**AGENDA**
**PUBLIC NOTICE**
Regular Meeting of the Finance Sub Committee
**Tuesday, November 17, 2026**
**3:00 PM**
First 5 Riverside County
585 Technology Ct
Riverside, California 92507

**This notice shall confirm the Regular Meeting of the Finance Sub Committee of the Riverside County Children and Families Commission.**

**Note: If special accommodations are needed to participate in this meeting, please contact Lynn Stephens, Executive Assistant IV, at (951) 955-0200 during regular business hours of the Riverside County Children and Families Commission (Monday-Friday 8:00 a.m. – 5:00 p.m.).**

**Note: Public Comments will be taken on agenda items at various times during the meeting. Please submit a Request to Speak form to the Executive Assistant IV at any time before or during the meeting indicating the item you wish to address.**

**Note: Please place all cellular phones on vibrate or off mode during the meeting.**

A. **Call to Order – Lynn Stephens, Commission Secretary/Executive Assistant IV**
B. **Public Comments (for items not listed on the agenda)**
C. **Finance Subcommittee Business – Charna Widby, Executive Director and Patricia Perez, Deputy Director**
   C.1. Approval of May 6, 2025 Finance Subcommittee Minutes – Lynn Stephens, Commission Secretary/Executive Assistant IV

**MINUTES**
**FIRST 5 RIVERSIDE COUNTY**
**Finance Subcommittee**
**May 6, 2025**
**11:45 AM**
First 5 Riverside County
585 Technology Ct
Riverside, California 92507

**Subcommittee Members Present:** Zachary Ginder, Jose Campos, Jiles Smith

**Subcommittee Members Absent:** Kimberly Saruwatari

**First 5 Riverside County Staff Present:** Tammi Graham, Executive Director; Charna Widby, Assistant Director; Michael Knight, Deputy Director; Patricia Perez, Deputy Director; Lynn Stephens, Executive Assistant IV; Larissa Wills, Regional Manager; Martina Guevara, Commission Coordinator; Michael Avalos, Support Services Technician

**Legal Counsel:** Kristine Bell-Valdez, Supervising Deputy County Counsel

A. **Call to Order – Lynn Stephens, Executive Assistant IV**

B. **Public Comments (for items not listed on the agenda)**
None.

C. **Finance Subcommittee Business – Charna Widby, Assistant Director, and Patricia Perez, Deputy Director**

1. Approve First 5 Riverside County Draft Finance Subcommittee Meeting Minutes - December 12, 2024 Session

*Commissioner Ginder moved to approve December 12, 2024 Finance Subcommittee Minutes. Commissioner Campos seconded the motion.*
***Absent:** Commissioner Saruwatari. **Motion carried unanimously.***

2. Overview of FY25-26 Budget **–** Patricia Perez, Deputy Director

Presented by Patricia Perez
**Numbers at a Glance (With ARPA)**
Ms. Perez presented the infographic included in the County's budget book.

**Budget Comparison – FY24/25 to FY25/26 Fund 25800**
Ms. Perez clarified that the current year budgeted draw comes entirely from the committed fund balance. The proposed budget includes a $2 million draw from the committed fund balance. Ms. Graham added that the fund balance includes long-term investments previously approved by the Commission.

Subcommittee Member Campos requested clarification on the use of ARPA funds, particularly regarding deadlines and the risk of potential recapture. Ms. Graham explained that the ARPA funds have already been committed. Funds managed by other departments have been transferred accordingly. First 5 oversees the Jan Peterson project, which has broken ground and is scheduled for completion by December 2026.

**FY 25/26 Budget Summary – Revenue**

Ms. Perez presented graphs illustrating the revenue composition. Ms. Graham noted that a budget adjustment may be necessary to roll over unspent ARPA funds for the Jan Peterson project.

**Budget Revenue Trends**

Prop 10 to decline by 8% annually on average, and most ARPA funds will be expended in FY24/25.

Ms. Graham shared that First 5 is updating its long-term financial plan and will use it to support strategic planning and identify future funding sources, noting an anticipated 8%–11% decline in tobacco tax revenue. Subcommittee Member Campos reflected on the Commission's decade-long efforts to get funding into the community.

**FY 25/26 Budget Summary – Expenditures**

Ms. Perez presented the various expense categories, budgeted amounts for the current year, along with proposed amounts for FY 25/26. Ms. Graham noted countywide salary adjustments affected most positions, excluding the Executive Director role. The management group was the last group adjusted.

3. Overview and Discussion of First 5 CA Association Membership Dues **–** Charna Widby, Assistant Director

   Ms. Widby reviewed the revised dues formula adopted by the First 5 Association Board. The Association's schedule listed $81,160.80 in FY 2025–26 dues for Riverside County, compared with $50,000 under the prior-year schedule. Subcommittee members raised concerns about the increase and said the full membership had not voted on the change. Staff recommended budgeting $50,000 for membership dues in FY 2025–26

   Ms. Graham asked subcommittee members for any recommended edits to the annual budget presentation and highlights. Subcommittee Member Ginder appreciated the level of detail and noted no concerns with the template.

D. **Adjournment**: The meeting was adjourned at 12:39 p.m. to the next regular meeting of the Riverside County Children and Families Commission's Finance Subcommittee.

Meeting Minutes prepared by Lynn M. Stephens, Executive Assistant IV.

DRAFT

C.2. Fund Balance and Reserve Policy Update — Discussion – Patricia Perez, Deputy Director

FIRST 5 RIVERSIDE COUNTY | FINANCE SUBCOMMITTEE

# Fund Balance Policy and Three Year Investment Outlook

Information and discussion | November 17, 2026

The Subcommittee is reviewing the reserve policy alongside the three-year investment projection for the 2027–2030 Strategic Plan. No policy amendment or investment authorization is requested at this meeting.

## Current policy and fiscal context

The 2018 policy sets a $10 million reserve: $4 million of minimum working capital in unassigned fund balance and $6 million committed for budget stabilization. The latter has a specific use trigger when revenue falls 10% below budget. The working projection starts FY 2027–28 with a $24.29 million total fund balance. IMPACT ends in FY 2026–27, Proposition 10 revenue continues to decline, and Family Resource Center operating costs exceed the $2.5 million annual reimbursement.

## What the working model shows

| Scenario test | Three-year draw | FY 2029–30 balance | Current $10m target |
|---|---|---|---|
| **Continue current spending** | $25.00m | ($0.71m) | Below |
| **Strategic shifts; no FFPSA** | $14.47m | $9.82m | Below |
| **Shifts + modeled FFPSA** | $10.99m | $13.31m | Above |
| **Level salaries/benefits + FFPSA** | $8.91m | $15.38m | Above |

The no-change path exhausts the balance. Shifts without a match end slightly below the current $10 million target. The $13.31 million result assumes FFPSA claiming and collection; the $15.38 million salary and benefits sensitivity also includes that match. Total fund balance includes committed and minimum reserves and is not all available for new investments.

## Fund Balance Policy

**Option A Fixed reset.** “The Commission shall maintain a $15,000,000 reserve: $6,000,000 minimum working capital in unassigned fund balance and $9,000,000 budget stabilization in committed fund balance. Staff shall test the amount at each budget adoption and recommend a formal reset at least every three years.”

At FY 2029–30, the modeled FFPSA path would be $1.69 million below this floor; the level salaries and benefits sensitivity would be $0.38 million above it.

**Option B Five-month formula.** “At each budget adoption, the reserve shall equal five-twelfths (41.67%) of the adopted annual recurring Fund 25800 operating budget, but not less than $10,000,000: two-twelfths (16.67%) as unassigned working capital and three-twelfths (25%) as committed stabilization. If the $10 million floor applies, allocate it 40% and 60%, respectively.”

The base includes personnel, FRC operations and continuing contracts, including reimbursed services for which First 5 carries the cash-flow obligation. Exclude one-time capital and time-limited investments. As a scale check, 41.67% of the FY 2026–27 total expense projection of $31.48 million is $13.11 million before exclusions; Finance must calculate the adopted recurring base.

**Shared safeguard.** Retain the current 10% below-budget revenue trigger for use of committed stabilization. At budget adoption, staff shall present a rolling three-year forecast. A budget projecting a balance below the reserve requires separate Commission action stating the amount, purpose, duration, correction to spending or revenue, and a plan to restore the reserve within three years.

# RIVERSIDE COUNTY CHILDREN AND FAMILIES COMMISSION
# FUND BALANCE AND RESERVE POLICY

## PURPOSE:

The Riverside County Children and Families Commission (the Commission) considers it prudent to establish a policy for its fund balances. The Fund Balance & Reserve Policy will assist with effective development of annual budgets and promote clear communications regarding composition of the fund balance with the general public, staff, and administration. The elements of the policy are created by the Commission for its own purposes and may, therefore, be revised by the Commission as needed in the future.

The purpose of this policy is to:

1. Establish who has the authority to commit or assign fund balance.

2. Ensure compliance with fund balance classifications contained in the reporting requirements of Statement 54 of the Governmental Accounting Standards Board (GASB) effective June 15, 2010.

3. Establish and maintain a committed fund balance and criteria for setting an acceptable level of reserves in the fund balance.

## STATEMENT OF POLICY:

This policy sets forth the following in compliance with GASB 54:

1. The authorization level for committing or assigning fund balance is the Riverside County Children and Families Commission (the Commission).

    a. Formal action of the Commission will be defined as an action taken at a publicly noticed First 5 Riverside County Commission meeting as defined in the current Commission Bylaws.

2. The following classifications of Fund Balance are established in conformance with GASB 54 and definitions are outlined in the First 5 Financial Management Guide updated December 2015.

    a. Nonspendable fund balance
    b. Restricted fund balance
    c. Committed fund balance
    d. Assigned fund balance
    e. Unassigned fund balance

3. It is the policy of the Commission to establish and set reserves at $10,000,000. The following reserves will be maintained in fund balance for the long-term commitment reserve:

   a. Minimum Fund Balance Reserve (MFBR) (working capital) - The Commission shall set a minimum fund balance to equal annually $4,000,000. The operating capital is maintained to guard against inadequate resources for cash flow and to mitigate short-term effects of net deficits or delays in receiving anticipated revenues. A minimum fund balance is necessary to enable the Commission to deal with unforeseen emergencies or changes in financial condition as deemed necessary by the Commission to maintain services. The reserve will be replenished as soon as economic conditions allow. This reserve should be reported and identified as MFBR in the "unassigned" category.

   b. Budgetary stabilization – Set a reserve to equal annually $6,000,000. Should revenue fall 10% below budget during a given fiscal year, this reserve may be used to maintain services at the same level as was contracted. This reserve will ensure sufficient levels of fund balance to meet Commission obligations in the event of revenue budgetary shortfalls. This reserve should be reported in the "committed" category.

   c. Additional restricted, committed, and/or assigned fund balance reserves will be created as determined necessary and appropriate by the First 5 Riverside Commission, consistent with GASB 54.

C.3. Three-Year Investment Projection for the 2027-2030 Strategic Plan — Discussion – Patricia Perez, Deputy Director

| 2027 - 2030 FIRST 5 RIVERSIDE COUNTY STRATEGIC PLAN | FY 25-26 | FY 26-27 | YEAR 1 FY 27-28 | YEAR 2 FY 28-29 | YEAR 3 FY 29-30 | 3 YR TOTAL FYs 28-30 |
|---|---|---|---|---|---|---|
| | *Actuals* | *Projected - Q1* | *Projected* | *Projected* | *Projected* | *Projected* |
| **REVENUE** | 0.03 | | | | | |
| Interest-Invested Funds | $ 1,065,731 | $ 1,395,673 | $ 1,116,538 | $ 893,231 | $ 714,585 | $ 2,724,354 |
| CA-Tobacco Tax Prop 10 | 10,093,057 | 9,790,265 | 9,496,557 | 9,241,237 | 9,019,448 | 27,757,242 |
| CA-Prop 56 Tobacco Act 2016 | 3,761,457 | 3,610,999 | 3,466,559 | 3,327,896 | 3,194,781 | 9,989,236 |
| CA-Other (includes SMIF & CECET) | 250,648 | 210,276 | 191,351 | 174,130 | 158,458 | 523,939 |
| F5CA State (IMPACT Legacy) | 3,412,608 | 3,492,634 | | | | - |
| Reimbursement For Services (CalWORKS) | 4,196,949 | 6,296,540 | 6,296,540 | 6,296,540 | 6,296,540 | 18,889,620 |
| Reimbursement of Salaries (FRCs) | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 7,500,000 |
| Program Revenue (RCOE) | 73,894 | 210,000 | 75,000 | 64,000 | | 139,000 |
| Program Revenue (IEHP) | 746,775 | 450,000 | | | | - |
| Program Revenue (Prop 64) | - | 828,806 | 1,237,638 | 1,275,131 | 1,313,925 | 3,826,694 |
| Contrib Fr Other County Funds (UCI) | 80,000 | 211,520 | | | | - |
| FFPSA Match Reimbursement | | | 1,073,794 | 1,091,359 | 1,317,659 | 3,482,812 |
| Miscellaneous | 22,683 | - | | | | - |
| **TOTAL REVENUE** | **$ 26,203,801** | **$ 28,996,713** | **$ 25,453,978** | **$ 24,863,523** | **$ 24,515,395** | **$ 74,832,896** |
| | 33% | 35% | | | | |
| **OPERATING EXPENSES** | | | | | | |
| Salaries & Benefits | $ 5,475,161 | 5,192,921 | 5,400,638 | 5,616,663 | 5,841,330 | $ 16,858,630 |
| Salaries & Benefits (FRCs) | 2,726,072 | 3,217,091 | 3,345,775 | 3,479,606 | 3,618,790 | 10,444,171 |
| Operating | 1,265,403 | 2,295,939 | 2,527,796 | 2,764,290 | 3,005,514 | 8,297,600 |
| Operations (FRCs) | 935,708 | 951,459 | 970,488 | 989,897 | 1,009,695 | 2,970,081 |
| Capital Assets | 74,260 | 100,000 | 500,000 | 650,000 | | 1,150,000 |
| **TOTAL OPERATING EXPENSES** | **$ 10,476,604** | **$ 11,757,410** | **$ 12,744,696** | **$ 13,500,457** | **$ 13,475,329** | **$ 39,720,482** |
| | | | | | | |
| **COUNTYWIDE/ COUNTYWIDE PROGRAMS / EVALUATION** | | | | | | |
| **TOTAL COUNTYWIDE IMPACT** | **$ 559,973** | **$ 301,982** | **$ 1,635,166** | **$ 1,665,304** | **$ 1,751,843** | **$ 5,756,799** |
| | | | | | | |
| **QUALITY EARLY LEARNING** | | | | | | |
| **TOTAL QUALITY EARLY LEARNING** | **$ 11,026,241** | **$ 7,788,169** | **$ 3,900,000** | **$ 3,900,000** | **$ 3,900,000** | **$ 11,700,000** |
| | | | | | | |
| **COMPREHENSIVE HEALTH & DEVELOPMENT** | | | | | | |
| **TOTAL COMPREHENSIVE HEALTH & DEVELOPMENT** | **$ 8,578,781** | **$ 9,893,425** | **$ 8,858,506** | **$ 7,459,256** | **$ 7,632,221** | **$ 23,949,983** |
| | | | | | | |
| **RESILIENT FAMILIES** | | | | | | |
| **TOTAL RESILIENT FAMILIES** | **$ 1,320,535** | **$ 1,734,663** | **$ 1,836,727** | **$ 1,798,802** | **$ 1,760,878** | **$ 5,396,407** |
| | | | | | | |
| **TOTAL EXPENSES 25800** | **$ 31,962,134** | **$ 31,475,648** | **$ 28,975,095** | **$ 28,323,819** | **$ 28,520,271** | **$ 86,523,671** |
| | | | | | | |
| **NET Fund Balance (+/-) Fund 25800** | **(5,758,333)** | **(2,478,935)** | **(3,521,117)** | **(3,460,296)** | **(4,004,876)** | **(11,690,775)** |
| | | | | | | |
| **FUND BALANCE, End of Year** | **26,770,656** | **24,291,721** | **20,770,604** | **17,310,307** | **13,305,431** | |
| **Fund Balance Reconciliation** | | | | | | |
| **Committed Funds (includes $6M reserve)** | **$ 9,300,072** | **$ 7,784,342** | **$ 6,234,092** | **$ 6,234,092** | **$ 6,234,092** | |
| **Assigned (GASB 54)** | **$ 3,417,189** | | | | | |
| **Unassigned for Strategic Plan** | **10,053,395** | **12,507,379** | **10,536,511** | **7,076,215** | **3,071,339** | |
| **Minimum Fund Balance** | **4,000,000** | **4,000,000** | **4,000,000** | **4,000,000** | **4,000,000** | |
| **Total Fund Balance at Year End** | **$ 26,770,656** | **$ 24,291,721** | **$ 20,770,604** | **$ 17,310,307** | **$ 13,305,431** | |

D. **Adjournment**: Adjournment to the next Regular Meeting of the Riverside County Children and Families Commission's Finance Subcommittee

**Conflict of Interest:** Any person, or group of persons present at this meeting, who wish (es) to speak on a matter may be required to state for the record any contributions, in excess of $250.00 made in the past (12) twelve months, made to any Commission member, the Commission member receiving the contribution, and the matter of consideration with which they are involved.

**Agenda Posting:** Agendas will be posted at the Clerk of the Board of Riverside County and the Commission Business Office.

All public record documents for matters on the open session of the Agenda are available for inspection at the meeting listed in this Agenda, and at the following location beginning three (3) days prior to the meeting date:

**Riverside County Children and Families Commission**
**585 Technology Court**
**Riverside, CA 92507**

If a public record document that relates to a matter on the open session of the Agenda is distributed less than 72 hours prior to the meeting date, the public record document shall be available for inspection, at the same time it is distributed, at the address listed above. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990.