense			2025-2026 Proposed Revised Budget	
Original Justification:			\$15,000	
Currently, the Commission owns 12 staff workstations (computer, monitor, printer, keyboard, etc.). Staff recommends setting aside \$5,000 for possible replacement of two computers (estimated at \$2,500 per computer with taxes included) that are reaching their useful life which were not replaced in the prior fiscal year, an additional \$5,000 for unforeseen replacement or repairs of other equipment and/or furniture.	Original Amount 10,000	Revised Amount 15,000	Variance 5,000	
Revised Justification: An increase to this line item to account for audio-visual improvements in the Commission's conference space.				
Total Evaluation Expense	15,000	x	3%	450
Total Program Expense	15,000	x	74%	11,100
Total Administration Expense	15,000	x	23%	3,450
Commissioner/Advisory Expense			2025-2026 Proposed Revised Budget	
Original Justification:			\$3,000	
This line item is budgeted for a maximum of seven Commissioners for potential meeting-related equipment or expenses, trainings/workshops, etc., associated with the agency's business. Examples include but are not limited to the F5 State Annual Conference attendance, F5 Advocacy Day, mileage reimbursement, etc. The estimated annual amount is budgeted at \$200 per Commissioner, maximum seven.	Original Amount 1,400	Revised Amount 3,000	Variance 1,600	
Revised Justification: Increase to this line item with the addition of a new Commissioner.				
Total Evaluation Expense	3,000	x	0%	0
Total Program Expense	3,000	x	0%	0
Total Administration Expense	3,000	x	100%	3,000
Dues and Subscriptions Expense			2025-2026 Proposed Revised Budget	
Original Justification:			\$72,187	
The cost associated with dues and subscriptions for the twelve-month period comprises required dues to the First 5 Association (each county pays a proportionate share of the cost of maintaining the Association) plus the allotment for the cost of miscellaneous subscriptions, publications, and dues (i.e. Adobe Acrobat Pro, Microsoft 365 Suite, Amazon, Canva, Fresno Bee, Zoom Video Conferencing, etc.).	FY25-26 F5 Assoc. Dues Technology- Related Subscription Fees Miscellaneous Subscriptions	\$47,324 \$19,600 \$5,263		
	Total	\$72,187		
Original Amount 72,187			Revised Amount 72,187	Variance 0
Revised Justification: No change to this line item.				
Total Evaluation Expense	72,187	x	3%	2,166
Total Program Expense	72,187	x	74%	53,418
Total Administration Expense	72,187	x	23%	16,603

COST ANALYSIS
BUDGET LINE ITEM DETAIL

			2025-2026 Proposed Revised Budget
Equipment Rental/Maintenance Expense			
Original Justification:			\$70,858
Equipment Maintenance: The Commission's equipment maintenance for their copier/scanner. The estimated cost breakdown is:			
		Equipment Maintenance Sub-total	\$5,628
Computer & Information Technology Maintenance: The Commission contracts out Information Technology (IT) support for workstation/desktop management, server management, anti-virus software, support for Adobe products and supports and deploys hosted email and storage via Office365.			
		Computer Maintenance Sub-total	\$26,280
Software Maintenance: Monthly and annual estimated costs for each software type as quoted by the Commission's IT contractor and are based on actuals from the prior budget year. The Commission pays a flat rate for its accounting system software on an annual basis of \$14,750. Additionally, the renewal of the contract with the accounting system provider, Blackbaud, is approaching and that anticipated amount is included. Lastly, staff recommends allocating budget for unforeseen costs associated with this line.			
		Software Sub-total	\$31,450
		Unforeseen Expense	\$7,500
Equipment Rental/ Maintenance Expense Total			\$70,858
Original Amount	Revised Amount	Variance	
70,858	70,858	0	
Revised Justification: No change to this line item.			
Total Evaluation Expense	70,858	x	3%
Total Program Expense	70,858	x	74%
Total Administration Expense	70,858	x	23%
			2,126
			52,435
			16,297
			2025-2026 Proposed Revised Budget
General and Administrative Expense			
Original Justification:			\$40,000
Costs associated with management, finances, and other expenses which are incurred by or allocated to the Commission for general management and administration of the Commission that cannot be assigned to a specific line item. Costs include bank charges, operational advertising costs, dependent care plan, etc. Bank charges average \$1,000 per month. This expense line item is based on prior year expenses.			
Original Amount	Revised Amount	Variance	
40,000	40,000	0	
Revised Justification: No change to this line item.			
Total Evaluation Expense	40,000	x	0%
Total Program Expense	40,000	x	0%
Total Administration Expense	40,000	x	100%
			0
			0
			40,000
			2025-2026 Proposed Revised Budget
Insurance Expense			
Original Justification:			\$209,807
The Commission is required to carry liability insurance types described below. Insurance costs typically increase year-over-year; therefore, staff is recommending the following based on actuals from the prior year and on the maximum estimated increases provided by brokers.			
Budget Amount			
Special Property Insurance Policy \$ 188,487			
Special Liability Insurance Policy \$ 9,956			
Cyber Crime Insurance \$ 3,864			
Contingency \$ 7,500			
Total \$ 209,807			
Original Amount	Revised Amount	Variance	
209,807	209,807	0	
Revised Justification: No change to this line item.			
Total Evaluation Expense	209,807	x	3%
Total Program Expense	209,807	x	74%
Total Administration Expense	209,807	x	23%
			6,294
			155,257
			48,256
			2025-2026 Proposed Revised Budget
Local Travel Expense - Local Mileage			
Original Justification:			\$4,000
Annually, Commission Staff who are contract managers are required to administer Annual Contract Reviews to all funded Service Providers which may require traveling locally on behalf of the Commission throughout Fresno County. Additionally, staff occasionally travels for the Commission for various reasons including off-site technical assistance to Service Providers and various Community Partner convenings. Estimated costs are projected based on past expense trends. Currently, the GSA mileage rate is 0.70¢ per mile.			
Original Amount	Revised Amount	Variance	
3,900	4,000	100	
Revised Justification: No major changes to this line item.			
Total Evaluation Expense	4,000	x	3%
Total Program Expense	4,000	x	74%
Total Administration Expense	4,000	x	23%
			120
			2,960
			920

COST ANALYSIS
BUDGET LINE ITEM DETAIL

			2025-2026 Proposed Revised Budget																																
Materials and Supplies Expense			\$10,000																																
Original Justification: This line item includes costs associated with general office supplies, postage costs, in-house and outside printing, and other expenses required for operating the Commission's business. Cost break down includes \$100 per month x 12 months for a total of \$2,400 per year. Staff recommends setting aside an additional \$5,000 for any unexpected materials costs, such as mandatory document printing, signage, etc. as we anticipate the new Strategic Plan.			\$10,000																																
Original Amount	Revised Amount	Variance																																	
6,700	10,000	(3,300)																																	
Revised Justification: A slight increase to this line item for things like printing of the strategic plan and some other Early Matters Fresno materials.																																			
Total Evaluation Expense	10,000	x	3%	300																															
Total Program Expense	10,000	x	74%	7,400																															
Total Administration Expense	10,000	x	23%	2,300																															
			2025-2026 Proposed Revised Budget																																
Overhead Expense			\$175,000																																
Original Justification: The Commission occupies 15% of the leasable space within the Lighthouse for Children facility and so is responsible to pay its proportionate share of the overhead costs. Overhead costs include utilities (water, waste, gas & electricity, etc.), facility contracted services (security, janitorial, landscaping, etc.), insurance and taxes and a facility management services contract. The remaining amount for the facility is budgeted within the Strategic Plan Investments for the Child Development Center and Community Learning Center.			\$175,000																																
Original Amount	Revised Amount	Variance																																	
175,000	175,000	0																																	
Revised Justification: No changes to this line item.																																			
Total Evaluation Expense	175,000	x	3%	5,250																															
Total Program Expense	175,000	x	74%	129,500																															
Total Administration Expense	175,000	x	23%	40,250																															
			2025-2026 Proposed Revised Budget																																
Professional Services Expense			\$81,672																																
Original Justification: The Commission utilizes this line item to obtain specific, technical or unique functions performed by independent contractors or consultants whose occupations are not fulfilled by Commission staff. Examples include attorneys, human resources, payroll services, investment custodial services, realty consultants, and other specialized administrative supports. Budget amounts are based on past trends, average monthly rates and quotes multiplied by 12 months. Staff recommends including budget for other miscellaneous professional services to include services for consultants, translators (services when needed), human resources coaching, real estate consultation and other short-term consultants.			\$81,672																																
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 40%; text-align: center;"><u>Monthly</u></th> <th style="width: 30%; text-align: center;"><u>Add'l Services</u></th> </tr> </thead> <tbody> <tr> <td>Legal Services</td> <td style="text-align: center;">\$1,810 x 12 =</td> <td style="text-align: center;">\$21,720 + \$7,000 =</td> <td style="text-align: center;">\$28,720</td> </tr> <tr> <td>H.R. Services</td> <td style="text-align: center;">\$675 x 12 =</td> <td style="text-align: center;">\$8,100 + \$12,000 =</td> <td style="text-align: center;">\$20,100</td> </tr> <tr> <td>Investment Services</td> <td style="text-align: center;">\$1,014 x 12 =</td> <td style="text-align: center;">\$12,168 =</td> <td style="text-align: center;">\$12,168</td> </tr> <tr> <td>Custodial Services</td> <td style="text-align: center;">\$292 x 12 =</td> <td style="text-align: center;">\$3,500 =</td> <td style="text-align: center;">\$3,500</td> </tr> <tr> <td>Payroll Services</td> <td style="text-align: center;">\$170 x 12 =</td> <td style="text-align: center;">\$2,040 + \$5,500 =</td> <td style="text-align: center;">\$7,540</td> </tr> <tr> <td>Misc. Professional Services</td> <td></td> <td></td> <td style="text-align: center;">\$9,644</td> </tr> <tr> <td>Professional Services Total</td> <td></td> <td></td> <td style="text-align: center;">\$81,672</td> </tr> </tbody> </table>				<u>Monthly</u>	<u>Add'l Services</u>	Legal Services	\$1,810 x 12 =	\$21,720 + \$7,000 =	\$28,720	H.R. Services	\$675 x 12 =	\$8,100 + \$12,000 =	\$20,100	Investment Services	\$1,014 x 12 =	\$12,168 =	\$12,168	Custodial Services	\$292 x 12 =	\$3,500 =	\$3,500	Payroll Services	\$170 x 12 =	\$2,040 + \$5,500 =	\$7,540	Misc. Professional Services			\$9,644	Professional Services Total			\$81,672		
	<u>Monthly</u>	<u>Add'l Services</u>																																	
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Misc. Professional Services			\$9,644																																
Professional Services Total			\$81,672																																
Original Amount	Revised Amount	Variance																																	
78,980	81,672	2,692																																	
Revised Justification: No changes to this line item.																																			
Total Evaluation Expense	81,672	x	0%	0																															
Total Program Expense	81,672	x	0%	0																															
Total Administration Expense	81,672	x	100%	81,672																															

COST ANALYSIS
BUDGET LINE ITEM DETAIL

			2025-2026 Proposed Revised Budget	
Program Development Expense/Strategic Planning Implementation				
Original Justification: This line item exists for additional or unforeseen costs for program development, the implementation of the Strategic Plan, and/or printing materials to showcase the Commission's Strategic Plan. Various potential costs may arise such as designing the plan, materials for the presentation of the plan, translation services, other printing, etc.			\$15,000	
Original Amount	Revised Amount	Variance		
10,000	15,000	(5,000)		
Revised Justification: Increase to this line item is to account for the Commission's commitment to explore a facilitated cost modeling cohort with community partners.				
Total Evaluation Expense	15,000	x	0%	0
Total Program Expense	15,000	x	100%	15,000
Total Administration Expense	15,000	x	0%	0
			2025-2026 Proposed Revised Budget	
Staff Training, Travel & Conference Expense				
Original Justification: Estimated cost for Commission staff to attend local and out of town trainings/conferences on behalf of the Commission. All trainings & conferences attended are required to be aligned with the Strategic Plan per the Commission's Travel Policy and Procedures Manual. Trainings/conferences include, but are not limited to, collaborative meetings, the First 5 State annual conference, First 5 Association quarterly meetings and summits, annual planning days, Government Finance Officer Association trainings, Early Care & Education meetings/conferences, legislative visits, State Conferences, etc. Average cost of travel for one staff on one trip is \$500 which includes transportation, lodging, registration, per diem, etc. With the relaxation of pandemic protocols and travel restrictions, travel has increased.			\$21,000	
Original Amount	Revised Amount	Variance		
21,000	21,000	0		
Revised Justification: No changes to this line item.				
Total Evaluation Expense	21,000	x	3%	630
Total Program Expense	21,000	x	74%	15,540
Total Administration Expense	21,000	x	23%	4,830
			2025-2026 Proposed Revised Budget	
Telephone Expense			\$19,172	
Original Justification: Telephone expenses include the Commission's phone landlines and data lines (internet) for accessibility are necessary for the operations of the agency. Staff recommends budgeting for unforeseen expenses as the new contract for the phone lines begins in FY 2025-2026.				
Monthly Amount	Months	Annual Amount		
Landlines & Data lines	\$1,056	x	\$12,672	
Unforeseen Related Expenses		12	\$6,500	
		Telephone Expense Total	\$19,172	
Original Amount	Revised Amount	Variance		
19,172	19,172	0		
Revised Justification: No changes to this line item.				
Total Evaluation Expense	19,172	x	3%	575
Total Program Expense	19,172	x	74%	14,187
Total Administration Expense	19,172	x	23%	4,410

FIRST 5 FRESNO COUNTY
ADMINISTERED BY CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY

FINANCE AND PROGRAM REVIEW COMMITTEE MEETING

January 15, 2026 – 11:30 a.m.

2405 Tulare Street
Fresno, CA 93721

AGENDA ITEM NO. 6

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Internal Policies and Procedures - Annual Review

RECOMMENDED ACTION:

Approve, for full Commission consideration, the updated (1) Accounting Policies and Procedures Manual, (2) Investment Policy, (3) Procurement Policies and Procedures Manual, (4) Travel Policies and Procedures Manual, and (5) Capital Assets and Depreciation Policy.

BACKGROUND:

On an annual basis, internal policies and procedures are reviewed to incorporate updates resulting from potential legislation, general practices, and any other needed revision. In this instance, updates to the Accounting Policies and Procedures Manual, Investment Policy, Procurement Policies and Procedures Manual, and Travel Policies and Procedures Manual are presented. No edits are being recommended at this time for the Capital Assets and Depreciation Policy.

1. Accounting Policies and Procedures Manual:

The Commission's Accounting Policies and Procedures ensure internal procedures align with Governmental Accounting Standards Board (GASB), the First 5 Association Financial Management Guide, and industry standards. Accounting policies provide high-level guidance and focus attention on critical executive responsibilities associated with accounting for the Commission.

- Various suggested updates to language to clarify language by legal counsel
- Update to references to other policies to refer the reader to the other policies rather than duplicate content

2. Investment Policy

The Commission's Investment Policy provides the framework for investment decision-making for the future of the Commission. In collaboration with PFM Asset Management, LLC (PFM), the Commission's investment firm, staff review and update the Investment Policy annually to ensure internal procedures align with the First 5 Association Financial Management Guide, Governmental Accounting Standards Board (GASB), and industry standards. PFM, the Commission's asset management company, and the Commission's Legal Counsel have reviewed and following edits are being recommended.

- Various suggested updates to language to clarify language, update code references, and match other policies in the Policy by legal counsel

- Page 5: Due to the passage of SB 595, update to extend the maximum maturity of commercial paper from 270 to 397 days. Added by PFM.
- Page 8: Due to change in code, update the date to allow for investment in U.S. Government-backed securities that may yield zero interest. Added by PFM.

3. Procurement Policies and Procedures Manual

The Commission is required by ordinance to develop and adhere to procurement policies and procedures related to its purchasing of and/or contracting for goods and services that are consistent with applicable federal and state laws and regulations. Commission staff and Legal Counsel reviewed and recommend the following updates for review and approval:

- Various non-material updates to language to simplify the Policy by legal counsel
- Increase to the threshold for purchase quotes from \$3,000 to \$5,000
- Update to the Executive Director's signing authority from \$10,000 to \$15,000
- Page 4: The addition of the Request for Bids option for formal procurement for the Commission to have as a potential procurement method
- Page 5: Update to the definition of an RFQ
- Page 11:
 - Authority Section: at the suggestion of legal counsel, moved language from the Accounting Policy to this policy (no language change)
 - No Personal Benefits Section: section added by legal counsel

4. Travel Policies and Procedures Manual

The Commission's Travel Policies and Procedures ensure official travel taken on behalf of the Commission is accomplished in a manner that meets business needs and minimizes cost. Commission staff and Legal Counsel reviewed and recommend the following updates for review and approval:

- Various non-material updates to language, including definitions, to clarify language in the Policy added by legal counsel

5. Capital Assets and Depreciation Policy:

The Commission's Capital Assets and Depreciation Policy is a guide for tracking and reporting capital assets. This year, no material updates are presented for review and approval to this manual. Since there are not updates to the Policy, it can be found on the website at <https://first5fresno.org/about/#board-tools>, under Commission Documents.

Fiscal Impact: Action on this agenda item will have no fiscal impact.

CONCLUSION:

Annual review and updates to Commission's policies ensure efficiency, further transparency, cost effectiveness and internal controls. If approved, the revised policy will move forward for full Commission consideration at the next meeting.



Accounting Policies & Procedures Manual

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1. GENERAL

A. Introduction

The purpose of this Accounting Policies and Procedures Manual (this Policy) is to provide documented procedures related to fiscal policies, accounting principles, internal controls, operating procedures, and reporting requirements for the Children & Families Commission of Fresno County, also known as First 5 Fresno County (the Commission), also known as First 5 Fresno County (F5FC).

Use of this manual will assist Commission staff by:

- Describing methods for processing accounting information
- Documenting the accounting process so that execution of procedures is not completely dependent upon one individual
- Providing a training device and reference material for staff
- Providing a source of information to help eliminate uncertainties and confusion
- Ensuring consistent application of accounting policies and procedures
- Describing the principles, procedures, and forms to be used to process and generate financial reports prepared in accordance with generally accepted accounting principles and governmental accounting standards

B. Authority

The California Children and Families First Act of 1998 (Proposition 10) created the California Children and Families Commission (State Commission). Through the creation of the State Commission, 58 County Commissions were established.

Fresno County Ordinance Number 99-009 established the Fresno County Children and Families Commission pursuant to the provisions of the Health and Safety Code, Section 130140. Section 2.38.020, item G, of the Fresno County Ordinance states, "The Commission shall comply with Government Finance Officers Association (GFOA) financial management guidelines and Governmental Accounting Standards Board (GASB) accounting requirement standards."

The Commission is responsible for updating the manual as needed, at a minimum on an annual basis, and ensuring that revised policies are appropriately considered at a public meeting by the Commission.

C. Role of Fresno County Auditor-Controller/Treasurer-Tax Collector

The Fresno County (County) Auditor-Controller/Treasurer-Tax Collector (FCACTT) provides maintenance of the Commission Trust Fund held by the County for the Commission, referred to as a trust account (Trust Account). The FCACTT role to the Commission is that of a trustee nature. The Commission retains final authority over the Commission Trust Funds, and access to these funds, upon proper authorization, shall be performed by the FCACTT in a timely and efficient manner.

D. Lighthouse for Children, Inc.

Lighthouse for Children, Inc. (LFC) is a California 501(c)(3) non-profit public benefit corporation created by the Commission, in 2012, as a Qualified Active Low Income Community Business (QALICB) to take advantage of a New Markets Tax Credit financing structure used to build a

facility within a low-income community in Fresno County as the Commission was not eligible to be the QALICB. The LFC is considered a component unit of the Commission for financial reporting purposes and, as such, is included in the Commission's annual financial report.

As a component unit of the Commission, the LFC has a financial and operational relationship with the Commission ~~which that~~ meets the reporting entity definition criteria of GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statements No. 39 and No. 61, and thus is included in the financial statements of the Commission. Although a legally separate entity, LFC is reported in ~~LFC's~~ financial statements using the blended presentation method because it provides services exclusively or almost exclusively to the Commission, and a financial benefit relationship exists between the Commission and the component unit.

~~Lighthouse for Children, Inc.~~ LFC must follow the policies and procedures as outlined in this ~~Manual Policy~~ unless otherwise noted in the sections below.

2. ACCOUNTING POLICIES

Accounting policies provide high-level guidance and focus attention on critical executive responsibilities associated with accounting. The policies assist the Commission in making decisions necessary for the daily operations of the agency:

- Accounting is conducted in accordance with Generally Accepted Accounting Principles (GAAP) ~~as promulgated by the Governmental Accounting Standards Board (GASB)~~, and in accordance with the guidance in Governmental Accounting, Auditing, and Financial Reporting (GAAFR) published by the Government Finance Office Association (GFOA)
- Accounting transactions are recorded in a manner to facilitate **outcome-based accountability**
- Accounting procedures and records ensure expenditures are made only for the purposes authorized by the California Children and Families Act of 1998 (as amended), and in accordance with the Commission's approved Strategic Plan in effect for the fiscal year
- Accounting procedures are adopted and followed to safeguard financial resources

A. General Accounting Procedures

The following general accounting procedures are the major elements that define and drive the accounting system:

1. Generally Accepted Accounting Principles	7. Program Accounting
2. Fund Accounting	8. Cost Allocation
3. Modified Accrual Basis of Accounting	9. Budgetary Accounting
4. Account Classification	10. Internal Control

1. Generally Accepted Accounting Principles (GAAP)

In order to maintain public trust, the Commission's operations, reporting, accounting policies, practices, and systems conform to ~~Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB)~~.

2. Fund Accounting

Government accounting systems are organized and operated on a fund basis to provide strong accountability for the use of public funds.

Fund accounting focuses on the inflow and use of current financial resources, whereas private sector accounting focuses on profit and net worth. Fund accounting includes three broad classifications of funds:~~s~~. Governmental funds typically ~~are~~ used to account for tax-supported activities.~~s~~ Proprietary funds ~~are~~ used to account for a government's business-type activities ~~like a water department or an airport~~; and Fiduciary funds ~~are~~ used to account for resources that are held by the government as a trustee or agent for parties outside the government. Fiduciary funds cannot be used to support the government's own programs.

One type of governmental fund is the general fund. The general fund is the chief operating fund of most governments and is used by the Commission. Another type of governmental fund is a special revenue fund. A special revenue fund accounts for the proceeds of a specific revenue source that is restricted by law or administrative action to be expended only on a specified purpose(s). Special revenue fund accounting is commonly used when revenue sources are exclusively designated for a specific purpose.

3. Accounting Methods

There are three basis of accounting: cash accounting, accrual accounting, and modified accrual accounting.

A. Modified Accrual Basis of Accounting

~~There are three bases of accounting: cash accounting, accrual accounting, and modified accrual accounting.~~ Commissions are recommended, by the First 5 Association Fiscal Management Guide, to use the modified accrual method of accounting because it more effectively recognizes increases and decreases in financial resources.

The modified accrual basis of accounting is a method of accounting in which expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or are considered available for use.

B. Accrual Basis of Accounting

The LFC utilizes the accrual basis of accounting. The accrual basis of accounting is a method of accounting in which expenditures and revenues are recorded at the time they are incurred, not necessarily when cash is paid~~s~~ or received.

4. Account Classification (Chart of Accounts)

The Commission engages in a wide range of financial activities. An account classification system called a Chart of Accounts is used to record and organize this financial activity. The chart of accounts provides the organizing framework for budgeting and substantially enhances reporting capabilities.

The Chart of Accounts includes all accounts in the general ledger – assets, liabilities, fund balance, revenues, and expenditures. Asset, liability, and fund balance accounts reflect the financial resources of the Commission, and separately LFC, and are referred to as balance sheet accounts.

5. Program Accounting

Account classification creates a structure to account for assets, liabilities, fund balance, revenues, and expenditures. In addition, the Commission often needs information on programs. **A program is a set of specific activities taken on by the Commission to accomplish a particular goal.** A program may have more than one revenue source and may require expenses to be allocated to multiple accounts and/or funds.

Because ~~of~~ the Commission's ~~is legally mandated to ensure for~~ outcome-based accountability and ~~to comply with the program evaluation requirements associated with grant funds~~~~grant-related program evaluation requirements~~, the Commission ~~has employed~~ ~~uses~~ program accounting. ~~To accurately~~ ~~In order to~~ capture all ~~allocated~~ costs to ~~their~~ ~~the~~ appropriate funding ~~sources~~, outcomes, and results areas, the Commission has ~~implemented~~ ~~developed~~ program accounting ~~within~~ ~~their~~ ~~its~~ internal accounting system. Program costs are captured based on funding mechanism, focus areas, and funding source. The Commission has also employed a data reporting system that provides result area-based expenses attached to programmatic reporting.

6. Cost (Expense) Allocation

Most accounting for the Commission's activities is accomplished directly by processing transactions. Transactions are coded and charged to designated fund accounts and programs. However, certain situations require special allocation steps to accurately account and report the cost of Commission activities.

To provide clarity, the Commission has defined administrative costs within this Policy. Therefore, cost items that ~~comport conform~~ to the Commission's definition of administrative costs are charged directly to an administrative area in the accounting system. Cost allocation is used when costs need to be estimated and apportioned among different programs or organizational units. Examples of costs that may need to be allocated include office rent, telephone, and personnel costs.

Once it is determined that costs need to be allocated or apportioned, an allocation formula is created to obtain a reasonable estimate. At least once every two years, the Commission conducts a time-study of all staff positions to properly compute expenses. The time-study ~~shows provides an estimate of~~ the percentage of each staff position's time that is spent on each Commission program, evaluation, and internal administrative activities.

7. Budgetary Accounting

The Commission's budget is consistent with GAAP and governmental accounting standards. The budget is a commitment for the allocation of available resources for the upcoming budget period. The budget is shaped by the goals and objectives contained in the Commission's Strategic Plan and the financial direction set in the long-term financial plan.

An annual budget authorizes and provides the following:

- a. Basis for control of the financial operations of the Commission
- b. Estimates revenues made on a modified accrual basis, as anticipated to be earned for that budget year
- c. Estimates carryover fund balance made on a modified accrual basis, as anticipated to be on hand at the close of the fiscal year
- d. Estimates appropriation requirements made on a modified accrual basis

- e. These aforementioned estimates reflect expenditures and encumbrances for all obligations to be incurred during the budget year

The Commission will adopt the proposed budget at least one month prior to the beginning of the next budget period. In the adopted budget, the operating expenditures must not exceed the operating resources (forecasted revenues and reserves). That is, the total of all appropriations for the budget year may not exceed the total of estimated revenues for the budget year, plus the estimated unencumbered carryover fund balance from the current year.

8. Internal Controls

Commission staff administers and monitors the adopted budget during the year to establish budgetary control. Specific steps are taken to establish that control.

Initially, the budget is aligned with the modified accrual accounting system. The budget includes estimated allocations to the various program components that support the Commission's goals for early childhood development. The program accounting structure is aligned with the programs in the budget. Revenue and expenditure line items in the budget are aligned with the Chart of Accounts to effectively compare "actual" revenues and expenditures with "budgeted" revenues and expenditures.

Secondly, a component of budgetary accounting is encumbrance accounting. An encumbrance system is needed to control the expenditure side of the budget. Encumbrances represent the estimated amount of future expenditures that will result when unperformed work is completed within a contract term. Essentially, the encumbrance reserves a portion of a budget. When the work outlined in a contract is performed, expenditures will be recorded in the accounting system (and the encumbrance will be reversed). Until the expenditure is recorded, encumbrances are used so the Commission does not over-commit funds.

Thirdly, staff uses the budget document as a guide for expenditures throughout the budget period so that actual expenditures do not exceed the total adopted budget. Regular reporting is used to identify budgeted and actual amounts and fund balance, ensure resources are used for the appropriate purposes, and ensure resources are not expended too quickly.

Lastly, during the year, amendments are made to the original budget as circumstances change. The Commission must approve any appropriation transfers when it is necessary to move appropriations between expenditure objects. Objects are defined as Salaries and Benefits, Services and Supplies, and Program Contracts. The Executive Director or designee of the Commission may approve appropriation transfers between line item accounts within an expenditure object. The Commission may increase appropriations during the fiscal year on a 2/3-majority vote by Commissioners present at a regularly scheduled meeting of the Commission. The appropriation amounts must be matched by realized revenue or carryover, or additional anticipated revenue, in excess of amounts anticipated in the budget. Mid-year budget increases are made by resolution of the Commission. Records of the original budget and all amendments are maintained. At year-end both the "original" budget and "final amended" budget amounts are reported in the annual audit.

3. ACCOUNTING PROCEDURES AND PROCESSES

The accounting system consists of records and procedures which recognize, record, classify, summarize, and report information on the Commission's financial position and results of operations. The major

elements used in presenting financial information in governmental accounting are assets, liabilities, fund balance and/or equity, revenues, and expenditures.

The accounting procedures and processes below describe the methods used in accounting for the Commission's financial transactions. The goal of the accounting process is to produce financial reports that accurately summarize the financial position of the organization at a certain point in time and its revenues and expenditures for the fiscal period.

A. Revenue

A. Proposition 10 Revenue

Revenue received for the operation of the Commission is initiated and submitted from the California State Children and Families Commission on a monthly basis, based on Proposition 10 funds collected by the State of California. The revenue allocated and transferred to the Commission is based on the percentage of Fresno County live births to California State live births. The funds are remitted directly to the Fresno County Treasury where they are placed in the Children and Families Trust Fund.

The State releases a Monthly Distribution of Tax Revenues, which reflects funds distributed to counties for the month. The revenue remitted by the State is reviewed and documented by Commission staff each month to determine the reasonableness of the revenue.

B. Other Revenue

The Commission may receive other revenue not otherwise related to its Proposition 10 funding allocation from such sources, including but not limited to the State Commission, other state departments, local or federal government agencies, and private foundations. These funds may be restricted in how they are used and require special accounting information to track and report periodically. The acceptance of these revenues ~~must have requires~~ Commission approval and a formal grant, funding/lease agreement, or written use description including a budget or plan establishing restrictions and parameters of the use of the funds.

B. Cash

The Commission is responsible for several cash accounts. These accounts include the following:

1. Commission Trust Account

The Commission Trust Account (~~trust account~~), ~~occasionally referred to as the Children and Families Trust Fund~~, is maintained by the ~~County Fresno County Auditor-Controller/Treasurer Tax (FCACTT) Collector~~ for the Commission, ~~as noted in the General section of this policy~~. Monies are transferred to the cash accounts described below for the operations of the Commission.

Since the County has established that funds in the ~~T~~rust ~~A~~ccount are not operational funds, there is a need to have some excess funds in the Commission's cash accounts. The County only allows two, non-operational transfers per 30-day period, and the transfers must be 10 days apart between withdrawals. Commission management and the Commission's Secretary/Treasurer will establish the amount of funds to be held by a bank.

Commission management will make a transfer request to the FCACCTT in writing, on the Commission's letterhead, based upon projected future cash flow requirements. The authorized signer for transfers is the Commission's Executive Director. Transfer amounts for non-operational funds cannot exceed the amount allowed by the Fresno County.

Transfers may be made by check or wire transfer only to the Commission's program checking account.

Each month, the County submits a Monthly General Ledger Trial Balance Report and a Monthly Transaction Register to the Commission, which documents the activity for the month and the cash balance in the Trust Account.

The Commission will transfer sufficient monies to the operating account as needed for agency operations. There is no limit on the number or amounts of operations transfers within a 30-day period.

2. Operating Checking Account

The operating checking account is maintained to process transactions for the general operations of the Commission. The account requires two authorized individuals' signatures, designated by the Commission, on payments/checks over \$500.00.

Account signers are the Executive Director and a designee. Wire transfers must be authorized, in writing, by the Executive Director or designee.

The Executive Director has been delegated the authority to authorize payments for all recurring budgeted costs [no dollar limit] and up to \$3,000.00 for non-recurring operating costs.

Splitting payments to avoid the approval limit is contrary to Commission policy and is not allowed. Payments authorized by anyone other than the primary designee will be presented to the primary designee for review and the primary designee will initial their subsequent review and approval of the expenditure. The primary designees are designated as the Executive Director and the management staff (or designee).

3. Program Checking Account

The program checking account will segregate the funds necessary for financing current activity of programs/grants. The account requires two approvals on the account and will be as follows:

Authorized individuals shall be the Executive Director and a designee. Wire transfers must be authorized, in writing, by the Executive Director or designee and two signatures are required for checks over \$500.00.

Splitting payments to avoid the approval limit is contrary to Commission policy and is not allowed. Payments authorized by anyone other than the primary designee will be presented to the primary designee for review and the primary designee will initial their subsequent review and approval of the expenditure. The primary designees are designated as the Executive Director and the management staff (or designee).

Program funds are requested from the Trust Account on an as-needed basis as outlined in section B-1 of this Policy. A Commission staff designee verifies, within the accounts receivable procedures, funds have been deposited to the appropriate bank account.

4. Petty Cash Fund

The Commission maintains a petty cash fund for minor business expenses that is replenished as needed in an amount not to exceed \$200.00. A custodian is assigned the responsibility of maintaining this fund. Reconciliation by a designee, independent of the custodian function, is performed twice a year, at minimum. The petty cash fund is not used ~~for to make~~ change ~~funds~~. The process for petty cash is as follows:

1. Petty cash funds are secured in a locked petty cash box with the custodian.
2. Petty cash for a minor business expense is requested from the custodian.
3. The custodian completes a petty cash voucher with the date, amount disbursed, details of expense, account to debit the expense, and name of the person to whom the petty cash was paid.
4. The voucher is stapled to the receipt and stored in the locked petty cash box.
5. The expense is recorded in a spreadsheet that updates the running cash balance.
6. At the end of every quarter, the locked box is given to the designee to perform a reconciliation between the balance in the spreadsheet and ~~the~~ cash balance in the petty cash box.
7. Journal entries are then recorded by the designee for each expense by applying a debit to the expense account and a credit to the petty cash account.
8. Receipts and vouchers are scanned and attached to the journal entry batch and filed in the bank reconciliation/journal entry file.

5. Accounts Receivable

An accounts receivable process is maintained to identify, and bill all amounts due on a timely basis. The process will identify overdue receivables and provide timely collection notices.

The accounts receivable process is as follows:

1. Services and/or goods will be billed by a Commission staff designee.
2. The invoice generated will be recorded - a debit to accounts receivable in the amount of the invoice and a credit to the revenue - in the accounts receivable module of the Commission's accounting software.
3. After the ~~bill invoice~~ is issued, the timing of the outstanding ~~bill invoice~~ will be tracked so that the receivables can be aged.
4. Follow-up correspondence will be sent to the vendor/ Funded Partner if payment is not received by the due date listed on the invoice.
5. When the vendor/ Funded Partner remits payment on the invoice, the payment will be recorded in the accounting system by a staff designee and submitted to the Business Director or a separate designee for deposit.
6. Once the deposit is made, the staff designee receives the bank deposit slip and records it in the accounts receivable module, by debiting cash and crediting accounts receivable.
7. The Business Director checks that the deposit is accurately recorded and posts the receivable to the General Ledger.

6. Investments

The Commission has developed an Investment Policy that is updated annually, as needed, by Commission staff and appropriately considered at a public meeting by the Commission.

C. Bank Reconciliation

Bank reconciliation is performed on a monthly basis for all cash and investment accounts. The following describes the procedures related to the bank reconciliation process:

- a. The bank statement is received via email directly to the Early Childhood Initiatives Director, who is separate from the payment process, ~~who~~ reviews and forwards it to the Business Director or designee.
- b. Staff prepare monthly journal entries based on the bank statement. All journal entries must be accompanied ~~with~~by proper supporting documentation and filed appropriately. The Business Director or Business Manager then prepares the bank reconciliation and, upon completion, forwards it to the Executive Director.
- c. The Executive Director initials the bank reconciliation verifying the review and returns the bank reconciliation to the Business Director.

D. Payment Approval Authorizations

As outlined in the Commission's Procurement Policies and Procedures Manual, The Executive Director is authorized to approve payments of \$~~1015~~000.00 or less ~~as outlined in the Commission's Procurement Policies and Procedures Manual~~. Payments for non-recurring amounts over that amount~~\$10,000.00~~ require Commission approval.

As stated above, manual checks valued at more than \$500.00 require two signatures. Authorized designees are detailed by account.

The Executive Director and the Early Childhood Initiatives Director, who do not have access to the Commission's bank accounts, and the Commission's Vice-Chair and/or the Commission's Secretary/Treasurer are the payment authorizers. In the absence of the Executive Director, the Commission's Vice-Chair acts as a payment authorizer. The Commission requires payment authorizers to be updated upon the end of a Commissioner's term and updated to reflect incoming Commission members.

The Executive Director or designee may not approve authorizations payable to their supervisor; Commission Chair approval is required.

E. Fidelity Bond Insurance

The Commission is required to maintain fidelity bond insurance. The Commission has authorized the fidelity bond to cover all sums of the Commission's Trust Fund that are removed from the County Treasury. Currently the insurance amount maintained by the Commission is \$5,000,000.

F. ~~Policy of Cash Funds~~Investment of Funds

Funds may be invested by ~~management~~Commission staff in investments allowed by State Law and approved by the Commission. ~~Funds held by the banks must be collateralized with acceptable~~

~~securities with a value of 110% or more for funds in excess of FDIC (Federal Deposit Insurance Corporation) limits.~~ Please refer to the Commission's Investment Policy for further details.

G. Capital Assets

Capital assets include such items as land, structures and improvements, and furniture and equipment owned by the Commission. Under the modified accrual basis of accounting, the Commission charges capital asset purchases as expenditures. The following are safeguards to control capital assets:

- All individual capital assets, having a value of \$5,000.00 or more and a useful life of one year or more, are monitored through inventory controls
- Commission approval of all capital asset purchases, regardless of dollar amount, is required
- Pertinent data on capital assets (including description, cost, source of funds, and data acquired) is recorded as soon as capital assets are acquired, and data is available
- All items are tagged with a pre-numbered identification sticker
- Performance of annual physical inventories ~~are is~~ made
- Maintenance of a listing of expendable equipment (assets that do not meet the specified dollar amount to be classified as a capital asset, but require control) that could easily be misappropriated, as well as periodic inventory of this equipment
- Recording of donated capital assets at fair market value as of date of donation
- Insurance requirements for fixed assets are reviewed on an annual basis to ensure coverage is adequate

The Commission has developed a Capital and Depreciation Policy that provides further detail. ~~This~~ policy is regularly reviewed for updates by Commission staff.

H. Purchasing/Receiving

The Fresno County Ordinance 99-009, Section 2.38.020; Item (I) states: "The Commission shall develop purchasing and contracting policies and procedures consistent with applicable federal and state laws and regulations."

The Commission has developed the Procurement Policy and Procedures Manual which is updated annually by Commission staff and considered at a public meeting by the Commission. The competitive bidding process is used in acquiring goods and services based on certain dollar thresholds.

I. Public Relations Purchases

Expenditures submitted to the Commission for public/community relations expenses must be made in accordance with the funding source requirements, consistent with good business practice, and adhere to the Commission's Procurement Policies and Procedures, Conflict of Interest Policy, and this Policy as appropriate.

Where funds are received for research, grants, or special projects, additional documentation must be maintained as required by the entity providing the funds. In the administration of restricted funds, the Commission must maintain adequate documentation to be able to demonstrate that the expenditures are made in a manner consistent with the restrictive conditions.

In accordance with this section, allowable Commission expenditures may include, but are not limited to:

1. Membership and participation in the activities of community groups, including but not limited to service clubs, forums, and community-wide organizations of leading citizens in early learning, child development, education, business and/or government which serve the needs of young children and their families and promote the engagement of the Commission within the community.
2. Commission programs/activities that promote and support optimal early childhood development, strengthening of the Commission's public relations; and/or donor cultivation and stewardship. Such activities may include, but are not limited to community receptions, cost of meetings, speaker fees, public ceremonies, Commission and committee meetings.
3. Hospitality expenses including the provision for meals, catered events, promotional materials, and other related expenses that are necessary to conduct official Commission business with external partners. Eligible costs associated with travel for guests of the Commission will adhere to the Commission's Travel Policies and Procedures Manual.
4. Promotional materials distributed to promote the name and brand of the Commission.
5. Flower/Plant purchases, with non-restricted funds, for official Commission functions such as community receptions, ceremonies, seminars, and other Commission events.

No reimbursement shall be allowed for the following expenses:

- Employee birthday, baby shower, wedding, wedding anniversary, etc.
- Clothing rental
- Political contributions
- Tobacco and alcohol purchases
- Daily reimbursement of lunches
- Amounts that are unreasonable given the circumstances in which the expenses were incurred and/or the benefit they provided to the Commission
- Membership or participation in organizations that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability

Refer to the Commission's adopted Community Event Sponsorship Guidelines for parameters on the activity/event-related support to community partners.

For the allowable expenditures described above, a Payment Authorization Form indicating the public relations purchase must be approved by the Executive Director or designee. The Executive Director or designee approving the authorization is responsible ~~to ascertain for ascertaining~~ the necessity and reasonableness of the authorization and that adequate documentation is attached to support the authorization.

The following justification information is required to be documented upon request for payment authorization of public relations purchases:

- **Purpose** - Be specific regarding the purpose for the expenditure. Generic statements such as "promotes positive relations", "community relations" or "employee relations" are not acceptable.
- **Relationship** - Names of the persons, including their employer and occupation or title, demonstrating the business relationship to the Commission.

- **Receipts** - Original receipts are required that include the amount, date, place and description of the expenditure. In cases where receipts cannot be obtained or have been lost, a statement to that effect shall be made and attached to the authorization.
- **Highest Position Responsible for Payment** - The highest-ranking Commission staff in attendance at a business-related activity is deemed to be responsible for making the payment to the vendor and he/she will subsequently seek approval to be reimbursed if needed with approval from their immediate supervisor.

J. Electronic Funds Transfer (EFT) – Automated Clearing House (ACH) Payments

Electronic Funds Transfer (EFT) is a system of transferring money from one bank account directly to another without paper money changing hands.

Automated Clearing House (ACH) payment is ~~the a~~ method of electronic remittance to individuals or entities that ~~are is~~ made electronically within the banking system. ACH payments have many benefits. They eliminate the need to print and mail checks, ensure payees receive payments by a specific date, provide an efficient, cost-effective, and payee-friendly means of making payments, are environmentally friendly due to the reduced use of paper, postage, office supplies, processing time, and storage space, and provide payees with an option to receive payment quickly.

The Commission utilizes EFT – ACH payments in lieu of issuing checks and mailing remittances. A check will be issued if no method of EFT exists, upon ~~the~~ Executive Director's approval.

The Commission will make every effort to make all vendor payments through ACH. Vendors must submit an EFT Authorization Form to the Commission. ~~This~~ form is located on the Commission's website. It is the responsibility of the vendor to ensure the ACH information submitted to the Commission is accurate and complete. Failure to maintain accurate and complete information may result in delayed payments.

K. Credit Cards

At times, the use of payment via credit card may be deemed necessary for recurring payments when ACH payment is not available. Credit cards are not intended for purchases that can otherwise be paid by issuing an EFT/ACH or check payment. Instead, they are intended to be used for vendors that do not accept these forms of payments, small purchases, travel, and emergency purchases.

A credit card will only be provided to the Commission's Executive Director and Business Director to provide a level of purchasing flexibility to conduct Commission business. Executive and Business Directors utilizing agency credit cards will be solely responsible for the safeguarding of the credit card and account number, as well as complying with this Manual Policy, internal procedures, and the Commission's Procurement Policies and Procedures Manual regarding purchasing, maintaining documentation, providing receipts, and reconciling the bill on a monthly basis. The Executive and Business Directors will work with Commission staff to ~~assure ensure~~ procedures are properly followed. Once the monthly credit card statement is reconciled, the statement and all purchases must be reviewed and approved for payment by the designee.

Use of the business card for personal reasons is not permissible at any time, even with the intention of not seeking reimbursement.

If the Executive or Business Directors terminate~~s~~ employment with the Commission, the credit card must be surrendered to the Commission immediately for cancellation.

L. Accounts Payable/Cash Disbursements

Invoices received for goods and services are approved by the Executive Director or designee and forwarded for payment processing. The following table outlines the procedures for processing accounts payable and the associated four methods of cash disbursement:

1. The invoice is received and ~~F5FC~~ Commission staff reviews the invoices and approves that the goods have been received or/and services have been performed. Then the invoice is forwarded for processing.
2. The Business or Operations Manager reviews the invoice for accuracy and matches the invoice to the supporting documentation and authorization to pay information. The Business or Operations Manager enters the invoice into the accounting system ~~and~~ prepares the Open Invoice Report, and forwards the report to the Business Manager/Director.
3. The Business Manager/Director reviews all invoices for completeness and accuracy. The reviewed invoices are submitted to the Executive Director and/or designee with all invoices and supporting documentation for approval.
4. The Executive Director or designee reviews the Report and approves payments in the Commission's accounting system. A secondary approval is completed by the Early Childhood Initiatives Director or designee. The Executive Director and the secondary approval designee email the Business Manager/Director documenting approval of invoices in the accounting system. The reviews do not need to occur in a particular order, so long as both reviews and approvals are documented as stated above.
5. Upon receiving approval from the Executive Director and designee, the Business Manager/Director releases all payments and saves payment receipts/confirmation reports.

EFT/ACH and Wire Transfers	Online (Bank Draft)	Credit Card	Check
6. The Business Director/ Manager creates and exports ACH files from the accounting database system in the proper ACH format. The ACH file is imported and transmitted directly to the bank.	The Business Director/ Manager processes payment online.	The Business Director/ Manager processes payment over the phone or online.	The Business Director/ Manager prints checks and forwards to Executive Director and designee for signatures, tracking the handling of checks via the check tracking stamp.
7. Transaction is confirmed with the bank and the ACH Batch Summary Report is saved in the payments folder.	Receipt is retained.	Receipt is retained.	The Business Director/Manager prepares each check for mailing utilizing the check tracking stamp.
8. Payment notifications are emailed to vendors.	Paid invoices are filed.	Paid invoices are filed.	Paid invoices, check stubs, and check tracking documentation are filed.

M. Payroll

The Commission utilizes a contracted payroll service to process payroll. Payroll is processed every two weeks. Physical control over personnel records is limited.

The Following are procedures related to the payroll function:

1. Time is entered into the payroll system, and payroll is prepared for review by the Business Director or designee.
2. The Executive Director or designee reviews, approves, and signs the draft payroll register/journal.
3. The Business Director or designee processes and submits payroll.
4. Paid time off (PTO) accrual is then reconciled for accuracy by the Operations or Business Manager. Pay stubs are delivered by the payroll service or electronically, and payroll direct deposit is issued every other Friday. If check stubs are delivered physically, a Commission staff member, who is independent of the preparation and authorization of the payroll submission, distributes payroll remittances.
5. Payroll reports prepared by the payroll service are reviewed by the Business Manager, not responsible for entering/submitting payroll, for any unusual items. If any unusual items occur, they should be remedied with the Commission staff submitter or otherwise reported to the Executive Director.
6. The Business Manager prepares and posts journal entries for all payroll liabilities and expenses to be reflected in the accounting system.

Payroll increases follow the established Compensation Policy and are then documented in memo format and submitted to the Executive Director for approval. Changes to the Executive Director's payroll ~~is-are~~ authorized by the Commission. The staff member who maintains personnel files will place the original payroll increase memos in personnel files.

N. Salaries and Benefits Policy

The Commission has developed, and appropriately considered at a public meeting, a Compensation Policy, as amended, to state procedures and policies for establishing salaries. Details regarding employee benefits are outlined in the Commission's Employee Handbook.

O. Compensated Absences

Compensated absences are absences for which employees will be paid, such as paid time off (PTO). A liability for compensated absences for services already rendered and that are not contingent on a specific event shall be accrued as employees earn the rights to the benefits. The compensated absence liability shall be calculated based on the pay or salary rates in effect at the balance sheet date. Staff can reference additional details found within the financial statements included in the annual audit report.

P. Accounting for Leases

Leases entered into by the Commission are accounted for pursuant to the Governmental Accounting Standards Board, GASB, standards. A lease is defined as a contract that conveys the control of the right to use another entity's nonfinancial asset (the underlying asset) as ~~specific-specified~~ in the contract for a period of time in an exchange or exchange-like transaction. Commission staff shall refer to GASB standards and guidance when accounting for leases.

Q. Travel/Expense Reimbursements

Commissioners and staff are authorized to receive reimbursement for travel and business expenses incurred while attending official functions. Travel expenses shall be reasonable, prudent, and appropriate for the business of the Commission. Travel expense reimbursements by Commission staff and Commission members shall be properly authorized. Refer to pursuant to the, Authorization for travel is approved by the Executive Director or designee for all employees. The Commission approves travel for Commissioners through the budget process. When possible, the Executive Director shall notify the Commission prior to incurring out of County travel related expenses. In the event such notice is not possible, the designee shall sign off on the travel and then report to the Commission at the next regularly scheduled meeting. Further travel related expense procedures can be found in the Commission's Travel Policy and Procedures Manual, as amended that is maintained and updated as needed by Commission staff. as long as the expenses are reasonable, prudent, and appropriate for the business of the Commission. Travel expense reimbursements by Commission staff and Commission members shall be properly authorized.

R. Debt

The General Long-Term Debt Account Group is used to record liabilities of governmental funds. These liabilities may be long-term debt, such as bonds and notes, or long-term liabilities such as leases, claims and judgments, personal and major medical leave, and pension costs.

General fixed assets and intangible assets acquired via lease agreements shall be recorded in accordance with GAAP and GASB standards and guidance.

S. Journal Entries

Journal entries may be performed in order to bring an account to the correct balance and to record monthly activity. An adjusting journal entry is prepared for these types of changes. Monthly journal entries are prepared to record the monthly activity.

Staff prepares adjusting and monthly journal entries within the accounting system on an as-needed basis. Journal entry supporting documentation is filed/saved upon entry into the accounting system.

4. CONTRACT ADMINISTRATION

The purpose of this section is to set forth recommended contracting and contract administration guidelines for the Commission. The guidelines are based on best practices in public procurement. Best practice in governmental contracting requires a selection process that is based on the open and fair identification and selection of vendors qualified to render a particular service, taking into consideration both technical qualifications and price.

A. Procedures

1. Provider Selection

The Commission has developed the Procurement Policies and Procedures Manual based on best practices in public procurement which clearly identifies and describes the different methods of the administrative and programmatic procurement and contracting process. These

Manual is reviewed and updated annually, if needed, by the Executive Director and/or the Commission. Details can be found within the aforementioned Manual.

B. Contractor Payments

1. Advance Payments

Any provider seeking the release of funds prior to the commencement of work under the contract may make such a request in writing, on company letterhead, specifying the reason(s) advance funds are needed.

Advance funds are contingent upon the Commission's availability of cash flow. Approval is contingent upon the Funded Partner's performance in meeting contractual requirements and is based on the nature of each project.

~~The schedule details of advance payments allowed are outlined in the Commission's Funded Partner Manual, as amended. A single cash advancee usually consists of 25% of the annual contract amount and may not exceed 50% of the agreed-upon annual contract amount. Once 50% of the annual contract amount has been advanced, additional funds will not be released until 75 percent of the previously released funds have been expended and reported. The final quarter advancee of the fiscal year will only be two thirds of the quarterly advancee amount. The last month of each fiscal year is on a reimbursement basis.~~ Based on the service or agreement type, Commission staff has the authority to set the frequency and amount of the advance.

~~If, at the end of the contract period (i.e. fiscal year), the Funded Partner has not utilized any portion of the funds advanced, the Funded Partner shall return that amount to the Commission. If the amount is not returned, the Commission will withhold funds from the subsequent year's contract (if applicable). The Commission will make every attempt to negotiate a solution before pursuing litigation. Other details on advancees are outlined in the Commission's Funded Partner Manual.~~

2. Progress Payments

~~As outlined in the Commission's Funded Partner Manual, Funded Partners formally request reimbursement for services by submitting an invoice via the Commission's online programmatic database, unless advised otherwise. Funded Partners are required to upload expense details, which produces a report comparing actual expenditures to the project budget.~~

Payments of invoices are contingent upon compliance with all contractual requirements, including the achievement of performance standards and the timely submission of program data and fiscal reports. ~~The~~ Commission staff contract managers verify satisfactory progress has been made toward project objectives, as determined by the Commission's performance monitoring and reporting system and verify that all reported expenditures are allowable under the terms of the contract.

Contractor reimbursement process ~~is~~ as follows:

- a. A program progress report, as defined in the contract (which could be monthly, quarterly, or semi-annually), is required to be submitted by each Funded Partner by certain dates specified in the contract.

- b. The request for reimbursement (financial report) documents the Funded Partner's outlays for the period, by budget line item, and includes any disbursement amounts received and any reimbursements due (documentation is required by each Funded Partner to support the expenditures referenced on the financial status report).
- c. The contract manager reviews the Funded Partner's request for reimbursement (financial report) to verify the accuracy of the report.
- d. The contract manager:
 - 1. Verifies that satisfactory progress has been made toward project objectives.
 - 2. Approves the request for reimbursement.
 - 3. Prints/saves the approved financial report and the reimbursement summary for review.
- e. The approved financial report is then forwarded through the process outlined in the Accounts Payable/Cash Disbursements section of this Manual.

C. Budget Modifications

Funded Partner budget modifications are required when any main line item (Personnel, Operating Expenses, Professional Services, Evaluation, Capital, Equipment, and Indirect) is anticipated to exceed 10% of the original budget. Changes within sub-line items (Salaries, Benefits, Payroll Taxes, Operational Expenses, Travel/Training, Misc. Charges, and Program Expenses) do not require a budget revision. Details of how a contractor requests and submits a budget modification is outlined in the Commission's Funded Partner Manual, as amended.

Budget modification requests are considered as follows:

- ~~Submission of a Contract Amendment Request (CAR) form prior to the submission deadline (Deadlines may be found on the Commission's website)~~
- ~~Reasonable and necessary movement of funds throughout the budget excluding the increase/decrease of the Personnel category that would require additional rationale~~
- ~~Submission of a revised Scope of Work, if necessary~~

Requests are submitted prior to expenses incurred allowing the Commission to determine its appropriateness and minimizing any disallowed costs to the Funded Partner.

Budget modifications are reviewed by the F5FC Commission contract manager and approved by the Executive Director or designee, based on appropriate justification.

D. Authority

The Executive Director has been delegated ~~the~~ authority by the Commission to ~~enter into execute program contracts, make payments and authorize activities and to carry out the business of the Commission. The Commission has various policies including: Capital Assets and Depreciation Policy, Investment Policy, Travel Policy, Procurement Policies and Procedures Manual, all of which are maintained and reviewed annually. amendments to those contracts as long as there are no material changes in the scope of work or the dollar amounts does not exceed the original approved contract amount. The Executive Director has been delegated the authority by the Commission to execute operating contracts that are administrative in nature and affect the day to day operations of the Commission (no dollar limit).~~

E. Contract Management

1. Contract Term. Upon a contract's renewal period, if staff is unsatisfied with performance, staff will contact the contractor and schedule a review of the matter which will be presented to the

appropriate committee. Otherwise, the Commission delegates the Executive Director to renew agreements within the originally approved term, including its approved renewal period, and within the approved contract amount without additional Commission approval.

2. No Cost-Extension. In the event a contract requires additional time to meet the agreed-upon intent of the funding opportunity, the Executive Director may extend the agreement term without additional Commission approval so long as staff is satisfied with performance and no additional dollars are added to the originally approved contract amount.

Process to execute contracts, including signatures by Legal Counsel and Commission Chair, will still be followed, as required based on contract amounts.

5. FINANCIAL REPORTING

The goal of the accounting process is to produce financial reports, which accurately summarize the financial position of the organization at a particular point in time and provide information related to the revenues and expenditures for the reporting period.

A. Legal Requirements

California law requires that the State and local county Commissions adhere to specific reporting requirements (California Code Health and Safety Code Sections 130100-130155). The following are summaries of applicable statutory requirements for financial reporting; to the extent any of these summaries conflict with the law (due to subsequent amendments to the law or otherwise), staff shall adhere to the requirements of the law:

- Counties are to have a process to track and monitor administrative costs with periodic reports to the Commission (quarterly in many counties) (Section 130140(d)(5)) and 130151(b)(2).
- Policies are needed to assess and communicate the financial condition of the Commission (Section 130151(b)(6))
- Commissions are to track evaluation expenditures and document results of expenditures (Section 130151(b)(7))
- County Commission Reporting. On or before October 15 of each year, the State Commission and each county Commission shall conduct an audit of, and issue a written report on, the implementation and performance of their respective functions during the preceding fiscal year. At a minimum, this report shall include which funds were expended, the progress toward and the achievement of program goals and objectives, and the measurement of specific outcomes through appropriate indicators (Section 130150).
- The County Commission shall conduct at least one public hearing prior to adopting any annual audit and report (Section 130140 (G))
- Each County Commission shall make copies of its annual audits and reports available to members of the general public on request and at no cost (Section 130150 (d))
- The audits and reports of each county Commission shall be transmitted to the State Commission and the State Controller's Office by November 1 (Section 130150 (a))
- County Commission Reporting of State Commission Information. The State Commission shall make copies of each of its annual audits and reports available to members of the general public on request and at no cost. The State Commission shall furnish each county Commission with copies of those documents in a number sufficient for local distribution by the county Commission to members of the general public on request and at no cost (Section 130150 (c)).

- The County Commission shall conduct at least one public hearing on each annual report by the State Commission prepared pursuant to subdivision (b) of Section 130150 (Section 130140 (H))

B. Procedures

Annual financial statements are prepared in accordance with GAAP. Likewise, annual financial statements are independently audited in accordance with Generally Accepted Government Auditing Standards (GAGAS).

To supply appropriate individuals with the right information, at the proper time and in the correct format, the Commission reports their-its financial information at regular Commission meetings and on an annual basis within the audit report. Specifically, management will take steps to achieve the following goals for external and internal reports:

- *Content* – financial reports balance competing demands for completeness and conciseness
- *Timeliness* – information is received soon enough to take effective action
- *Currency* – the information communicated is current
- *Accuracy* – the information is reliable
- *Access* – the information is accessible to those who need it

1. External Reporting

External reporting refers to the annual public distribution of “general-purpose” financial statements designed to meet the basic financial information needs of a variety of potential users, including taxpayers and citizens, oversight and legislative bodies, and investors and creditors. The goal of external reporting is to provide the information needed by interested parties to gain a fair understanding of the government’s financial position and results of operations. External reports are developed in conformity with GAAP. GAAP requirements are designed to provide all primary users of general-purpose external financial reports with the reliable information needed to assess an entity’s finances.

a. Audit - Audit Requirements

All Commissions are required to conduct an independent audit of the basic financial statements. The audit requirements refer to an external review required by an independent audit firm to determine the financial statements fairly present the financial position of the agency being audited in accordance with GAAP. Auditors make this determination based on a review and testing of financial data maintained by the Commission.

Particular audit requirements include: internal controls, management letter, single audit, and acceptance of annual financial audit by the Commission.

b. Expanded Audit

In addition to the standard financial audit, the Commission is also required to go through an expanded audit pursuant to Health and Safety Code ~~per state code~~ section 130151 ~~(1 through 8)~~.

The Commission contracts with that same auditor to complete the financial and expanded audits, and both are presented and submitted as one package. The Commission views the expanded and financial audit as one audit with two components: 1) the financial audit, which is monitored by First 5 California, and 2) the compliance audit, which is monitored by the State Controller's Office (SCO).

The expanded audit covers the following items:

- Contracting and procurement policies: a policy consistent with state law and adopted in a public meeting and a legal representation letter shall be in place. A new legal representation letter is required annually even if the policy did not change.
- Administrative costs: administration costs shall be defined and a cap shall be established at a public meeting. Costs shall be monitored.
- County ordinance creating county Commission: policies and procedures ensure compliance with the county ordinance. The auditor reviews the Commission's strategic plan.
- Long-range financial plans: the plans have been formally adopted by the commission in a public hearing.
- Financial condition of the Commission: policies and practices for reporting financial condition are in place.
- Amount spent on program evaluation and related results: a policy regarding evaluation is available to the auditor. The auditor verifies that the amount spent on evaluation complies with the policy and that evaluation data was collected.
- Salaries and benefits: policies and procedures for establishing employee salaries and benefits are in place.
- When audit findings have been reported in prior years, the current audit report must include a schedule of prior audit findings.

Per expanded audit requirements, the Commission has adopted the Conflict of Interest Policy for Commission members that is consistent with applicable state law. The Policy ensures the Commission complies with all applicable state and local conflict of interest statutes and regulations. The Conflict of Interest Policy is reviewed and updated every two years. The policy is in compliance as follows:

- The Conflict of Interest Policy was adopted in a public meeting. ~~The (minutes of the meeting and the policy are available for auditors) and~~ available to auditors
- Obtain a letter from legal representative that states that Commission's policy is consistent with applicable state and local laws and regulations on an annual basis
- Minutes documenting appropriate abstentions for contract award actions are available
- Review Form 700 (economic interest) filings

2. Internal Reporting

This section does not represent reporting in accordance with GAAP, but rather reporting in accordance with budgeting processes. As was noted earlier, external financial reports that follow GAAP generally have a different look and focus than the internal reports. Internal reporting is designed to accomplish two goals:

- a. Allow management to monitor compliance with legal and contractual provisions applicable to the management of public funds
- b. Provides management and the Commission with the information on current performance data that it needs to make future financial plans

To fulfill the ~~these~~ goals, Commission staff prepares a financial report and submits ~~the report~~ to the Executive Director for review. Upon the Executive Director's approval, a final financial report is prepared for submission and acceptance at the Commission meeting.

C. Administrative Costs

Under the ~~First 5 Fresno County (F5FC) Commission's~~ Strategic Plan, the role of Commission staff is broader than just that of contract development and oversight, and includes support of programmatic services and ~~running management of~~ internal programs. The definition of administrative costs simplifies program administration in the way program services will be delivered under the Commission's ~~S~~trategic ~~P~~lan.

1. Defining Administrative, Program, and Evaluation Costs

~~As a result, T~~he Commission has adopted ~~a~~ this written policy that defines administrative costs and sets ~~a~~ 10% of the Commission's operating budget as the limit for administrative costs. Below are definitions for the three cost categories of which the Commission allocates costs.

- a. **Administrative Costs**- Costs incurred for administrative functions defined (below) by the local Commission in support of funded programs and its operations. Administrative costs are general in nature. This principle distinguishes between those costs that specifically and directly benefit a business unit, program, or evaluation activity from those that do not. Administrative costs support the Commission's basic mission rather than specific program goals. This principle distinguishes between the nature of costs that provide direct value to achieving specific program goals and objectives from those that do not.

Administrative functions performed are the following: general accounting/financial reporting; local annual reporting activities; financial planning; Commission/Association meetings and travel; human resources services; legal services and consulting; audit; strategic planning; financial and cash management; procurement and purchasing; property management; payroll and personnel management; developing and operating systems and procedures, including information systems, required for administrative functions; and oversight and monitoring of administrative functions. Only these administrative functions are to be charged as administrative costs.

- b. **Program Costs**- Costs incurred by the Commission readily assignable to a program or Funded Partner (other than for evaluation activities) and/or in the execution of direct service provision. Even though they are often associated with general organizational management, two types of costs that are typically classified as administrative costs, preparing program-level budgets/program scopes of work, and negotiating MOU's and other program-level agreements, are classified as program costs. Costs of such

activities as information systems development and operation, travel, and evaluation are charged to program costs or administration costs, according to whether the underlying functions which that they support are classified as programmatic or administrative. Program functions include direct services, program outreach and education, program and community agency technical assistance and support, and program database management.

- c. Evaluation Costs- Costs incurred by the Commission in the required evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders. Evaluation functions include evaluation technical assistance, evaluation database, and travel and training related to evaluation.

2. Organizing Procedures and Accountability Mechanisms

To ensure accountability, Commission staff abide by the following guidelines:

- a. Establish cost elements for each of three categories: administrative, program, and evaluation.
- b. Conduct analysis to determine and document an upper percentage limit for administrative costs.
- c. Establish within the accounting and reporting system a methodology for tracking and reporting on program, administrative, and evaluation costs.
- d. Maintain auditable records to ensure compliance with the administrative cost policy.
- e. Provide annual reports on administrative and evaluation costs that go to the public (budgets and annual financial reports).

D. Fund Balance

The Fund Balance includes funds committed for multi-year initiatives and programs. Proper reporting of fund balance provides an opportunity for the Commission to report how it has committed funds over a period of years.

The total fund balance represents the value of the funds available to the Commission. Fund balance is broken down into five components: nonspendable, restricted, committed, assigned, and unassigned. Each component is defined below.

1. Nonspendable Fund Balance

The nonspendable fund balance is defined as only an approximate measure of liquidity. One reason is that some of the assets reported in governmental funds may be inherently nonspendable from the vantage point of the current period:

- a. Assets that will never convert to cash (e.g., prepaid items and inventories of supplies)
- b. Assets that will not convert to cash soon enough to affect the current period (e.g., the long-term portion of loans receivable and non-financial assets held for resale, such as foreclosure properties)
- c. Resources that must be maintained intact pursuant to legal or contractual requirements (e.g., principal of an endowment or the capital of a revolving loan fund)

The key defining concept of nonspendable funds is that they are associated with it is the a legal obligation for by the Commission, based on an executed contractual agreement. Examples of nonspendable funds include, but are not limited to:

- a. Future payments due to providers of services to children and families
- b. Future payments due on professional services contracts
- c. Future payments due under lease arrangements

In all cases, amounts can only be classified as nonspendable if (a) there is a fully executed written contract or purchase order detailing obligations, (b) the payment obligation is not due in the current period, and (c) it is probable or expected that future expenditures will be made in accordance with the contract terms. The latter provision means that if it is likely that a contract will be amended or terminated before all scheduled payments are made, the encumbrance must be limited to the total amount of payments that are expected to actually be incurred (if less than the full contract value).

2. Restricted Fund Balance

The restricted fund balance is defined as amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. The restricted fund balance describes the portion of the fund balance that reflects resources that are subject to externally enforceable legal restrictions. Funds that have been received by the Commission from sources other than the county's proportionate share of Proposition 10 revenues and that contain restrictions imposed by the funding source regarding how the money can be used, by definition, are committed to the purpose designated by the funding source. Examples that fall into this category include but are not limited to:

- a. Money received from the State Commission for specific programs or initiatives, such as school readiness, or quality child care funds, that must be used exclusively for the purpose designated by the State Commission
- b. Grants received from private foundations that contain restrictions in the grant agreement regarding how the funds may be used

3. Committed Fund Balance

The committed fund balance is described as the portion of the fund balance that represents resources constrained by limitations that the government imposes upon itself at its highest level of decision making (the Commission) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation would need to occur no later than the close of the reporting period.

This category covers situations in which the Commission has explicitly authorized and directed staff to enter into an agreement with a specified agency, but the contract has not actually been executed. In order to be categorized as committed, funds must meet the following requirements:

- a. Formal action to approve the grant(s) and contract(s) must have been taken by the Commission and reflected in the public meeting minutes.

- b. The grant(s) and contract(s) must not have been executed yet, thereby avoiding any double-counting. These funds must be executed within a one-year period. After the one-year period funds will be designated to the unassigned fund.
- c. Funding that has been set aside for previously executed legally enforceable contracts but not yet spent, including multi-year contracts, if such contracts have been approved by the Commission and if cancellation of such contracts would require Commission approval.

4. **Assigned Fund Balance**

The assigned fund balance is the portion of the fund balance that reflects the Commission's intended use of resources. Such intent would have to be established by either the Commission or by a body thereof (e.g., finance committee).

There are two essential differences between committed fund balance and assigned fund balance. First, committed fund balance requires action by the Commission, whereas assigned fund balance allows the authority to be delegated to some other body. Second, formal action is necessary to impose, remove, or modify a constraint reflected in committed fund balance, whereas less formality is necessary in the case of assigned fund balance. Funds are appropriately included in this component if they fall under one of four types:

- a. Funds to operate a specific program or project in the current or future fiscal years that have not yet been committed or authorized for definite contracts, where all the following criteria are met:
 - A written plan has been developed describing the program or project and the time period covered by the plan
 - The plan contains a detailed budget or expenditure plan showing the amount of funds expected to be expended and the nature of the expenditures for each fiscal year covered by the plan
 - The Commission has formally approved the plan and budget in a public meeting, as documented in the meeting minutes
 - The Commission certifies that it intends, to the best of its ability, to expend the funds in accordance with the plan and budget
- b. Funds that have been set aside for long-term program sustainability, where all of the following criteria are met:
 - A long-range financial plan has been prepared that shows the specific dollar amounts that must be reserved for program sustainability in each of the early years of the plan, the timing for when sustainability funds will start to be drawn down, and the nature of the expenditures that are envisioned in each year covered by the plan
 - The Commission has formally approved the long-range financial plan in a public meeting, as documented in the meeting minutes
 - The Commission certifies that it intends, to the best of its ability, to manage the sustainability fund in accordance with the provisions of the long-range financial plan
 - The Commission has adopted its annual budget consistent with the assumptions and plans

- c. Funds that are established to handle unexpected debts that are outside the range of the Commission's operating budget. The funds are to protect the Commission against any possible losses in the event of an emergency situation. Details of the funds are outlined in Section E & F within this Policy.
- d. Funds designated specifically to fill any gaps of existing and future capital projects. The account is established to accumulate resources on an annual basis from year end de-obligations. Use of funds must be approved by the Commission.

5. Unassigned Fund Balance

The unassigned fund balance represents funds that can be spent at the discretion of the Commission. This category includes the remainder of the fund balance: funds that either have not yet been allocated for a specific purpose or have been identified in only a general manner where the Commission has significant flexibility in changing the amount or nature of the designation.

E. Contingency Fund Policy

1. Definition and Purpose of Contingency Fund

In an effort to be proactive, the Commission has set aside a fund to handle unexpected debts that are outside of the Commission's operating budget. The funds are to protect the Commission against any possible losses in the event of an emergency situation. To ensure the Contingency Fund reflects the Commission's administrative costs as well as facility management costs associated with the Commission-owned ~~Lighthouse for Children (LFC)~~ facility, funds are set aside to allow for a quicker and more effective recovery from an operational setback. The probability of a significant business disruption is small; however, having a Contingency Fund may save the Commission from potential failure to recover in the event that a risk materializes.

2. Contingency Fund Target Level

The Contingency Fund shall remain at \$1,500,000 (~~One mMillion fFive hHundred T~~ thousand ~~D~~ollars) as approved by the Commission. The balance of the fund represents approximately four (4) to six (6) months of both the Commission's operational budget and the operational costs of the LFC facility. Commission staff will review the fund amount at a minimum every two years. If a change to the fund amount is warranted, for example due to a significant change in these budgets, Commission staff would be required to seek approval from the Commission during the formal budget modification process.

3. Conditions for Use of Contingency Fund

Use of these funds will be determined by circumstance and level of severity, considering with the following non-exhaustive criteria: ~~Please note this list is non-exhaustive.~~

Table 1 – Contingency Fund: Conditions for Use

Moderate	Severe
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<ul style="list-style-type: none"> • State and local legislation affecting revenue or requiring compliance • Lawsuits against F5FC Commission or LFC • Unexpected default or a decline in State and local revenues 	<ul style="list-style-type: none"> • Unanticipated major repairs or replacement of an asset used in the daily operations of the building or service to the Commission staff • Acts of terrorism against the building or other infrastructure causing a financial hardship • Natural disasters • Expenditures arising from a claim or judgment that is otherwise not covered by insurance
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The Contingency Fund shall be reported in the Committed Fund Balance in the agency's budget at the beginning of each fiscal year. The fund may not be used to address anticipated Proposition 10 revenue shortfalls. Imbalances of this nature are generally addressed through a formal budget modification process. Appropriations for program service expenses are independent of the Contingency Fund as they are considered relevant to the Strategic Reserve Fund.

If a need arises for the potential drawing of funds allocated to the Contingency Fund outside of the above-mentioned guidelines, Commission staff shall present the request to the Commission for consideration and approval at a regularly scheduled meeting.

4. Authority of Contingency Fund Use

For unanticipated circumstances considered ~~moderate~~ Moderate, as described in Table 1 above, staff must seek approval from the Commission prior to use of the Contingency Fund.

For unanticipated circumstances considered ~~severe~~ Severe, as described in Table 1 above, and that require immediate redress, the Executive Director or designee shall exercise full discretion of its appropriation in order to mitigate substantial loss of productivity. The Executive Director must report to the Commission, at the next regular meeting following the use of funds, with full explanation of how the portion of the Contingency Fund was used or is being used.

For any method employed, the process of appropriating the Contingency Fund will adhere to the guidelines within this manual Policy to minimize risk while striving to safeguard the Commission's assets.

5. Contingency Fund Replenishment

In the event the Contingency Fund or a portion thereof is used, Commission staff will aim to restore the fund to the recommended amount, mentioned above, by the closure of the fiscal year, only if there are enough cost savings available for replenishment without impacting other budgetary commitments. If restoration cannot be accomplished within such time without severe hardship to the Commission, staff will prepare a financial plan to restore the Contingency Fund in the subsequent fiscal years until the target level is met.

F. Strategic Reserve Fund

1. Definition and Purpose of Strategic Reserve Fund

The Commission sets aside a fund to guard against any future immediate and unanticipated Proposition 10 revenue deficits or shortfalls. Funds are set aside to allow for a quicker and more effective recovery from programmatic setbacks. The probability of a significant business disruption is small; however, having a Strategic Reserve Fund may save the Commission from potential failure to recover in the event that a deficit materializes.

2. Strategic Reserve Fund Target Level

The Strategic Reserve Fund shall remain at \$2,000,000 (~~two~~Two ~~million~~Million ~~dollars~~Dollars) as approved by the Commission. If a change to the fund amount is warranted, for example due to a significant change in these budgets, Commission staff would be required to seek approval from the Commission during the formal budget modification process.

3. Conditions and Authority of Strategic Reserve Fund Use

Use of funds will be determined by the Commission based on circumstances and level of severity. The Strategic Reserve Fund shall be reported in the Committed Fund Balance in the agency's budget at the beginning of each fiscal year.

If a need arises for the potential drawing of funds allocated to the Strategic Reserve Fund, Commission staff shall present the request to the Commission for consideration and approval at a regularly scheduled meeting.

The process of appropriating the Strategic Reserve Fund will adhere to the guidelines within this ~~manual~~Policy to minimize risk while striving to safeguard the Commission's liabilities.

4. Strategic Reserve Fund Replenishment

In the event the Strategic Reserve Fund or a portion thereof is used, Commission staff will aim to restore the fund to the recommended amount, mentioned above, by the closure of the fiscal year, only if there are enough cost savings available for replenishment without impacting other budgetary commitments. If restoration cannot be accomplished within such time without severe hardship to the Commission, staff will prepare a financial plan to restore the Strategic Reserve Fund in the subsequent fiscal years until the target level is met.

G. Record Retention

Financial records and contractual hard copy agreements are required to be retained a minimum of five years after the annual audit and are subject to inspection, monitoring, copying and audit by the Bureau of State Audits.

APPENDIX A

Glossary of Terms

Accounting Procedures

The day-to-day operation of a particular system so that accounting information will be reflected in the accounting records in a consistent, proper and orderly manner.

Accounting System

All the records, formal and informal, together with the procedures related to the assembling, classifying, recording and reporting of information concerning the financial operations and conditions of a fiscal entity.

Accrual Basis of Accounting

Transactions are recorded when they occur regardless of when cash is paid or received. The Commission uses a modified form of accrual accounting (see Modified Accrual Basis) for Governmental funds. However, the accrual basis of accounting is used for the preparation of annual government-wide financial statements where governmental reported (governmental activities are defined later).

Administrative Costs

Costs incurred for a common or joint purpose that benefits more than one cost objective, supports the general management and administration of the Commission, and/or those costs not readily assignable to a specifically benefited cost objective.

Advance Payment

Any payment made to a contractor before work has been performed or goods have been delivered.

Appropriation

A statutory authorization granted by the legislative body to an agency allowing it to incur obligations and make expenditures for specific purposes within a specified period of time and generally for a maximum dollar amount.

Assigned

Amounts that are intended by the Commission to be used for specific purposes, but are neither restricted nor limited, shall be reported as assigned fund balance. Intent may be expressed by the Commission itself or a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes in accordance with policy established by the Commission. This would include ANY activity reported in a fund other than the general fund that is not otherwise restricted more narrowly by the above definitions.

Automated Clearing House (ACH)

ACH payment is the method of electronic remittance to individuals or entities that are made electronically within the banking system.

Balance Sheet

The financial statement disclosing the assets, liabilities and equity of the governmental funds (which includes general funds and special revenue funds). Governments are also required to disclose assets, liabilities and equity on a "government-wide entity" basis, using accrual accounting. This is known as the Statement of Net Assets.

Budget

A plan of proposed expenditures and the means of financing them with respect to a specific period of time.

Cash

Currency, checks, postal and express money orders, and banker's drafts on deposit.

Capital Assets

Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets historically were also referred to as fixed assets, but that terminology is no longer used in practice.

Cash Basis of Accounting

Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

Chart of Accounts

A numeral listing of all assets, liability, fund balance/equity, revenue and expenditure accounts used to record accounting transactions.

Committed

Includes amounts that are committed for specific purposes by formal action of the Commission. Amounts classified as “committed” are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the Commission removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Compensated Absences

A liability for future personal, major medical and other leave benefits accrued by an employee and for which the employee may be paid upon termination of employment.

Contingency

A provision to cover an unexpected expense, future event or circumstance that is possible but cannot be predicted with complete certainty.

Contract

A legally binding agreement between two parties for the provision of goods or services.

Electronic Funds Transfer (EFT)

EFT is a system of transferring money from one bank account directly to another without paper money changing hands.

Encumbrances

Contractual obligations to make future payments. Encumbrances represent the estimated amount of future expenditures that will result when, for example, purchase orders are placed and contracts are signed. Since the amount of an appropriation cannot be legally exceeded, the placing of purchase orders and the signing of contracts are critical events in controlling the Commissions' funds. The financial resources of a fund are said to be encumbered when a transaction is executed that requires performance on the part of another party before the Commission becomes liable to perform its part of the transaction (make payment to the entity).

Evaluation Costs

Costs incurred by the Commission in the evaluation of funded programs, in accordance with their accountability framework, and data collection and evaluation for required reporting to state and local stakeholders.

Expenditures

Take place when a vendor or contractor performs on a contract or a purchase order, as well as when goods or services are received. An expenditure and a corresponding liability or cash disbursement will be recorded at the time goods or services are received or at the time funds are granted to an authorized recipient.

Fiduciary Funds

Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the Commission's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fixed Assets

Assets of a long-term nature which are intended to be held or used. These include land, buildings, improvements, machinery, furniture and other equipment.

Fund Balance

The value of the funds available to the Commission. Fund balance is the difference between fund assets and fund liabilities of governmental funds.

GAAP

Abbreviation for "Generally Accepted Accounting Principles," which are conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The Governmental Accounting Standards Board (GASB) is responsible for setting GAAP for state and local governments.

Governmental Accounting Standards Board (GASB)

Ultimate authoritative accounting and financial reporting stand-setting body for state and local governments. The GASB was established in June 1984.

Governmental Accounting

The activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governmental units and agencies.

Governmental Funds

Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Internal Control

The methods and measures adopted within a fund or agency to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Long-term Financial Plan

A plan that assesses the long-term financial implications of current and proposed policies, programs, and assumptions and develops appropriate strategies to achieve its goals. A financial plan illustrates the likely financial outcomes of particular courses of actions or factors affecting the environment in which the government operates. A financial plan is not a forecast of what is certain to happen but rather a device to highlight significant issues or problems that must be addressed if goals are to be achieved.

Modified Accrual Basis of Accounting

The basis of accounting adapted to government fund accounting where revenues are recognized when received in cash or when resources are considered available (except for material or available revenues which shall be accrued to reflect properly the taxes levied and the revenues earned – not applicable to county Commissions). Expenditures are recognized when the related fund liability is incurred.

Non-Spendable

Includes amounts either not in spendable form or legally or contractually required to be maintained intact. This would include inventory, prepaids, and non-current receivables.

Program Costs

Costs incurred by the Commission readily assignable to a program, grantee, or Funded Partner (other than post-contract program evaluation activities) and/or in the execution of direct service provision.

Progress Payments

Partial payments related to steps or phases toward the completion of the required services under a contract.

Progress Reports

A report on contract performance or fiscal compliance made at specific interval during the term of a contract.

Proprietary Funds

Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Purchase Order

A document that authorizes the delivery of specified merchandise or the rendering of certain services.

Reserve Fund Balance

The portion of a government funds' balance that is not available for appropriation (i.e., not available for the following period's budget). Legal restrictions or even third-party entities may impose a limitation on the use of funds or resources that may not be available for spending.

Restricted

Reflects the same definition as restricted net assets: constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. This would generally include amounts in bonded capital projects funds, debt service funds, and cafeteria and center program funds funded with federal program dollars.

Statement of Activities

A government-wide presentation of its activities by function or program using the accrual basis of accounting. The statement presents revenues, expenditures, and a reconciliation of net assets.

Statement of Net Assets

The government-wide presentation of assets, liabilities and equity of governmental activities which includes all funds. It is the government-wide balance sheet. The Statement of Net Assets is presented on an accrual basis.

Statute

A law enacted by the legislature.

Unassigned

Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here and can no longer be described as "designated" unless formally committed or assigned.



INVESTMENT POLICY

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1. Introduction

This investment policy (this “Policy”) provides the framework for decision-making in the investment approach for the future of the Children & Families Commission of Fresno County, also referred to as First 5 Fresno County (the “Commission”).

The investment policies and practices of the Commission are based on state law and prudent money management. It is the policy of the Commission that public funds not needed for the immediate, ongoing, and/or regular operating expenses of the Commission should, to the extent reasonably possible, be prudently invested or deposited consistent with applicable law. All funds will be invested in accordance with the Commission's Investment Policy and Section 53600 et seq. of the California Government Code. The Commission will invest its funds in a manner that will attain a rate of return consistent with safety and liquidity considerations.

2. Policy

This Policy applies only to idle funds in the Commission's possession or immediate control. “Idle funds” means funds the use of which is not required to meet the demands of cash flow for the succeeding month and all trust funds held by the Commission, including bond security funds, which are unnecessary to make debt service payments within the next six months. Investments will be made under the terms and conditions of Sections 53600 through 53683 and Sections 16429.1 through 16429.3 of the Government Code.

This Investment Policy applies to all funds of the Commission. These funds are accounted for in the Commission's annual audited financial report

2.3. Prudence

All persons authorized to make investment decisions on behalf of the Commission are considered trustees and therefore fiduciaries who are subject to the prudent investor standard established by state law, Title 5, Government Code Section 53600.3.

This standard shall be applied in the context of managing an overall portfolio. Commissioners, the Executive Director and/or designee, and Commission staff, acting in accordance with the Commission's written Accounting Policies and Procedures Manual and Investment this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3.4. Objectives

The primary objectives, in priority order, of the Commission's investment activities shall be:

- a) Safety: Safety of principle is the foremost objective of the investment program. Investments of the Commission shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Investments may be made in securities of high quality to avoid credit risk and loss of principal. Investments susceptible to wide price fluctuations due to market volatility shall be avoided.

- b) Liquidity: The Commission's investment portfolio will remain sufficiently liquid to enable the Commission to meet any operating requirements that might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.
- c) Return on Investments: The Commission's investment portfolio shall be designed with the objective of attaining a market rate of return throughout economic cycles commensurate with the Commission's investment risk constraints and cash flow considerations.

4.5. Delegation of Authority

The Commission's Bylaws state the authority to manage the Commission's investment program is assigned as follows: Management responsibility of the investment program is hereby delegated to the Commissioners of the Commission. Pursuant to Government Code sections 53607, 27000.1, and 27000.3, the Commissioners have delegated management of the investment program to the Commission's Treasurer for a period of one (1) year, Executive Director and/or designee who shall maintain written procedures for the operation of the investment program consistent with this Investment Policy. Each year at the January Board meeting, the Commission will consider the renewal of authority to invest funds to the Commission's Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires.

The Commission may delegate its investment duties decision making and execution authority to an investment advisor. The advisor shall follow the policy statement and such other written instructions as are provided.

5.6. Ethics and Conflicts of Interest

Commissioners, Executive Director and/or designee, and Commission staff involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

6.7. Borrowing for Purposes of Making Investments

The Commission is prohibited from the practice of borrowing for the sole purpose of making investments.

7.8. Authorized Financial Dealers and Institutions

To provide for the optimum yield in the Commission's portfolio, the Commission's procedures are designed to encourage competitive bidding on transactions from an approved list of broker/dealers.

The Commission Treasurer, Executive Director and/or designee, or the Commission's investment advisor, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. The maintenance of this list will require a comprehensive credit and capitalization analysis to indicate if the firm is adequately financed to conduct business with public entities. It is the policy of the Commission to purchase securities only from those authorized institutions or firms.

8.9. Authorized & Suitable Investments

The following instruments are authorized for investment of Commission funds:

- a) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

- b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- c) Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, Commission, agency or authority of the state or any local agency. Obligations eligible for investment under this subdivision shall be rated in a category of "AA" or better, or the equivalent, by a nationally recognized statistical rating organization (NRSRO).
- d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. Obligations eligible for investment under this subdivision shall be rated in a category of "AA" or better, or the equivalent, by an NRSRO.
- e) Repurchase Agreements used solely as short-term investments not to exceed 30 days.

The Commission may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in VII. 1 and 2 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Commission's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed 102 percent of the total dollar value of the money invested by the Commission for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

The Commission or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Commission will have properly executed a Public Securities Association (PSA) agreement with each counter party with which it enters into Repurchase Agreements.

- f) Banker's Acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the Commission's investment portfolio. No more than 10 percent of the Commission's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

g) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all the conditions in either paragraph (i) or paragraph (ii) below:

i. The entity meets the following criteria:

1. Is organized and operating in the United States as a general corporation.
2. Has total assets in excess of five hundred million dollars (\$500,000,000).
3. Has debt other than commercial paper, if any, that is rated in a category of "A", its equivalent or higher, by an NRSRO.

ii. The entity meets the following criteria:

1. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
2. Has program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond.
3. Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity.

Purchases of commercial paper may not exceed 25 percent of the Commission's investment portfolio and the Commission may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

h) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term corporate notes shall be in a rating category of "A", or its equivalent, or better by an NRSRO.

Purchase of medium-term corporate notes may not exceed 30 percent of the Commission's investment portfolio, and the Commission may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

i) Federal Deposit Insurance Corporation (FDIC) insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code section 53630 et seq, either at 150% by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under section (m) or at 110% by eligible marketable securities listed in subsections (a) through (l) and (n) and (o). The Commission, at its discretion and by majority vote of the Commissioners, on a quarterly basis, may waive the collateralization requirements for any portion of the deposit that is covered by federal insurance.

j) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated in a rating category of "A" or better, or the equivalent, by an NRSRO.

The Commissioners, Executive Director and/or designee, or other officials of the Commission having legal custody of the Commission's money are prohibited from investing the Commission's funds, or funds in the custody of the Commission, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Commission or any person with investment decision making authority is a part of staff, serves on the board, or any committee appointed by the board, the credit committee, or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the Commission's investment portfolio.

- k) State of California's Local Agency Investment Fund (LAIF): Investment in LAIF may not exceed the maximum set by the Local Investment Advisory Board. LAIF shall be reviewed periodically.
- l) The Fresno County Treasury Pool.
- m) Insured savings account or bank money market account. In accordance with California Government Code Section 53635.2, to be eligible to receive local agency deposits, a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.
- n) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest-ranking letter or numerical rating provided by no less than two NRSROs or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with no less than five years experience managing money market mutual funds and with assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares shall not exceed 15 percent of the investment portfolio of the Commission, and the Commission may invest no more than 10 percent of its total investment assets in shares of beneficial interest of any one mutual fund.

- o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

Securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (a) or (b) above, the following limitations apply:

- i. Securities shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.
- ii. Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

- p) Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code Section 6509.7 that invests in the securities and obligations

authorized in California Government Code 53601 subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission; (2) The adviser has no less than five years of experience investing in the securities and obligations authorized in California Government Code 53601 subdivisions (a) to (q), inclusive; (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000). This investment must be rated AAA, or the equivalent as provided for by an NRSRO.

- q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or better, or the equivalent, by an NRSRO and shall not exceed 30 percent of the Commission's moneys that may be invested pursuant to this section.

Credit criteria and maximum percentages listed in this section 9 refer to the credit of the issuing organization at the time the security is purchased. The Commission may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed rating category for that given investment type, the investment advisor shall notify the Executive Director and/or designee and recommend a plan of action. The Executive Director and/or designee shall immediately notify the Commission Chair and/or Treasurer of both the downgrade and the investment advisor's recommendation.

9.10. Ineligible Investments

The Commission shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

Notwithstanding the prohibition in the above paragraph, the Commission may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The Commission may hold these instruments until their maturity dates. This permission shall remain in effect only until January 1, 2026, and as of that date is repealed.

A security purchased in accordance with this Policy Section 10 shall not have a forward settlement date exceeding 45 days from the time of investment.

10.11. External Investment Managers

The Commission may contract with external investment managers to provide investment management services. These managers may be hired to actively invest Commission Idle funds, funds not needed for liquidity. The Commission's benchmark is the Merrill Lynch 1-5 year U.S. Treasury Note Index.

External investment managers are required to provide timely reports to ensure that the manager's actions comply with the requirements of the law and this Investment Policy.

The manager's performance shall be reviewed against the agreed-upon benchmarks.

11.12. Diversification

The investments of the Commission shall be diversified by security type and institution.

12.13. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled to permit the Commission to meet all projected obligations.

The maximum maturity will be no more than five (5) years from purchase date to maturity date. For purposes of compliance with this Policy, an investment's term or remaining maturity shall be measured from the settlement date to final maturity.

13.14. Safekeeping and Custody

The assets of the Commission shall be secured through the third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

14.15. Internal Control

The investments shall be subject to an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with the Commission's Investment Policy.

15.16. Performance Standards

Performance of the investments of the Commission will be reflected in financial reports from the investment manager's quarterly reports.

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

16.17. Market Yield/ Benchmark

The Commission's investment strategy is active. Given this strategy, the benchmark used to compare returns will be the ICE Bank of America Merrill Lynch 1-5-year U. S. Treasury note index. The benchmark may change over time based on changes in market conditions or cash flow requirements.

17.18. Reporting

~~The Commission Treasurer and Executive Director or designated representative shall closely monitor the actions of the investment advisor to ensure consistency with this Policy and require that the Commission's contracted investment advisor provide, at a minimum, quarterly investment reports that comply with the requirements of state law. The Commission's contracted investment advisor is required to provide timely reports to the Commission that provide. These investment reports must provide~~ a clear picture of the status of the Commission's current investment portfolio. The investment report shall include comments on the fixed income and equity markets and economic conditions, discussions regarding restriction on percentage of investment by categories, possible changes in the portfolio structure going forward, and thoughts on investment strategies.

The Commission Treasurer or Executive Director and/or designee may provide an investment report to the Commission at a minimum on an annual monthly, at minimum, or quarterly basis (CA law, Government Code Section 53646(a)(2)). The investment report shall include the following information for each individual investment:

- Description of investment instrument
- Issuer name
- Yield on cost
- Purchase date
- Maturity date
- Purchase price
- Par Value
- Current market value and the source of the valuation

The report also shall (i) state compliance of the portfolio to the Investment Policy Statement, or manner in which the portfolio is not in compliance, (ii) include a description of any of the Commission's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of the Commission to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

-To the extent all of the Commission's surplus or idle funds are invested in LAIF, an insured account in a credit union, a bank or savings and loan association account insured by FDIC, in a county investment pool, or some combination thereof, the investment report may consist of the last statement from the institutions holding the funds plus each of the items set forth in section (i)-(iii) above.

18.19. Investment Policy Adaptations

The Executive Director and/or designee may annually render or review the Investment Policy to/with the Commission. Any updates to the policy shall be considered by the Commission at a public meeting.

19.20. Trading and Sales of Investments

Permitted investments may be purchased with the intent of holding them until maturity. However, in an effort to increase the total return of the portfolio (and subject always to the investing objectives of this Policy), permitted investments may be sold prior to their maturities when economic circumstances warrant a sale of the securities to enhance the Commission's overall portfolio quality, duration, yield, and/or total return.

Glossary

AGENCIES: ~~Federal agency securities and/or Government sponsored enterprises.~~

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): ~~A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.~~

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters. [Also referred to as Federal Agencies.](#)

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: ~~The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open market operations.~~

FEDERAL HOME LOAN BANKS (FHLB): ~~Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.~~

FEDERAL RESERVE SYSTEM: ~~The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.~~

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes. **LOCAL GOVERNMENT**

INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: ~~A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer lender to liquidate the underlying securities in the event of default by the seller borrower.~~

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, ~~bankers' acceptances~~, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: ~~An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.~~

QUALIFIED PUBLIC DEPOSITORYES: ~~A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.~~

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash

value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECURITIES & EXCHANGE COMMISSION: ~~Agency created by Congress to protect investors in securities transactions by administering securities legislation.~~

STRUCTURED NOTES: ~~Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.~~

TREASURY BILLS: ~~A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.~~

TREASURY BONDS: ~~Long term coupon bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.~~

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: ~~Securities and Exchange Commission requirement that member firms as well as nonmember broker dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.~~

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



Procurement Policies and Procedures Manual

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PURPOSE

The purpose of the Children and Families Commission of Fresno County (the Commission), also referred to as First 5 Fresno County, Procurement Policies and Procedures Manual ([this Policy](#)) is to document the Commission's policies and procedures related to its purchasing of and/or contracting for administrative and programmatic goods and services. This Policy defines various methods of procuring goods and services, establishes when competitive procurement is required, sets forth exemptions and exceptions from the competitive procurement requirements, and specifies applicable procurement processes and required documentation.

Fresno County Ordinance 99-009, Section 2.38.020, item (IE) states "The [C]ommission shall develop purchasing and contracting policies and procedures consistent with applicable federal and sState laws and regulations." Similarly, the Commission is required by law to abide by ~~s~~Section 130140(d)(4)(B) of the Health and Safety Code, which requires county commissions to adopt, in a public hearing, contracting and procurement policies consistent with State law. This includes, but is not limited to, Government Code sections 54201-54205, Public Contract Code sections 2000-2002, 3410 and 22150-22154, and California Labor Code section 1771, *et seq.*

STATEMENT

The Commission recognizes the importance of diversity of vendors/contractors that reflects the communities the Commission serves and, as such, is committed to ensuring that its procurement opportunities are implemented in an equitable way.

By adoption of this Policy, the Commission is empowering the Executive Director and designated Commission Representatives, where and when necessary, with certain duties and responsibilities that are essential for the day-to-day operation of the Commission.

PROCUREMENT

A. Public Works Projects

In the event that the Commission desires to enter into a Public Works Contract, as defined in Public Contract Code section 1101, the Commission shall comply with those provisions described in Article 3.5 of the Public Contract Code (~~s~~20120 *et. seq.*). The Commission shall be the final decision-maker with respect to all Public Works Contracts.

B. Informal and Formal Competitive Purchases for Goods and Services (Non-Construction Projects)

1. Thresholds & Executive Director Signing Authority

Purchases for goods and services for the operations of the Commission are authorized by the Executive Director and/or the Commission. For informal and formal competitive procurements alike, the Commission reserves the right to reject any or all proposals, waive informalities, and award procurement contracts that are in the best interests of the Commission. The competitive procurement process shall be used to acquire goods and services based upon the following dollar thresholds:

For Purchases	Type of Procurement	Required # of Proposals/Quotes	Minimum Approval Required
\$0.01 to \$3,000 <u>5,000</u> .00	N/A - Routine Purchase	N/A	Executive Director or designee

\$3,000 5,000 .01 to \$50,000.00	Informal	Three (3)	a. Executive Director approval up to \$1015,000.00 b. Full Commission approval \$21015,000.01 and greater
\$50,000.01 and greater	Formal	No Minimum	Full Commission

Purchases \$35,000.00 or less are considered routine (day-to-day) and do not require proposals or quotes. These purchases can be made by using a Commission credit card with the Executive Director's (or designee's) approval so long as they meet the requirements otherwise described in this Policy and that of the Commission's Accounting Policies and Procedures Manual.

The Executive Director (or designee) shall have authority to execute contracts for amounts less than \$1015,000.01 without prior Commission approval. The Executive Director shall inform the Commission during the regular Commission meeting immediately following the execution of such a contract within the Executive Director's signing authority of (i) the subject matter of the contract; (ii) the amount and term of the contract; and (iii) the contracting parties. Neither the Commission nor its staff shall piecemeal contracts in an effort to make the contract amounts fall below any particular monetary threshold.

2. **Informal Selection Process – Up to \$50,000.**

The informal selection process allows the Commission staff to obtain a written price and scope of work via e-mail, or other writing by at least three vendors for goods or services valued at \$50,000.00 or less. This includes the use of Purchase Orders (POs) for administrative or operational purposes, which shall be signed by the Executive Director. The vendor that best fits the Commission's needs, using price, quality, and/or the ability to provide deliverables within the Commission's timeframe as the primary factors shall be selected. If the Commission is unable to obtain at least three written quotations using reasonable efforts, Commission staff shall document accordingly and provide as much available information to the Commission regarding why it could not obtain the minimum number of quotations. The Commission reserves the right to use a formal procurement process for purchases \$50,000.00 or less, especially if there is uncertainty about the types of goods or services the Commission is seeking to obtain. If informal quotations for goods or services were collected and it was found that the cost would be beyond \$50,000.01, the quotes will be rejected, and the formal procurement process shall take place. All agreements resulting from the informal selection process require Legal Counsel review prior to execution.

3. **Formal Procurement Process for Administrative Goods or Services – \$50,000.01 or More.**

For formal procurements, the Commission will use a Request for Bids (RFB), Request for Proposals (RFP) or a Request for Quotations (or Qualifications) (RFQ), as best determined by the Commission or its staff. All contracts entered into as a result of the formal procurement process shall be approved by the Commission, and receive Legal Counsel's review and sign-off prior to obtaining the signature from the Executive Director and the Commission Chair (or designee).

(a) An RFB, modified here for the Commission, is used when the Commission desires a specific type of good or service that is subject to, and generally includes, a defined set of plans and/or specifications. The Commission, unless specified otherwise, will issue a written notice to bidders, inclusive of a stated bid opening date, specifications, and the requirement that all bids are to be sealed until opened at specific bid opening or they will not be accepted. All submitted bids shall include all costs, including appropriate taxes. Unless any or all bids are rejected, the Commission may select the lowest responsible and responsive bidder.

(b) An RFP is used when the Commission cannot precisely set forth its needs. Rather than including specifications, the Commission shall provide vendors a statement of work and the vendors are then asked to propose solutions. The RFP will detail what items the vendors are to submit, the desired qualifications of the vendor, the cost of their proposals, how the Commission will evaluate the proposals, select the vendor, and develop the contract. The RFP award is based upon various factors, including the lowest price, expertise of the Proposer, including prospective service providers and vendors, and/or technical superiority of the proposal as compared to the other proposals submitted to the Commission. The RFP award is not always solely based on the lowest price. Proposals in response to an RFP are subject to negotiation after they have been submitted to the Commission.

(c) An RFQ is used when the Commission cannot precisely set forth its needs and cannot draft a statement of work predictive of the services needed. The RFQ shall contain all items contained in the RFP, except that vendors may not be asked to include the precise cost of their proposals. Rather, vendors shall be asked to submit a Statement of Qualifications (“SOQ”) that may include their general hourly rates or service charges or an estimate based on an assumed set of circumstances, but shall detail their experiences, capability, capacity and performance in the area requested by the Commission. The Commission shall determine whether or not the vendor meets the required qualifications. Proposals in response to an RFQ are subject to negotiation after they have been submitted to the Commission. is used when the Commission has determined precisely what goods and services it needs. Similar to an RFP, an RFQ award is not necessarily based upon the lowest price, but upon a service or good that best fits the requirements within a reasonable proximity to the other proposals submitted to the Commission. The terms contained in an RFQ are typically not negotiable.

4. Formal Procurement Process for Programmatic Services

For formal procurements for programmatic services, the Commission will use a RFP, RFQ, or Request for Applications (RFA) as best determined by the Commission or staff. All agreements resulting from the formal procurement process for programmatic services shall be approved by the Commission and receive Legal Counsel's review and sign-off prior to obtaining a signature from the Executive Director and the Commission Chair (or designee).

(a) The RFP is used when the Commission cannot precisely set forth its needs. Rather than including specifications, the Commission shall provide proposed prospective grantees a statement of work and the proposed prospective grantees are then asked to propose solutions. The RFP will detail what items the proposed prospective grantees are to submit, the desired qualifications of the Proposer, the cost of their proposals, how the Commission will evaluate the proposals, select the proposed grantee, and develop the contract. The RFP award is based upon various factors, including the lowest price, expertise of the Proposer, cultural responsiveness, innovation of approach, and/or demonstrated technical ability of the proposal as compared to the other proposals submitted to the Commission. The RFP award is not always solely based on the lowest price. Proposals in response to an RFP are subject to negotiation after they have been submitted to the Commission.

(b) An RFA is a formal announcement by the Commission of an opportunity to apply for funds with specific strategies and parameters in order to achieve the Commission's strategic goals and outcomes. An RFA contains specific requirements regarding the application and evaluation processes, and how such funds shall be used. Proposals in response to an RFA are subject to negotiation after they have been submitted to the Commission.

- (c) An RFQ is used when the Commission cannot precisely set forth its needs and cannot draft a statement of work predictive of the services needed. The RFQ shall contain all items contained in the RFP, except that vendors may not be asked to include the precise cost of their proposals. Rather, vendors shall be asked to submit an SOQ that may include their general hourly rates or service charges or an estimate based on an assumed set of circumstances, but shall detail their experiences, capability, capacity and performance in the area requested by the Commission. The Commission shall determine whether or not the vendor meets the required qualifications. Proposals in response to an RFQ are subject to negotiation after they have been submitted to the Commission. An RFQ is used when the Commission has determined precisely what services it needs. Similar to an RFP, an RFQ award is not necessarily based upon the lowest price, but upon a service or good that best fits the requirements within a reasonable proximity to the other proposals submitted to the Commission. The terms contained in an RFQ are typically not negotiable.
- (d) Intent to Partner (ITP): With respect to programmatic RFPs or RFAs, the Commission may select certain service providers by engaging in community-based planning efforts in which stakeholders come together for the purpose of identifying specific needs and the providers best able to meet those needs. Funds ~~should will~~ not be awarded during these meetings. The natural bias toward competitive procurement should apply, and any exceptions should adhere to the guidelines outlined in this Policy procedure.

C. Public Notice

It is the Commission's policy to provide notice to the public of all formal procurement opportunities. Such notices shall be posted publicly to ensure competition. Public notice will be on the Commission's website, and when determined by Commission staff to achieve the greatest response, in a trade newspaper or business journal or other appropriate medium, and/or posted via the internet on public online exchanges. Print and electronic publication shall be no less than the day of the release of the procurement opportunity, when possible. The Commission may opt to create and maintain a vendor list for specific professional services so long as such vendor(s) have been selected through an informal or formal selection process, as the case may be. Commission staff shall keep evidence of posting of such notices as part of the project.

D. Contacts During Procurement Period

As of the issue date of the RFB/RFP/RFQ/RFA and continuing through the public notification of the award, all Commission staff and Commissioners are specifically directed not to hold any unscheduled meetings, conferences, or technical discussions regarding the RFB/RFP/RFQ/RFA with prospective service providers or vendors. "Off the record" contact can potentially taint the Commission's decision-making process.

Proposers may only contact the individual identified in the RFB/RFP/RFQ/RFA as the point of contact in response to any matter pertaining to that RFP/RFQ/RFA. Proposers are prohibited from directly contacting any other Commission staff member or Commissioner regarding any matter directly or indirectly related to the RFP/RFQ/RFA. Such prohibited contact may result in the disqualification of the proposer and the potential contractor's proposal.

Proposers are encouraged to review the Commission's Conflict of Interest Policy found on the Commission's website.

E. Limitations on Those Who May Submit Proposals

1. No Subcontractors or Consultants

No consultant or subcontractor who provides advice to the Commission for a project may submit a proposal for an RFB/RFP/RFQ/RFA for the same project. This prohibition does not include those who may have engaged in generalized discussions with Commission staff or Commissioners regarding the Commission's Strategic Plan investments, outside of the direct development and release of procurement opportunity documents.

2. No Conflicts of Interest

Pursuant to the Commission's Conflict of Interest Policy and Conflict of Interest Code, no Commissioner or Commission staff may make, participate in making, or use their official position to influence the making of any governmental decision which may have a direct or indirect foreseeable material financial effect on that respective Commissioner or staff person. Therefore, no entity in which a Commissioner or Commission staff person has a material financial interest may submit a proposal to the Commission.

Additionally, any Commissioner or designated Commission staff running for elected office must immediately disclose and recuse themselves from any Commission matter or action involving a contributor (whether direct or in-kind) to the campaign of that Commissioner or Commission staff. Under no circumstances may Commission staff accept a campaign contribution (whether direct or in-kind) from a Commission contractor in which that Commission staff member has direct or indirect oversight over that contractor's service, contract, or activities. Commissioners and Commission staff are strongly encouraged to seek guidance from the Commission's Legal Counsel if there are any questions regarding the requirements contained in this paragraph. The violation of this provision may result in disciplinary action for Commission staff and dismissal for Commissioners.

3. Financial Dependents/Relatives

A financial dependent of a Commissioner or Commission staff, who has a material financial interest, may not respond to any Commission procurement. Relatives (which shall include, but not be limited to, spouses, parents, adult children, siblings, aunts and uncles) of Commissioners or Commission staff who are not dependents are discouraged from responding to any Commission procurement. If a Commission staff person becomes aware that his or her non-financially dependent relative has submitted or will submit a proposal, that Commission staff person shall immediately disclose the existence of this relationship to the Executive Director and/or the Commission. Moreover, that Commission staff person shall immediately be screened from the proposal process and such relationship shall be disclosed to the Commission prior to any approval by the Commission. If a Commissioner is aware that his or her non-financially dependent relative has submitted or will submit a proposal, that Commissioner shall disclose the relationship at a public meeting and may choose to recuse himself or herself from any part of the decision-making process on any Commission procurement.

F. Disallowed Costs

The Commission shall not reimburse any potential contractors for any expenses that potential contractor incurs in the preparation of a proposal to the Commission. A potential contractor is solely responsible for his/her/its own costs regarding the preparation of and/or submitting submission of any proposal.

G. Time and Due Date

The amount of time proposers may prepare their responses to formal procurement opportunities shall be determined by the Commission but, shall be no less than ten (10) calendar days after release of RFB/RFP/RFQ/RFA and shall provide sufficient time for proposers to prepare and submit their proposals.

The Commission reserves the right to amend the proposal due date at any time. Such changes shall be issued in writing in the form of an addendum to all prospective proposers who received the original request documents, and posted on the Commission's website. The Commission shall timestamp all proposals it receives, or if the RFB/RFP/RFQ/RFA allows for electronic submission, Commission staff shall keep evidence of the date and time such electronic correspondence is received. The Commission will make a reasonable effort to have multiple submission options available to help meet proposers' needs. The Commission IS NOT RESPONSIBLE IF IT DOES NOT RECEIVE A PROPOSER'S ELECTRONIC SUBMISSION.

H. Addendum of Procurement Opportunities

The Commission reserves the right to amend any RFB/RFP/RFQ/RFA. The Commission shall make a reasonable effort to provide all vendors who received an RFB/RFP/RFQ/RFA with written notice of such action. Any oral interpretations of contract specifications by any Commissioner or Commission staff to the vendor regarding terms or conditions shall not be binding on the Commission. All procurement amendments shall also be posted on the Commission's website and be part of the original RFB/RFP/RFQ/RFA.

I. Mistakes in Proposals Prior to Submission Deadline

Mistakes in proposals detected prior to the submission deadline may be corrected by the Proposer by withdrawing the original and submitting a corrected proposal to the Commission *before* the due date. Alternatively, the Proposer or an authorized representative may correct the mistake on the face of the original proposal, provided that such revision occurs prior to the due date and time and, in the Commission's sole judgment, the revision is not ambiguous and resolves the mistake. A corrected proposal must follow the time and due date procedures in Section G above. The Commission will not accept corrections to proposals after the proposal time and due date unless otherwise outlined in the procurement document (e.g. a four-hour window to submit missing supportive documents).

J. Acceptance, Review, and Selection

Proposals shall be accepted without alteration or correction, except as authorized in this Policy, and shall be evaluated based upon the requirements set forth in the RFB/RFP/RFQ/RFA, which may include certain criteria to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the proposal's price and be considered in the evaluation for award, shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs.

The Commission shall assign a Commission staff person to facilitate the creation of a selection committee and/or process to review the proposals. Commission staff may participate in the selection committee as applicable to the procurement opportunity in order to provide contracting history, institutional insight, and guidance of the Commission's Strategic Plan. The resulting contract file shall contain a written explanation of the selection decision.

Points may be assigned to portions of procurement documents to aid in the scoring of submissions. If a required component of a submission is not included in the submission or submitted as specified in the procurement document, subject to the Commission's discretion, the submission may not automatically be rejected. In such an event, the omitted/incorrectly submitted piece(s) may result in partial points being awarded to the proposal. The Commissioner may, in its sole discretion, waive any irregularities or exceptions in each proposal received.

The Executive Director, or designee, shall make a final recommendation to the Commission based on the results of the selection committee. The Executive Director, or designee, shall notify all Proposers of the

recommendation no less than five (5) weekdays before the Commission approves the award. Final approval of the award shall be made by the Commission.

All contracts and purchases shall be based strictly upon the face value of the proposals received. The Commission shall not factor into its procurement selection any hidden rebates, discounts, and other price considerations not described in the proposals.

A formal award notification shall be issued to the selected vendor, specifying the amount awarded and indicating that funds will be released upon compliance ~~of with~~ a signed contract establishing the terms and conditions of all parties. Non-selected vendors shall receive written notice of the Commission's action. Commission staff shall keep evidence of the sent award and non-selection letters as part of the project.

K. Notice of Cancellation or Rejection of Proposals

The Commission may, at its discretion, cancel or reject any or all proposals. In the event of such a cancellation or rejection, all proposers shall be notified in writing as soon as possible and the reason(s) shall be documented in the procurement file.

L. Determination of Non-Responsiveness

Failure of a proposer to promptly supply information requested by the Commission may be grounds for the Commission to determine that the proposer is non-responsive, in which case the proposal may be rejected.

M. Disclosure of Results

After the award by the Commission, all submissions received by the Commission shall be open to public inspection at the offices of the Commission during normal business hours or by electronic means, as agreed to by Commission staff. The Commission shall keep the non-selected proposals for a minimum of two (2) years after the completion of the project. The Commission is subject to the California Public Records Act ("CPRA"), and the submitters must assume that any submission it submits to the Commission is subject to disclosure under the CPRA. The Commission assumes no responsibility for the confidentiality of any information provided in the proposals. The Commission shall not retain, during the normal course of its activities, the identity of any proposal reviewer. The Commission may retain blind scoring sheets and documents containing feedback of each proposal. The disclosure of such materials shall be in accordance with the CPRA. The Commission shall not disclose any records during a procurement or the Commission reasonably anticipates that procurement opportunity will be released by the Commission within the next 60 days, that could result in an unfair advantage to any submitter.

N. Protests

1. **Formal Procurement or Commission Approved Informal Purchases:** Upon notice by the Commission of a proposed award, any proposer may file a formal written protest regarding a potential or recent procurement by the Commission. The protest shall be filed in writing with the Executive Director no later than forty-eight (48) hours before the day of the meeting at which the Commission is scheduled to (i) award the subject contract or (ii) approve or disapprove a purchase that requires approval pursuant to the informal selection process described in Section B.2 above. The protest shall contain the exact basis for the protest, and proof that the protester is a viable and responsible provider of the supplies, equipment or services sought. The protest should provide evidence that the award violated the Commission's procurement procedures or State law. Mere disagreement with the decision of the Commission or Executive Director shall not be the basis for a successful protest. Commission staff shall keep record, according to its record retention

practices, of any and all protests made by proposers. The Commission shall consider timely protest(s) at its next public meeting after the Executive Director has received the protest(s). The Commission's determination on a protest shall be final.

2. **Informal Procurement within Executive Director's Signing Authority** -Under \$1015,000.01: Upon notice by the Commission of a proposed award of a procurement not going before the Commission in a regular item, any proposer may file a formal written protest regarding a potential procurement. The protest shall be filed in writing with the Executive Director no later than forty-eight hours after the notice of award. The protest shall contain the exact basis for the protest, and proof that the protester is a viable and responsible provider of the supplies, equipment or services sought. The protest should provide evidence that the award violated the Commission's procurement procedures or State law. Mere disagreement with the decision of the Commission or Executive Director shall not be the basis for a successful protest. The Executive Director shall make a determination ~~as to~~ on a protest to an informal procurement. A proposer may file an appeal of such a determination with the Commission. Commission staff shall keep record, according to its record retention practices, of any and all protests made by proposers. The Commission's determination on the appeal shall be final.

O. Exceptions to a Competitive Selection Process

All goods and services shall be procured by an informal or formal competitive selection process unless the Commission or the Executive Director determines that one or more of the circumstances described below is satisfied. The Commission shall document, in writing, the justification for using such an exception.

1. **Sole Source Procurement:** The Commission may procure materials or services that are available from only one source. In order for the Commission to justify a sole source procurement, one or more of the following factors must be present:
 - a. The vendor capabilities and experiences are so unique (including the vendor's possession of patents or trademarked materials) that no other vendor may comparably meet the Commission's needs;
 - b. Only one product is available to reasonably meet the Commission's needs; or
 - c. Only one vendor has the ability to provide goods or services to the Commission within the Commission's required time frame.
2. **Emergency:** Emergency purchases may be made by the Executive Director or designee when the materials or services so purchased are necessary to continue Commission operations or services. For all emergency purchases, the Executive Director shall use his or her best efforts to consult with the Commission Chair prior to making any such purchases. Such emergency purchases shall be submitted to the Commission for ratification at its next regular Commission meeting. The Commission expects the use of such emergency purchases to be seldom used.
3. **State or County Vendors:** The Commission may use a vendor under a leveraged purchase agreement without a competitive selection process if the leveraged purchase agreement itself was procured via a competitive selection, and the vendor accepts the same terms as those contained in the leveraged purchase agreement, and the scope of work is a reasonable extension of the previously awarded contract.

4. **External Grant Opportunity:** From time to time, the Commission may apply, as a grantee, for competitive or non-competitive grant opportunities and submit such applications within a short window of time. The opportunity must align with the Commission's Strategic Plan in order to enhance the Commission's impact. On such occasions, the Commission may, at its discretion, partner with contractors selected without a competitive process. While the Commission will make every effort to adhere to the requirements under this policy, there may be circumstances where Commission staff may, at its discretion, hold grant submission development conversations and/or select a subcontractor or designee in order to submit a strong application in a timely manner. This provision shall only apply to opportunities where the Commission would be considered a grantee~~contractors providing services~~. It shall not apply to public works contracts.

P. Strategic Plan

All contractors must provide services in a manner consistent with the objectives in the Commission's current Strategic Plan. In order to carry out these objectives, the Commission may, from time to time and in its sole discretion, request that a contractor work with other Commission-affiliated service providers in order to integrate the services into other programs funded directly or indirectly by the Commission. All contractors must make reasonable efforts to comply with the Commission's request.

Q. Funded Partner Manual

With respect to RFB/RFPs/RFQs/RFAs, contractors must comply with all policies and procedures set forth in the Commission's Funded Partner Manual. The Commission may review and amend the Funded Partner Manual as the Commission considers necessary in its sole discretion. The Manual can be found on the Commission's website at <https://first5fresno.org/what-we-do/#contracting-documents>.

R. Commission Business Continuation

In the event of an emergency and the Commission is unable to convene to take action (i.e., natural disaster or a pandemic deemed by the applicable local, state or federal governmental entities), the Commission Chair and/or Vice Chair, in concert with the Executive Director, or designee, may approve contracts for the sole purposes of ensuring that agency business and services may continue during such times of emergency. Any such actions shall be brought to the Commission at the next regular Commission meeting after such an event. Any agreement executed under these circumstances shall contain a provision stating that, in the event the Commission fails to affirm the terms in the contract, the contract may be terminated by the Commission without penalty.

S. Authority

The Executive Director has been delegated authority by the Commission to execute program contracts and amendments so long as there are no material changes in the scope of work or the dollar amount does not exceed the original approved contract amount. The Executive Director has been delegated the authority by the Commission to execute operating contracts that are administrative in nature and affect the day-to-day operations of the Commission (no dollar limit).

R. No Personal Benefits.

Commissioners and Commission staff shall avoid actual and perceived conflicts of interest throughout the entire procurement and contract management process. Commissioners and Commission staff shall not use their official positions to obtain benefits, directly or indirectly, for themselves or anyone else.



TRAVEL POLICIES AND PROCEDURES MANUAL

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1. OBJECTIVE

This Travel Policies and Procedures Manual (this “Policy”) establishes guidelines and procedures for all official travel taken on behalf of the Children and Families Commission of Fresno County (“the “Commission”) by Commissioners, employees, and authorized representatives while conducting official Commission business. All official travel must be accomplished in a manner that meets business needs and minimizes the cost to the Commission, while also adhering to general California travel guidelines and guidelines of the U.S. General Services Administration (“GSA”) all while taking into consideration the safety of the Commission’s employees.

2. POLICY

All official Commission travel shall be properly authorized, reported, and reimbursed in accordance with this ~~document~~Policy. Commission travelers are expected to exercise good judgment in the use of public funds. Personal travel is not to be charged to, or partially funded by, the Commission.

3. SCOPE & AUTHORITY

This ~~P~~Policy applies to all official Commission travel, regardless of funding sources, and includes special rules for Commission employees, authorized non-employees, and ~~board members~~(Commissioners). These procedures apply to all ~~employees and representatives, individuals~~ authorized to travel on Commission business. The Executive Director of the Commission or designee is authorized to issue interpretations and take other actions appropriate to implement provisions of ~~these~~this ~~procedures~~Policy.

4. DEFINITIONS

For the purposes of ~~these~~this ~~procedures~~Policy, the following definitions will apply:

1. Commission:

Commission refers to the Children and Families Commission of Fresno County, also known as First 5 Fresno County.

2. Commissioners:

Commissioners means those seven members of the Commission appointed by the Fresno County Board of Supervisors to carry out the Commission’s work.

3. Employee:

Employees are full-time and part-time persons employed by the Commission.

4. Headquarters:

The place where the employee spends the largest portion of regular workdays or the place where the employee returns on completion of special assignments. For all employees, the headquarters will be the Commission office.

5. Meal and Incidental Expense (M&IE):

M&IE and prorated M&IE are allowed when the traveler is on travel status for more than 12 hours in a 24-hour period. The M&IE amount is to cover the cost of meals and necessary incidental expenses including tips, laundry expenses, etc.

2.6. Residence:

A place of primary dwelling shall be designated for each employee. The primary dwelling shall be defined as the actual dwelling place of the employee.

3.7. Travel Expenses:

Expenses that are ordinary and necessary to accomplish official business purposes of a trip. Travel expenses include:

- **Subsistence Expenses** include charges for meals, lodging and charges for personal expenses incurred while on travel status.
- **Business Expenses** consist of charges for business phone calls and communications, supply purchases and all other charges necessary to complete official business.

4.1. Employee:

Employees are full time and part time persons employed by the Commission.

5.1. Meal and Incidental Expense (M&IE):

M&IE and prorated M&IE are allowed when the traveler is on travel status for more than 12 hours in a 24 hour period. The M&IE amount is to cover the cost of meals and necessary incidental expenses including tips, laundry expenses, etc.

5. AUTHORIZATION TO TRAVEL

- A. All official Commission travel must have prior approval in writing by the Executive Director or designee. Such approval must be obtained prior to making any travel arrangements. Out of state travel requests must be requested made at least sixty (60) business days prior to the first day of travel, and local travel requests must be requested made at fifteen (15) business days prior to travel date. In rare circumstances the Executive Director can may waive the 60 or 15 day notice requirement.
- B. All travel requests must be submitted using the Conference/Training Travel Request Form (the “Request Form”). The Request Form may be found/obtained from the Commission’s shared drive, and must include purpose of travel, dates of travel, destination, estimated costs, funding source, and brief explanation of how the training/conference supports his or her role within the Commission and how it aligns with the Commission’s Strategic Plan. The Form is used to request attendee for a conference or training and outline details of travel. The completed Request Form must be submitted to the designated staff to create a cost estimate. Once the cost estimate is complete, the Request Form is forwarded to the designee(s) responsible for budget monitoring to review and affirm that the estimate is within budget constraints. The Request Form is then forwarded for approval by the traveler’s supervisor and final approval by the Executive Director or designee.
- C. Travel requests for the Executive Director will be approved by the Commission Chair.

6. PAYMENT OF TRAVEL (TRAVEL EXPENSE CLAIM PROCEDURE)

- A. Prepaid expenses for Employees must be charged directly to the Commission whenever possible. These prepaid expenses are required to be documented in the Travel Expense Form upon completion of travel.
- B. Original, supporting receipts and the Request Form must be ~~attached to Travel Expense Form and~~ submitted to the designee responsible for budget monitoring within five (5) working days of the date the Employee returns from travel ~~expenses were incurred~~. The ~~designated staff~~Employee will complete a Travel Expense Form, ~~attaching the supporting receipts and the traveler's Request Form, and submit provide it~~ to the traveler, who will then ~~forward submit the complete Travel Expense Form~~ to their supervisor for approval. ~~The reviewing supervisor may request additional supporting documentation from the traveler prior to approving the Travel Expense Form. Upon approval, the reviewing supervisor will then forward the approved Travel Expense Form For final approval, to~~ the Executive Director or designee ~~for final will~~ review and ~~sign off approval~~. Receipts submitted beyond the five (5) ~~working days period~~ will not be reimbursed, unless there are extraordinary circumstances that justify the late submission.
- C. All expense claims shall be properly itemized, accompanied by the original, supporting receipts and approved by the traveler's supervisor via signature. The supervisor approving the claim is responsible for determining the necessity and reasonableness of the travel claim and that adequate documentation is attached to support the claim. The Executive Director or designee may disallow unreasonable, unapproved, or excessive travel expenses claimed.
- D. No travel expense reimbursement shall be paid unless submitted on a Travel Expense Form.
- E. Travel expense claims from the Executive Director will be approved by the Commission Chair and reported at the next regular Commission meeting.
- F. In order to meet Internal Revenue Service ("IRS") requirements, the Travel Expense Form must include:
 1. The inclusive dates for each trip and the times of departure and return.
 2. The purpose or objective of each trip.
 3. The Headquarters' address and the Employee's Residence ~~primary dwelling~~ address.
 4. Certification that the travel expenses were incurred in accordance with Commission policies and on official business of the Commission. ~~In the Conference/Training Travel Request Form, the traveler must explain how the training or conference supports their role within the Commission and how it aligns with the Commission's Strategic Plan.~~
 5. An itemized list of expenditures such as transportation, lodging and/or meals.
 6. The destination, location or area of travel. Use the name and address of each destination. General destinations such as "Fresno and vicinity" are not acceptable.

- G. In the case where receipts cannot be obtained or have been lost, a statement, in memoranda form, to that effect should be made and attached to the Travel Expense Form.
- H. Travel advances must be noted and deducted from subsequent reimbursements. (See section 11 regarding travel advances)
- I. Reimbursable expenses, as outlined in this Policy, are offered to Commission ~~E~~mployees. If an employee chooses to forgo the offered travel accommodations, (rental car, room arrangements, etc.) the Commission is not responsible to cover the expenses.

7. PER DIEM SUBSISTENCE ALLOWANCE

In computing the per diem subsistence allowance for authorized travel lasting more than ~~twelve (12)~~ hours in any ~~twenty-four (24)~~-hour period, the following maximum reimbursements will be allowed for expenses incurred out of ~~Fresno~~ County:

- A. *Meals and Incidental Expenses (M&IE):* The following table shows the general breakdown of breakfast, lunch, and dinner components of the maximum *daily* reimbursement (per diem) rates for meals and incidental expenses while on travel status. The M&IE rates differ by travel location, departure and actual return time. View the per diem rate of your primary destination in order to determine which M&IE rates applies. Refer to the current fiscal year Domestic Per Diem Rates issued by the ~~U.S. General Services Administration (GSA)~~ Department for guidance on deducting these amounts from per diem reimbursement claims.

The appropriate M&IE for a day is the rate prescribed for the community in which the traveler is receiving the training or conference. On the day of return, a traveler is entitled to the M&IE applicable for the preceding day. On the day of departure and return, the traveler receives a prorated M&IE based upon scheduled departure and actual return times as follows:

Day of Departure			
Departure Time	Before 9:00 AM	Before 2:00 PM	Before 11:00 PM
M&IE	Full Day	Lunch & Dinner	Dinner

Day of Return			
Return Time	12:00 PM	Before 5:00 PM	After 5:01 PM
M&IE	Breakfast	Breakfast & Lunch	Full Day

In circumstances where the traveler is required by the airline to report to the terminal more than two hours prior to departure, the traveler is to state on the travel expense claim the additional time required by the airline and the traveler's actual check in time. This

additional time (beyond two hours) is added to the departure time in the above table to allow the traveler an M&IE as may be appropriate. For example, if the airline required the traveler to report three hours before flight time, the "Before 9:00 AM" departure time would be adjusted to "Before 10:00 AM."

B. *Meals provided to travelers:* Occasionally, a traveler is provided with a meal while at a conference, training seminar, etc., or as part of a lodging package or included as part of the conference/meeting. When a traveler is provided with a meal in these or similar circumstances, the traveler is not eligible for the related M&IE allowance.

8. TRANSPORTATION EXPENSES

Travelers are responsible to coordinate transportation arrangements with the designated staff responsible. Travelers are expected to make every effort to obtain the most economical rates, use the most economical mode of transportation, and use the most usually traveled route consistent with the purpose of the trip.

Transportation expenses consist of the charges for commercial airline fares; vehicle rental; private car mileage allowances; overnight and day parking for cars; bridge and road tolls; taxi, bus, streetcar, train, rideshare, micro-mobility transportation, rapid transit fares; and all other charges essential to the transport to and from the Commission's official ~~H~~eadquarters. Reimbursement will be made only for the approved method of transportation that is in the best interest of the Commission, considering both the direct expense as well as the traveler's time. Concerning air travel, economy/coach class shall be used and flight changes for personal convenience are not reimbursable. Travelers, however, may opt out of the most reasonable/economical travel method, but may be required to pay the difference between the most reasonable/economical travel method and the method selected.

A. Transportation by Automobile

Reasonable charges for necessary parking, as well as charges for ferries, bridges, tunnels, or toll roads while on official travel or away from regular duties, may be claimed. Travelers must submit proof of liability coverage for use of their privately-owned automobile use for business prior to the date of travel. Minimum prescribed liability insurance coverage under this policy is:

- \$15,000 for personal injury to, or death of, one person
- \$30,000 for injury to, or death of, two or more persons in one accident
- \$5,000 for property damage

1. *Privately Owned Automobiles:* Employees are required to conform to public policy regarding fiscal responsibility. Travelers will utilize their privately-owned automobile if this mode of travel is deemed ~~as~~ the most reasonable.
2. *Mileage Reimbursement:* Mileage reimbursement is intended to cover the cost of routine repairs, tires, gasoline, and other automobile expense items due to use for Commission business. Travelers will be reimbursed, via the Mileage Reimbursement Form, the maximum current rate that is approved by the IRS for use of their privately-owned vehicle. Mileage shall ordinarily be computed using the distance between the

~~traveler's workstation~~ ~~Commission's Headquarters~~ and the ~~common~~ destination or airline terminal, as applicable. Expense claims between the traveler's ~~R~~esidence and the Commission's ~~H~~eadquarters will not be allowed. However, mileage expenses shall be allowed between the traveler's ~~R~~esidence and/or Headquarters, whichever is less, to the destination or common airline terminal, if business travel for the Commission originates or terminates during a regularly scheduled day off.

When a traveler is authorized to drive a private vehicle to or from a common airline terminal, mileage may be reimbursed as follows:

- One round trip, including parking for the duration of the trip; or
- Two round trips, including short-term parking expenses, when an employee is driven to the airport or picked-up from the airport.

3. *Auto Allowance:* At the discretion of the Commissioners, the Executive Director may receive an auto allowance for usage of his or her private vehicle and out-of-pocket travel expenses for activities performed in representing the Commission. An Auto Allowance will be budgeted within the Commission's agency budget and paid via payroll services and is offered in lieu of mileage reimbursement, etc. Travel for Commission business under ~~200~~~~190~~ miles (one way) is covered under this allowance. As detailed in this ~~P~~olicy, liability coverage requirements apply.
4. *Vehicle Rental:* Vehicle rentals may be used when, in a specific situation, it's considered more advantageous to the Commission than the use of taxis, rideshare, or other means of transportation. Travelers are responsible ~~to coordinate for coordinating~~ travel arrangements with the designated staff responsible. Commission Staff is responsible for obtaining the best available rate through corporate accounts that meets the requirements of the trip. Vehicle rental costs will be billed directly to the Commission whenever possible. Reimbursement for actual and necessary costs of fuel will be made to the traveler. No reimbursement will be made if a traveler authorizes non-staff drivers without prior approval of the Executive Director or designee.
 - Receipts are required to be submitted for vehicle rental and fuel.
 - A cost-efficient economy or midsize rental car shall be the category used by travelers, ~~if~~. If a traveler chooses to upgrade, the employee must pay the difference between the economy/midsize and the selected car. A larger vehicle may be paid for by the Commission if more than four travelers will be traveling together.

B. Transportation by Aircraft

Travelers are responsible ~~to coordinate for coordinating~~ travel arrangements with the designated staff responsible ~~to obtain for obtaining~~ the best possible rate. As with all travel types, it is the Commission's policy to be cost-conscious when booking airline travel. Tickets and associated booking fees will be purchased and paid in advance by the Commission. When it is necessary for the traveler to coordinate their own travel (except as described in subsection 1 below), they will be reimbursed for the ticket price and associated fees for use of a commercial airline, so long as the travel is for Commission business. Travel by aircraft shall be considered when it is the most reasonable or economical option or when travel to the destination is greater than roughly 190 miles (one way) from ~~First 5 Fresno County's primary office~~ ~~the Commission's Headquarters~~. A traveler may still opt for ground travel.

1. *Indirect or Interrupted Itineraries.* Travelers are responsible for any additional expenses resulting from the use of an indirect route or stops along the way for personal reasons. Reimbursement is limited to the actual costs incurred or to the costs that would have been incurred using the normally traveled route and dates, whichever is less. Any excess of personal travel time will be charged to the traveler's accrued Paid Time Off hours. Travelers are responsible ~~to ensure for ensuring~~ early arrival to the air terminal for the purpose of completing processes required for travel by aircraft (check-in, security screening, etc.). If a flight is missed as a result of the traveler's oversight ~~or negligence~~, the traveler will solely bear responsibility for any additional costs.
2. *Use of Ground Transportation in Lieu of Air Travel.* A traveler may choose to use ground transportation, for personal reasons, even if air travel is the appropriate mode of transportation. In that case, reimbursement may not exceed the amount for airfare the Commission would have paid if air travel had been used, plus the normal cost of ground transportation to and from airports. The cost of meals, lodging, tolls, ferries, and parking while in transit via ground transportation may be reimbursed if the total amount reimbursed does not exceed the cost of airfare that would have been paid, plus cost of potential ground transportation to and from at the air terminal.
3. *Extended Travel to Save Costs.* Additional expenses associated with extended travel in order to save costs (e.g., Saturday night stay for domestic travel), may be reimbursed when the cost of airfare would be less than that of the cost of airfare had the traveler not extended the trip. Such expenses, which include lodging, car rental, and M&IE, shall not exceed the amount the Commission would have paid, had the traveler not extended the trip.
4. *Cancelled or Postponed Travel.* In the event airline travel booked for Commission business is cancelled or postponed, the traveler must notify their supervisor immediately. Any airline credit or reimbursement, because of the disruption, shall be returned to the Commission. In the event travel is rescheduled, the traveler shall restart the estimate and authorization to travel process.

C. No reimbursement will be made for the following transportation expenses:

- Expenses arising from travel between the traveler's ~~R~~esidence and Commission ~~H~~eadquarters;
- Personal travel to and from hotel lodging ~~for entertainment/recreational purposes~~ (i.e. shopping, restaurants, touring, etc.)
- Traffic/parking tickets or fines;
- Expenses for spouses/family/friends traveling with the traveler;
- First class airfares and/or seat or boarding priority upgrades;
- Motorcycle transportation costs;
- Overweight checked baggage fee; ~~and~~
- Any other expenses not reimbursable pursuant to this Policy.

9. LODGING EXPENSES

Travelers are responsible for coordinating lodging arrangements and verifying the reasonableness of the accommodations with the designated staff. Lodging rates should be comparable to those arising from the use of good, moderately priced establishments catering to the general public. As with all travel expenses, arrangements should be made in advance using the Commission credit card whenever possible. This may require the traveler to request from and return to the lodging company, a Credit Card Authorization Form. Reasonable lodging expenses supported by a receipt are reimbursable. Actual lodging expenses will be allowed when documented by an itemized receipt that indicates how the expense was paid. Credit card receipts are not acceptable, as many charges could be included that are not reimbursable lodging expenses. Travelers are asked to include a receipt from the lodging company in their Travel Expense Form.

- A. Hotel accommodations prior to a conference, meeting, etc. are acceptable when the start time is 9:00 AM or earlier AND travel time is more than 3 hours or flights are not available. Hotel accommodations are acceptable after a conference, meeting, etc., if estimated ground travel return time is later than 8 PM and driver will travel more than 90 miles. Estimated time of arrival should not include time added due to personal deviations. Weather conditions must be taken into account for the safety of staff~~Employees~~. The Executive Director can approve lodging outside of these timeframes on a case-by-case basis.
- B. An incidental allowance of \$5.00 per day may be claimed for each complete 24-hour period while on official travel status. This allowance is designed to cover incidental expenses, including, but not limited to, laundry, dry cleaning, personal phone calls, and fees and tips for waiters and baggage handlers. Receipts are not required for incidentals. It is not designed to include cab fares and business telephone calls for which reimbursement may be claimed. Details regarding incidentals should be defaulted to guidelines on the [GSA website](#).
- C. Business-related meals must follow the Accounting Policies and Procedures Manual ("the Accounting Policies") and cannot be claimed on the Travel Expense Form. If permissible per the Accounting Policies, a Payment Authorization Form must be used for this type of claim.
- D. No reimbursement will be made for room service, valet services, or liquor/bar bills.

10. MISCELLANEOUS TRAVEL EXPENSES

Miscellaneous travel expenses are reimbursable when they are ordinary and necessary to accomplish the official business purpose of a trip. The Travel Expense Form must include an explanation of why such expenditures are being claimed and, at minimum, have verbal pre-authorization from the traveler's supervisor and/or the Executive Director or designee.

Allowable miscellaneous expenses may include the following: Business office expenses such as word processing services; equipment rentals; fax and computer expenses; copy/print services; overnight delivery/postage; purchase of materials and supplies (when normal purchasing procedures cannot be followed); internet charges; checked baggage (when travel consists of three, 24 hour periods or longer or when deemed approved in advance~~necessary~~); books, supplies, and materials that pertain to the Commission's mission and approved prior to travel, within the travel estimate.

11. TRAVEL ADVANCES

A Payment Authorization Form and written request must be completed and approved by the traveler's supervisor and the Executive Director or designee for an advance on travel expenses. The completed Form and documentation must be submitted no later than ten (10) days prior to the travel/training. Cash advances will be issued within ten (10) days of when an expense is to be paid or incurred in order to satisfy IRS regulations. The amount requested shall not exceed seventy-five percent (75%) of the reasonably estimated out-of-pocket expenses needed for the trip.

Travel advances issued must be deducted when the Travel Expense Form is submitted for the concluded trip. Travel advances in excess of itemized expenses must be repaid by the traveler to the Commission within thirty (30) days from the end of the trip. No new travel advances or expense reimbursements will be issued to an individual who has an outstanding travel advance repayment that is more than thirty (30) days old. The travel advance must be repaid to the Commission immediately when a trip is cancelled or postponed.

Since a traveler should have only one outstanding cash advance at a time, each advance should be accounted for before another advance is granted. The traveler must submit a Travel Expense Form even if he or she is not owed any additional reimbursement, in order to document the business purpose for which the advance was issued and the final expense amount of the trip.

12. COMMISSIONERS TRAVEL FOR BUSINESS

Except for those specifically covered in statute, each day that a Commissioner is in travel status for business of the Commission, the member is entitled to reimbursement for travel expenses to the same extent, in the same manner, and under the same conditions as provided to Employees.

Commissioners are also entitled to receive reimbursement for attending monthly Commission meetings and/or special events on behalf of the Commission as outlined in this policy.

Commissioners shall make the request to travel as representatives of the Commission; in writing to the Executive Director. The Executive Director will direct, and Commission staff will arrange logistics. The cost to the Commission for the Commissioner's travel, and its costs to the Commission, will be reported during the next Commission regular meeting in the subsequent Executive Director's report within the regular business meeting. All policies/provisions within this Manual Policy applies apply to Commissioner travel.

13. TRAVEL EXPENSES FOR NON-EMPLOYEES

The Commission will reimburse authorized non-employees, for pre-approved business-related travel and expenses made on behalf of the Commission. Prior written approval from the Executive Director is required.

Non-employees traveling or incurring business-related expenses on behalf for of the Commission are subject to and are required to comply with this Policy. Reimbursement to non-employees will be issued in accordance with the procedures outlined above. Travel expenses properly substantiated, documented, and reported on the Travel Expense Form will not be reported by the Commission to the IRS as income. A non-employee's signature is not required on the Travel Expense Form, provided some accompanying correspondence or email is attached

outlining the expenses that have been incurred and requesting reimbursement. A signed W-9 and EFT (Electronic Funds Transfer) form should be attached if the person is a U.S. citizen and is being paid by the Commission for the first time. Amounts exceeding the substantiated business expenses that are not accounted for within three (3) months from the last day of travel a reasonable period of time, are reportable to the IRS on Form 1099.

14. COMMISSION TRAVEL CLAIM REVIEW RESPONSIBILITIES

Prior to the approval from the Executive Director or the designee, reimbursement for business-related travel and expenses in the travel claim will be reviewed by, the Commission's staff responsible for operations will review all travel claims in order to:

- Ensure compliance with the Commission's and all other appropriate policies;
- Ensure that per diem rates are adhered to;
- Ensure that supporting documentation matches the travel claim request;
- Ensure that all claims have been properly approved with an original or electronic signature; and
- Ensure that all travel advances are timely and properly deducted or reimbursed by/to the Commission

Failure to comply with this Policy will result in follow up with the traveler, which may cause a delay in processing the reimbursement. An attempt will be made to communicate any discrepancies to the traveler and/or the travel claim will be returned to the claimant for completion. If discrepancies cannot be resolved, it may result in discipline.

15. Conflicts of Interest

Travelers must avoid any conflict of interest, or appearance of conflict, when making travel arrangements. Travelers shall not accept any gifts, favors, or benefits that might improperly influence the performance of their duties. Any potential conflict must be reported immediately to the Executive Director or Commission Chair.