

SUMMARY ACTION MINUTES

REGULAR MEETING FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION

Wednesday, December 2, 2020, 9:00 A.M.

Orange County Transportation Authority Conference Center
550 South Main Street
Orange, California

RAMIN BASCHSHI, MD
Chair

KENNETH MCFARLAND
Vice Chair

SANDRA BARRY
Chair Pro Tem

DEBRA BAETZ
Commissioner

DOUG CHAFFEE
Commissioner

CLAYTON CHAU, MD
Commissioner

JACKIE FILBECK
Commissioner

YVETTE LAVERY, MPA, MBE
Commissioner

SUSAN MCCLINTIC
Commissioner

ATTENDANCE: Commissioners Barry, Baschshi, Baetz, Chaffee, Filbeck, Lavery, McClintic and McFarland (All Members participated via Zoom)

EXCUSED: Commissioner Chau

PRESENT: PRESIDENT/CEO
COMMISSION COUNSEL
CLERK OF THE COMMISSION

Kimberly Goll (participated via Zoom)
Cassie Trapesonian (participated via Zoom)
Jamie Ross, Deputy (participated via Zoom)

PLEDGE OF ALLEGIANCE

Pledge of Allegiance led by Commission Counsel Cassie Trapesonian

PRESENTATION: (Item 1)

1. Receive presentation on the 26th Annual Report on the Conditions of Children in Orange County
PRESENTED

SUMMARY ACTION MINUTES

CONSENT CALENDAR: (Items 2 - 4)

123456789 **APPROVED AS RECOMMENDED**

x

2. Receive annual update on First 5 Orange County Fiscal Leveraging Program
3. Adopt Fiscal Year 2020/2021 employer and employee retirement contribution rates as established and adopted by the Orange County Employees Retirement System
4. Approve First 5 Orange County Children and Families Commission and Technical Advisory Committee updated meeting calendar for 2021

REGULAR ITEMS: (Items 5 - 9)

5. Adopt resolution authorizing amendments to consultant agreements

681234579 **APPROVED AS RECOMMENDED**

x

RESO: 20-034 C&FC

6. Authorize staff to augment subcontractor agreements and contract with selected vendors in order to provide CalWORKs Home Visiting Program support

241356789 **APPROVED AS RECOMMENDED**

A X

(Commissioner Baetz abstained from discussion and vote on this matter and declared her affiliation with Orange County Social Services Agency)

RESO: 20-035 C&FC

7. Adopt resolution to approve funding to support the City of Garden Grove's Engaged Neighborhood work

162345789 **APPROVED AS RECOMMENDED**

xx

RESO: 20-036 C&FC

8. Approve President – Chief Executive Officer Employee Agreement

971234568 **APPROVED AS RECOMMENDED**

xx

9. Receive update on Intergovernmental Transfer (IGT) Transaction with CalOptima

RECEIVED

PUBLIC HEARING: (Item 10)

10. Conduct public hearing and authorize President/CEO to submit the Comprehensive Annual Financial Report to First 5 California and the State Controller's Office and adopt resolution approving the Fiscal Year 2020/2021 amended budget

C.O. **CLOSED PUBLIC HEARING**

971234568 **APPROVED AS RECOMMENDED**

xx

RESO: 20-037 C&FC

SUMMARY ACTION MINUTES

PRESIDENT/CEO REPORT: (Item 11)

11. Receive the President/CEO Report
 - a. Quarterly Investment Report
 - b. First 5 Orange County Legislative Platform
 - c. Child Care Landscape
 - d. Census update
 - e. Recruitment update
 - f. Equity update

RECEIVED

CLOSED SESSION: (Item 12)

12. Pursuant to Government Code Section 54956.9 - Conference with Legal Counsel - Anticipated Litigation.
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): 1 case

C.O. **HELD; NO REPORTABLE ACTION**

PUBLIC & COMMISSION COMMENTS & ADJOURNMENT:

PUBLIC COMMENTS: None

COMMISSION COMMENTS:

Commissioner Filbeck – Oral Re.: Thanked the Board of Supervisors for their support to the community and local organizations with additional funding.

ADJOURNED: 9:57 A.M.

SUMMARY ACTION MINUTES

*** KEY ***

Left Margin Notes

1 Debra Baetz	A = Abstained
2 Sandra Barry	X = Excused
3 Ramin Baschshi, MD	N = No
4 Doug Chaffee	C.O. = Commission Order
5 Clayton Chau, MD	
6 Jackie Filbeck	
7 Yvette Lavery, MPA, MBE	Reso = Resolution
8 Susan McClinitc	Ord = Ordinance
9 Kenn McFarland	

(1st number = Moved by; 2nd number = Seconded by)

/s/

RAMIN BASCHSHI, MD
Chair

/s/


Jamie Ross, Deputy
Clerk of the Commission



Agenda Item 1
December 2, 2020
PRESENTATION ITEM

DATE: November 4, 2020

TO: Children and Families Commission of Orange County

FROM: Kimberly Goll, President/CEO 

ACTION: Receive presentation on the 26th Annual Report on the Conditions of Children in Orange County

First 5 Orange County is a member of the Orange County Children's Partnership, a 22-member advisory body to the Board of Supervisors, made up of public and community agencies. The Partnership is responsible for overseeing preparation of the annual Conditions of Children Report, which First 5 Orange County develops under contract to Orange County Social Services Agency. First 5 Orange County subcontracts with two consulting firms for development and production of the report: Health Management Associates and Luis Alvarado Design. The Orange County Board of Supervisors approved the report on November 3rd.

The Conditions of Children report examines indicators across four interdependent focus areas: Good Health, Economic Well-Being, Educational Achievement and Safe Homes and Communities. Each focus area includes the most recent data for indicators to assess improving or worsening trends over 10 years and help identify potential areas to be addressed to ensure all Orange County children thrive. While the data included in the report is pre-pandemic, there is a special section on COVID-19 impacts and the county's collective response.

Lisa Burke will provide an overview of key findings from the report.

ATTACHMENT

1. Presentation on the 26th Annual Report on the Conditions of Children in Orange County

Contact: Lisa Burke



THE 26TH ANNUAL REPORT ON THE

CONDITIONS OF CHILDREN

IN ORANGE COUNTY

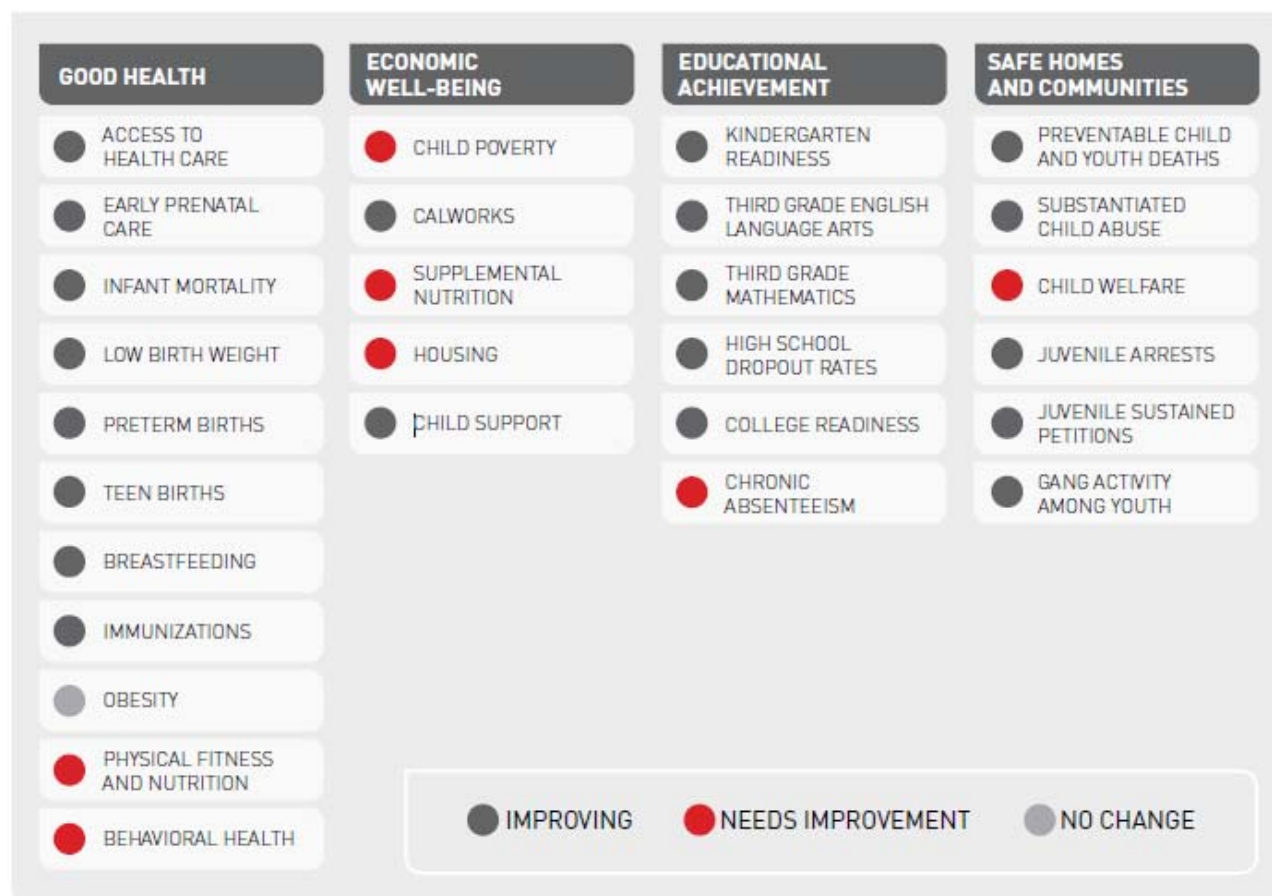
Assessing How Orange County's Children are Faring

- 27 Primary Indicators Presented in Four Areas

- Good Health
- Economic Well-Being
- Educational Achievement
- Safe Homes and Communities

- Summary of Report Highlights

- Additional supplemental indicators also online



SPECIAL EDITION ON COVID-19: HOW ORANGE COUNTY IS ADDRESSING EMERGING IMPACTS AMONG CHILDREN AND FAMILIES

TOTAL APPLICATIONS RECEIVED FROM MARCH TO AUGUST, 2019 AND 2020

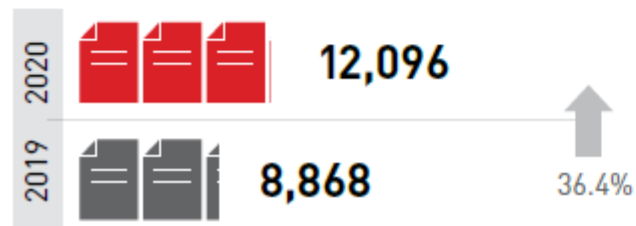
Medi-Cal



CalFresh



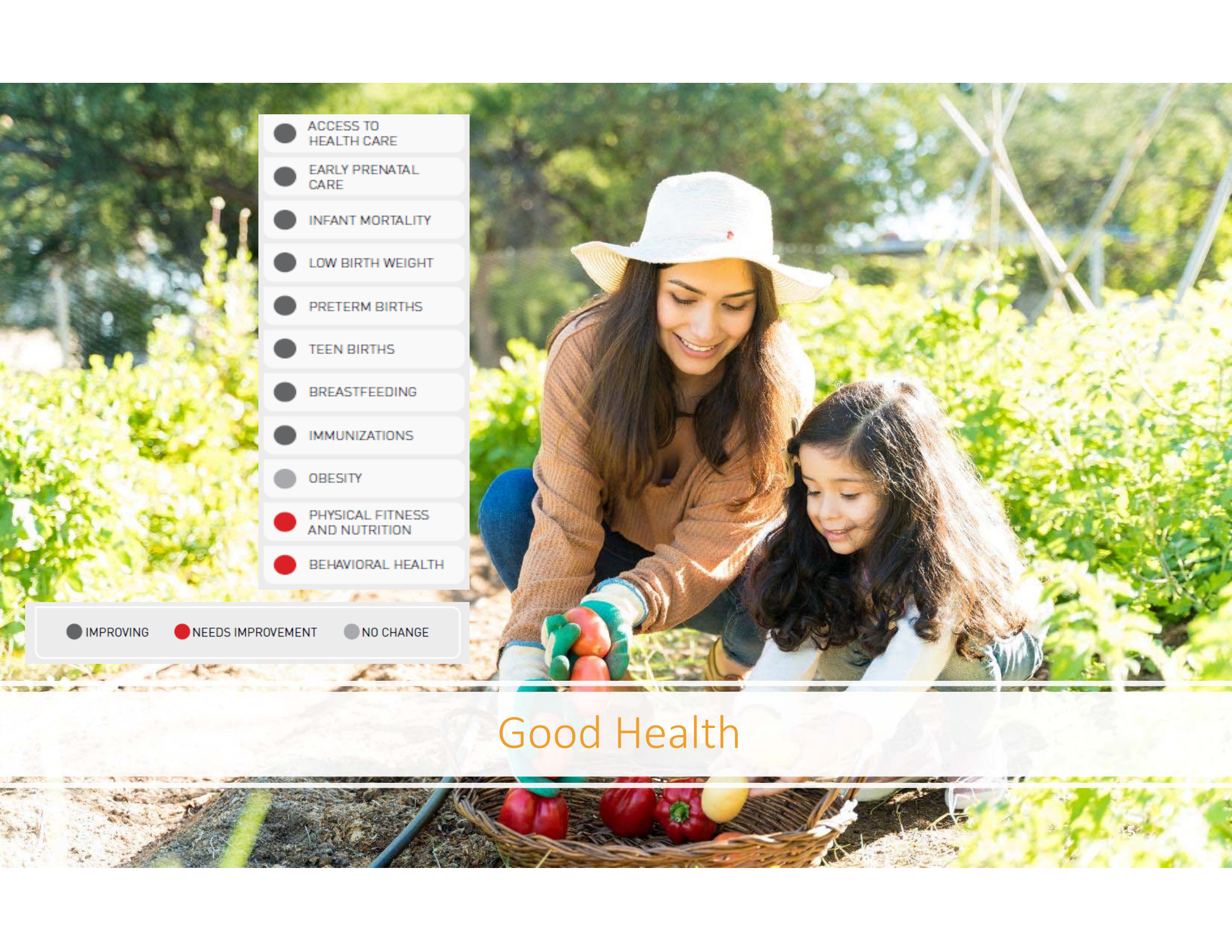
CalWORKs



SPECIAL EDITION ON COVID-19: HOW ORANGE COUNTY IS ADDRESSING EMERGING IMPACTS AMONG CHILDREN AND FAMILIES

Pivoting to Meet Expanding Need

- Existing services transition to delivery meeting social distancing guidelines
- New services deployed to meet immediate and emerging needs
- Increased collaboration to expand access and improve services
- Specific focus on inequities and disparities among people of different races and ethnicities, learning abilities, criminal justice involvement and age groups

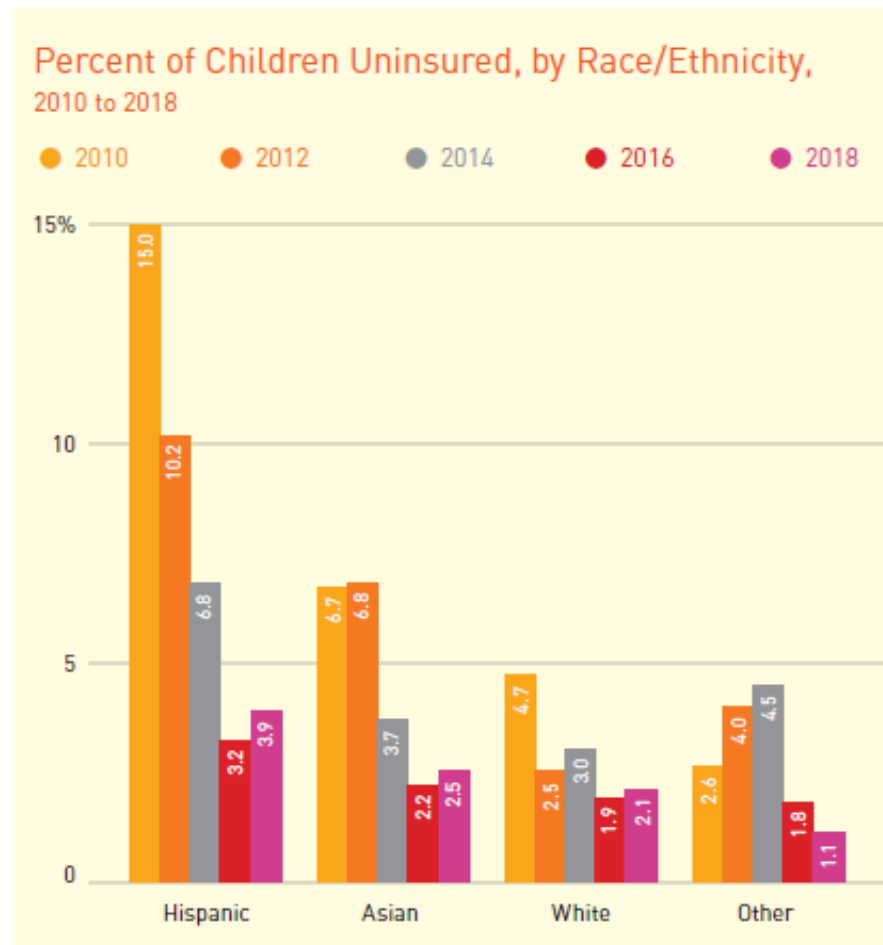
- 
- ACCESS TO HEALTH CARE
 - EARLY PRENATAL CARE
 - INFANT MORTALITY
 - LOW BIRTH WEIGHT
 - PRETERM BIRTHS
 - TEEN BIRTHS
 - BREASTFEEDING
 - IMMUNIZATIONS
 - OBESITY
 - PHYSICAL FITNESS AND NUTRITION
 - BEHAVIORAL HEALTH

● IMPROVING ● NEEDS IMPROVEMENT ● NO CHANGE

Good Health

Good Health: Access to Health Care

- More children are insured, yet racial and ethnic disparities persist.
- In 2018, 2.9% of children were uninsured, representing a drop in uninsured rates by 71.8% since 2009 (10.4%).



Good Health: Early Prenatal Care

- Nine in 10 women who use insurance receive early prenatal care.
- The percentage of women receiving early prenatal care is improving across all races and ethnicities.

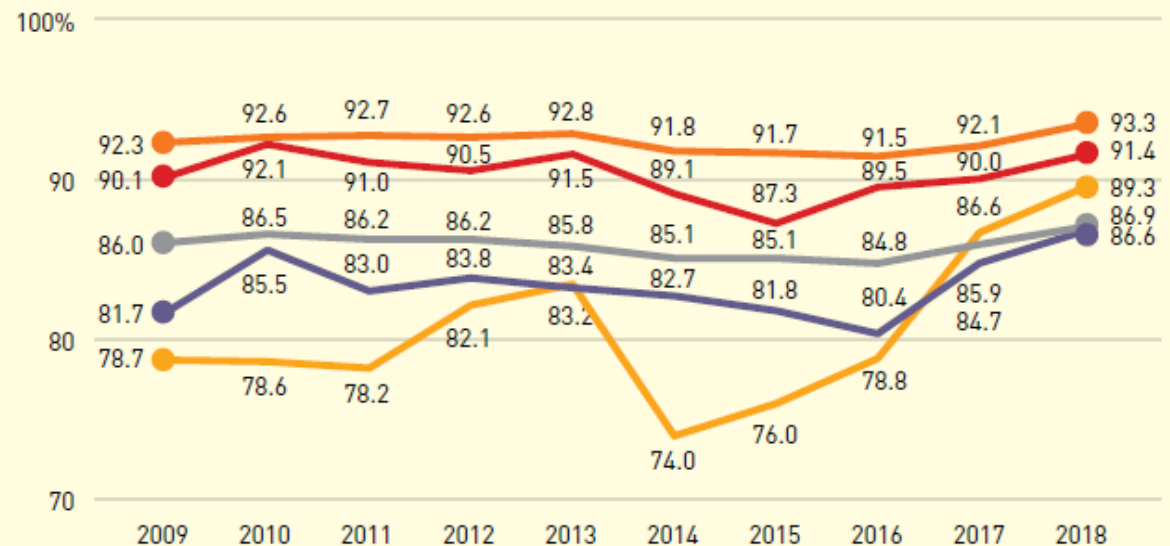
Percent of Women who Received Early Prenatal Care in the First Trimester, Excluding Self-Pay Deliveries, by Race/Ethnicity, 2009 to 2018

● White ● Hispanic ● Other*
● Asian ● Black

*For 2009 to 2016, "Other" includes Pacific Islander, Multiracial, Other and Unknown. Rates for Pacific Islander were included with Asian starting in 2017.

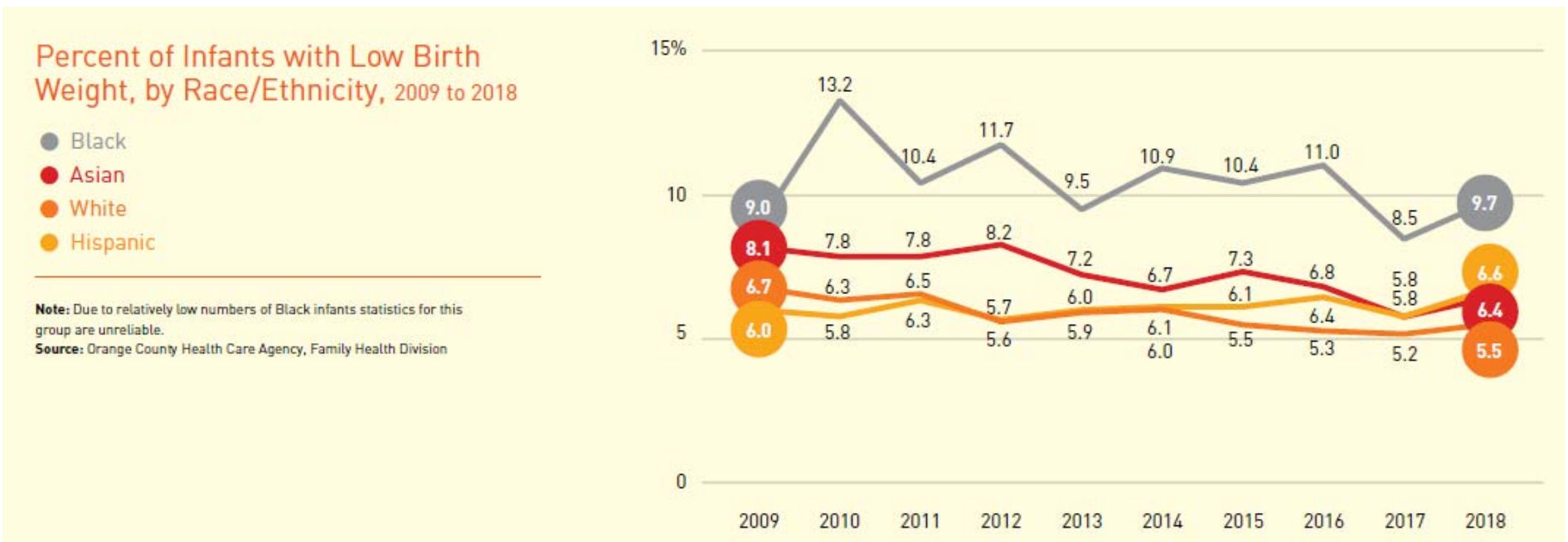
Note: If comparing to state and national data, beginning in 2006, individuals whose race/ethnicity is not stated or is unknown have been grouped with Non-Hispanic Whites for CA and U.S. statistics. As a result, Hispanic rates are potentially underestimated.

Source: Orange County Health Care Agency, Family Health Division



Good Health: Low Birth Weight

- Low birth weight remains steady at 6.3% of all birth, while disparities narrow



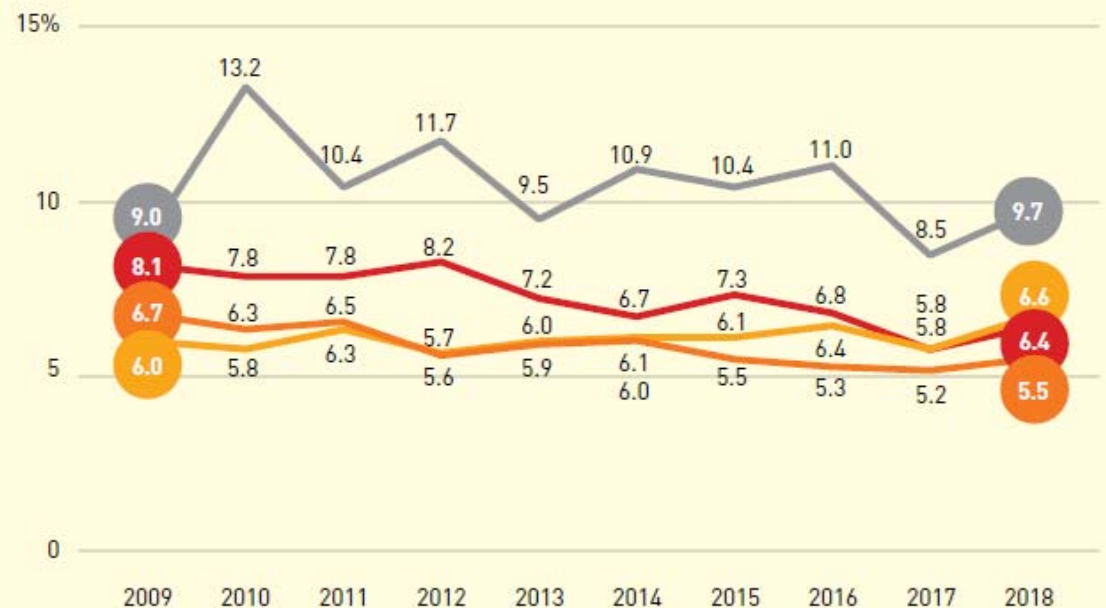
Good Health: Preterm Births

- Preterm births accounted for 7.6% of the 35,578 births to Orange County residents in 2018. This percentage represents a 19.0% decrease from 2009 (9.4%).
- This 10-year decrease in preterm births occurred among all races and ethnicities.

Percent of Infants with Low Birth Weight, by Race/Ethnicity, 2009 to 2018

● Black
● Asian
● White
● Hispanic

Note: Due to relatively low numbers of Black infants statistics for this group are unreliable.
Source: Orange County Health Care Agency, Family Health Division



Good Health: Breastfeeding

- About 95% of mothers report any breastfeeding of their babies 1-week post partum.

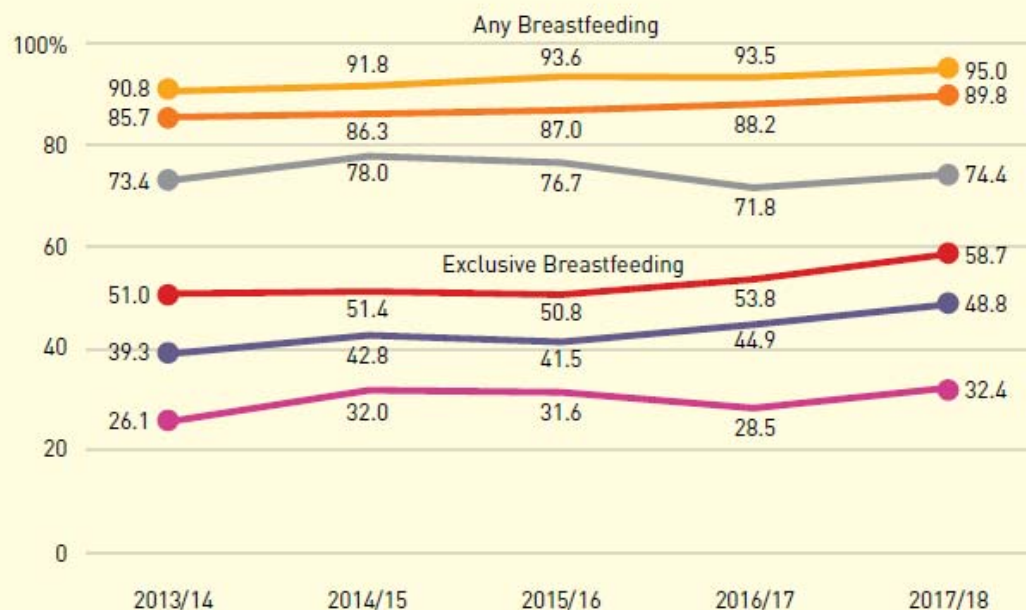
Breastfeeding Percentages at One Week, One Month and Three Months After Delivery, Orange County, 2013/14 to 2017/18

- Any breastfeeding 1 week postpartum
- Any breastfeeding 1 month postpartum
- Any breastfeeding 3 months postpartum
- Exclusive breastfeeding 1 week postpartum
- Exclusive breastfeeding 1 month postpartum
- Exclusive breastfeeding 3 months postpartum

Note: Indicators for breastfeeding at three months postpartum are limited to women whose infant was at least three months old at the time of survey completion.

Note: MIHA is an annual population-based survey of California resident women with a live birth. Data from MIHA 2017-2018 were combined, resulting in a statewide sample size of 12,561. The sample size of Orange County was 510. MIHA participants were sampled from the California Automated Vital Statistics System. Prevalence (%), 95% confidence interval (95% CI), and population estimates (rounded to the nearest hundred) are weighted to represent all women with a live birth. Population estimate (N) is a two-year average. Indicators for breastfeeding at 3 months postpartum are limited to women whose infant was at least 3 months old at the time of survey completion. See the Technical Notes for information on weighting, comparability to prior years and technical definitions. Visit the MIHA website at www.cdph.ca.gov/MIHA

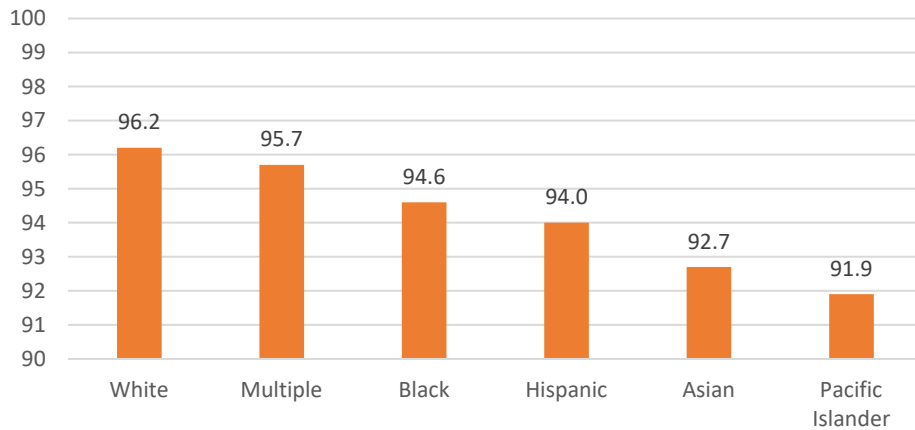
Prepared by: California Department of Public Health; Center for Family Health;



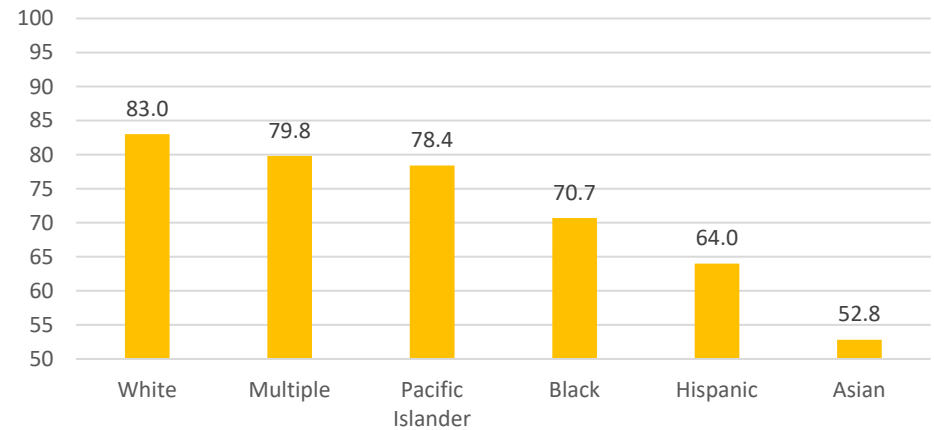
Good Health: Breastfeeding

- The data reveals disparities in breastfeeding.

Percent of Mothers Breastfeeding, Any
Orange County, CA 2018



Percent of Mothers Breastfeeding, Exclusive
Orange County, CA 2018



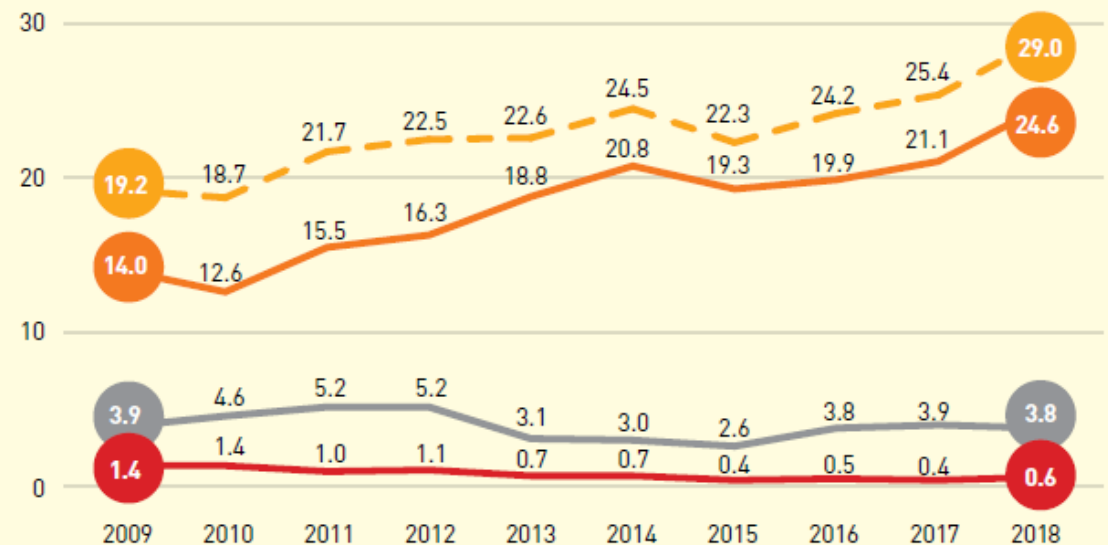
Good Health: Behavioral Health

- Hospitalization rates due to serious mental illness among youth increased by 76% since 2009.

Mental Health and Substance Abuse-Related Hospitalizations, Rate per 10,000 Children, 2009 to 2018

- Total
- Mental Illness
- Other
- Substance Abuse

Source: Orange County Health Care Agency, Health Policy - Research
Note: 'Other' includes mental disorders such as other unspecified mood disorders, conduct disorders and disorders related to sleep, eating, elimination and pain.





☒ CHILD POVERTY

☐ CALWORKS

☒ SUPPLEMENTAL
NUTRITION

☒ HOUSING

☐ CHILD SUPPORT

☐ IMPROVING

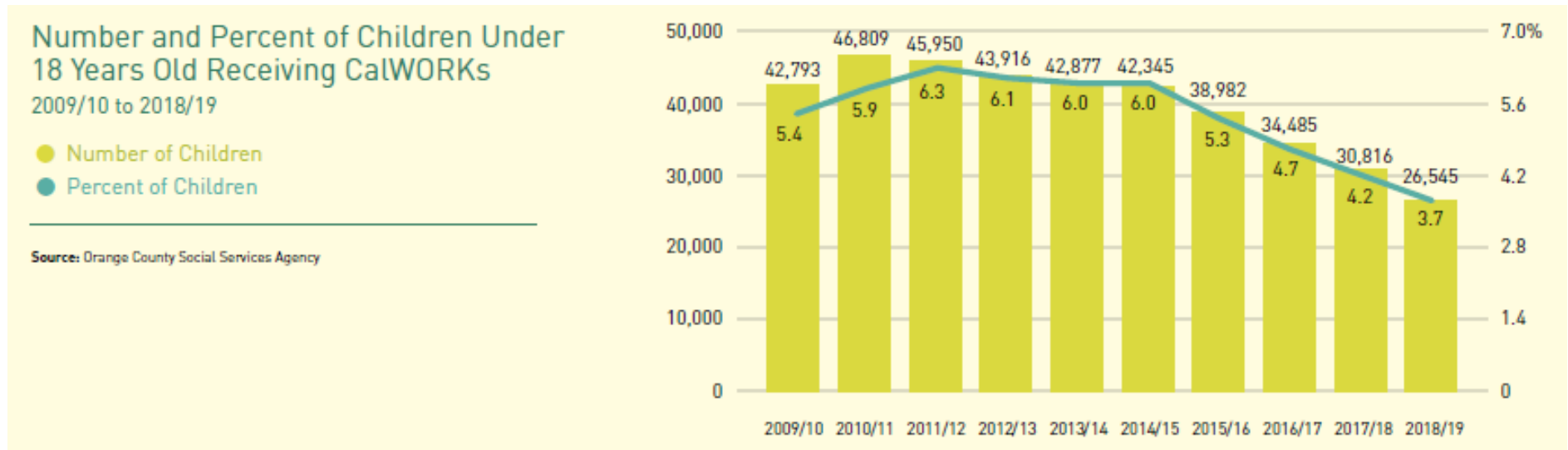
☒ NEEDS IMPROVEMENT

☐ NO CHANGE

Economic Well-Being

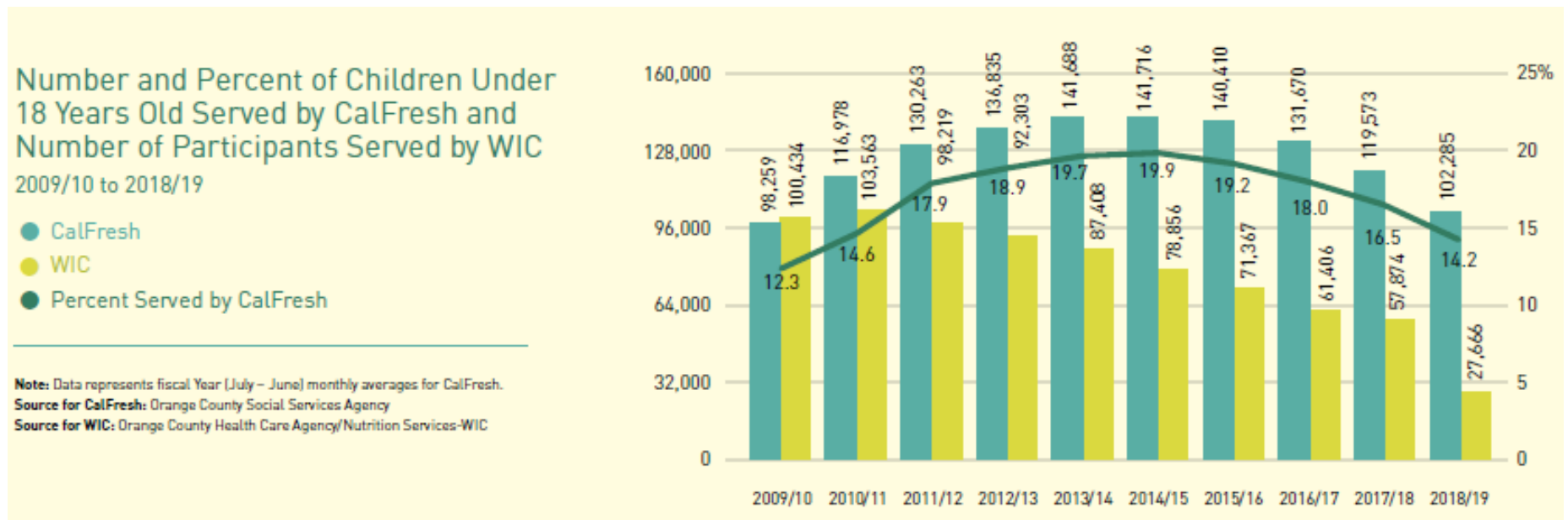
Economic Well-Being: CalWORKs

- Children receiving CalWORKs continues to steadily decline in 2018/19, down 14% from the prior year.



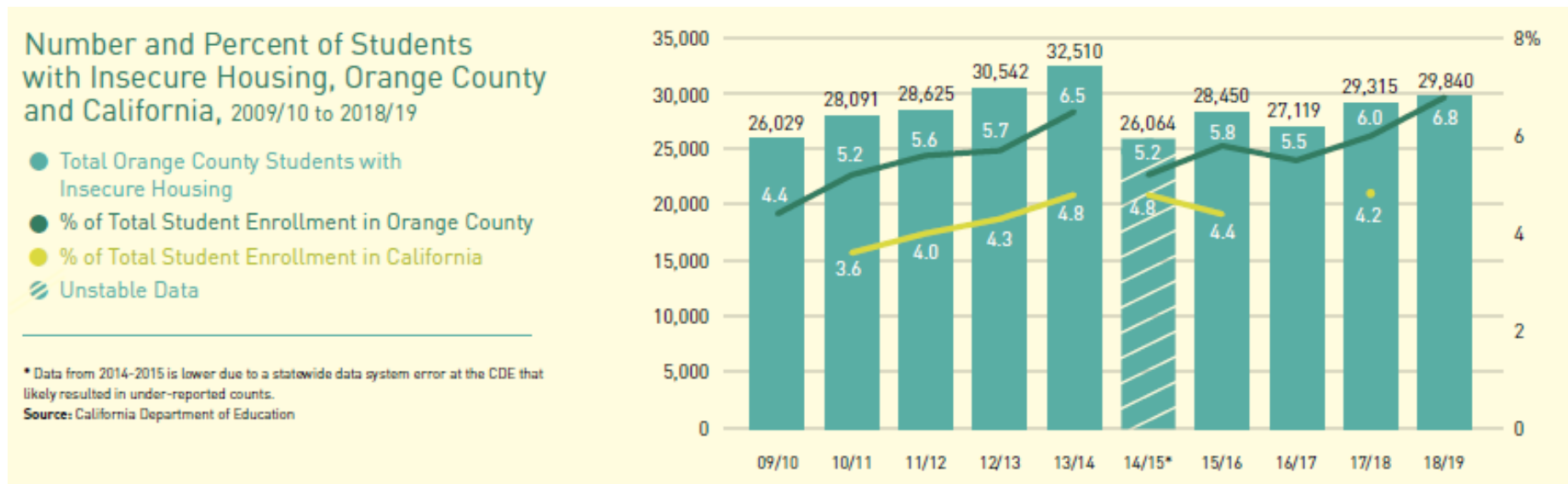
Economic Well-Being: Supplemental Nutrition

- Nearly one in three children receiving CalFresh is 5 or younger.



Economic Well-Being: Housing

- About 1 in 10 insecurely housed students live in shelters, hotels or motels or are unsheltered.



SPECIAL EDITION ON COVID-19: HOW ORANGE COUNTY IS ADDRESSING EMERGING IMPACTS AMONG CHILDREN AND FAMILIES

TOTAL APPLICATIONS RECEIVED FROM MARCH TO AUGUST, 2019 AND 2020

Medi-Cal

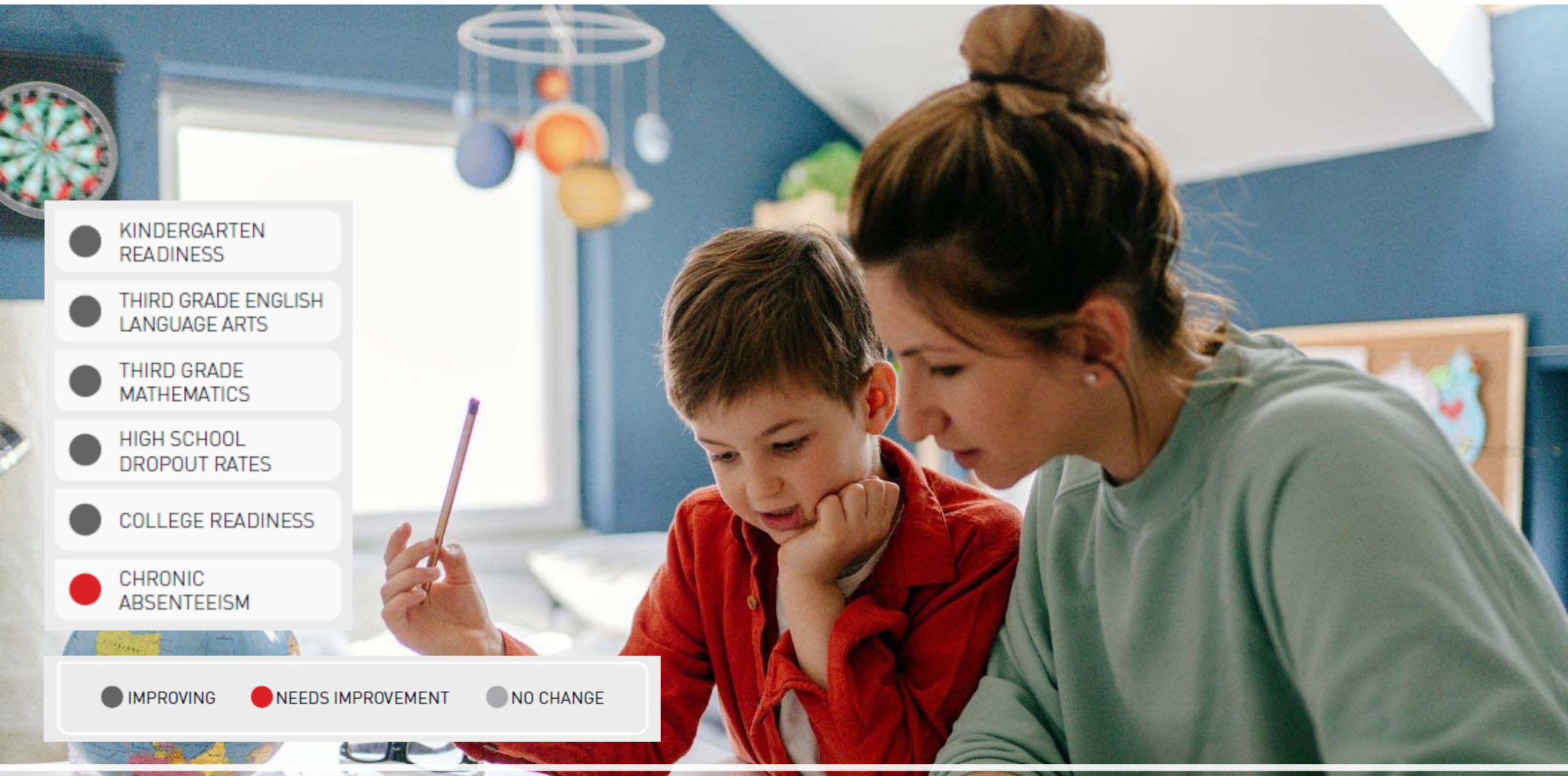


CalFresh



CalWORKs





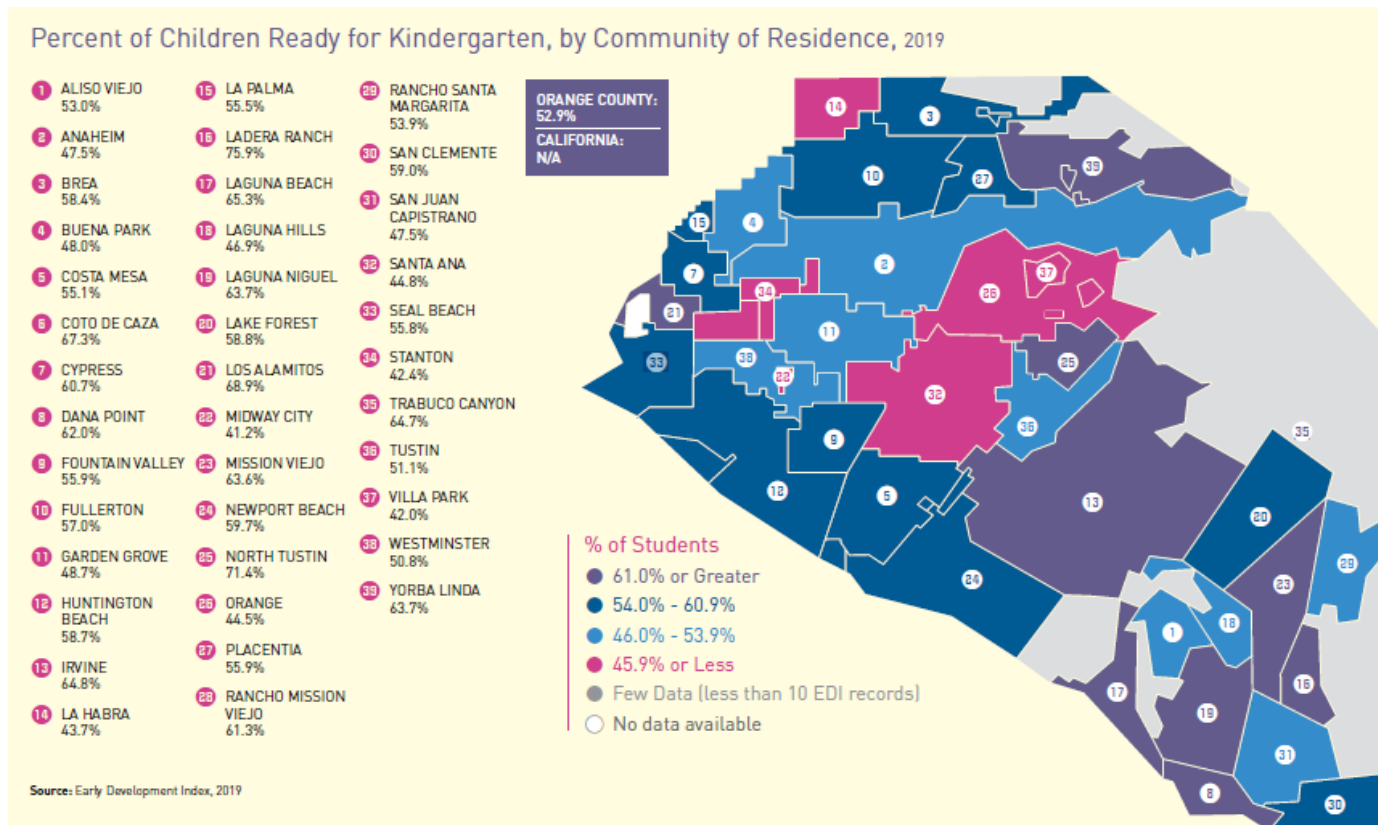
- ☐ KINDERGARTEN READINESS
- ☐ THIRD GRADE ENGLISH LANGUAGE ARTS
- ☐ THIRD GRADE MATHEMATICS
- ☐ HIGH SCHOOL DROPOUT RATES
- ☐ COLLEGE READINESS
- ☒ CHRONIC ABSENTEEISM

☐ IMPROVING ☒ NEEDS IMPROVEMENT ☐ NO CHANGE

Educational Achievement

Educational Achievement: Kindergarten Readiness

- In 2019, 52.9% of children in Orange County were developmentally ready for kindergarten, a 1.9% increase from 2015 at 51.9%.



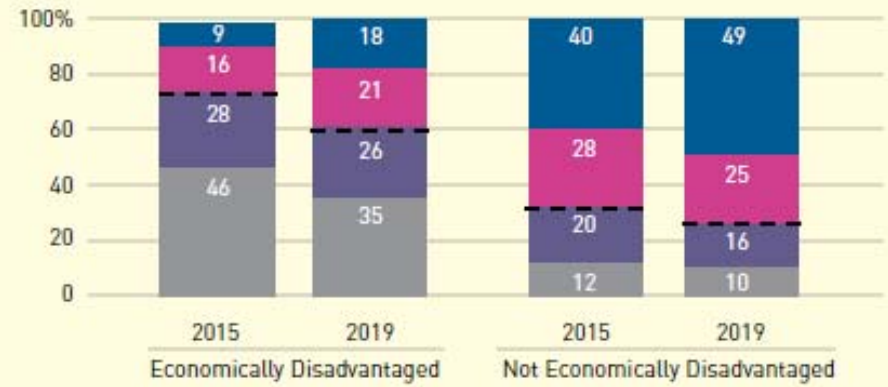
Educational Achievement: Third Grade English & Math

Overall Achievement in ELA Among Third Grade Students, by Socioeconomic Status, 2015 and 2019

- Standard Not Met
- Standard Nearly Met
- Standard Met
- Standard Exceeded

Note: A student is defined as "economically disadvantaged" if the most educated parent of the student, as indicated in CALPADS, has not received a high school diploma or the student is eligible to participate in free or reduced-price lunch program also known as the National School Lunch Program.

Source: CAASPP, 2018/19 (2019)

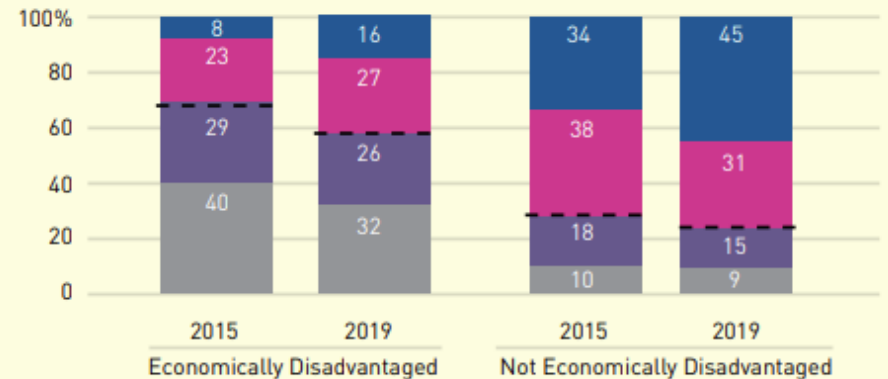


Overall Achievement Among Third Grade Students in Mathematics, by Socioeconomic Status, 2015 and 2019

- Standard Not Met
- Standard Nearly Met
- Standard Met
- Standard Exceeded

Note: A student is defined as "economically disadvantaged" if the most educated parent of the student, as indicated in CALPADS, has not received a high school diploma or the student is eligible to participate in free or reduced-price lunch program also known as the National School Lunch Program.

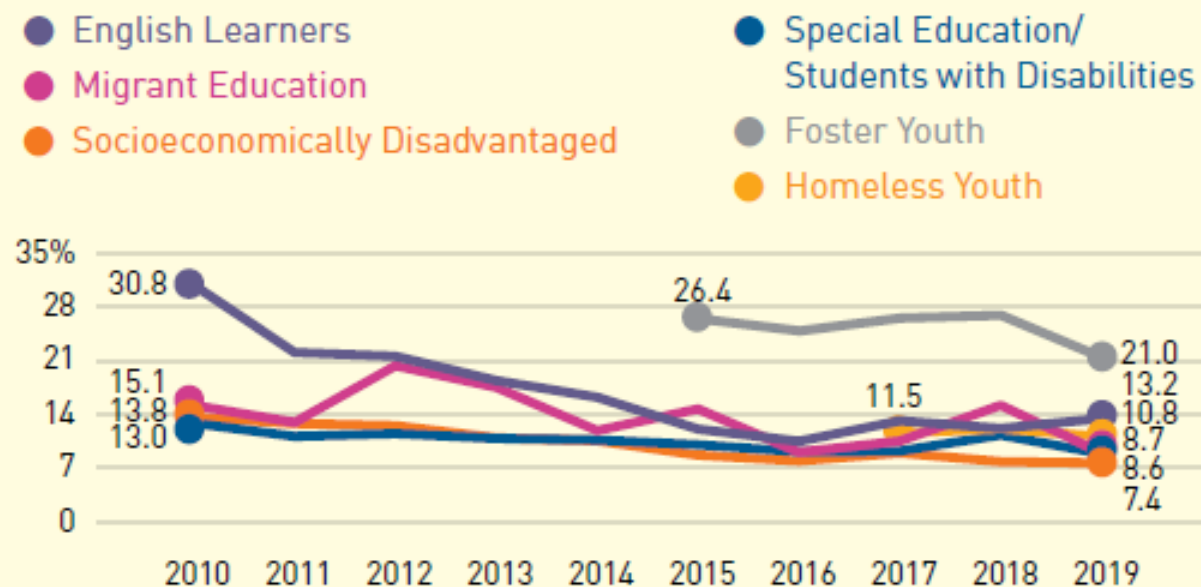
Source: CAASPP, 2018/19 (2019)



Educational Achievement: High School Dropout Rates

- Dropout rates are highest among Foster Youth and English Learners

Percent of Grade 9-12 Cohort Dropouts by Program, 2010 to 2019

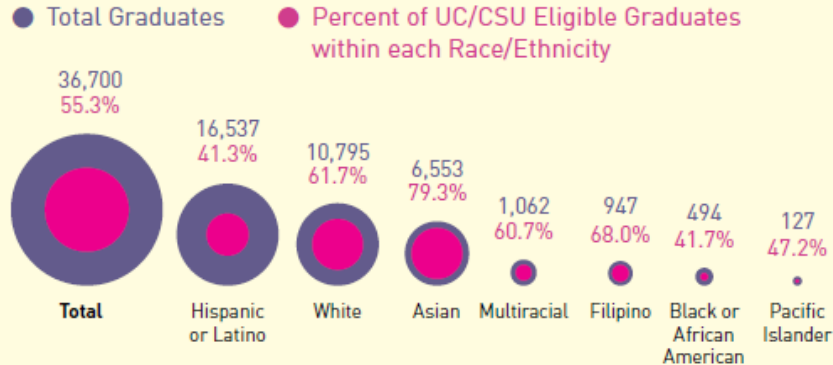


Source: California Department of Education, DataQuest, 2018/19 (2019)

Educational Achievement: College Readiness

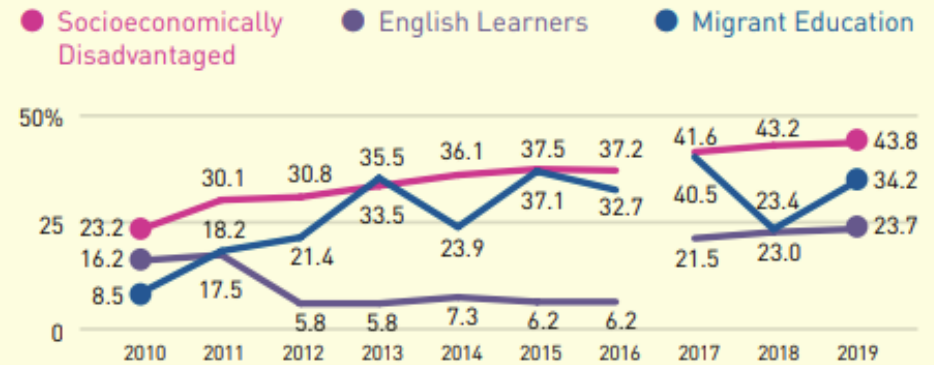
- Hispanic students are underrepresented among those ready for college.
- English Learners have the lowest percent of graduates ready for college.

Number of Graduates and Percent of Graduates Meeting UC/CSU Entrance Requirements, 2019



Note: American Indian or Alaska Native total graduates (57), percent of UC/CSU eligible graduates (40.4%).
Source: California Department of Education, DataQuest, 2018/19 (2019)

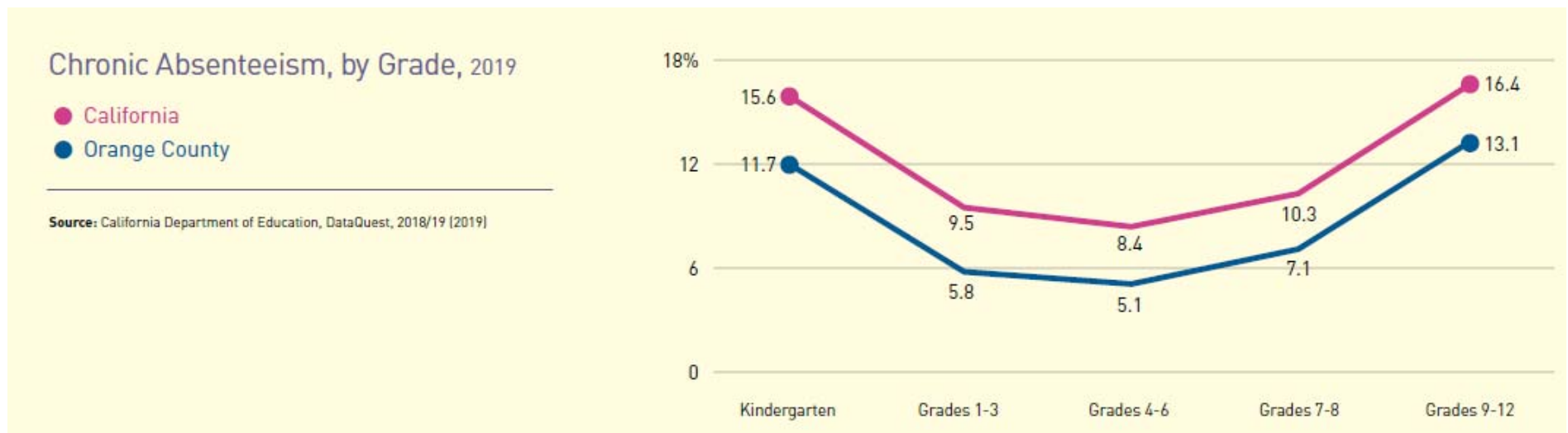
Percent of Graduates, by Program Meeting UC/CSU Entrance Requirements, 2010 to 2019

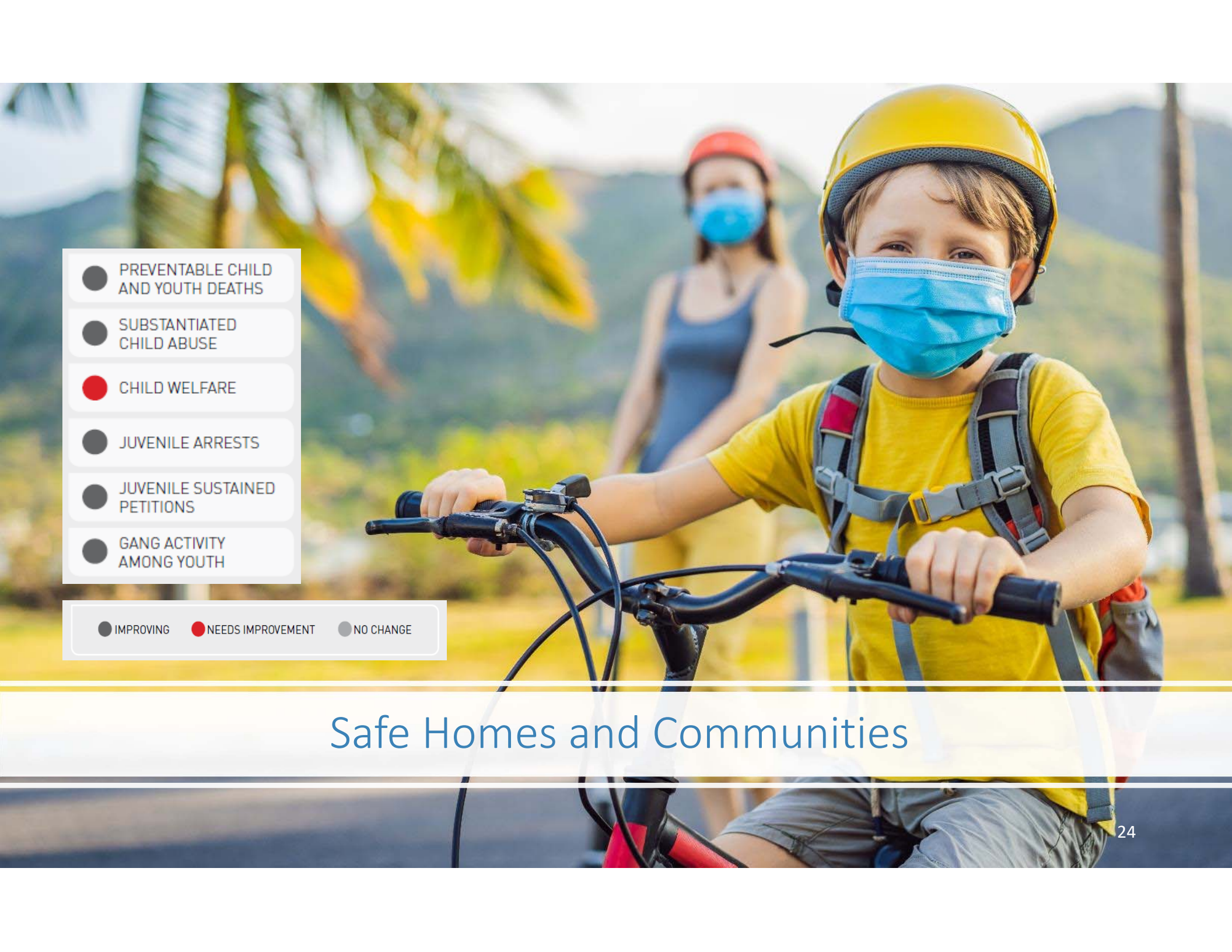


Source: California Department of Education, DataQuest, 2018/19 (2019)

Educational Achievement: Chronic Absenteeism

- Chronic absenteeism is greatest among kindergarten and high school students





● PREVENTABLE CHILD
AND YOUTH DEATHS

● SUBSTANTIATED
CHILD ABUSE

● CHILD WELFARE

● JUVENILE ARRESTS

● JUVENILE SUSTAINED
PETITIONS

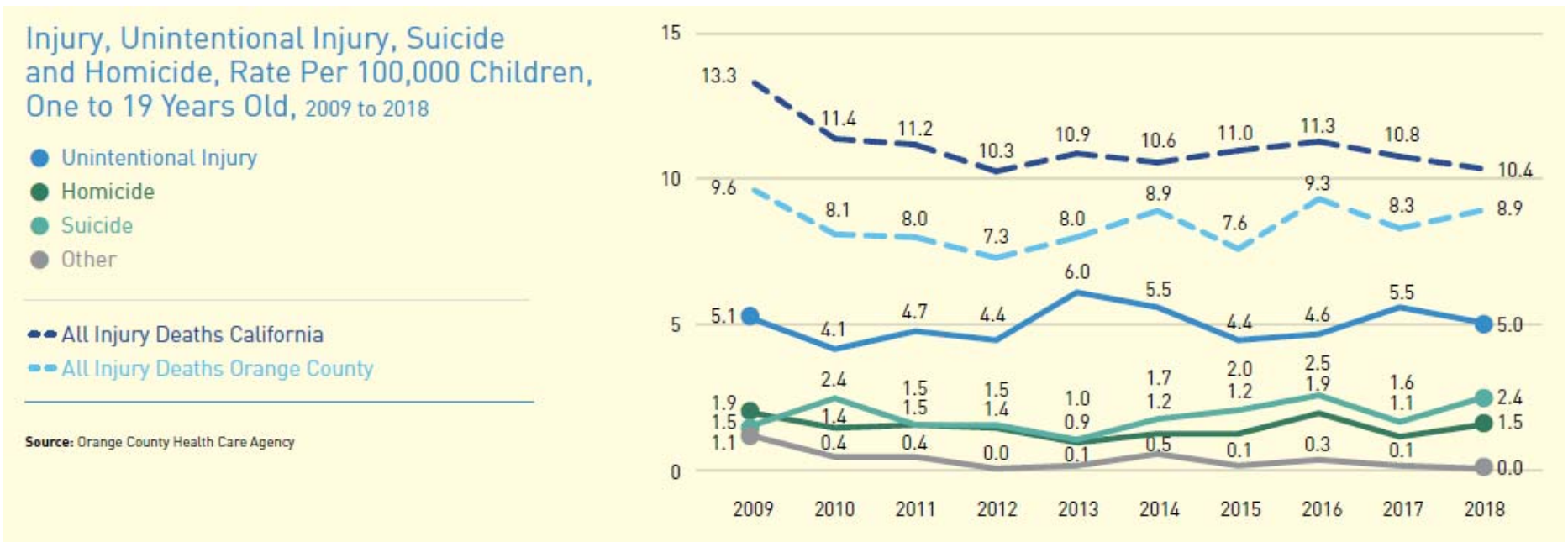
● GANG ACTIVITY
AMONG YOUTH

● IMPROVING ● NEEDS IMPROVEMENT ● NO CHANGE

Safe Homes and Communities

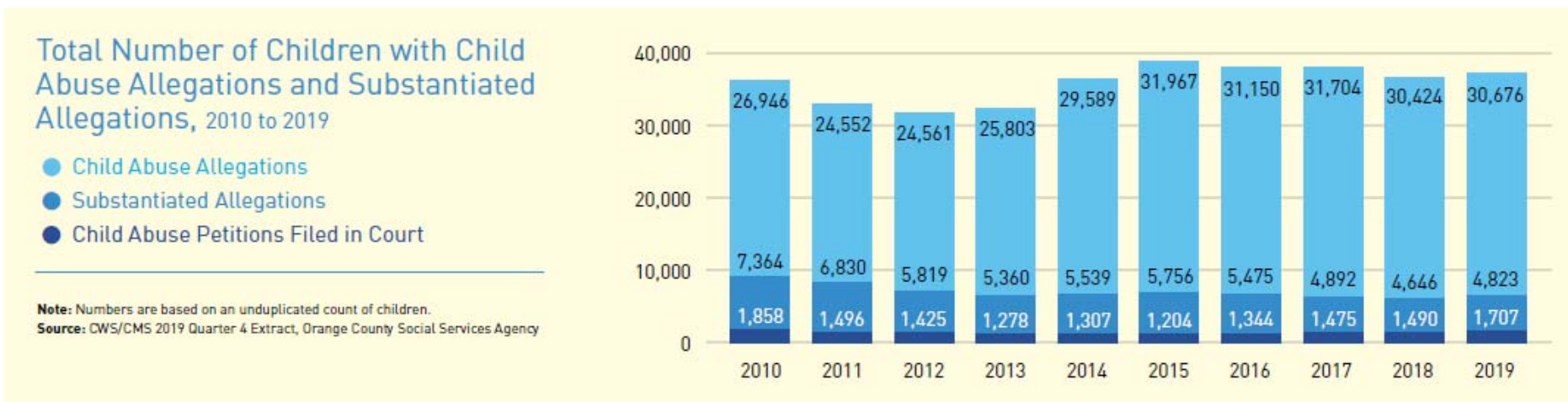
Safe Homes and Communities: Preventable Child And Youth Deaths

- Unintentional injuries continue to represent the leading cause of preventable death in children and youth



Safe Homes and Communities: Substantiated Child Abuse

- Children 5 and under made up the greatest proportion of substantiated allegations.



Work of the Orange County Children's Partnership

- Community Forums to be held virtually
- Visioning effort for Orange County Children's Partnership underway
- Continued partnership opportunity for First 5 Orange County and the Orange County Children's Partnership
- Conditions of Children report likely revised to reflect updated vision

**Agenda Item 2
December 2, 2020****DATE:** November 16, 2020**TO:** First 5 Orange County, Children and Families Commission**FROM:** Kimberly Goll, President/ CEO**ACTION:** Receive annual update on First 5 Orange County Fiscal Leveraging Program

SUMMARY:

Since its inception, First 5 Orange County has partnered with the Orange County Health Care Agency (HCA) to implement Medi-Cal fiscal leveraging programs. This agenda item is the annual update on these programs, as administered by the Orange County Health Care Agency.

DISCUSSION:

First 5 Orange County ensures that effective, proven strategies supported through First 5 funding are able to be sustained by working with contracted agencies to leverage available state and federal funding. To achieve this sustainability, First 5 Orange County's fiscal leveraging program uses Proposition 10 tobacco tax revenue to match other available funds including federal, state, or other grant funding sources. The purpose of the fiscal leveraging programs is to help local community based organizations receiving Commission funds to draw down federal reimbursements through state programs for eligible community health and social services programs.

First 5 Orange County in partnership with HCA, developed a strategy to leverage First 5 funding awards as eligible certified public expenditures to receive federal Medicaid reimbursement for participation in Medi-Cal Administrative Activities and Targeted Case Management. These activities are defined as follows:

- Medi-Cal Administrative Activities (MAA) - outreach to assist individuals to access Medi-Cal and health care services.
- Targeted Case Management (TCM) - case management program targeting high-risk populations to assist them in gaining access to needed medical, social, educational and other services.

Since inception of the program, nearly \$55 million in federal reimbursements has been generated by First 5 Orange County community partners to sustain these activities in Orange County. As of Fiscal Year 2020/2021, there are ten (10) First 5 funded agencies (including Commission itself) claiming MAA and two (2) agencies claiming TCM.

A Memorandum of Understanding (MOU) between First 5 Orange County and HCA sets forth the implementation and management of fiscal leveraging programs. The Fiscal Leveraging Management Group, comprised of HCA and First 5 representatives, was established to coordinate and communicate the requirements of the community fiscal leveraging program. The group is responsible for reviewing activities and processes with respect to claiming, billing, reserves, reimbursements, services and other related activities. Portions of the reimbursements are withheld to fund the HCA's administrative services and for audit disallowances.

The state Department of Health Care Services (DHCS) conducts program site audits at its discretion for MAA and TCM. Since 2011, the state Audits and Investigations Division conducts

financial audits annually. The most recent annual state audits have been conducted without significant findings.

Shortly after staff's last update, a retroactive decision, by the U.S. Center for Medicare and Medicaid Services (CMS) to disallow some past claims from fiscal years 2004 through 2010. Per HCA's consultant, CMS has sent a letter to DHCS requesting approximately \$32M statewide. It is unknown how they derived to this amount. DHCS has not shared any more information with the HCA or other local government agencies at this time. The County estimates it owes approximately \$650,000, with the First 5 Orange funded agencies' portion being small. No update or payment demand has been received from the State thus far.

The Fiscal Leveraging Management Group ensured that the repayment associated with these audit findings can be funded by available funds in HCA's dedicated fund for MAA and TCM administration and future TCM payment withholdings for the participating agencies. The Fiscal Leveraging Management Group continues to develop the protocol for repayment of future findings in excess of the agencies' audit reserves pursuant to the Policies and Procedures and the MOU, and to communicate with the participating agencies. Further updates will be provided as HCA continues to monitor and work towards a resolution on the CMS issue.

STRATEGIC PLAN & FISCAL SUMMARY:

The proposed action has been specifically reviewed in relation to the Strategic Plan and is consistent with all goals. In Fiscal Year 2019/2020, First 5 Orange County received \$193,505 in retroactive MAA reimbursements related to participation in the claiming program, including prior years.

PRIOR COMMISSION ACTIONS:

- October 2019- Receive update on fiscal leveraging program
- October 2018 - Receive update on fiscal leveraging program
- December 2017- Received Update on fiscal leveraging program
- September 2016- Received update on fiscal leveraging program
- July 2015- Received update on fiscal leveraging program and authorize agreements with the County of Orange for fiscal leveraging and related support services
- July 2014 – Received update on fiscal leveraging program and approved modified retention and fiscal audit provisions
- April 2013 – Received update on County partnerships including fiscal leveraging program
- December 2002 – Approved revised fiscal leveraging MOU with County of Orange
- December 2001 - Approved fiscal leveraging plan

RECOMMENDED ACTION:

Receive annual update on First 5 Orange County fiscal leveraging program

ATTACHMENTS:

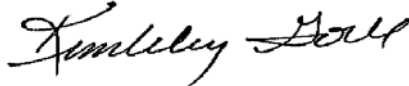
None

Contact: Lucy Lin

**Agenda Item 3
December 2, 2020**

DATE: November 11, 2020

TO: First 5 Orange County Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Adopt Fiscal Year 2020/2021 employer and employee retirement contribution rates as established and adopted by the Orange County Employees Retirement System

SUMMARY:

First 5 Orange County Children and Families Commission is a participant of the Orange County Employees Retirement System (OCERS). This item requests approval for the annual adoption of the employer and employee retirement contribution rates as required by Assembly Bill 538 (effective January 1, 2006).

DISCUSSION:

On June 15, 2020, the OCERS Board of Trustees adopted new employer and employee retirement contribution rates for Fiscal Year 2021/2022. These rates are based on a comprehensive actuarial study of the Retirement System performed by The Segal Company. The December 31, 2019 Actuarial Valuation Report presents the OCERS funding requirements for Fiscal Year 2021/2022 and is located on the OCERS website at www.ocers.org.

Attachment 1 presents the employer and employee contribution rates for the Commission that was recommended and adopted by the OCERS Board for Fiscal Year 2021/2022. The adopted rates consist of two components, the Normal Retirement Rate which covers retirement costs going forward, and the Unfunded Accrued Actuarial Liability (UAAL) rate which covers retroactive retirement costs. The Fiscal Year 2021/2022 employer Normal Rate for Plan I and J members of 14.34% represents a slight decrease from 14.36%. Employer rates for Plan U members will increase to 8.81% from the previous rate of 8.78%. Plan I and J includes retirement system members starting employment before January 1, 2013, and Plan U includes all members starting after January 1, 2013. Rate changes are due to the actual contributions and other experience factored into the December 31, 2019 actuarial valuation.

The Commission paid off its current UAAL on November 15, 2017, and the Fiscal Year 2021/2022 rates reflect that payment. The UAAL rate without the payoff adjustment would have been close to 27.4% instead of the current proposed rate of 5.36%.

The employee Normal Rate is determined by employee age at entry to OCERS, and will experience an increase of .01% for Fiscal Year 2020/2021 for Plan I and J members and Plan U members a decrease of .05% at the average entry age of 33. Approval is recommended to adopt the employer and employee retirement contribution rates as recommended and adopted by OCERS for Fiscal Year 2021/2022, as shown in Attachment 1.

The necessary steps for the Commission to participate in the early payment discount for Fiscal Year 2021/2022 are being implemented. Since net fixed income returns on Commission investments with the County Treasurer are projected to earn 0.86% for Fiscal Year 2020/2021,

securing a 5.8% discount by early payment is a prudent budgeting decision that will not impact required cash flow nor interest earnings.

STRATEGIC PLAN & FISCAL SUMMARY:

The Fiscal Year 2021/2022 retirement contribution rate schedule recommended and adopted by OCERS has been reviewed in relation to the Strategic Plan and is consistent with prior practice and supports all goal areas of the Strategic Plan. The Fiscal Year 2021/2022 retirement contribution rates will be incorporated into the Fiscal Year 2021/2022 budget.

PRIOR COMMISSION ACTIONS:

- December 2019 - Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2020/21
- October 2018 - Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2019/20
- December 2017 - Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2018/19
- October 2017 - Authorized payment of the Children and Families Commission of Orange County's Unfunded Actuarial Accrued Liability to OCERS in an amount not to exceed \$1,800,000.

RECOMMENDED ACTION:

Adopt implementation of Fiscal Year 2021/2022 employer and employee retirement contribution rates as established and adopted by the Orange County Employees Retirement System (OCERS) on June 15, 2020.

ATTACHMENTS:

1. Fiscal Year 2021/2022 Orange County Employees Retirement System (OCERS) Employee Contribution Rates

Contact: Michael Garcell

**Orange County Children and Families Commission
Employer / Employee Contribution Rates
Effective Pay Period 15, July 2, 2021**

<u>Employer Contribution Rates</u>			
Rate Group	Plan	Rate	
#2	J (General)	Normal	14.34%
		UAAL	5.36%
		Total	19.70%
#2	U – PEPRA	Normal	8.81%
		UAAL	5.36%
		Total	14.17%

***Reverse Pickups:**

OCCFC bargaining units under the 2.7% at 55 plans are subject to an employee-paid reverse pickup which has not been accounted for in the employer rate above. Any reverse pickup arrangements are between the employer and employee bargaining units. The reverse pickup rate schedule is available online at:

<https://www.ocers.org/sites/main/files/file-attachments/reversepickups.pdf>

<u>Employee Contribution Rates</u>		
Entry Age	Plan J (2.7% @ 55)	PEPRA
		Plan U (2.5% @ 67)
15	10.07%	7.55%
16	10.07%	7.55%
17	10.23%	7.20%
18	10.40%	6.84%
19	10.56%	6.95%
20	10.73%	7.06%
21	10.90%	7.18%
22	11.08%	7.30%
23	11.26%	7.41%
24	11.44%	7.53%
25	11.62%	7.65%
26	11.81%	7.78%
27	12.00%	7.90%
28	12.19%	8.03%
29	12.39%	8.16%
30	12.59%	8.29%
31	12.80%	8.42%
32	13.01%	8.56%
33	13.23%	8.70%
34	13.46%	8.84%
35	13.69%	8.98%
36	13.92%	9.12%
37	14.15%	9.27%
38	14.36%	9.42%



**Orange County Children and Families Commission
Employer / Employee Contribution Rates
Effective Pay Period 15, July 2, 2021
(continued)**

Employee Contribution Rates

(continued)

Entry Age	Plan J (2.7% @ 55)	PEPRA
		Plan U (2.5% @ 67)
39	14.56%	9.57%
40	14.76%	9.73%
41	14.97%	9.89%
42	15.20%	10.05%
43	15.43%	10.22%
44	15.67%	10.39%
45	15.89%	10.57%
46	16.09%	10.75%
47	16.23%	10.94%
48	16.31%	11.13%
49	16.30%	11.31%
50	16.20%	11.48%
51	15.98%	11.65%
52	15.59%	11.81%
53	16.10%	11.99%
54	16.63%	12.17%
55	16.63%	12.37%
56	16.63%	12.57%
57	16.63%	12.76%
58	16.63%	12.93%
59	16.63%	13.06%
60	16.63%	13.14%
61	16.63%	13.17%
62	16.63%	13.12%
63	16.63%	12.99%
64	16.63%	12.76%
65	16.63%	13.18%
66 and thereafter	16.63%	13.61%


Average entry age and discounted percentages applicable to employee contributions paid under Section 31581.1 are:

Rate Group	Plan	Discounted Percentage	Average Entry Age
#2	Plan J (General)	98.52%	27

**Agenda Item 4
December 2, 2020**

DATE: November 19, 2019

TO: First 5 Orange County Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Approve First 5 Orange County Children and Families Commission and Technical Advisory Committee Updated Meeting Calendar for 2021

SUMMARY:

The First 5 Orange County Children and Families Commission and the Technical Advisory Committee conduct regularly scheduled meetings throughout the year. This item recommends approval of an updated calendar of meetings for calendar year 2021.

DISCUSSION:

The First 5 Orange County Children and Families Commission is a public agency subject to the requirements of the Ralph M. Brown Act, which requires all regular and special meetings held by the Commission and its formally appointed committees, including the Technical Advisory Committee, to be open to the public, except in limited circumstances. The First 5 Orange County Children and Families Commission annually approves the calendar of all regular meetings of the Commission and the Technical Advisory Committee held during the year.

First 5 Orange County Children and Families Commission currently meets on the first Wednesday of the months of February, April, June, August, October and December. The meetings are held at 9:00 a.m. at the Orange County Transportation Authority Conference Center located at 550 South Main Street in Orange. The two-year calendar approved by the Commission in December 2019 included a longer planning meeting for February 2020, the attached calendar adjusts the February meeting to reflect a standard business meeting.

The updated calendar included in Attachment 1 also includes a revised calendar of meetings for the First 5 Technical Advisory Committee (TAC). TAC will meet quarterly in the months of March, June, September, and December on the second Wednesday of the month at 10:00am.

Approval is recommended for the First 5 Orange County Children and Families Commission and Technical Advisory Committee proposed revised calendars and meeting dates for 2021 (Attachment 1).

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions have been reviewed in relation to the Strategic Plan and are consistent with all goal areas. There is no funding action proposed for this item.

PRIOR COMMISSION ACTION:

- December 2018 - Approved the 2019 meeting calendars for the Children and Families Commission of Orange County and Pediatric Health Services Committee as submitted
- December 2019 – Approved 2020 and 2021 meeting calendars for the Children and Families Commission of Orange County and Technical Advisory Committee as submitted

RECOMMENDED ACTION:

Approve the Updated 2021 (Attachment 1) First 5 Orange County Children and Families Commission and Technical Advisory Committee meeting calendar.

ATTACHMENTS:

1. Updated First 5 Orange County Children and Families Commission 2021 Meeting Calendar

Contact: Rhonda Esera

FIRST 5 ORANGE COUNTY, CHILDREN AND FAMILIES COMMISSION 2021 MEETING CALENDAR

JANUARY						
SUN	MON	TUES	WED	THUR	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/ 31	25	26	27	28	29	30

FEBRUARY						
SUN	MON	TUES	WED	THUR	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH						
SUN	MON	TUES	WED	THUR	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL						
SUN	MON	TUES	WED	THUR	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY						
SUN	MON	TUES	WED	THUR	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/ 30	24/ 31	25	26	27	28	29

JUNE						
SUN	MON	TUES	WED	THUR	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY						
SUN	MON	TUES	WED	THUR	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST						
SUN	MON	TUES	WED	THUR	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September						
SUN	MON	TUES	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCTOBER						
SUN	MON	TUES	WED	THUR	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/ 31	25	26	27	28	29	30

NOVEMBER						
SUN	MON	TUES	WED	THUR	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER						
SUN	MON	TUES	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Regular Commission meetings are held at 9:00 a.m. at the Orange County Transportation Authority Conference Center
550 South Main Street, Orange, California 92868



Regular Meeting



County Holiday Observed

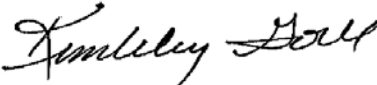


Technical Advisory Committee

**Agenda Item 5
December 2, 2020**

DATE: November 16, 2020

TO: First 5 Orange County, Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Adopt resolution authorizing amendments to consultant agreements

SUMMARY:

In April 2020, First 5 Orange County Children and Families Commission updated its roster of approved and qualified consultant applicants, and adopted a resolution authorizing agreements and amendments to agreements with twenty-seven (27) consultants (both individuals and organizations) to provide consulting services for First 5 Orange County. This item requests authorization to revise both the scopes and allocations for consultant contracts previously approved in April.

DISCUSSION:

Since the Commission's approval of consultant agreements in April, COVID-19 has dramatically affected First 5 operations and ongoing staff recruitments. While recruitment for four open positions launched in March, only two of those roles have been filled (Senior Program Manager and Data Analyst dedicated to CalWORKs), leaving two vacant positions.

The unexpected circumstances brought about by the COVID-19 pandemic also required more time and additional effort from both staff and consultants. For example, consultants stepped in to assist with the facilitation and coordination of PPE supplies distribution. Early learning consultants stepped in to support schools and school districts facing disruptions. As there continues to be great need among our partners and communities for help in navigating the continuing pandemic, we are requesting authorization to revise the agreements of seven (7) current consultants to allow them to do more. The proposed amendments to agreements are included in Attachment 1.

The First 5 Orange County business model uses technical and project management consultants to help develop and implement strategies established by the Commission. Periodically, a Request for Qualifications (RFQ) is released to invite applicants interested in providing consultant services to ensure that First 5 has access to the most comprehensive pool of qualified consultants. An RFQ will be released in January 2021 to update a new consultant roster. At that time, new applicants may submit, and individuals and organizations currently on the roster must confirm their intent to remain on the roster. Applications will be due in February 2021, and an updated roster of qualified applicants, along with a request to enter into consultant contracts for next fiscal year, will be brought to the April 2021 Commission meeting.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended action has been reviewed in relation to the Strategic Plan and is consistent with all goal areas. Funding for this item will be included in the Fiscal Year 2020/2021 Final Amended Budget.

PRIOR COMMISSION ACTION:

- April 2020- Adopted resolution authorizing agreements or amendments to agreements with designated individuals and organizations to consulting services for the specified terms, amounts and conditions.

RECOMMENDED ACTIONS:

1. Adopt resolution (Attachment 2) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate amendments to agreements, at President/CEO's sole discretion, with designated individuals and organizations to provide services for the terms, in the amounts, and on the conditions as specified in Attachment 1.

ATTACHMENTS:

1. Amended Consultant Agreements Term Sheet
2. Resolution

Contact: Lucy Lin

AMENDED CONSULTANT AGREEMENTS TERM SHEET

Consultant/ Professional	Agreement Number	Scope of Work	Term	Original Maximum Payment Obligation	Additional Funding Requested	Amended Maximum Payment Obligation
Hoda Shawky	C-418	Original Scope – Finalize the development of the perinatal mood and anxiety disorder (PMAD) tool kit, distribute and train providers on tool kit; start program management responsibilities for health investments Expanded Scope – Cultivate parent input on PMAD and support the implementation of pediatric support programs in federal qualified health centers.	7/1/20- 6/30/21	\$75,000	\$100,000	\$175,000
Anila Neumeister	C-415	Original Scope – Program manage homeless prevention investments, Neighborhood Resource Network integration into the Bridges initiative, and provide support for Early Childhood System of Care Expanded Scope – Assist with the development of a landscape analysis of the prenatal to three service delivery system and the development of the Technical Advisory Committee’s scope of work	4/1/20- 6/30/21	\$100,000	\$30,000	\$130,000
MK Consulting Syndicate, Inc.	C-410	Original Scope – Coordinate training for First 5 contractors and support work within early childhood mental health and other collaboratives Expanded Scope – Assist with the development of a landscape analysis of the prenatal to three service delivery system and the development of the Technical Advisory Committee’s scope of work	7/1/20- 6/30/21	\$55,000	\$20,000	\$75,000

AMENDED CONSULTANT AGREEMENTS TERM SHEET

Consultant/ Professional	Agreement Number	Scope of Work	Term	Original Maximum Payment Obligation	Additional Funding Requested	Amended Maximum Payment Obligation
Muckenthaler & Associates	C-412	<p>Original Scope – Provide coordination with School Readiness Early Learning Team for data compliance and identify/implement program improvements for school district and countywide early learning programs. Coordinate with Orange County Department of Education (OCDE) to implement Quality Start Orange County.</p> <p>Expanded Scope – Implement the redesign of funded partners' Scopes of Work (SOW) and provide training and TA for partners with High 5 system</p>	7/1/20- 6/30/21	\$130,000	\$35,000	\$165,000
Jennifer Shepard	C-414	<p>Original Scope – Provide Quality Early Learning technical services including technical assistance, training, and individualized support to the Orange County school districts in developing and implementing district plans in support of the main goals of the 2019-2024 Strategic Plan and the current Scope of Work (SOW) for Quality Early Learning Initiatives</p> <p>Expanded Scope – Liaise with, train, and technically assist 25 school district teams with new data collection methods and systems similar to those of High 5.</p>	7/1/20- 6/30/21	\$70,000	\$10,000	\$80,000

AMENDED CONSULTANT AGREEMENTS TERM SHEET

Consultant/ Professional	Agreement Number	Scope of Work	Term	Original Maximum Payment Obligation	Additional Funding Requested	Amended Maximum Payment Obligation
Cristina Blevins	C-413	<p>Original Scope – Support and liaise with Engaged Neighborhood collaborative taskforces through technical assistance; support neighborhoods in community outreach and assist in building connected systems</p> <p>Expanded Scope – Development and implementation of Dual Language Learner Program, create a work plan with the Orange County Department of Education (OCDE), and create and implement parent engagement strategy with other funded partners</p>	7/1/20- 6/30/21	\$100,000	\$31,000	\$131,000
Wallace Walrod	C-423	<p>Original Scope— Conduct research related to impact on child care on labor markets; project manage aggregate key findings and support for online report; and develop presentations.</p> <p>Expanded Scope-- Additional work on outreach to increase employers engagement/participation; provide support on interpreting child care landscape analysis findings; develop public messaging and materials.</p>	4/1/20- 6/30/21	\$50,000	\$25,000	\$75,000

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-20-C&FC

December 2, 2020

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AMENDMENTS TO AGREEMENTS, AT THE PRESIDENT/CEO'S SOLE DISCRETION, WITH DESIGNATED INDIVIDUALS AND/OR ORGANIZATIONS TO PROVIDE CONSULTANT SERVICES; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AMENDMENTS ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the "Act") implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County ("Commission"); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County's children prenatal to five years of age as codified in the Act; and

WHEREAS, the Commission desires to enter into amendments to current agreements, at the President/CEO's sole discretion, with each of the individuals and/or organizations, hereinafter referred to as the "Contractors," identified in Attachment 1 to the staff report for the December 2, 2020 Commission meeting for this Agenda Item (hereinafter collectively referred to as "Amendments"). Contractors will provide consultant services for the terms and in the amounts and on the conditions as described therein; and

WHEREAS, each Contractor desires to enter into the applicable Amendments to Agreements, if authorized by the President/CEO, in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the applicable Agreement; and

WHEREAS, Commission has reviewed the staff report for the December 2, 2020 Commission meeting relating to the scopes of services to be provided and hereby finds and determines that the proposed Amendments are in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Amendments with each of the Contractors for the terms and in the amounts and on the conditions as specified in Attachment 1 to the December 2, 2020 staff report for this Agenda Item.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the President/CEO, or designee, and Commission Counsel to prepare and negotiate Amendments with each of the Contractors to provide consultant services for the terms and in the amounts and on the conditions consistent with the December 2, 2020 staff report and Attachment 1 referenced therein; and

Section 3 The form of any Amendments shall be substantially similar to the amendments to standard Consultant or Professional Services Agreements, subject to minor, non-substantive revisions, or as otherwise required to comply with state/federal grant funding sources, and will be reviewed and approved by the President/CEO, or designee, and Commission Counsel. The approval by the President/CEO, or designee, of the Agreements shall be conclusively evidenced by the execution of such Agreements by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Amendments to be entered into, at the President/CEO's sole discretion, with each of the Contractors as described in Attachment 1 to the December 2, 2020 staff report for this Agenda Item to provide consultant services for the terms and in the amounts and on the conditions as specified in the December 2, 2020 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreements on behalf of the Commission.

Section 6 A copy of each final Amendment when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. Each final executed Amendment shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the President/CEO, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Amendment(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on December 2, 2020 to wit:

AYES Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, ROBIN STIELER, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

ROBIN STIELER

Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-20-C&FC

Agenda Date: December 2, 2020

Item No. __



I certify that the foregoing is a true and correct copy of the
Resolution adopted by the

Robin Stieler, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy(ies) of final executed Amendments and Agreements)

**Agenda Item 6
December 2, 2020**

DATE: October 23, 2020

TO: First 5 Orange County, Children and Families Commission

FROM: Kimberly Goll, President/CEO *Kimberly Goll*

ACTION: Authorize staff to augment subcontractor agreements and contract with selected vendors in order to provide CalWORKs Home Visiting Program support

SUMMARY:

First 5 Orange County contracts with Orange County Social Services Agency (SSA) to provide home visiting services to CalWORKs recipients. This item recommends authorization to augment subcontractor agreements and to contract with selected vendors, in order to provide CalWORKs Home Visiting (CHVP) support.

DISCUSSION:

The CHVP was created statewide in Fiscal Year 2018/19 and \$158.8 million of Cal Works funding was set aside through the State's Temporary Assistance for Needy Families (TANF) program which is expected to sustain the program through June 2022. SSA developed the local implementation of CHVP, partnering with First 5 Orange County to design the program and subsequently subcontracting its implementation. It leverages the Bridges Prenatal-to-Three Network as the platform for the CalWORKs' funded expansion of home visiting services.

In early September, SSA notified First 5 Orange County that additional state funds were available for the Orange County CHVP for 2020/21, and in October, the Commission authorized receipt of additional funding from SSA pending Board of Supervisors action. Staff from SSA and First 5 Orange County discussed potential uses for these funds which would support children and families in the home visiting program.

Based on further discussion with SSA, staff has determined that it is prudent to reallocate funds from within the existing agreement rather than add funds. As has been brought to your attention, one of the providers of CalWORKs home visiting services, the Orange County Health Care Agency (HCA), has been unable to provide home visiting services since spring of 2020 due to COVID-19 and a redirection of Community Nursing staff to the pandemic response. Because there is sufficient funding from the unspent HCA dollars, staff recommends funds be reallocated to provide the following support services to CalWORKs children and families.

Additional Home Visitors: SSA has recently doubled referrals of CalWORKs clients to the postpartum CHVP. To accommodate these referrals and an anticipated continued increase in referrals, subcontractor agreements (Children's Bureau and The Priority Center) would be augmented to accommodate hiring of additional home visitors.

Breastfeeding Support: Because HCA Community Nursing staff was one of the primary providers of breastfeeding support, this is an immediate need. There is a phone app called Pacify which offers families feeding support (breastfeeding, formula, and food) and access to licensed nurses that can answer client questions about feeding. Funds would be used for an annual subscription and related fees for the Pacify phone app.

Technology: As services have transitioned to virtual delivery with COVID-19, many families do not have the technology to facilitate remote home visiting. Subcontractor agreements (Children's Bureau, MOMS Orange County and The Priority Center) would be augmented so they could purchase refurbished tablets and Internet service to facilitate home visits over video conference and enable home visitors to conduct developmental assessments.

Early Learning Toolkits: First 5 Orange County has been working to ensure children receive early learning support as part of home visiting services. The CHVP includes an Early Learning Liaison located at Orange County Department of Education (OCDE). The purchase of Early Learning Toolkits would support child development at home while social interaction, early learning centers, preschools, and community resources for infant and toddler interaction are scarce/shut down in the pandemic. OCDE's agreement would be augmented to allow them to purchase toolkits tailored to infant and toddler development.

Promotional Video: There is opportunity to increase enrollment in CHVP to reach more families. SSA and First 5 Orange County staff have discussed developing communications materials that can be used by CalWORKs staff in marketing/offering CHVP to CalWORKs participants. First 5 Orange County's agreement with our communications firm, Cornerstone Communications, would be augmented to work with the County of Orange to produce communications materials including a promotional/educational video.

The specific contract modifications, vendors and dollar amounts are summarized in the term sheet as Attachment 1.

STRATEGIC PLAN & FISCAL SUMMARY:

Subcontractor agreements will be augmented and First 5 Orange County will contract with selected vendors, in order to provide CHVP support. There are adequate funds within the CHVP budget to accommodate these costs.

PRIOR COMMISSION ACTIONS:

- October 2020 – Authorized receipt of additional funding from and amend the agreement with the Orange County Social Services Agency (SSA)
- June 2020- Authorized agreements with designated organizations to provide Prenatal-to-Three services.
- April 2020- Authorized receipt of funding from the Orange County Social Services Agency (SSA) and amend agreement with SSA.
- February 2020 – Authorized agreements with designated organizations to provide Prenatal-to-Three services.
- October 2019 – Authorized receipt of funding from the Orange County Social Services Agency and adopted resolution authorizing agreements and amendments to agreements to provide CalWORKs home visitation services.
- April 2019 – Authorized amendments to agreements with contractors to provide services under the CalWORKs Home Visiting.
- December 2018 – Authorized amendments to agreements with contractors to provide services under the CalWORKs Home Visiting.

- October 2018 – Authorized receipt of approximately \$2,208,894 from, and enter into agreement with, the Orange County Social Services Agency to implement CalWORKs Home Visiting.
- Various prior actions authorizing agreements with contractors and consultants (whose scopes did not include CalWORKs Home Visitation).

RECOMMENDED ACTION:

Adopt resolution (Attachment 2) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate agreements and amendments to agreements at the President/CEO's sole discretion, with designated consultants and organizations to provide services for the terms, in the amounts, and on the conditions as specified in Attachment 1.

ATTACHMENT:

1. Term Sheet
2. Resolution

Contact: Lisa Burke

Cal WORKs Home Visiting Program Amendments and New Agreement Term Sheet

Contractor	Agreement Number	Scope/ Additional Scope	Term	Current Maximum Payment Obligation	Additional Funding Requested	Amended Maximum Payment Obligation
MOM Orange County	FCI-HVP-01	Purchase, loan and manage technology tools and internet access for families served in CHVP to support virtual assessments, coaching, and participant access to resources that support healthy child outcomes and family self-sufficiency.	7/01/20 – 06/30/21	\$328,664	\$35,000	\$363,664
The Priority Center, Ending the Generational Cycle of Trauma, Inc.	FCI-BN4-13	Secure additional home visiting staff and cross-train existing staff to enhance capacity to meet growing CHVP service demand; Purchase, loan and manage technology tools and internet access for families served in CHVP to support virtual assessments, coaching, and access to resources that support healthy child outcomes and family self-sufficiency.	7/01/20 – 6/30/23 (HVP funding is only one year)	\$3,435,396 (\$2,724,000 infant/toddler \$711,396 HVP)	\$102,000	\$3,507,396 (\$2,724,000 infant/toddler \$812,396 HVP)

Cal WORKs Home Visiting Program Amendments and New Agreement Term Sheet

Contractor	Agreement Number	Scope/ Additional Scope	Term	Current Maximum Payment Obligation	Additional Funding Requested	Amended Maximum Payment Obligation
Children's Bureau of Southern California	FCI-BN4-12	Secure additional home visiting and data staff to enhance capacity to meet growing CHVP service demand; Purchase, loan and manage technology tools and internet access for families served in CHVP to support virtual assessments, coaching, and access to resources that support healthy child outcomes and family self-sufficiency.	7/01/20 – 6/30/23 (HVP funding is only one year)	\$3,321,747 (\$2,610,000 infant/toddler \$711,747 HVP)	\$102,000	\$3,423,747 (\$2,610,000 infant/toddler \$813,747 HVP)
Orange County Department of Education	FCI-HVP-02	Purchase and distribute early learning kits and materials for families served through the CHVP to support at-home learning and healthy child development.	7/01/20 – 6/30/21	\$255,823	\$34,000	\$289,823

Cal WORKs Home Visiting Program Amendments and New Agreement Term Sheet

Contractor	Agreement Number	Scope/ Additional Scope	Term	Current Maximum Payment Obligation	Additional Funding Requested	Amended Maximum Payment Obligation
Pacify Health, LLC	PS-233	Provide subscription services for CHVP families with one year of access to on-call nurses and lactation consultants available 24 hours a day, 7 days a week through use of the Pacify mobile application. Subscription also includes collection of client satisfaction data, alerts to regularly engage families with important opportunities, information, and updates, as well as clinical notes for home visitors serving clients to follow up and provide support.	1/01/21 – 06/30/21	\$50,0000	n/a	n/a
Cornerstone Communications	PS-234	Design and develop marketing material to promote CHVP services broadly across community partners, such as school districts and Prenatal to Three providers.	12/2/20-6/30/21	\$25,000	n/a	n/a

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-20-C&FC

December 2, 2020

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE NEW AGREEMENTS, OR AMENDMENTS TO CURRENT AGREEMENTS, AT THE PRESIDENT/CEO'S SOLE DISCRETION, WITH DESIGNATED CONSULTANTS AND/OR ORGANIZATIONS TO PROVIDE SERVICES; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENTS ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the "Act") implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County ("Commission"); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County's children prenatal to five years of age as codified in the Act; and

WHEREAS, the Commission desires to enter into new agreements or amendments to current agreements, at the President/CEO's sole discretion, with each of the consultants and/or organizations, hereinafter referred to as the "Contractors," identified in Attachment 1 to the staff report for the December 2, 2020 Commission meeting for this Agenda Item (hereinafter collectively referred to as "Agreements"). Contractors will provide services for the terms and in the amounts and on the conditions as described therein; and

WHEREAS, each Contractor desires to enter into the applicable Agreement, if authorized by the President/CEO, in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the applicable Agreement; and

WHEREAS, Commission has reviewed the staff report for the December 2, 2020 Commission meeting relating to the scopes of services to be provided and hereby finds and determines that the proposed Agreements are in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreements with each of the Contractors for the terms and in the amounts and on the conditions as specified in Attachment 1 to the December 2, 2020 staff report for this Agenda Item.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the President/CEO, or designee, and Commission Counsel to prepare and negotiate an Agreement with each of the Contractors to provide services for the terms and in the amounts and on the conditions consistent with the December 2, 2020 staff report and Attachment 1 referenced therein; and

Section 3 The form of any Agreements shall be substantially similar to the standard, Non-Profit, Consultant or Professional Services Agreements, subject to minor, non-substantive revisions, or as otherwise required to comply with state/federal grant funding sources, and will be reviewed and approved by the President/CEO, or designee, and Commission Counsel. The approval by the President/CEO, or designee, of the Agreements shall be conclusively evidenced by the execution of such Agreements by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Agreements to be entered into, at the President/CEO's sole discretion, with each of the Contractors as described in Attachment 1 to the December 2, 2020 staff report for this Agenda Item to provide services for the terms and in the amounts and on the conditions as specified in the December 2, 2020 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreements on behalf of the Commission.

Section 6 A copy of each final Agreement when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. Each final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the President/CEO, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on December 2, 2020 to wit:

AYES Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, ROBIN STIELER, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

ROBIN STIELER

Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-20-C&FC

Agenda Date: December 2, 2020

Item No. __



I certify that the foregoing is a true and correct copy of the
Resolution adopted by the

Robin Stieler, Clerk of the Commission

By: _____
Deputy


EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy(ies) of final executed Amendments and Agreements)

**Agenda Item 7
December 2, 2020**

DATE: November 16, 2020

TO: First 5 Orange County Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Adopt resolution to approve funding to support the City of Garden Grove's Engaged Neighborhood work

SUMMARY:

First 5 Orange County's Strategic Plan prioritizes communities that have been identified by the Early Developmental Index as having the highest population of children not ready for kindergarten. This item provides background information on First 5 Orange County's Engaged Neighborhood strategy and requests authorization to enter into an agreement with the City of Garden Grove to strengthen that community's early childhood system work.

DISCUSSION:

First 5's Strategic Plan states that we will invest in partnerships and early childhood systems that link children and families to resources that set them on track to thrive, and also that we will prioritize the county's most vulnerable families to reduce disparities in access to quality services and outcomes for young children. An effective early childhood system is comprised of various subsystems that include but are not limited to: pediatric health care, preschools, schools, childcare, social services and nonprofits.

An effective early childhood system dramatically increased the probability that all young children and their families have what they need to be successful. Research on toxic stress and adverse childhood experiences continues to show us that early childhood experiences can have lifelong effects. The intent of the First 5 Engaged Neighborhood strategy is to strengthen these local early childhood systems and increase local access to resources through proven strategies such as engagement with parent leaders, and utilizing equity-informed frameworks that directly address local assets and challenges.

First 5 OC's Engaged Neighborhood strategy relies on Early Development Index (EDI) data to identify neighborhoods with the lowest proportion of children that are ready for kindergarten. Through analysis of this data, we know that our priority communities are located in the cities of Santa Ana, Anaheim, La Habra and Garden Grove. First 5 has been funding Engaged Neighborhood work in Anaheim, La Habra, and Santa Ana, but had not yet launched this work in Garden Grove. During internal review of First 5 investments conducted last fiscal year, staff recommended setting aside \$50,000 to begin this work in Garden Grove.

To determine who might partner with First 5 in this important work, we contracted with Community Action Partnership of Orange County (CAPOC) to conduct a landscape analysis within Garden Grove. The objective of the landscape analysis was to identify available resources, community willingness to prioritize early learning, and entities willing and able to serve as a fiscal lead of First 5's Engaged Neighborhood work. In a corollary activity designed to increase awareness of the importance of early childhood systems, First 5 Orange County also participated in a separate Garden Grove city collaborative, presenting EDI data and leading discussion about the

importance of Garden Grove's young children that led to the creation of an early childhood taskforce.

After receiving the results of the analysis and engaging in the city, staff recommends allocating \$125,000 to the City of Garden Grove to serve as the fiscal lead for Engaged Neighborhood work for a 2 year and 6-month period. The scope of work would consist of: connecting systems; engaging community members with a focus on parent leaders; and utilizing EDI data to ensure equitable opportunities for all families and children within the community. Activities to be completed in the first contract year could include but are not limited to: EDI learning sessions with nonprofits, school districts and parent groups, being of a landscape analysis for service alignment and leveraging opportunities.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended action is consistent with First 5 Orange County's Strategic Plan strategies of Get Involved Early, Elevate Equity, Empower Champions and Align Systems of Care. Initial funding of \$25,000 will be included in the Fiscal Year 2020/21 Amended Budget. The remaining \$100,000 of funding will be incorporated into the proposed budget for Fiscal Year 2021/22 and 2022/23.

PRIOR COMMISSION ACTIONS:

- February 2020 - Adopted resolution authorizing the Executive Director, or designee, and Commission Counsel to prepare and negotiate agreements, at Executive Director's sole discretion, with designated organizations to provide Quality Early Learning services
- April 2019 - Approval of the Strategic Plan which included the strategic direction of Engaged Neighborhoods

RECOMMENDED ACTIONS:

Adopt resolution (Attachment 1) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate Agreement FCI-EN-01 with the City of Garden Grove to strengthen community early childhood systems in an amount not to exceed \$125,000 and for the term of January 1, 2021 through June 30, 2023.

ATTACHMENTS:

1. Resolution City of Garden Grove
2. Early Developmental Index Map of Garden Grove

Contact: Mike Anderson

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-20-C&FC

December 2, 2020

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AGREEMENT NO. FCI-EN-01 WITH THE CITY OF GARDEN GROVE FOR COMMUNITY EARLY CHILDHOOD SYSTEMS WORK; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

WHEREAS, the Commission desires to prepare and negotiate an Agreement with the City of Garden Grove, hereinafter referred to as the “Contractor,” identified in the staff report for the December 2, 2020 Commission meeting for community early childhood systems work for the terms and in the amount and on the conditions as described in therein; and

WHEREAS, Contractor desires to enter into Agreement No. FCI-EN-01 (“Agreement”) in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the Agreement; and

WHEREAS, Commission has reviewed the staff report for the December 2, 2020 Commission meeting relating to the scope of services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement with Contractor for the terms, in the amount and on the conditions as specified in the December 2, 2020 staff report for this Agenda Item.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the President/CEO, or designee, and Commission Counsel to prepare and negotiate the Agreement with Contractor as described in the December 2, 2020 staff report for this Agenda Item.

Section 3 The form of the Agreement with the Contractor shall be substantially similar to the standard form Public Entity Agreement, subject to minor, non-substantive revisions as reviewed and approved by the President/CEO, or designee, and Commission Counsel. The Agreement may contain additional requirements imposed by other government agencies providing funding for the Agreement as reviewed and approved by the President/CEO, or designee, or Commission Counsel. The approval by the President/CEO, or designee, of the Agreement shall be conclusively evidenced by the execution of such Agreement by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Agreements with the Contractor for the terms and conditions as specified in the December 2, 2020 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreement on behalf of the Commission.

Section 6 A copy of the Agreement when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the President/CEO, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement, (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on December 2, 2020 to wit:

AYES Commissioners: _____

NOES Commissioner(s): _____

EXCUSED Commissioner(s): _____

ABSTAINED Commissioner(s): _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, ROBIN STIELER, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

Robin Stieler
Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-20-C&FC

Agenda Date: December 2, 2020

Item No. __



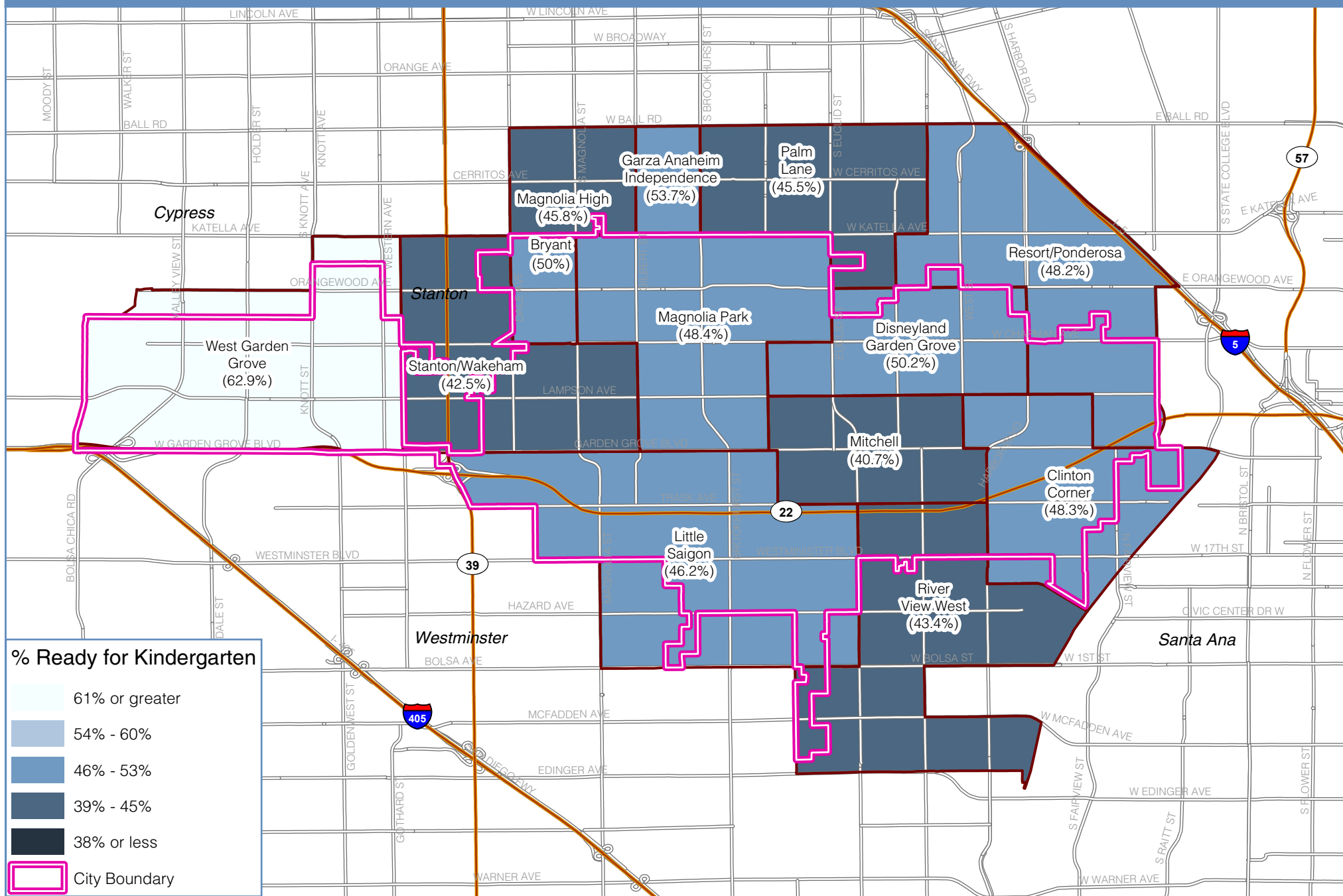
I certify that the foregoing is a true and correct copy of the
Resolution adopted by the

ROBIN STIELER, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final executed Agreement)



**Agenda Item 8
December 2, 2020**

DATE: November 5, 2020

TO: Children and Families Commission of Orange County

FROM: James Donich, Commission Counsel

SUBJECT: Approve President – Chief Executive Officer Employee Agreement

SUMMARY:

The Children and Families Commission of Orange County appointed Kimberly Goll to the Executive Director position at the May 4, 2016 meeting and negotiated an employment agreement that is due to terminate on December 31, 2020. During the term of that agreement the title of Executive Director was changed by the Commission to President/Chief Executive Officer. Earlier this year subsequent to a performance review Commission Counsel was directed to negotiate a new employment agreement with Mrs. Goll for the position of President/Chief Executive Officer. This item requests approval of the employment agreement.

DISCUSSION:

Commission Counsel facilitated a performance review in closed session during the August 2020 Commission meeting. Following the positive performance review, First 5 Commissioners directed Commission Counsel to negotiate an new employment agreement (Attachment 1). The agreement is for a term of 5 years with an annual salary of \$195,000. The benefits package is the same package that was included in the previous agreement, which includes vacation, sick leave, car allowance, deferred compensation, retirement in the Orange County Employee Retirement System (OCERS), and other employee benefits as provided to the County of Orange Executive Management Compensation Group III.

STRATEGIC PLAN & FISCAL SUMMARY:

This item has been reviewed in relation to the Strategic Plan and is consistent with all outcome goals. Funding for the President/Chief Executive Officer position is included in the Fiscal Year 2020/21 Budget in the Administrative Category.

RECOMMENDED ACTION:

Approve employment agreement with Kimberly Goll for the President/Chief Executive Officer position with the Children and Families Commission of Orange County.

ATTACHMENT:

1. Employment Agreement

Contact: Commission Counsel

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective January 1, 2021 ("Effective Date of Agreement"), by and between the CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY ("the Commission") and Kimberly Goll ("Executive").

WHEREAS, in order to insure that its responsibilities are met at all times, the Commission must attract and retain management personnel who exhibit the highest degree of knowledge, experience, technical ability, professionalism, and qualities of leadership; and

WHEREAS, in order to attract and retain in its employment an President/CEO who possesses those qualities and experience necessary to fulfill the Commission's immediate and long-term objectives, the Commission has determined that it is advisable to enter into this Employment Agreement with Executive.

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed by and between the Commission and Executive as follows:

1. Initial Term of Employment. The Commission hereby employs Executive and Executive hereby accepts employment with the Commission beginning on the Effective Date of Agreement, and continuing for five (5) years thereafter until and unless Executive or the Commission earlier terminates this Agreement, and Executive's employment, as provided for herein.

2. Performance Review of Executive. Each year following the Effective Date of Agreement and six months prior to the end of the Term of Employment, the Commission shall review the performance of the Executive. If Executive's performance, at the end each year of service, as determined in the sole discretion of the Commission or its subcommittee, has met expectations, Executive shall receive a salary increase in an amount equal to the Consumer Price Index (CPI) for the U.S. Department of Labor Consumer Price index – all urban Consumers for Los Angeles-Riverside-Orange County effective on January 1st of the year following the review year. If, however, the Commission or its subcommittee determines in its sole discretion that Executive has not met expectations, she shall be awarded no salary increase, or an increase in an amount less than the CPI listed above, as determined by the Commission or its subcommittee.

3. General Duties. Executive shall serve as the President/CEO of the Commission. Executive's Position Description is attached hereto as Exhibit A. The Commission may modify Executive's Position Description, including any of her job duties and responsibilities, at any time, orally or in writing. Executive shall perform each and every duty reasonably prescribed by the Commission and provide all services, acts, or things necessary or advisable to manage, direct and conduct the business and affairs of the Commission, subject at all times to the policies set by the Commission.

4. Devotion to Commission's Business.

A. Executive shall devote Executive's entire productive time, ability and attention to the business of the Commission during the term of this Employment Agreement.

B. Executive shall not engage in any other business, whatsoever, or directly or indirectly render any service of a commercial or professional nature to any other person or organization, whether for compensation or otherwise, without the prior written consent of the Commission, provided that said consent shall not be unreasonably withheld. The expenditure of reasonable amounts of time for educational, charitable, or professional activities shall not be deemed a breach of this Agreement, and shall not require the prior written consent of the Commission, if those activities do not materially interfere with the services Executive is required to render under this Agreement.

C. This Employment Agreement shall not be interpreted to prohibit Executive from making passive personal investments or conducting private business affairs, if those activities are not a conflict of interest under applicable law or regulations, and as long as such activities do not materially interfere with the services Executive is required to render under this Agreement.

5. Uniqueness of Executive's Services. Executive has many years of service devoted to public administration. Additionally, she possesses many years of administrative experience in dealing with employees, the general public, other governmental agencies and public officials. These unique qualifications and experience provide valuable benefits to the Commission that cannot be readily replaced.

6. Annual Salary and Benefits.

A. As compensation for the services to be performed hereunder, Executive shall initially be paid a salary at the annual rate of One Hundred Ninety Five Thousand Dollars (\$195,000), payable not less often than bi-monthly.

B. Executive shall be entitled to benefits as detailed in this Agreement, except that some of Executive's benefits are provided pursuant to, and are subject to the terms of a County Services Agreement between the Commission and the County of Orange.

7. Car Allowance. The Commission shall provide Executive a car allowance of Nine Hundred Fifteen Dollars (\$915.00) per month. Executive's car allowance is designed to reimburse Executive for all costs associated with the use of her personal vehicle on Commission-related business. As such, the Commission shall not separately reimburse Executive for any automobile-related expenses, such as insurance, repairs, mileage or gasoline.

8. Vacation Pay. Executive shall earn 0.0962 hours of vacation for each hour of pay during her regularly scheduled workweek (approximately five (5) weeks per year), but not exceed credit for more than eighty (80) regularly scheduled hours in any pay period. Unused vacation pay

may be carried forward from one year to the next. However, Executive is encouraged to use all of her earned vacation pay each year.

The maximum number of vacation pay hours Executive may accrue shall be four hundred (400) hours. If Executive's earned, but unused vacation pay hours reach the maximum, Executive shall not accrue any additional vacation pay hours. If Executive later uses vacation pay, falling below the maximum, Executive shall resume vacation accrual until the maximum is again reached.

Executive shall schedule the use of her vacation time in consultation with the Commission such that the impact on the Commission's business is minimized.

9. Sick Leave. Executive shall receive sick leave benefits upon the same terms and conditions as the members of the County of Orange representation unit designated Executive Management Compensation Group III. Executive shall receive sick leave at the rate of 96 hours per year of this Agreement. Unused sick leave shall not be paid off at the time of Executive's termination, nor at the conclusion of this Agreement.

10. Deferred Compensation Plan. On behalf of the Executive, Commission shall contribute an amount equal to three percent (3%) of Executive's salary into the County's Deferred Compensation Plan investment fund.

11. Retirement and Retirement Contribution.

A. Executive is an existing participant in the County of Orange-sponsored retirement plan and shall continue to be a participant throughout the term of this Agreement. The Commission's contributions to Executive's retirement shall be at approximately the same level as would be made if Executive were employed by the County of Orange in a position comparable to the one Executive holds under this Agreement.

12. Holidays. Executive shall have the opportunity to observe those Holidays recognized by the County of Orange.

13. Other Employee Benefits. Executive shall be eligible to receive the Optional Benefit Plan; Disability/Salary Continuance benefit (60% of monthly salary); Life Insurance (\$80,000); Accidental Death & Dismemberment; Disability Insurance; and Health and Dental Insurance for Executive and her Dependents as provided to members of the County of Orange representation unit designated Executive Management Compensation Group III.

14. Tax Withholding. The Commission shall have the obligation to deduct or withhold from the compensation due to Executive hereunder any and all sums required for federal income and other payroll taxes and all state or local taxes now applicable or that may be enacted and become applicable in the future.

15. Termination by the Commission for Cause, Non-Extension of the Agreement or Expiration of the Term of Employment.

A. The Commission may immediately terminate Executive's employment under this Agreement for Cause.

B. For the purpose of this Agreement, "Cause" shall mean any of the following, as determined by the Commission:

1. Executive's dishonesty, gross misconduct or criminal conduct;
2. Failure of the Executive to observe or perform any of her duties, if that failure continues for a period of thirty (30) days from the Commission's written notice to Executive specifying the acts or omissions deemed to amount to that failure; or
3. Gross negligence in the performance of her duties under this Agreement.

C. In the case of a Termination for Cause, the effective date of termination ("Effective Date of Termination") shall be the date of notice of termination for cause.

D. If Executive's employment and this Agreement are (1) terminated by the Commission for Cause the Commission shall pay Executive's salary and accrued vacation through the Effective Date of Termination, but the Commission shall have no further obligation to the Executive under this Agreement.

16. Termination by the Commission Without Cause.

A. The Commission may terminate Executive's employment under this Agreement for any reason other than Cause ("Termination Without Cause") upon thirty (30) days written notice to Executive.

B. The effective date of termination ("Effective Date of Termination") shall be thirty (30) days subsequent to written notice of Termination Without Cause. However, the Commission may elect to have Executive leave her employment immediately, upon payment to Executive of an amount equal to thirty (30) days salary.

17. Resignation by Executive. Executive may resign her employment obligations under this Agreement by giving the Commission thirty (30) days prior written notice. Upon receipt of thirty (30) days written notice, the Commission shall have the option of retaining Executive in active employment for all of that thirty-day period, or accepting her resignation from employment at any time within the thirty-day period. If the Commission accepts her resignation prior to the end of the thirty-day period, Executive shall only be entitled to salary earned through the effective date of resignation.

18. Death of Executive. This Agreement shall terminate automatically without notice upon the death of Executive.

19. Disability. This Agreement shall not terminate upon the temporary disability of Executive, but this Agreement shall terminate upon the Permanent Disability of Executive.

Executive shall be deemed to have a Permanent Disability if: (1) she qualifies for long-term disability under any disability insurance policy covering Executive; or (2) she is unable, due to a medical, physical, mental or emotional condition to perform substantially all of her duties under this Agreement for six consecutive months.

20. Notices. Any notices to be given hereunder by either party shall be in writing and may be transmitted by personal delivery or by United States mail, postage prepaid. Mailed notices shall be addressed to the parties at the address maintained in the personnel records of the Commission, but each party may change that address by written notice in accordance with this section. Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of the date of mailing.

21. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Executive by the Commission and contains all of the covenants and agreements between the parties with respect to that employment. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or otherwise, has been made by any party, or anyone acting on behalf of any party, which is not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding on either party.

22. Modifications. Any modifications of this Agreement will be effective only if it is in writing signed by the parties.

23. Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

24. Partial Invalidity. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

25. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, in force and effect as of the date of execution.

Executed this ____ day of October, 2020 at Orange, California.

CHILDREN AND FAMILIES
COMMISSION OF ORANGE
COUNTY

By: _____
Ramin Baschshi , Chair

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIR OF COMMISSION

By: _____
Robin Stieler
Clerk of the Commission

Dated: _____

APPROVED AS TO FORM:

James M. Donich, Commission Counsel

Kimberly Goll

EXHIBIT A

ORANGE COUNTY CHILDREN & FAMILIES COMMISSION

Position Description

TITLE: President/CEO

REPORTS TO: Children and Families Commission of Orange County

**SUMMARY
OF POSITION:** Responsible for management of Commission programs and operations consistent with Commission Policy. At-will executive position under contract to Commission.

ESSENTIAL DUTIES & RESPONSIBILITIES

- Select, manage, evaluate and motivate all Commission employees.
- Develop and implement the annual Business Plan for the Commission.
- Serve as primary representative to the State Commission and state associations.
- Serve as spokesperson for the Commission for contacts with the media and a wide variety of public and private organizations.
- Supervise the performance of all Commission employees and contractors.
- Direct and manage the Commission's research and evaluation programs.
- Represent the Commission at meetings, conferences and other public events.
- Manage Commission fiscal operations consistent with adopted budget.

1. ANNUAL PERFORMANCE GOALS

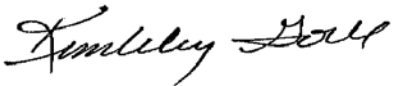
- Accomplishment of objectives and tasks identified in annual Commission Business Plan.
- Manage annual update of Commission Strategic Plan within the established schedule and budget.
- Effective administration of funding and evaluation programs to address Commission priorities.
- Ensure Commission compliance with all initiative and State Commission requirements for continued transfer of Proposition 10 revenues.

- Management of Commission operating budget within established allocations for administrative expenses.

**Agenda Item 9
December 2, 2020**

DATE: November 20, 2020

TO: First 5 Orange County, Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Receive Update on Intergovernmental Transfer (IGT) Transaction with CalOptima

SUMMARY:

First 5 Orange County has participated in five intergovernmental transfer (IGT) transactions with CalOptima as a strategy to leverage federal funding to support investments in children's health. This agenda item requests approval to set aside funds for a proposed IGT transaction and receive Commission member direction on participation and programmatic options for such a transaction.

DISCUSSION:

A rate range IGT transaction provides federal Medicaid funding for reimbursement of uncompensated care for Medi-Cal beneficiaries in a given fiscal year (FY). This type of IGT can only occur via a managed care organization, such as CalOptima. Rate range IGTs began statewide in 2006 and have been used by every county in the state to offset the cost of uncompensated care provided by county health departments, public hospitals, and other local care providers. Due to California's comparatively low reimbursement rates, counties have substantial headroom with which to accommodate these transactions. With rate range IGTs, a government entity provides non-federal matching funds that the state uses to obtain the highest reimbursement rate that is federally allowable. As a general guide, for every dollar provided as a match, about a dollar is returned to the originating county. The State of California charges a 20 percent administrative fee on each transaction.

Participation in an IGT is limited to organizations on both the provider and financing sides that meet the following eligibility criteria:

- *Agencies that have documented uncompensated cost of serving Medi-Cal members* - Since the basis for an IGT is reimbursement for the actual cost of care for services provided, a participating entity must be able to document uncompensated costs for a defined period. In this case, the amount of the transaction is based on expenses incurred during FY 2019/20 and the first six months of FY 2020/21.
- *Agencies that are CalOptima-contracted providers* - The determination of uncompensated costs is limited to the difference between CalOptima's payment to providers for authorized benefits and the actual cost of care for these services. Agencies must show that the uncompensated care was for specific services to CalOptima members for which they were a contracted provider. Dental services, for example, are not currently within CalOptima's scope of mandated benefits and are therefore not eligible for reimbursement under an IGT. Of the Commission's current contracted partners, CHOC Children's is the sole entity to meet all requirements for an IGT transaction.
- *Financing to support the transaction must be provided by a government entity* - The local funds to support IGT transaction financing must be public and cannot be federal funds or

private provider donations. The First 5 Orange County is an eligible public entity and has completed four previous IGT transactions.

- *IGT revenue must be used for Medi-Cal covered benefits* - Potential uses for IGT funding have narrowed significantly due to federal regulations and state policies. IGT funds are now considered part of the capitation payments that CalOptima receives from the state and thus are subject to the same restrictions. Essentially, funds may only be used for covered Medi-Cal benefits for existing CalOptima members. Given this and other limitations noted above, participation in future IGTs may be increasingly less viable.

Since the recipient of the leveraged funds must be a contracted CalOptima provider, any First 5 Orange County-supported transaction will result in funding directly to CalOptima, and in turn to the First 5-selected provider. Neither the principal funds that provided the basis for the federal drawdown, nor the match funds, would return to First 5 Orange County directly. As with previous transactions, we would work with the transaction partners to ensure that the principal and leveraged funds are dedicated to agreed-upon priorities for children prenatal through age five.

Consistent with previous IGT transactions, First 5 Orange County decides on participation in the IGT, determines the amount of the transaction, and approves a general scope. As determined by the California Department of Health Care Services (DHCS), First 5's projected pro rata share of the county's overall headroom for an IGT transaction is \$738,000. This amount is inclusive of the transfer amount for federal match, and the 20 percent fee assessed by the state. Funding for this transaction will come from program savings in Fiscal Years 2019/2020 and 2020/2021 due to the reduction in Public Health Nurse services.

Potential IGT Funded Project

First 5 staff has discussed potential opportunities for investment within the prenatal to three system of care with our community partners, members of our Technical Advisory Committee, and funded partners. During these conversations, the difficulty of navigating the prenatal to three system of care is emerging as a priority to address. Specific concerns relate to the lack of knowledge about what programs exist, who is eligible, how to access them and the degree to which the programs are delivered in a convenient and coordinated way for vulnerable families.

Elements of a high performing system include an intentional effort around knowledge sharing, coordinated referrals and services, easing navigation, and providing consistent feedback loops for system improvement. The First 5 team would like to explore using this IGT opportunity as a way to build capacity within the system to address these concerns. Initial concepts have included leveraging the existing infrastructure at Help Me Grow, but there may be other opportunities that surface during conversation with CalOptima, CHOC, and other community partners.

Next Steps

First 5 Orange County is required to submit to CalOptima a non-binding Letter of Intent and a validation of an uncompensated care spreadsheet to participate in the IGT. Once those documents have been filed, the First 5 team will vet and identify a specific project that addresses the needs identified above and develop a comprehensive proposal for additional Commission consideration at the February 2021 meeting.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions presented in this staff report have been reviewed in relation to the Strategic Plan and are consistent with applicable goals. Funding for this item will be included in the applicable fiscal budget once an agreement is signed with DHCS.

PRIOR COMMISSION ACTIONS:

- May 2020- Approved updated contract terms
- April 2020- Approved IGT Transaction
- October 2019 – Approved IGT Transaction
- December 2017 – Approved IGT Transaction
- March 2017 – Approved IGT Transaction
- April 2016 – Approved Amended Resolution for IGT transaction
- February 2016 – Approved IGT Transaction
- December 2015 – Receive update on proposed Intergovernmental Transfer (IGT) transaction with CalOptima and provide direction to staff
- October 2015 – Authorized the Executive Director to pursue a potential Intergovernmental Transfer (IGT) transaction with CalOptima on behalf of community partners and return at the December 2015 meeting with a proposed plan and terms and conditions for Commission approval.
- June 2014 – Annual Planning Meeting, Sustainability Strategies

RECOMMENDED ACTION:

1. Receive report and provide staff direction

ATTACHMENTS:


None

Contact: Kim Goll

**Agenda Item 10
December 2, 2020**

DATE: November 16, 2020

TO: First 5 Orange County, Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Conduct public hearing and authorize President/CEO to submit the Comprehensive Annual Financial Report to First 5 California and the State Controller's Office and adopt resolution approving the Fiscal Year 2020/2021 Amended Budget

SUMMARY:

First 5 Orange County is required to conduct a public hearing to approve the annual audit before submittal to First 5 California and the State Controller's Office. This item presents the annual independent audit report conducted by Eide Bailly LLP and the Fiscal Year 2020/2021 Amended Budget.

DISCUSSION:

The California Children and Families Act of 1998 (Health and Safety Code Sections 130140 & 130150) requires that each county commission complete an annual audit and program report of the preceding fiscal year, conduct a public hearing on the audit and program reports, and submit both to the First 5 California Commission and the audit report to the State Controller's Office on or before November 1st of each year. The annual program report was provided and approved at the October 2020 meeting.

Due to circumstances beyond the control of the First 5 Orange County, an extension was requested and granted by the California State Controller's Office until December 7, 2020, for the submission of the annual audit report for Fiscal Year 2019/2020. As a participant in the County of Orange Retiree Medical Plan, the Commission is required to report under accounting standards related specifically to other post-employment benefits. Utilizing these standards, County of Orange auditors verified a report detailing Retiree Medical Plan information relevant to the Commission. This process created the delay, and the deadline to submit the annual audit to the California State Controller's Office and First 5 California was extended. The audit of the Retiree Medical Plan is now finished, and the Comprehensive Annual Financial Report is submitted as Attachment 1.

Comprehensive Annual Financial Report (CAFR)

Eide Bailly LLP performed an independent annual audit of Commission financial statements for Fiscal Year 2019/2020 that included the expanded audit compliance requirements mandated by AB109/SB35. The auditors conducted their audit work in accordance with all standards applicable to financial audits including generally accepted auditing standards, standards and procedures issued by the California State Controller's Office, and Government Auditing Standards issued by the Comptroller General of the United States. The *Comprehensive Annual Financial Report for the Year Ended June 30, 2020* (Attachment 1) was prepared in compliance with the most up to date guidelines issued by the State Controller.

The independent auditors found no instances of noncompliance with state or federal laws and regulations concerning financial matters. The auditors found no significant deficiencies, material weaknesses involving internal controls over financial reporting, or audit adjustments, and rendered an unmodified opinion on the Commission's *Comprehensive Annual Financial Report for Year End June 30, 2020*. Eide Bailly states these same results in the following reports:

Independent Auditor's Report: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Commission, as of June 30, 2020, and the respective changes in financial position thereof and budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America."

Auditors' Report on State Compliance: "In our opinion, the Commission compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2020."

Amendments to Fiscal Year 2020/2021 Approved Operating Budget

The Fiscal Year 2020/2021 Budget was approved in June 2020. A proposed Amended Annual Operating Budget for Fiscal Year 2020/2021 has been developed following the analysis of current program allocations and encumbrances. The amended operating budget includes both previously approved contracts recommended to be carried forward into the current year and amendments to reallocate savings into program funding.

Revenue

No changes are recommended at this time for budgeted Fiscal Year 2020/2021 tobacco tax revenue. After years of volatility, tobacco tax revenue is expected to decline at the same 3.5% annual rate that has been assumed for many years. Due to delays at the State level, revenue amounts for the first quarter have not yet been provided by First 5 California. At this time, there is no information that would require amending budgeted tobacco tax revenue. Revenues for the First 5 CA IMPACT have been increased by \$843,500 to reflect the incentive funds to be received in the current year.

Program Funding

Program funding has been increased by carryover amounts, and other program expenses are offset by unspent Fiscal Year 2019/2020 administrative balances. Attachment 3 presents a summary of the amended budget, and specific requests are detailed below.

- \$435,000 in carryover funding has been transferred to the Amended Budget. The Pediatric Loan Repayment Program represents most of the carryover and will continue to be carried forward until fully expended.
- \$371,000 in carryover funding from the prior-year unspent administrative and program budget has been transferred to fund consultant contracts consistent with the Commission program actions through December. Funding has been increased in the Amended Budget for these consultants in each related program budget line item.
- \$585,600 in funding for the Early Developmental Index has been removed from the Amended Budget and will be presented in future-year budgets. The work to collect EDI data will be conducted in either the 2021/2022 or 2022/2023 school years.
- \$356,500 in incentive funding from the First 5 CA IMPACT program to be disbursed in the current year has been added to the Amended Budget.

STRATEGIC PLAN & FISCAL SUMMARY:

The report and recommended action presented in this report have been reviewed in relation to the Commission's Strategic Plan and are consistent with applicable goals. There is no funding action proposed for this item.

PRIOR COMMISSION ACTIONS:

- October 2020 - Conducted Public Hearing on Fiscal Year 2019/2020 Annual Report
- June 2020 - Conducted Public Hearing, adopt resolutions and receive the Fiscal Year 2020/2021 Proposed Budget and Fiscal Year 2019/2020 Amended Operating Budget
- December 2019 - Conducted Public Hearing and authorized the President/CEO to submit the Annual Financial Report to First 5 California and the State Controller's Office
- October 2019 - Conducted Public Hearing on Fiscal Year 2018/2019 Annual Report

RECOMMENDED ACTION:

1. Conduct Public Hearing
2. Receive the Comprehensive Annual Financial Report for Year Ended June 30, 2020, including State Compliance Report, (Attachment 1) and authorize the President/CEO to submit the Annual Financial Audit Report, along with any supporting materials, to First 5 California and the State Controller's Office.
3. Approve Amendments to Fiscal Year 2020/2021 Operating Budget (Attachment 3) and adopt resolution (Attachment 4) approving the Amended Annual Operating Budget for Fiscal Year 2020/2021.

ATTACHMENTS:

1. Comprehensive Annual Financial Report for Year Ended June 30, 2020
2. Audit Conclusion Communication Letter
3. Fiscal Year 2020/2021 Amended Budget
4. Resolution approving Fiscal Year 2020/2021 Amended Budget

Contact: Michael Garcell

**CHILDREN AND FAMILIES COMMISSION
OF ORANGE COUNTY**

(a Component Unit of the
County of Orange, California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

Prepared by:

Michael Garcell, CPA (inactive)

Director of Finance

**CHILDREN AND FAMILIES COMMISSION
OF ORANGE COUNTY
FOR THE YEAR ENDED JUNE 30, 2020**

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November 18, 2020

Board of Commissioners
Children and Families Commission of Orange County
1505 East 17th Street, Suite 230
Santa Ana, CA 92705

Dear Commissioners,

The Comprehensive Annual Financial Report (CAFR) of the Children and Families Commission of Orange County (the Commission) is hereby submitted. This report contains financial statements that have been prepared in conformity with United States Generally Accepted Accounting Principles (GAAP) prescribed for governmental entities. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Commission. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner that presents fairly the financial position and changes to the financial position of the Children and Families Commission of Orange County. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The CAFR has been audited by the independent certified public accounting firm of Eide Bailly, LLP. The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the Commission for the year ended June 30, 2020, are free of material misstatement. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the Commission's financial statements as of and for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

This letter of transmittal is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A) that immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and an analysis of the basic financial statements.

Profile of the Commission

The Commission was established by the Orange County Board of Supervisors in September 1999 following the passage of Proposition 10, through which California voters made an unprecedented investment in early childhood development. The Commission's activities have been built to develop, adopt, promote and implement programs to support early childhood development. Since inception, the Commission has made a lasting positive impact in Orange County through its expenditures of approximately \$832 million toward grants, programs and operations that improve the well-being of young children and families in Orange County.

Relevant Financial Policies

Financial Plan

In December 2019, the Board of Commissioners reviewed the updated Long-Term Financial Plan (LTFP). The LTFP, which is reviewed annually to incorporate the prior year-end financials as well as updated revenue projections, continues to anticipate annual decreases in Proposition 10 tobacco tax collections. Since its peak in 2000, the Commission has had an overall reduction of over 45% in revenue, and tobacco revenue is projected to continue to decline at a rate of 3% to 4% annually.

Legislation and voter initiatives passed that directly affect tobacco tax sales and tax revenue. An increase to the legal age for the purchase of tobacco products from 18 to 21, a new licensing fee administered by the Board of Equalization to cover administrative costs previously charged to First 5's, and the passage of Proposition 56, a \$2.00 tax increase, all have varying degrees of impact on tobacco tax revenue.

After a significant decline in tobacco tax revenue for Fiscal-Year 2017-2018 due to the lag in implementing the backfill provision of Proposition 56 passed in November 2016, an overall increase in tobacco tax revenue occurred in both Fiscal Year 2018-2019 and 2019-2020 due in part to Proposition 56 backfill. Given this overall volatility, the Board of Commissioners directed staff to develop three-year funding renewal recommendations, working under the direction of Commissioner-led funding renewal panels. Fiscal-Year 2019-2020 was the final year of the three-year cycle.

Beginning in July 2019, three Commissioner-led panels met multiple times to review program information, receive stakeholder input and make recommendations for program funding for Fiscal Year 2020-2021 to Fiscal Year 2022-2023. The funding review panels were divided into three categories: Homeless Prevention, Quality Early Learning, and Prenatal-to-Three, and included Commissioners and their appointees. Each panel met multiple times between July 2019 and January 2020, reviewing background information, relevant data, and program evaluation findings. During this time, staff also met with all stakeholders that would be impacted by the proposed funding recommendations.

For the three-year funding cycle from Fiscal Year 2020-2021 to Fiscal Year 2022-2023, First 5 Orange County proposes to invest in each of the three funding categories. Recommended funding totals approximately \$35,000,00 over the three-year period, allocated as follows:

- \$3,750,000 for Homeless Prevention;
- \$17,000,000 for Quality Early Learning; and
- \$14,275,000 for Prenatal-to-Three.

This overall funding, which includes some set asides for future anticipated programming and catalytic funding, can be accommodated within the projected program expenditures of the 10-year Financial Plan, which calls for an aggregate five percent decline in program funding each three-year cycle to match the projected decline in tobacco tax revenue. It also creates approximately \$3 million in annual budget reductions that may be used to offset volatile tobacco tax revenue and for potential system building work in alignment with the Strategic Plan.

In April 2019, First 5 Orange County updated its Strategic Plan, claiming a vision that all Orange County children reach their full potential, and outlining new strategic directions to reach that vision including:

- Building committed leaders working for children and families;
- Engaging neighborhoods using Early Development Index results;
- Connecting the systems of care that serve children and families;
- Aligning First 5 Orange County investments for greatest impact using data-informed, mission-driven decision making; and
- Sustaining funding for early childhood services by working to secure new or repurposed funds.

The Commissioner-led panels for each funding category considered the updated Strategic Plan goals and strategic directions as part of their deliberations.

Other Financial Information

Internal Control

The management of the Commission is responsible for establishing and maintaining internal controls designed to ensure that the assets of the public entity are protected from loss, theft, or misuse. Management is also responsible for ensuring that adequate accounting data are compiled to allow for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The objective of budgetary control is to ensure that spending is limited to the total amount authorized by the Board of Commissioners. The initial budget for Fiscal Year 2019-2020 was adopted on April 3, 2019 with subsequent adjustments approved on December 4, 2019 and June 3, 2020. The Executive Director has the discretion to adjust the budget as defined within the budget policy of the Board of Commissioners. Monthly financial highlights are provided to the Board of Commissioners.

Risk Management

The Commission manages its risk exposure in part through the purchase of Workers Compensation, Property, General Liability, Auto, Crime and Directors and Officers insurance through the County of Orange.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the tenth consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Commission must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United State of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that the current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to express my sincere appreciation to Commission staff and the staff of the certified public accounting firm of Eide Bailly, LLP. I hope this report will be of interest and use to those in the County of Orange, other governmental agencies, and the public interested in the financial activity of the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly Goll". The signature is fluid and cursive, with the first name "Kimberly" written in a larger, more prominent script than the last name "Goll".

Kimberly Goll
President/CEO

CHILDREN AND FAMILIES COMMISSION
OF ORANGE COUNTY
BOARD OF COMMISSIONERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

COMMISSION BOARD MEMBERS (9)

Ramin Baschshi, M.D. (A)
Chair

Kenneth McFarland (A)
Vice Chair

Debra Baetz (M)
Social Services Agency

Sandra Barry (A)

Doug Chaffee (M)
Board of Supervisors

Clayton Chau, M.D., Ph.D. (M)
Health Care Agency

Jackie Filbeck (A)

Yvette Lavery (A)

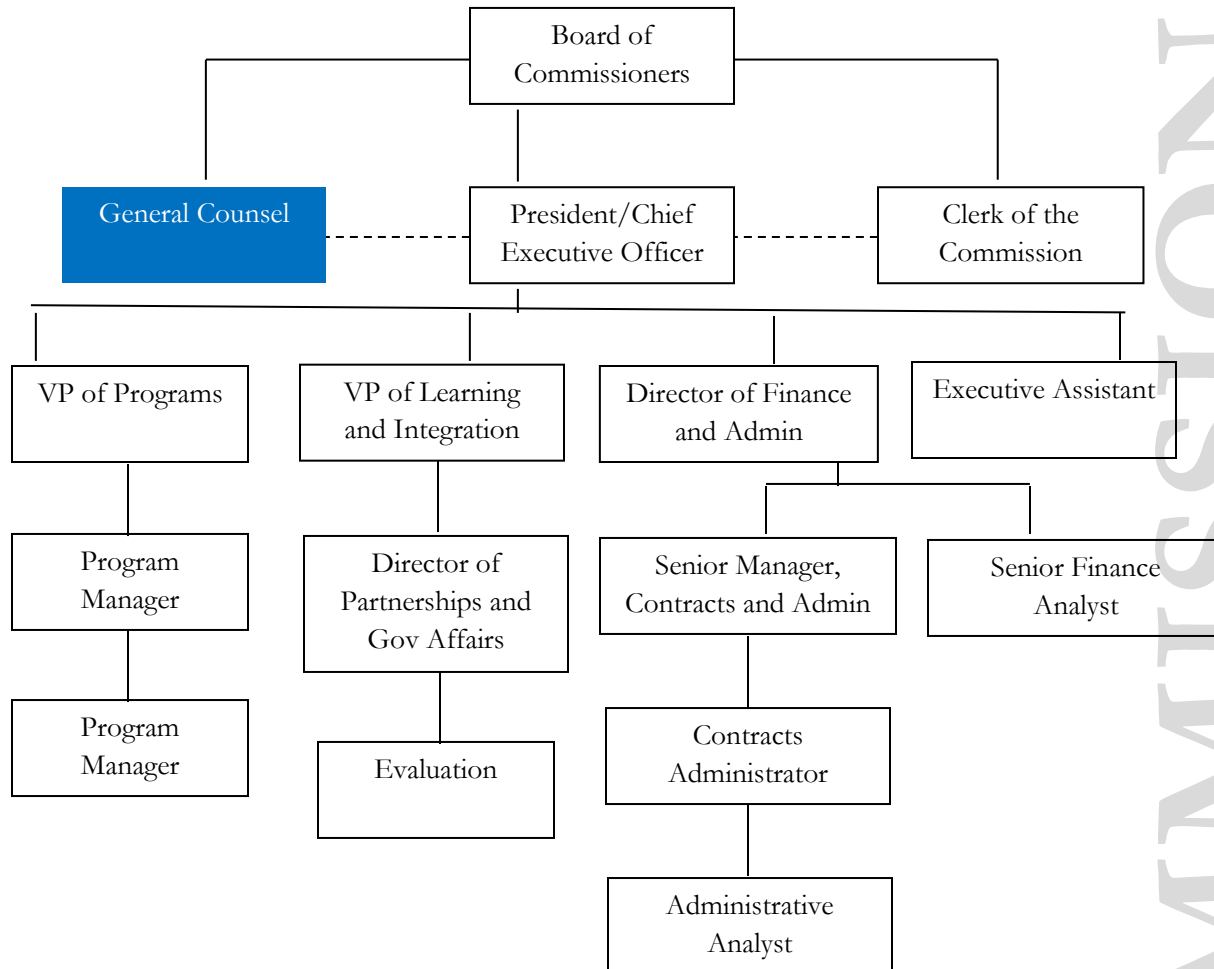
Susan McClintic (A)

(M) Mandatory members

(A) At-large members

COMMISSION

**CHILDREN AND FAMILIES COMMISSION
OF ORANGE COUNTY
ORGANIZATION CHART
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Children and Families Commission
of Orange County, California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Independent Auditor's Report

To the Board of Commissioners
Children and Families Commission of Orange County
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Children and Families Commission of Orange County (Commission), a component unit of the County of Orange, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Commission, as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability and net OPEB liability and schedule of the Commission's contributions, as listed in the table of content, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements. The introductory section, schedule of First 5 California funding, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of First 5 California funding is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of First 5 California funding is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Laguna Hills, California
November 16, 2020

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

As management of the Children and Families Commission of Orange County (Commission), we offer readers of the Commission's Comprehensive Annual Financial Report this overview and analysis of the financial activities for the fiscal year ended June 30, 2020. Please read in conjunction with the Commission's basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Commission as reported on the Statement of Net Position exceeded its liabilities and deferred inflows of resources by \$47.1 million at the end of the current fiscal year, an increase of \$6.4 million (15.8%) from the prior fiscal year. The increase in Net Position is primarily due to the receipts of program reimbursement revenues, a one-time increase in tobacco tax revenue from backfill payments, and planned decreases in overall program spending.
- As of June 30, 2020, the Commission's governmental fund statements reported an ending fund balance totaling \$43.3 million, an increase of \$6 million (16.2%).
- The total ending fund balance of \$43.3 million was classified into the following categories: \$4 million as non-spendable, \$13.2 million as committed, and \$26.1 million as assigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of three parts: the introduction section, the basic financial statements including government-wide financial statements, governmental fund financial statements and notes to the basic financial statements, and the statistical section. The Commission's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the activities during the reporting period.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances and activities. These statements are prepared using the full accrual basis of accounting and a total economic resource measurement focus, in order to provide both long-term and short-term information about the Commission's overall financial status. A detailed definition of these methods is described in Note 1 of the basic financial statements.

The Statement of Net Position presents information on all of the Commission's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Changes in net position may serve as a useful indicator of whether the financial position of the Commission is improving or declining.

The Statement of Activities presents changes in the Commission's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not received, unused vacation leave, net pension liability).

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related and legal requirements. All Commission activities are accounted for in the general fund.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources available at the end of the year*. Such information may be useful in evaluating the Commission's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financial decisions. Reconciliations are presented for the Balance Sheet of governmental funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of governmental funds to facilitate comparison between governmental funds and governmental activities.

Governmental Fund Financial Statements are prepared on a modified accrual basis, which means that they measure only current financial resources and uses. Capital assets and long-term liabilities are not presented in the Governmental Fund Financial Statements, as they do not represent current available resources or obligations. The Commission adopts an annual appropriated budget for the general fund. A budgetary comparison statement for the general fund is presented in the basic financial statements to demonstrate compliance with the adopted budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

ANALYSIS OF THE COMMISSION'S GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, net position was \$47.1 million at the end of the current fiscal year, an 16% increase from the prior fiscal year's net position. Following is a summary of the government-wide Statement of Net Position comparing balances at June 30, 2020 and June 30, 2019.

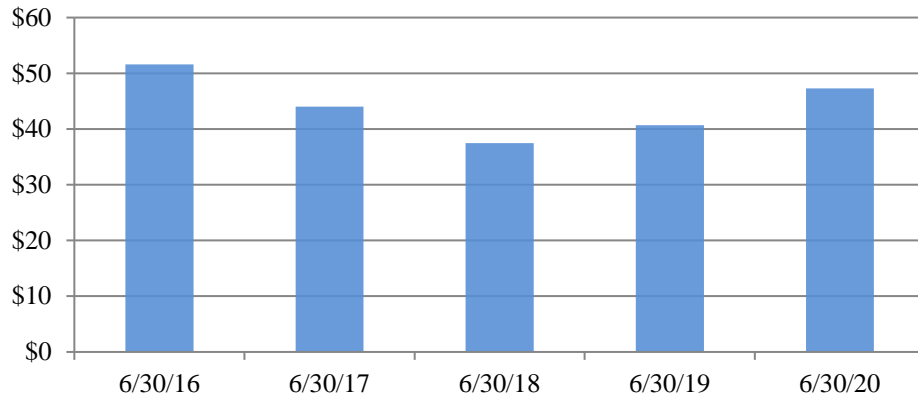
The Commission's net position as of June 30, 2020 is considered unrestricted because their use is not for a purpose narrower than the Commission's purpose and were comprised of the following:

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

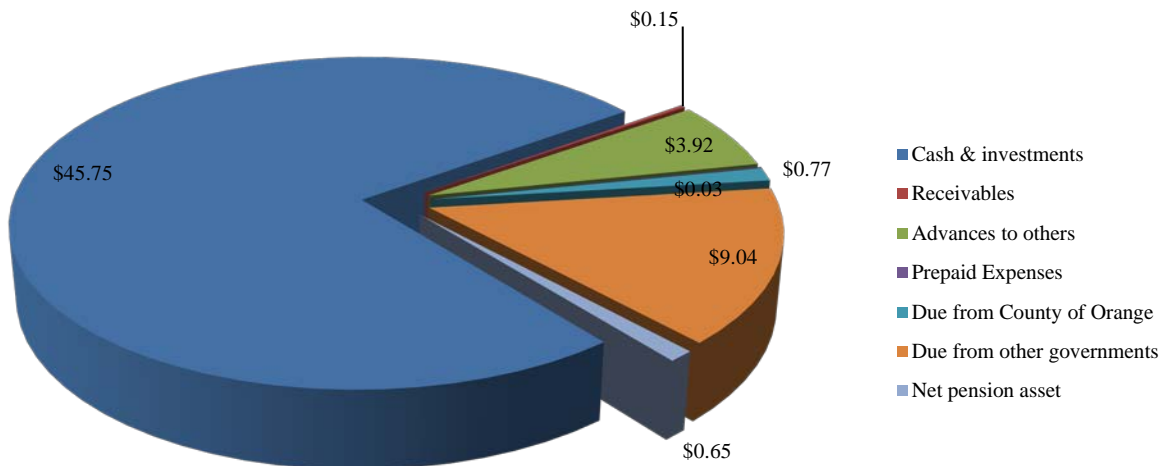
	FY 2019-20	FY 2018-19	Percent Increase (Decrease)
Assets:			
Cash and investments	\$ 45,738,453	\$ 38,633,125	18.4%
Imprest cash	10,000	10,000	0.0%
Interest receivable	153,484	253,633	-39.5%
Due from County of Orange	765,366	134,181	470.4%
Due from other governments	9,042,050	7,520,655	20.2%
Advances to others	3,923,410	3,870,545	1.4%
Prepays	30,702	0	100.0%
Net Pension Asset	646,473	0	100.0%
Total assets	<u>60,309,938</u>	<u>50,422,139</u>	19.6%
Deferred Outflows of Resources:			
Pension related amounts	17,957	124,083	-85.5%
OPEB related amounts	24,000	32,000	-25.0%
Total deferred outflows of resources	<u>41,957</u>	<u>156,083</u>	-73.1%
Liabilities:			
Accounts payable and accrued liabilities	4,531,036	2,301,929	96.8%
Due to County of Orange	3,416	1,814	88.3%
Due to other governments	5,303,051	4,210,732	25.9%
Retentions payable	1,362,937	1,227,891	11.0%
Accrued wages and benefits	46,060	31,429	46.6%
Compensated absences:			
Payable within one year	64,538	63,780	1.2%
Payable after one year	21,080	4,657	352.7%
Net Pension Liability	0	630,611	-100.0%
Net OPEB Liability	245,000	290,000	-15.5%
Total liabilities	<u>11,577,118</u>	<u>8,762,843</u>	32.1%
Deferred Inflows of Resources:			
Pension related amounts	1,619,924	1,131,282	43.2%
OPEB related amounts	26,000	-	100.0%
Total deferred inflows of resources	<u>1,645,924</u>	<u>1,131,282</u>	45.5%
Net Position:			
Unrestricted	47,128,853	40,684,097	15.8%
Total net position	<u>\$47,128,853</u>	<u>\$40,684,097</u>	15.8%

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Net Position
Comparison of Last Five Fiscal Years
(\$ in millions)



Assets
As of June 30, 2020



CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Assets, Current and Other

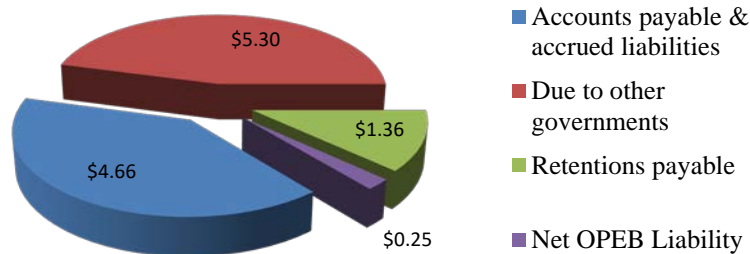
- Cash and investments totaled \$45.7 million. All \$45.7 million was invested in the Orange County Investment Pool (OCIP), except for a small petty cash fund held at the Commission. The investments in OCIP are managed by the County Treasurer and reviewed for compliance with the Commission's Annual Investment Policy. Cash and investments increased by 18.4% due to receipts of payments for program reimbursements.
- Due from other governments totaled \$9 million. Of this amount, \$3 million is Prop 10 tobacco tax revenue due from the State of California for May and June 2020 allocations and \$6 million for the First 5 California IMPACT and Hubs Programs, the California Department of Health Care Services Dental Transformation Initiative, and the Home Visitation Program.
- Advances to others totaled \$3.9 million and represents funds advanced to contractors for services not provided by June 30, 2020. Approximately \$2.8 million was remaining as an advance for Emergency Shelter Catalytic programs. The advances cover future periods up to Fiscal Year 2020/2021.
- Net pension asset of \$0.65 million is reported for the first time compared to a net pension liability of \$0.63 million in the prior year.
- Other current assets consist of \$0.18 million in interest and miscellaneous reimbursements.

Deferred Outflows of Resources

- The Commission participates in a cost-sharing multiple-employer pension plan, the Orange County Employees Retirement System, and the cost-sharing multiple-employer County of Orange Retiree Benefit Plan. As a participant, the Commission is required to report its proportionate share of deferred outflows of resources related to pensions and other post-employment benefits.
- Deferred outflows of resources include \$17,957 represent pension related amounts for measurement period ending December 31, 2019. Government Accounting Standards Board Statement No. 75 requires deferred outflows of resources related to other postemployment benefits (OPEB) be recognized in the Commission financial statements. Total deferred outflows related to OPEB are \$24,000 as of measurement date of December 31, 2019.
- Note 8 and 12 to the Commission financial statements provides further detail of all deferred outflows of resources reported in Fiscal Year 2019-2020.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Liabilities
As of June 30, 2020



Liabilities

- Accounts payable and due to other governments total \$9.8 million. Payables to grantees services not yet billed at June 30, 2020 are based on established contract terms. This balance represents a decrease of 51% from the prior year due to both timing of invoices for program partners and the increased program activity for First IMPACT and Hubs, California Department of Health Care Services Dental Transformation Initiative, and Home Visiting Program.
- Retentions payable total \$1.4 million. Retentions payable are held until end of contract audits are completed and received by the Commission to ensure compliance with contract terms.
- Other current liabilities total \$0.13 million consisting of amounts due to the County of Orange and accrued wages, benefits and compensated absences.

Deferred Inflows of Resources

- The Commission participates in a cost-sharing multiple-employer pension plan, the Orange County Employees Retirement System, and the cost-sharing multiple-employer County of Orange Retiree Benefit Plan. As a participant, the Commission is required to report its proportionate share of deferred inflows of resources related to pensions and other post-employment benefits.
- Governmental Accounting Standards Board Statement No. 68 requires deferred inflows of resources related to pensions be recognized in the Commission financial statements. Total deferred inflows of resources of \$1.6 million is the result of the differences between expected and actual experience, changes of assumptions, and changes in the Commission's proportionate share occurring over the measurement period ending December 31, 2019.
- Note 8 and 12 to the Commission financial statements provides further detail of all deferred inflows of resources recognized in Fiscal Year 2019-2020.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Changes in Net Position

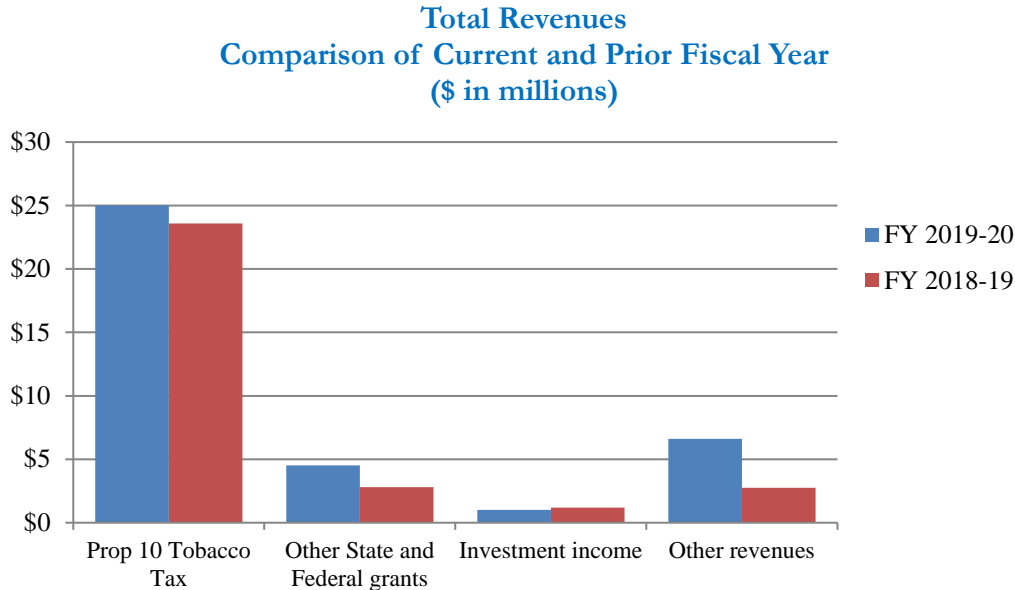
For the year ended June 30, 2020, current year operations increased the Commission's net position by \$6.4 million. The increase is due to both the timing of revenues from outside program funding, increased tobacco tax revenue, and the overall planned reduction of program expenditures. The following is a summary of the Commission's Statement of Activities comparing revenues, expenses and changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	FY 2019-20	FY 2018-19	Percent Increase (Decrease)
Revenues:			
Program Revenues			
Tobacco taxes	\$24,991,179	\$23,573,280	6.0%
Other State and Federal operating grants and contributions	4,427,158	2,795,566	58.4%
Interest income earned on tobacco taxes at the State	86,655	64,514	34.3%
Total program revenues	<u>29,504,991</u>	<u>26,433,360</u>	11.6%
General Revenues			
Investment income	1,021,339	1,188,495	-14.1%
Other revenues	6,599,710	2,680,689	146.2%
Total general revenues	<u>7,621,049</u>	<u>3,869,184</u>	97.0%
Total revenues	<u>37,126,041</u>	<u>30,302,544</u>	22.5%
Expenses:			
0-5 Child development programs	29,826,480	26,092,909	14.3%
Salaries and benefits	854,804	972,068	-12.1%
Total expenses	<u>30,681,284</u>	<u>27,064,977</u>	13.4%
Change in net position:	6,444,756	3,237,564	
Net position – July 1	<u>40,684,097</u>	<u>37,446,530</u>	8.7%
Net position – June 30	<u>\$47,128,853</u>	<u>\$40,684,097</u>	15.8%

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Total revenues

The Commission's total revenues are comprised of both program revenues, which are restricted to one or more specific program uses, and general revenues.

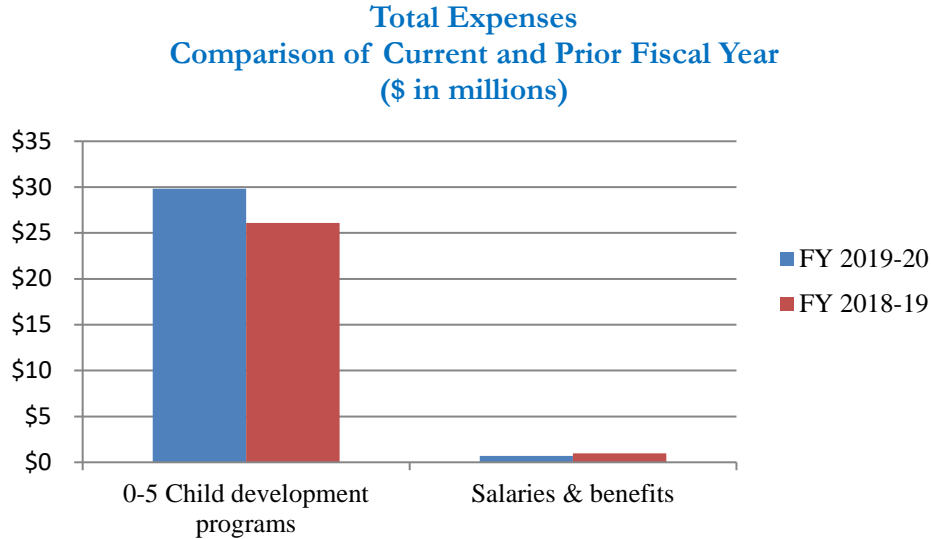


- *Program revenues*
The Commission's program revenues totaled \$29.5 million in Fiscal Year 2019-2020 and accounted for 79% of total revenues. This represented an increase of \$3 million (11.6%) from Fiscal Year 2018-2019 program revenues.
 - Tobacco Tax revenue includes revenues from taxes levied on tobacco products by the State of California and distributed amongst all counties based on the percentage of county birthrates as established in Proposition 10. This revenue increased by \$1.4 million from the prior fiscal year.
 - The increase in revenue is due to an increased backfill under Proposition 56 which increased sales tax of an additional \$2.00 per pack approved by voters.
 - Other State and Federal operating grants and contributions for Fiscal Year 2019/2020 includes revenue from the state-wide IMPACT and Hubs program reimbursements.
- *General revenues*
The Commission's general revenues totaled \$7.6 million in Fiscal Year 2019-2020 and accounted for 20.5% of total revenues. General revenues include all revenues that do not qualify as program revenues, such as investment income and other miscellaneous revenue reimbursements including the Dental Transformation Initiative and Home Visiting Program.
 - Investment income decreased by \$0.17 million from the prior fiscal year. The decrease in investment income from the Orange County Investment Pool (OCIP), which is administered by the County Treasurer, is due to slightly lower investment returns on cash balances maintained by the Commission.
 - Other revenue increased due to additional reimbursements for the Dental Transformation Initiative and Home Visiting Programs by \$3.9 million or 146%.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Governmental Activities Expenses

Total expenses increased by \$3.6 million (13.4%) from the prior fiscal year. The increase is due to increased reimbursable program funding specifically for First 5 CA IMPACT and Hubs, Dental Transformation Initiative, and Home Visiting Program.



- Zero-to-five child development programs increased by \$3.7 million (14.3%) from the prior fiscal year to fund programs serving children and families within the Commission's four strategic goal areas of Healthy Children, Ready to Learn, Strong Families and Capacity Building. The increase is due to the previously mentioned reimbursable program funding specifically for First 5 CA IMPACT and Hubs, Dental Transformation Initiative, and Home Visiting Program. Overall, reduced program spending is a component of the Commission's long-term financial plan. Prop 10 tobacco tax revenue has been and will continue as a declining revenues source. To focus on sustainability and service delivery while allowing for decreased revenue, the long-term financial plan incorporates a step-down approach to annual program funding over the next ten years.
- Salaries and benefits decreased by \$0.12 million (-12.1%) from the prior fiscal year due to the recognition of pension related amounts recognized on the government-wide statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND STATEMENTS

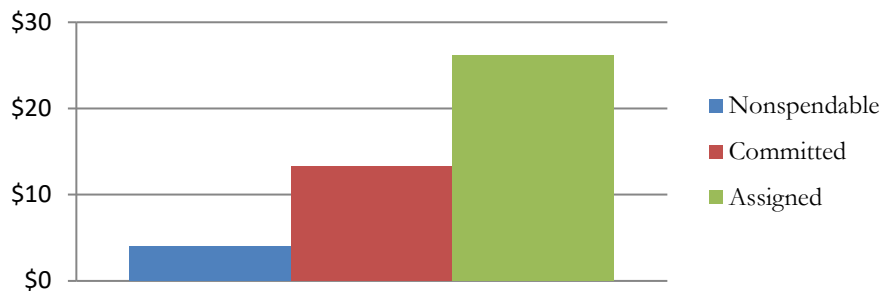
As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The activities are contained in the general fund of the Commission. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources, both committed and available for future operational needs. Program revenues of approximately \$5.1 million were not received within the Commission's period of availability and, as such, are recorded as deferred inflows on the Governmental Fund Balance Sheet.

As of the end of the current fiscal year, the Commission's general fund reported total ending fund balance of \$43.3 million, an increase of \$6 million (16.2%) in comparison with the prior fiscal year.

**Fund Balance Classifications
As of June 30, 2020
(\$ in millions)**



General Fund Budgetary Highlights

Budget Amendments

The budget amendments are approved during each fiscal year for the General Fund in order to reflect the most current revenue trends and to account for shifts in funding objectives.

- Total budgeted revenues were increased by \$1.6 million. The amendment was based on budget carryovers for the First 5 IMPACT and Hubs programs.
- Total budgeted appropriations were increased by \$1.75 million in the 0-5 child development program expenditures line items not including amounts budgeted for Catalytic programs. The increases are due mostly to the addition of expenses related to new and carryover funding for grants funded by outside organizations.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

Budget to Actual Comparisons

This section contains an explanation of the significant differences between the Commission's Final Budget amounts and actual amounts recorded for revenues and expenditures for Fiscal Year 2019-2020 as detailed on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

- Total actual revenues were above budgeted revenues in Fiscal Year 2019-2020 by over \$2.8 million due to the delayed receipt of revenue from the prior-year as well as a larger than expected tobacco tax backfill payment timing of revenue recognition.
- Total budgeted appropriations exceeded actual expenditures in Fiscal Year 2019-2020 by \$9.2 million due to program funds spent under the Bridges and Home Visitation Program and the timing of distributions of one-time Catalytic funds.
 - 0-5 child development program expenditures were less than budgeted appropriations by \$2.9 million. The underspend due mostly to the timing of expenditures related to the Dental Transformation Initiative, Bridges Maternal Health, and the CalWorks Home Visitation Program. The original appropriations for these programs represent total funds available through each program award, but each program has unique scheduling and timelines that guide when funds are expended.
 - Salaries and benefits actual expenditures were less than budgeted appropriations by \$0.27 million due to two vacant staff positions and underspending projections for different benefits.
 - Catalytic expenditures were less than budgeted appropriations by \$6.0 million. Fiscal Year 2019-2020 was the eighth year of Round 1 and 2 catalytic funds were disbursed. The total funding amount of approximately \$58.9 million was approved by the Commission as detailed below. Expenditures are recognized as services are provided and deliverables met for each separate Catalytic program. At budget adoption, the timing of Fiscal Year 2019-2020 distributions and expense recognition were not known. Each Catalytic program has a unique scope and budget. Final payment terms are included in the contracts approved by the Commission for each Catalytic program. Remaining Catalytic funding will be included in future year budgets as defined in the related Catalytic contract payment and deliverable schedules.

Commission Catalytic funding

Round 1:

Children's Dental Programs	\$20,000,000
Early Developmental Services / Autism Program	7,000,000
Year-Round Emergency Shelter	7,000,000
Early Literacy and Math	5,000,000
Healthy Child Development	5,500,000
VISTA / AmeriCorps transition feasibility	25,000
	\$44,525,000

Round 2:

Capacity Building	\$3,250,000
Partnership for Children's Health	6,023,474
Prevention Services	500,000
Nutrition and Fitness	365,000
Pediatric Vision Services	1,500,000
Catalytic Unallocated and Matching Funds	2,766,695
	\$14,405,169

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The State Department of Finance projects a continuing decrease of tobacco revenue even though revenue did increase. This was due solely to the first full year of implementing the Proposition 56 backfill. The rate of decline is caused by both intended and unintended factors, which include federal legislation, state initiatives, First 5 California's education and outreach efforts, and comprehensive smoking cessation programs to reduce tobacco use. Demographic factors, specifically birthrates, also have an impact on the individual county allocations of the statewide tobacco revenue. In May 2016, Governor Brown signed five of six bills related to tobacco products. Two of the bills had an immediate impact on the amount of tobacco tax allocated to the Commission. The legal age to purchase or consume tobacco was increased from 18 to 21, and an annual Board of Equalization (BOE) licensing fee of \$265 for tobacco retailers replaced the former one-time fee. The new fee will create savings in the BOE fees the Commission pays annually resulting in additional revenue.

In November 2016, voters approved Proposition 56 adding a \$2.00 tobacco tax and expanding the definition of tobacco products. A backfill provision was included in Proposition 56. The Commission receives backfill payments that have varied in amount over the past three years. The long-term outlook is still estimated at an annual decline in the 3.5% range. The same rate the Commission has used for financial planning for years.

The Commission's financial plan will continue to conservatively estimate future-year revenues and continue planned reductions in annual program funding to account for declining revenues. While the financial plan does assume portions of fund balance will be used in future years to bridge some of the gap between needed services and projected revenue.

REQUESTS FOR FINANCIAL INFORMATION

This comprehensive annual financial report is intended to provide the public with an overview of the Commission's financial operations and condition for the fiscal year ended June 30, 2020. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President/CEO, Children & Families Commission of Orange County, 1505 East 17th Street, Suite 230, Santa Ana, California 92705

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES
<hr/>	
ASSETS	
Cash and investments in County Treasury	\$ 45,738,453
Imprest cash	10,000
Interest receivable	153,484
Due from County of Orange	765,366
Due from other governments	9,042,050
Prepays	30,702
Advances to others	3,923,410
Net pension asset	646,473
Total Assets	<hr/> 60,309,938 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	17,957
Other postemployment benefits	24,000
Total Deferred Outflows of Resources	<hr/> 41,957 <hr/>
LIABILITIES	
Accounts payable	4,531,036
Due to County of Orange	3,416
Due to other governments	5,303,051
Retentions payable	1,362,937
Accrued wages and benefits	46,060
Compensated absences:	
Payable within one year	64,538
Payable after one year	21,080
Net OPEB liability	245,000
Total Liabilities	<hr/> 11,577,118 <hr/>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	1,619,924
Other postemployment benefits	26,000
Total Deferred Inflows of Resources	<hr/> 1,645,924 <hr/>
NET POSITION	
Unrestricted	<hr/> 47,128,853 <hr/>
TOTAL NET POSITION	<hr/> \$ 47,128,853 <hr/>

See accompanying notes to the basic financial statements.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Operating Grants And Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:			
Child development	\$ 30,681,284	\$ 29,504,991	\$ (1,176,293)
General Revenues:			
Investment income			1,021,339
Miscellaneous			6,599,710
			<u>7,621,049</u>
			6,444,756
			<u>40,684,097</u>
			<u>\$ 47,128,853</u>

See accompanying notes to the basic financial statements.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and investments in County Treasury	\$ 45,738,453
Imprest cash	10,000
Interest receivable	153,484
Due from County of Orange	765,366
Due from other governments	9,042,050
Prepaid Expenses	34,911
Advances to others	3,923,410
Total Assets	<u><u>\$ 59,667,674</u></u>
LIABILITIES	
Accounts payable	\$ 4,531,036
Due to County of Orange	3,416
Due to other governments	5,303,051
Retentions payable	1,362,937
Accrued wages and benefits	46,060
Total Liabilities	<u>11,246,500</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - unavailable revenue	<u>5,095,505</u>
Total Deferred Inflows of Resources	<u>5,095,505</u>
FUND BALANCES	
Nonspendable fund balance	3,958,321
Committed fund balance	13,237,942
Assigned fund balance	<u>26,129,406</u>
Total Fund Balances	<u>43,325,669</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 59,667,674</u></u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund balances of governmental funds	\$ 43,325,669
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Prepaid expense included as a deferred outflow on the accrual basis used in the government-wide statements	(4,209)
Net pension asset related to governmental activities are not	646,473
Deferred outflows of resources:	
Pension related amounts	17,957
Other postemployment benefits	24,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(85,618)
Net OPEB Liability	(245,000)
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year- end. However, the revenues are included on the accrual basis used in the government-wide statements.	5,095,505
Deferred inflows of resources:	
Pension related amounts	(1,619,924)
Other postemployment benefits	(26,000)
Net Position of governmental activities	<u><u>\$ 47,128,853</u></u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>
REVENUES	
Prop 10 Tobacco Tax	\$ 28,541,094
Investment income earned on tobacco taxes at the State level	151,169
Other State operating grants and contributions	1,238,020
Federal operating grants	193,505
Investment income	1,021,339
Other revenue	6,259,051
Total Revenues	<u>37,404,178</u>
EXPENDITURES	
Current:	
Salaries and benefits	1,545,217
Expenditures related to the "Zero to Five" Programs	26,470,166
Catalytic Round 1 and 2 Program Funding	3,356,314
Total Expenditures	<u>31,371,697</u>
Change in Fund Balance	6,032,481
FUND BALANCE, July 1	<u>37,293,188</u>
FUND BALANCE, June 30	<u><u>\$ 43,325,669</u></u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net changes in fund balance - total governmental funds	\$	6,032,481
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Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balance differs from the amounts reported in the statement of activities because:

Governmental funds report pension contributions and OPEB contributions as expenditures. However, in the Statements of Activities, pension and OPEB expense is measured as the change in the net pension and net OPEB liability and the amortization of deferred outflows and inflows related to pensions and OPEB. This amount represents the change in pension and OPEB related amounts.

Pension related amounts	716,595
Other postemployment benefits related amounts	(9,000)

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in the compensated absences liability.	(17,181)
--	----------

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements.	(278,139)
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Change in net position of governmental activities	\$	6,444,756
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See accompanying notes to the basic financial statements.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Prop 10 Tobacco Tax	\$ 22,336,249	\$ 22,336,249	\$ 28,541,094	\$ 6,204,845
Investment income earned on tobacco taxes at the State level	-	-	151,169	151,169
Other State operating grants and contributions	2,469,616	4,074,616	1,238,020	(2,836,596)
Federal operating grants	180,000	180,000	193,505	13,505
Investment income	100,000	100,000	1,021,339	921,339
Other revenue	7,881,225	7,881,225	6,259,051	(1,622,174)
Total Revenues	32,967,090	34,572,090	37,404,178	2,832,088
EXPENDITURES				
Current:				
Salaries and benefits	1,819,073	1,819,073	1,545,217	273,856
Expenditures related to the "Zero to Five" Program	27,650,460	29,405,450	26,470,166	2,935,284
Catalytic Round 1 and 2 Program Funding	9,357,323	9,357,323	3,356,314	6,001,009
Total Expenditures	38,826,856	40,581,846	31,371,697	9,210,148
Net Change in Fund Balance	(5,859,766)	(6,009,756)	6,032,481	6,378,060
FUND BALANCE, July 1	34,804,693	34,566,865	37,293,188	-
FUND BALANCE, June 30	\$ 28,944,927	\$ 28,557,109	\$ 43,325,669	\$ 6,378,060

See accompanying notes to the basic financial statements.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Children and Families Commission of Orange County (the Commission) was established by the Orange County Board of Supervisors in 1999 under the provisions of the California Children and Families Act of 1998 (Act). The Commission is a public entity legally separate and apart from the County. The purpose of the Commission is to develop, adopt, promote and implement early childhood development and school readiness programs in the County of Orange consistent with the goals and objectives of the Act. The Commission's programs are funded primarily by taxes levied by the State of California on tobacco products.

A governing board of nine members, which are appointed by the County Board of Supervisors, oversees the Commission. Three members are considered Mandatory Members, comprised of representatives of the County Health Care Agency, Social Services Agency and Board of Supervisors. Other members are considered At-Large Members. The Board of Supervisors Mandatory Member serves for a one-year term without limitation on the number of terms he/she may serve. Other Mandatory Members serve until removed by the Board of Supervisors. At-Large Members serve for terms ranging from two to four years, not to exceed eight consecutive years. The County Board of Supervisors may remove any Commission Member at any time. The Commission is considered a discretely presented component unit of the County of Orange.

Upon termination of the commission, all assets of the Commission shall be returned to the State of California. The liabilities of the Commission shall not become liabilities of the County upon either termination of the Commission or the liquidation or disposition of the Commission's remaining assets.

Basis of Accounting and Measurement Focus

The basic financial statements of the Commission are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

Government-wide financial statements consist of the statement of net position and the statement of activities. These statements are presented on an economic resources measurement focus. All economic resources and obligations of the reporting government are reported in the financial statements.

The government-wide financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting all assets, liabilities, deferred outflows and inflows of resources of the Commission are included on the statement of net position. The difference between the Commission's assets, liabilities, deferred outflows and inflows of resources is its net position. Net position represents the resources the Commission has available for use in providing services. The Commission's net position is classified as:

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Government-Wide Financial Statements, (Continued)

Unrestricted – This category represents neither restrictions nor net investment in capital assets and may be used by the Commission for any purpose though they may not be necessarily liquid.

The statement of activities presents a comparison of the direct expenses and program revenues for the Commission's governmental activities. Program revenues include grants and contributions restricted for the operational requirements of a particular program. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Program revenues include tobacco taxes, First 5 California programs and federal revenues. General revenues are all revenues that do not qualify as program revenues and include investment income and miscellaneous income. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Fund Financial Statements

The fund financial statements consist of the balance sheet, the statement of revenues, expenditures and changes in fund balance, and the statement of revenues, expenditures and changes in fund balance – budget and actual of the Commission's general fund. These statements are presented on a current financial resources measurement focus. Generally, only current assets, deferred inflows of resources, and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current resources. All operations of the Commission are accounted for in the general fund.

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered available if they are received within 60 days after year-end. Revenues susceptible to accrual include tax revenues, grant revenues and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred except for compensated absences, which are recognized when due and payable at year-end.

Fair Value Measurement

The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Commission does not have any investments that are measured using Level 3 inputs.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Outflows and Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. A deferred outflow of resources is defined as a consumption of the net position by the Commission that is applicable to a future reporting period. The Commission has a deferred inflow, unavailable revenue, which occurs only under a modified accrual basis of accounting. Accordingly, the items are reported only in the governmental fund balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The Commission also recognizes deferred outflows and inflows related to pensions and other post-employment benefits under the accrual basis of accounting. These items are reported only in the government-wide Statement of Net Position.

Capital assets, net of accumulated depreciation

Capital assets are not considered to be a financial resource and therefore, is not reported as an asset in the fund financial statements. Capital assets are capitalized and reported at cost, net of accumulated depreciation in the government-wide financial statements. There were no additions to the capital assets in the current year.

Capital assets are recorded at historical cost. The Commission capitalizes assets with cost in excess of \$5,000 and a useful life greater than one year. The Commission depreciates capital assets using a straight-line method over the estimated useful life of each asset. The estimated useful life used for the capital assets, comprised only of equipment, ranges from 5 to 10 years.

Adjustments Between Fund Financial Statements and Government-Wide Financial Statements

Prepaid Pension

Prepaid pension contributions are reported as a prepaid asset in the fund financial statements and in the Statement of Net Position. The prepaid pension contributions, at the fund level, pertain to the contributions required for the related payroll periods of July 1, 2019 to June 30, 2020. A remaining balance of \$4,209 is reported as of June 30, 2020 after all contributions for the fiscal year were deducted from the prepaid account. Because the next actuarial valuation to determine the Commission's net pension liability will occur on December 31, 2020, the prepaid contributions are recognized as a deferred outflow of resources on the government wide statements to account for the portion that will be applied to the calculation of net pension liability. No additional prepayments were made during the year for contributions required beginning July 1, 2020.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Differences Between Fund Financial Statements and Government-Wide Financial Statements
(Continued)

Long-Term Liabilities

Compensated absence obligations are considered long-term in nature and are reported in the fund financial statements as expenditures in the period paid or when due and payable at year-end under the modified accrual basis of accounting. Compensated absences have been accrued in the government-wide financial statements and are included in long-term liabilities. Compensated absences are liquidated by the general fund.

Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Commission recognizes a net pension liability/asset, which represents the Commission's proportionate share of the excess of the total pension liability/asset over the fiduciary net position reflected in the actuarial report provided by the Orange County Employees Retirement System (OCERS). The net pension liability/asset is measured as of OCERS' prior fiscal year end December 31, 2019 and is reported on the same basis as they are reported by OCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Changes in the net pension are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Other Postemployment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the County of Orange Retiree Benefit Plan ("OPEB Plan") and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

OPEB	
Valuation Date	June 30, 2019
Measurement Date	December 31, 2019
Measurement Period	January 1, 2019 to December 31, 2019

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Due to other governments

Due to other governments represents amounts owed to grantees and governmental agencies for services provided to the Commission in accordance with the Commission's strategic plan.

Retentions payable

The Commission retains a percentage of amounts billed by grantees and vendors in accordance with executed contracts. Upon fulfilling the requirements of the grantee agreement or contract, the amounts are released.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Also, the preparation of the financial statements inherently requires the rounding of amounts and estimates.

Budget and Budget Reporting

The Commission is required by County ordinance to prepare a budget each year based on estimates of revenues and expected expenditures. The Commission's Board of Commissioners adopted an annual budget of expenditures for the year ended June 30, 2020, which is prepared on the modified accrual basis of accounting. The accompanying statement of revenues, expenditures and changes in fund balance – budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year. The legal level of budgetary control is at the total fund level.

Fund Balance

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Commission established the following classifications and definitions of fund balance for the year ended June 30, 2020:

Nonspendable – Resources that cannot be spent because they are not in an expendable form (e.g. prepaid asset, advances to others) or must be maintained intact (e.g. endowment principal).

Restricted - Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Balance (Continued)

Committed - Resources with self-imposed limitations and require both the approval of the highest level of decision-making authority (Board of Commissioners) and the same formal action to remove or modify the limitations. The formal action required by the Board of Commissioners for funds to be committed is action by the way of resolution allocating funding for a specific purpose, program or initiative.

Assigned - Resources with self-imposed limitations but do not require approval by the highest level of decision-making authority (may be a body, committee or individual designated by Board of Commissioners) or the same level of formal action to remove or modify limitations. Includes appropriation of a portion of existing fund balance sufficient to eliminate subsequent year's budget deficit, resources assigned to specific program for which there is an approved budget, and resources approved by the Commission for a long-range financial plan.

Unassigned - Resources that cannot be reported in any other classification.

Fund balance of governmental funds is reported in various categories based on the nature of the limitations requiring the use of resources for specific purposes. The Commission itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the Commission. The Commission is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Commission for specific purposes but do not meet the criteria to be classified as committed. The Commission adopts an annual budget and gives authority to the Executive Director and staff to assign fund balance for approved contracts in force. Unlike commitments, an additional action does not normally have to be taken for the removal of an assignment.

The Commission's spending priority is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance.

Refer to Note 6 for additional details regarding the GASB 54 classification of fund balance.

Encumbrances

The Commission utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Encumbrances of \$16.6 million represent Board-approved future year contracts for Catalytic Programs (\$4.6 million) and annual programs and operations (\$12 million). The most significant Catalytic Program encumbrance is for Children's Dental (\$3.5 million). The two largest program encumbrance balances are for the Dental Transformation Initiative (\$6.2 million) and Bridges: Maternal Child Health Network (\$2.5 million). Encumbrances for Catalytic Programs are reported in Committed fund balance and encumbrances for other programs are reported in Assigned fund balance.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Children and Families Commission Orange County Employees Retirement System (OCERS) plan and additions to/deductions from OCERS' fiduciary net position have been determined on the same basis as they are reported by OCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective This Fiscal Year

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Commission has determined that this Statement does not have a material impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement is effective for the reporting periods beginning after June 15, 2018. The Commission has determined that this Statement does not have a material impact on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Commission has determined that this Statement does not have a material impact on the financial statements.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

GASB Statement No. 95

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately as they delayed the effective dates of several GASB Statements. The effective dates listed in the Future Governmental Accounting Standards Board (GASB) Pronouncement section have been updated to reflect the postponed effective dates.

GASB has issued the following pronouncements prior to June 30, 2020, that have effective dates which may impact future financial statement presentation. The effect of these statements is currently under review by the Commission:

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 91, *Conduit Debt Obligations*.

GASB Statement No. 92, *Omnibus 2020*.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 94, *Public-Private and Public Partnerships and Availability Payment Arrangements*.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are classified in the financial statements as follows:

Cash and investments in County Treasury	\$ 45,738,453
Imprest Cash	<u>10,000</u>
Total Cash and Investments	<u><u>\$ 45,748,453</u></u>

Cash and investments consisted of the following at June 30, 2020:

Orange County Investment Pool:	
Equity in pooled Money Market fund	\$ 45,738,453
Imprest Cash	<u>10,000</u>
Total Cash and Investments	<u><u>\$ 45,748,453</u></u>

Investments Authorized by the California Government Code and the Commission Investment Policy Statement

Authorized investment instruments include:

- Certificates of Deposit (insured or collateralized)
- Orange County Investment Pool
- “AAA” rated Money Market Mutual Funds
- U.S. Treasury securities
- U.S. Government Agency securities: Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB)

All Money Market Mutual Funds must be AAA rated by two NRSROs, invest only in direct obligations in US Treasury bills, notes, bonds, U.S. Government Agencies and repurchase agreements with a weighted average of 60 days or less, and have a minimum of \$500 million in assets under management. Money Market Mutual Funds that do not maintain a constant NAV (Net Asset Value) will be prohibited.

The Commission is a participant in the County Treasurer’s Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2020, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Comprehensive Annual Financial Report.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2020, the Commission held no individual investments. All funds are invested in OCIP.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in the OCIP are made based on \$1 and not fair value. Accordingly, the Commission's proportionate share of investments in the OCIP at June 30, 2020 of \$45,738,453 is measured based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

The due from other governments account represents amounts due to the Commission from the California Children and Families Commission ("State Commission") for Prop 10 related revenues and other governmental agencies. The amounts due to the Commission at June 30, 2020, were as follows:

Due from State Commission:

Prop 10 revenue for:

May 2020	\$1,228,666
June 2020	1,745,649
Surplus Money Investment Fund Allocations	86,655
First 5 IMPACT and Hubs Program	4,124,540

Due from other governmental agencies for:

California Department of Healthcare Services	1,856,540
Total Due from Other Governments	<u>\$9,042,050</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – DUE TO OTHER GOVERNMENTS

The due to other governments account represents amounts due to the Regents of the University of California, Orange County school districts, and other local governmental agencies. The amounts due to the other governments at June 30, 2020, were as follows:

Due to government agencies:	
FY 2019-2020 Contract Payment Accruals	\$ <u>5,303,051</u>
Total Due to Other Governments	\$ <u>5,303,051</u>

NOTE 5 – COMPENSATED ABSENCES

The vested compensated absences liability balance at June 30, 2020 consists of the following activity:

Balance			Balance	Due Within
<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>One Year</u>
<u>\$68,437</u>	<u>\$188,518</u>	<u>\$171,337</u>	<u>\$85,618</u>	<u>\$64,538</u>

NOTE 6 – FUND BALANCE

Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance as of June 30, 2020 consists of the following:

	<u>June 30, 2020</u>
Nonspendable:	
Prepays and Advances	\$3,958,321
Committed for:	
Catalytic Round 1 and 2 programs	13,237,942
Assigned for:	
Approved contracts	<u>26,129,407</u>
Total fund balance	<u>\$43,325,670</u>

Fund Balance Category Descriptions

Nonspendable – consists of prepaid retirement contributions for Fiscal Year 2019-2020. Refer to Note 8 for further details. Included in Nonspendable are Catalytic funding amounts advanced to grantees for project scopes not completed by June 30, 2020.

Committed for contractual obligations – consists of contract amounts approved by Commission action as of June 30, 2020 for Fiscal Years 2020-2023 and future years of Commission Round 1 and 2 Catalytic funding.

Assigned for approved contracts – consists of Fiscal Year 2020-2021 programs that were approved by Commission action and included in the Fiscal Year 2020-2021 Operating Budget.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – CONTINGENCIES

The Commission is involved in various legal proceedings from time to time in the normal course of business. In management's opinion, the Commission is not involved in any legal proceeding that will have a material adverse effect on financial position or changes in financial position of the Commission.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. All full-time employees of the Commission participate in the Orange County Employees Retirement System (OCERS). OCERS was established by the County of Orange in 1945. OCERS is administered by the Board of Retirement and governed by the County Employee's Retirement Law of 1937 California Government Code Section 31450 et. seq.). OCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and General members employed by the County of Orange. OCERS also provides retirement benefits to the employee members of the Orange County Courts, the Orange County Retirement System, two cities and twelve special districts.

The management of OCERS is vested with the Orange County Board of Retirement. The Board consists of nine members and one alternate. The County Treasurer is a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two members are elected by the General membership; one member and one alternate are elected by the Safety membership, and one member is elected by the retired members of the System. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with her term as County Treasurer. OCERS issues a stand-alone annual financial report, which can be obtained at www.ocers.org.

Benefits Provided. OCERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Orange or contracting agencies who work a minimum of 20 hours per week become members of OCERS effective on the first day of employment in an eligible position. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. Any new Safety Member who becomes a member on or after January 1, 2013 is designated PEPRA Safety and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. All other employees are classified as General members. New General Members employed after January 1, 2013 are designated as PEPRA General subject to the provisions of California Government Code 7522 et seq.

General Information about the Pension Plan

General members prior to January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired ten or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, excluding member of Plan T and Plan W, are eligible to retire once they have attained the age of 52, and have acquired five years of retirement service credit.

All General and Safety members can also retire at the age of 70 regardless of service.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

General member benefits are calculated pursuant to the provisions of Sections 31676.01, 31676.1, 31676.12, 31676.16, 31676.18 or 31676.19. For section 31676.01, the monthly allowance is equal to 1/90th of final compensation times years of accrued retirement service credit times age factor from that Section. For Section 31676.1, the monthly allowance is equal to 1/60th of final compensation times years of accrued retirement service credit times age factor from the Section. For Sections 31676.12, 31676.16, 31676.18 or 31676.19, the monthly allowance is equal to 1/50th of final compensation times years of accrued retirement service credit times age factor from the corresponding Section. General member benefits for those who are first hired on or after January 1, 2013, excluding members of Plan T, are calculated pursuant to the provision California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

For members with membership dates before January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum with membership dates on or after January 1, 2013, excluding members of Plan T and Plan W.

Final average compensation consists of the highest 12 consecutive months for a General Tier 1 or Safety Tier 1 member and the highest 36 consecutive months for a General Tier 2, General PEPRA, Safety Tier 2 or Safety PEPRA member.

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

OCERS provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustments, based upon the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County Area, is capped at 3.0%.

Contributions. The Commission contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from OCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for the first six months of calendar year 2019 or the first half of fiscal year 2018-2019 (based on the December 31, 2016 valuation) was 36.56% of compensation. The average employer contribution rate for the last six months of calendar year 2019 or the first half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 37.97% of compensation. Contributions recognized by the plan in FY 2019-20 were \$117,300.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

All members are required to make contributions to OCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate for the first six months of calendar year 2019 or the second half of fiscal year 2018-2019 (based on the December 31, 2016 valuation) was 12.01% of compensation. The average member contribution rate for the last six months of calendar year 2019 or the first half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 12.63% of compensation.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Commission reported a net pension asset of (\$646,473) for its proportionate share of the net pension liability (NPL)/(asset). The NPL/(asset) was measured as of December 31, 2019. Plan Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuation as of December 31, 2018. At December 31, 2019, the Commission's proportion was -0.013% percent allocated based on the actual employer contributions within the Commission's rate group. This represents a decrease from 0.023%, from the proportionate measured as of December 31, 2018.

For the year ended June 30, 2020, the Commission recognized pension expense of (\$595,594). As of June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$62,383	
Changes in proportion and differences between employer contributions and proportionate share of contributions		\$1,652,118
Changes of assumptions or other inputs	(48,635)	(1,512)
Difference between expected and actual experience		(30,682)
Commission contributions subsequent to the measurement date	4,209	
Total	\$17,957	\$1,619,924

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as contributions made subsequent to the measurement date of \$4,209 will be recorded as an addition to net pension asset in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	(471,966)
2022		(411,273)
2023		(342,312)
2024		(217,925)
2025		(162,700)
	<u>\$</u>	<u>(1,606,176)</u>

Actuarial assumptions. For the measurement period ended December 31, 2019 (the measurement date), total pension liability (IPL) was determined by rolling forward the December 31, 2018 (the valuation date) total pension liability. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2014 through December 31, 2016.

Net investment return: 7.00%

Inflation 2.75%

Salary Increases General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, varying by service, including inflation

Cost of Living Adjustments 2.75% of retirement income

Post – Retirement Mortality Rates:

Healthy: For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally with the two-dimensional MP-2016 projection scale.

Disabled: For General Members: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table set forward five years, projected generationally with the two-dimensional MP-2016 projection scale.

Beneficiaries: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females), projected 20 years with the two-dimensional mortality improvement scale MP-2016, weighted 40% male and 60% female.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments¹ was determined in 2017 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2019 actuarial valuation. This information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	6.38%
Core Bonds	13.0%	1.03%
High Yield Bonds	4.0%	3.52%
Bank Loan	2.0%	2.86%
TIPS	4.0%	0.96%
Emerging Market Debt	4.0%	3.78%
Real Estate	10.0%	4.33%
Core Infrastructure	2.0%	5.48%
Natural Resources	10.0%	7.86%
Risk Mitigation	5.0%	4.66%
Mezzanine/Distressed Debts	3.0%	6.53%
Private Equity	8.0%	9.48%
Total	100.00%	

Discount rate. The discount rate used to measure the TPL was 7.00% as of December 31, 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2019.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Commission’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Commission’s proportionate share of the NPL/(asset) calculated using the discount rate of 7.00%, as well as what the Commission’s NPL would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	(\$34,892)	(\$646,473)	(\$1,143,934)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued OCERS financial report.

NOTE 9 – COMMITMENTS

The Commission leases office space from a third party under a long-term operating lease. The latest lease expires on October 31, 2021 (Fiscal Year 2021-2022) and is non-cancellable. The future minimum rental payments due under the lease are as follows.

Fiscal Year 2020-2021	\$ 74,708
Fiscal Year 2021-2022	25,072

Rent expense was \$72,844 for the year ended June 30, 2020.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Commission contracts with the County to provide accounting, banking and investment, purchasing, human resources, risk management and other administrative services. The Commission participates in the County’s risk management programs (commercial and self-insurance programs) for general and automobile liability insurance, public official liability, rental interruption, personal property, worker’s compensation, group health indemnified plans, group salary continuance plan, group dental plan and unemployment benefit plan. The Commission records its portion of related insurance premiums charged by the County as an expense. Insurance expense for the year ended June 30, 2020 was \$21,842. The Commission incurred expenses totaling \$343,428 for all other County services provided during the year ended June 30, 2020. The amount owed to the County of Orange for related party transactions at June 30, 2020 was \$3,416.

The Commission paid \$744,033 of service provider grants to organizations represented by a member of the Board of Commissioners, although all members abstain from all votes regarding funding to the organization represented. The Commission incurred a total of \$1,193,222 in expenses paid to the County of Orange for program services delivered by the Health Care Agency and Social Services Agency.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 – PROGRAM EVALUATION

In accordance with the Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program, issued by the California State Controller, the Commission is required to disclose the amounts expended during the fiscal year on program evaluation. Program evaluation costs pertain to those activities undertaken to support the collection, production, analysis and presentation of evaluation information for Commission management, Commissioners and other interested parties. For the year ended June 30, 2020, the Commission expended \$581,489 for program evaluation.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN

At June 30, 2020, net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

Deferred outflows of resources:

OPEB contributions subsequent to the measurement date	\$20,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,000
	\$24,000

Deferred inflows of resources:

Differences between expected and actual experience	6,000
Changes in assumptions	10,000
Net difference between projected and actual earnings on plan investments	6,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,000
	\$26,000

Net OPEB Liability: \$245,000

Plan Description. In accordance with the Commission's participation agreement entered into in July 2007, the Commission is a participant in the County of Orange Retiree Medical Plan (the Plan). The Plan is a cost-sharing multiple employer defined benefit retiree medical plan. The Plan provides a grant for medical benefits to eligible retirees and their dependents and lump-sum payments for employees separating from employment prior to being eligible for the grant. The County Board of Supervisors maintains the authority to establish and amend the Plan's benefit provisions. The financial statements and required supplementary information of the Plan are included in the County of Orange's fiscal year 2019-2020 Comprehensive Annual Financial Report (CAFR). The Commission is reported in the County's CAFR as a discretely presented component unit. That report may be obtained by contacting the County of Orange, Auditor Controller, 12 Civic Center Plaza, Room 200, Santa Ana, California 92702.

Eligibility. An employee who is credited with at least ten years of service at the time the employee becomes a retiree shall be eligible to receive a grant in accordance with the County of Orange Retiree Medical Plan. An employee who becomes a retiree eligible for the grant and does not immediately begin to receive a retirement allowance from OCERS is not eligible to participate in the plan until the employee's retirement allowance commences. In order to be eligible to receive the grant, a participant must be covered under a Qualified Health Plan and/or Medicare. Coverage in a Qualified Health Plan must be elected within 30 days of the commencement of retirement allowance from OCERS. A covered retiree or surviving dependent who is age 65 or older must be enrolled in Medicare Part A (if eligible for coverage without a premium) and Part B in order to be eligible for the grant. A Qualified Health Plan is defined as a health insurance plan made available to employees and/or retirees, including a County Health Plan or a plan administered by an Employee Organization that the County of Orange has agreed shall be a Qualified Health Plan. A lump sum payment is

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN (continued)

available under limited circumstances as defined in the plan for an employee whose employment terminates prior to becoming eligible for a grant.

Benefits Provided. The monthly benefit paid to an eligible retiree is equal to \$10 multiplied by the number of full years of credited service (with a maximum of 25 years). The monthly benefit shall not exceed the actual cost to the retiree for coverage under a qualified health plan and Medicare premiums. The benefit is reduced by 7.5% per year for each year the retiree is less than 60, based on the date the employee takes active retirement from OCERS. Conversely, the benefit is increased by 7.5% per year for each year the retiree is in excess of 60, and no adjustment is made for years of age after age 70. A 50% reduction adjustment applies to retirees and surviving dependents eligible for both Medicare Part A (without premium) and Part B. A surviving dependent of a retiree previously receiving a benefit is eligible to receive a monthly survivor benefit equal to 50% of the amount the retiree was eligible to receive. The monthly benefit is adjusted annually (not to exceed 3% per year) based on the average increase or decrease across all County retiree health plans.

Contribution. The Commission makes contributions to the plan equal to the actuarially determined contribution. The percentage contributions are established by a Participation Agreement with the County of Orange. All contributions are employer contributions and are made through the County of Orange payroll system. For the fiscal year ended June 30, 2020, the Commission's contributions were \$42,300.

At June 30, 2020, the Commission reported a liability of \$245,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The Commission's proportion of the net OPEB liability was based on a projection of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating member agencies, actuarially determined. At December 31, 2019, the Commission's proportion was 0.0688 percent, a decrease of .0010% from the prior measurement date.

For the fiscal year ended June 30, 2020, the Commission recognized OPEB expense of \$29,000. As of fiscal year ended June 30, 2020, the Commission reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$20,000	
Differences between expected and actual experience		\$6,000
Changes of assumptions		10,000
Net difference between projected and actual earnings on plan investments		6,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,000	4,000
Total	\$24,000	\$26,000

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN
(continued)

The \$20,000 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows Of Resources
2021	5,000
2022	5,000
2023	3,000
2024	6,000
2025	2,000
2026+	1,000
	\$22,000

Actuarial Assumptions: The total OPEB liability in the June 30, 2019 valuation date was determined using the following significant actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding Policy	Employer contributes full ADC Starting 2021/22 Employer will contribute ADC for cash benefit and pay the blended rates benefit on a pay-as-you-go basis
Discount rate	7.00%
Long-Term Expected Rate of Return on Investments	7.00%, net of investment expenses
General Inflation	2.75% per annum
Payroll Increases (1)	Aggregate Increases – 3.25%
Grant Increase Rate	AFSCME – lesser of 5% and Medical Trend Non-AFSCME – lesser of 3% and Medical Trend
Mortality, Disability, Termination, Retirement	OCERS 2014-2016 Experience Study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-16
Medical Trend	Non-Medicare – 7.25% for 2021, decreasing to 4.0% in 2076 Medicare – 6.3% for 2021, decreasing to 4.0% in 2076
Cost Sharing (2)	The Grant increase rate limits specified in the plan document (3% or 5%, depending on bargaining group) are assumed to remain applicable in the future with no charges

(1) Merit Increases – OCERS 2014-2016 Experience Study

(2) Negotiated contributions for active safety employees are assumed to continue if no end date is specified in the current bargaining agreement

Discount Rate. The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN
(continued)

The target asset allocation and long-term rates of return for each asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	6.38%
Core Bonds	13.0%	1.03%
High Yield Bonds	4.0%	3.52%
Bank Loan	2.0%	2.86%
TIPS	4.0%	0.96%
Emerging Market Debt	4.0%	3.78%
Real Estate	10.0%	4.33%
Core Infrastructure	2.0%	5.48%
Natural Resources	10.0%	7.86%
Risk Mitigation	5.0%	4.66%
Risk Mezzanine/Distressed Debts	3.0%	6.53%
Private Equity	8.0%	9.48%
Total	100.00%	
-Assumed Long-Term Rate of Inflation – 2.75%		
-Long-Term Expected Rate of Return Net of Investment Expense – 7.00%		

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.

The following presents the Commission's proportionate share of the net OPEB liability, as well as what the Commission's proportionate share of net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$303,000	\$245,000	\$196,000

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates.

The following presents the Commission's net OPEB liability, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rate that are one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$238,000	\$245,000	\$252,000

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – FIRST 5 CALIFORNIA IMPACT PROGRAM AND REGIONAL HUB

First 5 California funded a statewide program to implement the California Quality Rating and Improvement System (QRIS). The QRIS is a systemic approach to assess, improve, and communicate the level of quality in early education programs. The Commission received First 5 IMPACT funds that were contracted to the Orange County Department of Education (OCDE) as the local organization with expertise for implementing early education quality programs. First 5 California funding for IMPACT, including incentive funding, is \$6,138,991 for a five-year period that began July 1, 2015. Funds claimed for the period ending June 30, 2020 totaled \$2,139,279, and all IMPACT funds require a two to one program partner match of two dollars of First 5 funding to every dollar of local funding. Another component of the IMPACT program is Incentive Layer Funds. These funds are intended to help support ambitious achievement and associated costs. Allocations are based on availability and predefined priorities. The Commission was notified of one incentive payment in the current year in the amount of \$843,500.

First 5 California provided additional funding for regional coordination, training and technical assistance for the quality improvement of early education programs and systems. The Commission was selected as one of ten statewide hub region fiscal agents for the IMPACT Hubs program. OCDE was contracted to serve as the administrative lead for the regional hub with the purpose of developing and defining cost-effective, efficient, and impactful QRIS systems that address local needs and priorities. First 5 California funding for IMPACT Hubs is \$3,133,362 for a four-year period that began July 1, 2016. Funds claimed for the period ending June 30, 2020 totaled \$1,160,285.

NOTE 14 – ADVANCES TO OTHERS

Advances to others as of June 30, 2020 were \$3,923,410. Advances to others include Catalytic Round 1 and 2 funds advanced to service providers. The Commission invested in Catalytic programs expanding the service capacity of service providers in both Early Learning and Homeless Prevention. In December 2013, the Commission advanced \$6,250,000 to HomeAid Orange County to construct emergency shelters to serve homeless families with young children, provide operational support for no less than five years, including staffing and direct services for additional emergency shelter beds, and leverages matching funds obtained by implementing agencies for continued operational support. The advanced funds are expensed as services are provided.

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Proportion of the net pension liability	0.078%	0.071%	0.061%	0.019%	0.010%	(0.013%)
Proportionate share of the net pension liability	\$3,957,426	\$4,066,522	\$3,158,290	\$962,203	\$630,611	(\$646,472)
Covered payroll	\$1,043,030	\$1,042,786	\$925,031	\$849,266	\$966,061	\$1,061,044
Proportionate share of the net pension liability as a percentage of covered payroll	379.42%	389.97%	341.43%	113.30%	65.28%	(60.93%)
Plan fiduciary net position as a percentage of the total plan pension liability	67.15%	64.73%	71.16%	74.93%	70.03%	76.67%
Measurement date	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019

* Fiscal Year 2014-2015 was the first year of implementation, therefore, only six years are shown from the information available.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
SCHEDULE OF COMMISSION CONTRIBUTIONS - PENSION
LAST 10 YEARS*

	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Contractually required contribution (actuarially determined)	\$319,651	\$333,800	\$245,077	\$266,614	\$90,445	\$117,300
Contributions in relation to the actuarially determined contributions	(319,651)	(333,800)	(245,077)	(266,614)	(90,445)	(117,300)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$1,005,475	\$1,001,202	\$821,497	\$864,802	\$1,050,566	\$1,208,381
Contributions as a percentage of covered payroll	31.79%	33.34%	29.83%	30.83%	8.61%	9.71%

* Fiscal Year 2014-2015 was the first year of implementation, therefore, only six years are shown from the information available.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
SCHEDULE OF CHANGES IN COMMISSION NET OPEB LIABILITIES
LAST 10 YEARS***

	2018	2019	2020
Commission's proportion of the net OPEB liability	\$276,000	\$290,000	\$245,000
Commission's proportionate share of the net OPEB liability	0.0689%	0.0698%	0.0688%
Commission's covered payroll	819,000	930,000	975,000
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	33.70%	31.18%	25.13%
Plan fiduciary net position as a percentage of the total OPEB liability	42.30%	42.56%	51.02%
Measurement Date	December 31, 2017	December 31, 2018	December 31, 2019

* Fiscal Year 2017-2018 was the first year of implementation, therefore, only three years are shown from the information available.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
SCHEDULE OF COMMISSION CONTRIBUTIONS - OPEB
LAST 10 YEARS*

Fiscal Year Ended June 30	2018	2019	2020
Actuarially Determined Contribution (ADC)	\$34,000	\$39,000	\$41,000
Contribution in relation to the ADC	(34,000)	(39,000)	(41,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	877,000	975,000	1,091,000
Contributions as a percentage of covered payroll	3.90%	4.00%	3.76%

* Fiscal Year 2017-2018 was the first year of implementation, therefore, only three years are shown from the information available.

SUPPLEMENTARY INFORMATION

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF FIRST 5 CALIFORNIA FUNDING
YEAR ENDED JUNE 30, 2020

First 5 California Funding

<u>Program Title</u>	<u>Funding Source</u>	<u>Beginning Program Balance (As of July 1)</u>	<u>Revenue* F5CA Funds</u>	<u>Expenditures</u>	<u>Ending Program Balance (As of June 30)</u>
IMPACT	F5CA Program Funds	\$2,210,113	\$2,139,279	\$2,139,279	\$70,834
	County, Local Funds			\$1,069,640	
IMPACT Hub	F5CA Program Funds	\$1,247,747	\$1,160,285	\$1,160,285	\$87,462
Dual Language Learner	F5CA Program Funds	\$154,543	\$3,835	\$3,835	\$150,708

IMPACT	Incentive Layer Funds 18/19	\$843,500
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* For the purpose of this schedule, the revenue and expenditures reported, in amount of \$2,139,279 for IMPACT and \$1,160,285 for IMPACT Hub represents the amount claimed by the Commission. For governmental fund or modified accrual financial reporting purposes, the total \$4,146,899, including incentive layer funds, was identified as unavailable revenue as it was not received within the Commission's period of availability to recognize revenue as described in Note 1.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
STATISTICAL SECTION
(UNAUDITED)**

The information in this section is not covered by the Independent Auditor's Report, but it is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional detailed information as a context for understanding what the financial statements, notes to financial statements, and required supplementary information say about the Commission's economic condition.

	<i>Page(s)</i>
Financial Trends	50
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time. (Schedules 1 -4)	
Revenue Capacity	58
These schedules contain trend information to help the reader assess the Commission's most significant revenue base. (Schedules 5 -7)	
Demographic Information	62
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs. (Schedules 8 -10)	
Operating Information	66
This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs. (Schedules 11 -13)	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

(1) Since certain data (i.e. total personal income, per capita personal income and unemployment) are not considered relevant to Commission operations, substitute information specific to the Commission is presented.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
NET POSITION BY COMPONENT
SCHEDULE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2020	2019	2018*	2017
Net investment in capital	\$ -	\$ -	\$ -	\$ -
Unrestricted	47,128,853	40,695,150	37,446,530	44,034,865
Total net position	<u>\$ 47,128,853</u>	<u>\$ 40,695,150</u>	<u>\$ 37,446,530</u>	<u>\$ 44,034,865</u>

* First year of implementation for GASB No. 75

** First year of implementation for GASB No. 68

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
NET POSITION BY COMPONENT
SCHEDULE 1 (CONTINUED)



Fiscal Year					
2016	2015**	2014	2013	2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235
51,621,511	54,471,707	64,690,535	72,411,134	78,984,810	30,063,595
<u>\$ 51,621,511</u>	<u>\$ 54,471,707</u>	<u>\$ 64,690,535</u>	<u>\$ 72,411,134</u>	<u>\$ 78,984,810</u>	<u>\$ 30,063,830</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
CHANGES NET POSITION
SCHEDULE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2020	2019	2018	2017
Expenses:				
Governmental activities:				
Salaries and benefits	854,804	961,012	1,149,377	1,215,649
Expenses related to "Zero to Five" Programs	29,826,480	26,092,909	32,076,788	33,178,190
Extraordinary Item: Accrual of AB99 liability				
Total expenses	<u>30,681,284</u>	<u>27,053,921</u>	<u>33,226,165</u>	<u>34,393,839</u>
Program revenues:				
Governmental activities:				
Program revenues				
Prop 10 Tobacco taxes	\$ 24,991,179	\$ 23,573,280	\$ 21,867,232	\$ 24,790,836
Operating grants and contributions				
Prop 10 State School Readiness				
First 5 CARES Plus				
First 5 Child Signature Program				
First 5 IMPACT and Hubs	4,124,541	2,120,578	2,745,724	976,964
Other State operating grants and				
Federal operating grants	6,599,710	3,009,855	1,628,595	445,121
Investment income earned on tobacco	86,655	64,514	31,875	20,192
taxes at the State Level (SMIF)				
General revenues				
Investment income	1,021,339	1,188,495	431,764	343,403
Other revenue	302,616	345,819	191,640	230,677
Extraordinary Item: Reversal of AB99 liability				
Total revenues	<u>\$ 37,126,040</u>	<u>\$ 30,302,541</u>	<u>\$ 26,896,830</u>	<u>\$ 26,807,193</u>
Net (expense) revenue	<u>\$ 6,444,756</u>	<u>\$ 3,248,620</u>	<u>\$ (6,329,335)</u>	<u>\$ (7,586,646)</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
CHANGES NET POSITION
SCHEDULE 2 (CONTINUED)

Fiscal Year					
2016	2015	2014	2013	2012	2011
1,727,197	1,689,772	1,747,564	1,704,815	2,094,872	2,290,308
30,870,890	34,608,366	36,672,235	33,341,947	31,129,369	49,431,678
					51,369,439
<u>32,598,087</u>	<u>36,298,138</u>	<u>38,419,799</u>	<u>35,046,762</u>	<u>33,224,241</u>	<u>103,091,425</u>
\$ 25,879,036	\$ 25,943,624	\$ 26,395,725	\$ 27,024,505	\$ 28,988,350	\$ 28,809,921
246,281	575,300	269,033	237,504	435,487	
2,042,528	3,350,818	2,719,243	90,171		
696,686	260,297	902,242	668,105	592,725	641,124
12,315	8,082	7,071	9,588	11,612	15,331
441,810	206,029	349,366	122,358	481,976	818,294
429,235	151,086	56,520	320,180	265,632	26,983
				51,369,439	
<u>\$ 29,747,891</u>	<u>\$ 30,495,236</u>	<u>\$ 30,699,200</u>	<u>\$ 28,472,411</u>	<u>\$ 82,145,221</u>	<u>\$ 30,311,653</u>
<u>\$ (2,850,196)</u>	<u>\$ (5,802,902)</u>	<u>\$ (7,720,599)</u>	<u>\$ (6,574,351)</u>	<u>\$ 48,920,980</u>	<u>\$ (72,779,772)</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
FUND BALANCES – GENERAL FUND
SCHEDULE 3

FUND BALANCES - GENERAL FUND

LAST TEN FISCAL YEARS

	Fiscal Year			
	2020	2019	2018	2017
FUND BALANCES				
Nonspendable fund balance	\$ 3,958,321	\$ 3,889,032	\$ 4,542,478	\$ 5,566,849
Committed fund balance	13,237,942	14,472,082	18,596,717	21,769,602
Assigned fund balance	26,129,406	18,932,072	14,001,862	19,957,923
Unassigned fund balance				
Total fund balances	<u>\$ 43,325,669</u>	<u>\$ 37,293,186</u>	<u>\$ 37,141,057</u>	<u>\$ 47,294,374</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
FUND BALANCES – GENERAL FUND
SCHEDULE 3 (CONTINUED)



Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 7,277,958	\$ 9,340,291	\$ 10,782,162	\$ 5,624,041	\$ 65,657	\$ 399,279
26,486,583	30,112,816	34,561,184	44,990,092	45,090,000	35,123,581
20,866,371	15,589,112	16,374,998	21,350,266	33,560,512	
					(5,547,385)
<u>\$ 54,630,912</u>	<u>\$ 55,042,219</u>	<u>\$ 61,718,344</u>	<u>\$ 71,964,399</u>	<u>\$ 78,716,169</u>	<u>\$ 29,975,475</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
CHANGES IN FUND BALANCES – GENERAL FUND
SCHEDULE 4

CHANGES IN FUND BALANCES - GENERAL FUND

LAST TEN FISCAL YEARS

	Fiscal Year			
	2020	2019	2018	2017
Revenues:				
Prop 10 Tobacco taxes	\$ 28,541,094	\$ 20,023,365	\$ 21,867,232	\$ 24,790,836
Prop 10 State School Readiness				
First 5 CARES Plus				
First 5 Child Signature Program				
First 5 IMPACT and Hubs	1,238,020	2,755,797	977,176	1,419,176
Investment income earned on tobacco taxes at the State Level (SMIF)	151,169	-	31,875	20,192
Other State and Federal operating grants and contributions	6,149,940	3,361,107	1,628,595	445,121
Investment income	1,021,339	1,188,495	431,764	343,403
Other revenue	302,616	345,819	191,640	230,677
Total revenues	<u>37,404,178</u>	<u>27,674,583</u>	<u>25,128,282</u>	<u>27,249,405</u>
Expenditures:				
Current:				
Salaries and benefits	1,545,217	1,429,545	3,204,810	1,407,753
Expenditures related to "Zero to Five" Program	26,470,166	21,571,504	26,410,285	26,146,461
Catalytic Round 1 and 2 Program Funding	3,356,314	4,521,405	5,666,504	7,031,729
Services and supplies for State School Readiness program				
Capital outlay				
Total expenditures	<u>31,371,697</u>	<u>27,522,454</u>	<u>35,281,599</u>	<u>34,585,943</u>
Excess (deficiency) or revenues over (under) expenditures	6,032,481	152,129	(10,153,317)	(7,336,538)
Other Financing Sources (uses):				
Extraordinary Item: Accrual of AB99 liability				
Extraordinary Item: Reversal of AB99				
Total changes in fund balance	<u>\$ 6,032,481</u>	<u>\$ 152,129</u>	<u>\$ (10,153,317)</u>	<u>\$ (7,336,538)</u>

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
FINANCIAL TRENDS
CHANGES IN FUND BALANCES – GENERAL FUND
SCHEDULE 4 (CONTINUED)

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 25,879,036	\$ 25,943,624	\$ 26,395,725	\$ 27,024,505	\$ 28,988,350	\$ 28,809,921
320,200	272,815	306,465	217,258	145,487	
4,451,854	2,666,529	117,853			
12,315	8,082	7,071	9,588	11,612	15,331
696,686	420,247	741,798	603,957	903,770	686,722
441,810	206,029	349,365	122,358	481,976	818,294
429,236	151,086	282,705	320,180	90,786	26,983
32,231,137	29,668,412	28,200,982	28,297,846	30,621,981	30,357,251
1,771,554	1,736,171	1,774,802	1,708,344	2,094,972	2,320,099
24,621,958	28,193,233	31,347,721	28,712,645	31,155,080	49,431,115
6,248,932	6,415,133	5,324,514	4,629,302		
32,642,444	36,344,537	38,447,037	35,050,291	33,250,052	51,751,214
(411,307)	(6,676,125)	(10,246,055)	(6,752,445)	(2,628,071)	(21,393,963)
					(51,369,439)
				51,369,439	
\$ (411,307)	\$ (6,676,125)	\$ (10,246,055)	\$ (6,752,445)	\$ 48,741,368	\$ (72,763,402)

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
REVENUE CAPACITY
TAX REVENUE CAPACITY
SCHEDULE 5

	Orange County	State Total
Actual Tobacco Tax Revenues Received (1)		
2008/2009	\$33,396,055	\$424,449,499
2009/2010	\$29,706,126	\$381,995,574
2010/2011	\$28,809,921	\$374,284,018
2011/2012	\$28,988,350	\$377,690,133
2012/2013	\$27,024,505	\$360,434,399
2013/2014	\$26,395,725	\$347,802,124
2014/2015	\$25,943,624	\$342,274,305
2015/2016	\$25,879,036	\$341,825,349
2016/2017	\$24,790,836	\$322,951,561
2017/2018	\$21,867,232	\$285,852,695
2018/2019	\$23,573,280	\$302,205,278
2019/2020	\$24,991,179	\$315,315,235

Projected Tobacco Tax Revenues (2)

2020/2021	\$23,409,852	\$298,341,469
2021/2022	\$23,219,215	\$289,414,269
2022/2023	\$22,683,531	\$281,651,069
2023/2024	\$21,685,995	\$274,407,869
2024/2025	\$21,019,801	\$267,435,869

(1) Historical data and projected revenues are presented to communicate tax revenue capacity as a declining revenue source

(2) Source: First 5 California County Tax Revenue Projections for 2020/21 to 2024/25
(Updated 5/21/20 utilizing DOF May Revise 2020 Tobacco Tax Projections
and DOF Birth Projections for California State and Counties 1990-2040)

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
REVENUE CAPACITY
SURTAX REVENUE
SCHEDULE 6

STATE OF CALIFORNIA - CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE						
FY 1980-81 TO 2018-19						
Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate (%)
2018-19	1,786,074,000	5,305,000	1,791,379,000	3,659,000	271,772,000	62.78%
2017-18	1,882,025,000	5,590,000	1,887,615,000	1,033,000	211,440,000	65.08%
2016-17	950,676,000	6,091,000	956,768,000	1,185,000	95,330,000	27.30%
2015-16	741,937,000	6,360,000	748,297,000	1,262,000	101,427,000	28.13%
2014-15	748,022,000	6,413,000	754,434,000	837,000	86,949,000	28.95%
2013-14	751,513,000	6,443,000	757,956,000	600,000	86,424,000	29.82%
2012-13	782,115,000	6,705,000	788,820,000	498,000	82,548,000	30.68%
2011-12	820,322,000	7,032,000	827,355,000	1,017,000	80,424,000	31.73%
2010-11	828,831,000	7,105,000	835,937,000	1,308,000	77,016,000	33.02%
2009-10	838,709,000	7,187,000	845,896,000	1,583,000	84,617,000	41.11%
2008-09	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13%
2007-08	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13%
2006-07	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76%
2005-06	1,026,497,000	8,795,000	1,035,293,000	1,707,000	67,348,000	46.76%
2004-05	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76%
2003-04	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76%
2002-03	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89%
2001-02	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65%
2000-01	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89%
1999-00	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50%
1998-99	841,911,000	7,206,000	849,117,000	6,808,000	42,137,000	61.53%
1997-98	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37%
1996-97	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38%
1995-96	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20%
1994-95	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20%
1993-94	647,993,000	5,553,000	653,546,000	8,353,000	19,773,000	23.03%
1992-93	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82%
1991-92	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35%
1990-91	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17%
1989-90	770,042,000	6,581,000	776,623,000	11,615,000	24,956,000	37.47%
1988-89	499,712,000	4,273,000	503,984,000	4,968,000	9,994,000	41.67%
1987-88	254,869,000	2,180,000	257,049,000	2,970,000		
1986-87	257,337,000	2,202,000	259,539,000	2,661,000		
1985-86	260,960,000	2,231,000	263,190,000	2,834,000		
1984-85	265,070,000	2,267,000	267,337,000	2,390,000		
1983-84	265,265,000	2,267,000	267,532,000	2,756,000		
1982-83	273,748,000	2,336,000	276,084,000	2,060,000		
1981-82	278,667,000	2,383,000	281,050,000	1,843,000		
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
REVENUE CAPACITY
SURTAX REVENUE
SCHEDULE 6 (CONTINUED)

STATE OF CALIFORNIA - CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE

FY 1980-81 TO 2018-19

Cigarette tax					Other tobacco products surtax	
Fiscal year	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate (%)
1979-80	272,119,000	2,327,000	274,446,000	1,645,000		
1978-79	270,658,000	2,315,000	272,973,000	1,408,000		
1977-78	275,042,000	2,352,000	277,394,000	1,239,000		
1976-77	270,502,000	2,315,000	272,817,000	832,000		
1975-76	269,852,000	2,309,000	272,161,000	927,000		
1974-75	264,182,000	2,262,000	266,444,000	745,000		
1973-74	259,738,000	2,222,000	261,960,000	632,000		
1972-73	253,089,000	2,167,000	255,256,000	626,000		
1971-72	248,398,000	2,127,000	250,525,000	677,000		
1970-71	240,372,000	2,058,000	242,430,000	552,000		
1969-70	237,220,000	2,032,000	239,253,000	455,000		
1968-69	238,836,000	2,046,000	240,882,000	492,000		
1967-68	208,125,000	1,862,000	209,987,000	328,000		
1966-67	75,659,000	1,543,000	77,202,000	129,000		
1965-66	74,880,000	1,528,000	76,407,000	88,000		
1964-65	74,487,000	1,520,000	76,007,000	61,000		
1963-64	71,530,000	1,459,000	72,989,000	71,000		
1962-63	70,829,000	1,445,000	72,274,000	79,000		
1961-62	68,203,000	1,390,000	69,593,000	47,000		
1960-61	66,051,000	1,675,000	67,726,000	76,000		
1959-60	61,791,000	767,000	62,558,000	67,000		

Source: CDTFA Open Data Portal: Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2018-19

Note: Detail may not compute to total due to rounding.

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (See Refunds).
- b. A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960, until August 1, 1967, the discount rate was 2 percent.
- c. Includes sales of indicia purchased on credit. Effective July 16, 1961, distributors have been able to purchase tax indicia on credit.
- d. Effective April 1, 2017, the overall tax rate on cigarettes was increased from 87 cents to \$2.87 per pack.
- e. From July 1, 2001, through September 9, 2001, the surtax rate on smokeless tobacco ranged from 131 percent for moist snuff to 490 percent for chewing tobacco. Effective September 10, 2001, the surtax rate on smokeless tobacco was lowered to 52.65 percent.
- f. Effective January 1, 1999, the overall tax rate on cigarettes was increased from 37 cents to 87 cents per pack under voter-approved Proposition 10. The additional 50-cent-per-pack tax was imposed to raise funds for early childhood development programs. Excludes \$87,978,766 in 1998-99 from the floor stocks taxes for both cigarettes and other tobacco products levied on January 1, 1999.
- g. From July 1, 1998, through December 31, 1998, the surtax rate was 26.17 percent for other tobacco products. Effective January 1, 1999, the new surtax imposed under Proposition 10 raised the combined surtax rate to 61.53 percent for other tobacco products. The new surtax is equivalent (in terms of the wholesale costs of other tobacco products) to a 50-cent-per-pack tax on cigarettes.
- h. Effective January 1, 1994, the overall tax rate on cigarettes was increased from 35 cents to 37 cents per pack. The additional 2-cent-per-pack tax was imposed to raise funds for breast cancer research and education.
- i. Effective January 1, 1989, an additional 25-cent-per-pack surtax was imposed on cigarettes and a new 41.67 percent surtax was imposed on other tobacco products. Excludes \$57,927,856 in 1988-89 and \$595,000 in 1989-90 from the floor stocks tax levied on January 1, 1989.
- j. Effective August 1, 1967, the tax rate was increased from 3 cents to 7 cents per pack. On October 1, 1967, the rate was further increased to 10 cents per pack, with the stipulation that 30 percent of the tax be allocated to cities and counties. Includes \$6,515,209 from the 4-cent-per-pack floor stocks tax levied on August 1, 1967; and \$4,889,485 from the 3-cent-per-pack floor stocks tax imposed October 1, 1967.
- k. Refunds made for distributors' discounts in the 1960-61 fiscal year on purchases made in the 1959-60 fiscal year have been deducted. Refunds amounted to \$324,000.
- l. Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.
- m. Includes \$2,673,048 from the 3-cent-per-pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia. During July and August of 1959, the tax was collected by invoice and no discount was allowed on these collections of \$8,123,700, nor on the \$2,673,048 tax on floor stocks.
- n. The total 2017-18 expenditures for Prop 56 are \$4,932,471. The breakdown by fund is: 1) \$677,227 – Fund 3304, 2) \$4,255,244 – Fund 3308 (please note that in 2017-18 the fund was 3308 and now 3319 is a subaccount of this fund). The total 2018-19 expenditures for Prop 56 are \$3,638,637. The breakdown by fund is: 3) \$521,404 – Fund 3304, 4) \$3,117,233 – Fund 3319. Funds are used to reimburse the CDTFA for expenses incurred in the administration, enforcement, collection and distribution of the tax imposed by Proposition 56.
- r. Revised

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
REVENUE CAPACITY
DISTRIBUTIONS AND PER CAPITA CONSUMPTION
SCHEDULE 7

STATE OF CALIFORNIA - CIGARETTE DISTRIBUTIONS AND PER CAPITA CONSUMPTION, 1959-60 TO 2018-19

Fiscal year	Reported distributions (Millions of packages)			Apparent per capita consumption (a.) (In packages)
	Total	Tax paid	Tax exempt	
1	2	3	4	5
2018-19	634	622	11	15.9
2017-18	665	651	14	16.7
2016-17	818	805	14	20.7
2015-16	875	860	15	22.3
2014-15	881	867	14	22.8
2013-14	889	871	18	23.2
2012-13	930	907	23	24.5
2011-12	972	951	21	25.8
2010-11	989	961	28	26.4
2009-10	1,002	972	30	26.9
2008-09	1,090	1,058	32	28.5
2007-08	1,131	1,107	24	29.9
2006-07	1,177	1,158	20	31.3
2005-06	1,209	1,190	19	32.5
2004-05	1,224	1,187	37	33.3
2003-04	1,234	1,184	50	34.0
2002-03	1,227	1,196	31	34.5
2001-02	1,271	1,237	34	36.3
2000-01	1,324	1,288	37	38.5
1999-00	1,390	1,353	38	41.2
1998-99	1,568	1,523	45	47.3
1997-98	1,717	1,668	48	52.6
1996-97	1,777	1,716	61	55.2
1995-96	1,811	1,742	69	56.9
1994-95	1,871	1,791	80	59.2
1993-94	1,903	1,824	79	60.6
1992-93	2,010	1,923	86	64.5
1991-92	2,144	2,050	94	69.8
1990-91	2,196	2,102	93	72.8
1989-90	2,311	2,219	92	78.2
1988-89	2,431	2,353	78	84.7
1987-88	2,657	2,570	87	94.9
1986-87	2,690	2,595	95	98.4
1985-86	2,730	2,632	98	102.3
1984-85	2,781	2,673	108	106.7
1983-84	2,792	2,675	117	109.9
1982-83	2,889	2,761	128	115.8
1981-82	2,947	2,811	136	120.4
1980-81	2,966	2,825	141	123.6
1979-80	2,892	2,744	148	122.9
1978-79	2,887	2,730	157	125.1
1977-78	2,940	2,774	166	130.0
1976-77	2,900	2,728	172	130.9
1975-76	2,909	2,722	187	133.7
1974-75	2,857	2,664	193	133.7
1973-74	2,827	2,620	207	134.4
1972-73	2,762	2,553	209	133.2
1971-72	2,720	2,505	215	132.9
1970-71	2,635	2,424	211	130.5
1969-70	2,594	2,393	201	130.2
1968-69	2,616	2,409	207	133.0
1967-68	2,596	2,383	213	134.0
1966-67	2,737	2,573	164	143.8
1965-66	2,706	2,547	159	144.9
1964-65	2,679	2,534	145	146.7
1963-64	2,564	2,433	131	144.3
1962-63	2,545	2,409	136	147.9
1961-62	2,450	2,320	130	147.3
1960-61	2,382	2,258	124	147.8
1959-60	2,190	2,085	105	139.7

Source: CDTFB Open Data Portal: Table 30B - Cigarette Distributions and Per Capita Consumption, 1959-60 to 2018-19

a. Based on reported distributions and latest estimate of January 1 population for each fiscal year.

Note: Detail may not compute to total due to rounding.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
DEMOGRAPHIC INFORMATION
DEMOGRAPHIC DATA
SCHEDULE 8

ORANGE COUNTY DEMOGRAPHIC DATA

Calendar Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Population	3,220,987	3,215,372	3,203,517	3,179,394	3,162,354	3,138,545	3,114,327	3,088,572	3,053,238	3,017,084
White	1,298,223	1,307,088	1,317,664	1,323,716	1,330,868	1,338,077	1,341,857	1,340,936	1,336,864	1,335,047
Hispanic	1,131,628	1,125,807	1,119,626	1,110,539	1,100,467	1,085,466	1,073,141	1,061,293	1,042,411	1,018,231
Asian & Pacific Islander	696,226	684,758	668,869	649,349	633,964	616,486	599,887	585,258	568,049	548,933
Black	56,319	56,003	55,307	53,530	52,757	50,927	49,596	48,087	46,619	44,889
Other/Multi-Race	38,591	41,716	42,051	42,260	44,298	47,589	49,846	52,998	59,295	69,984
Female	1,623,956	1,622,276	1,616,333	1,604,175	1,592,033	1,580,825	1,571,020	1,556,722	1,539,103	1,524,569
Male	1,597,031	1,593,096	1,587,184	1,575,219	1,570,321	1,557,720	1,543,307	1,531,850	1,514,135	1,492,515
Under 5 years	191,452	192,338	193,731	192,979	194,434	192,225	190,770	191,836	192,317	191,665
5-9 years	197,025	196,554	198,019	199,245	199,753	201,530	202,669	201,556	199,382	198,846
10-14 years	204,713	206,101	205,431	203,855	204,433	204,871	205,773	206,988	208,857	209,713
15-19 years	226,071	228,226	229,593	231,530	232,782	235,226	237,367	239,069	235,421	229,279
20-24 years	241,415	243,575	245,732	424,167	238,297	231,832	224,243	216,438	212,391	213,909
25-34 years	405,259	408,650	410,383	413,477	419,268	422,601	423,356	421,006	417,751	413,592
35-44 years	414,633	413,079	410,649	408,910	410,579	415,398	422,409	430,640	434,589	437,653
45-54 years	430,042	439,137	445,495	448,072	449,437	450,245	449,905	449,827	448,176	444,346
55-59 years	216,940	216,040	215,073	212,343	208,159	202,349	197,657	191,375	184,317	176,823
60-64 years	193,998	190,093	184,587	177,680	170,531	164,129	159,046	155,507	153,893	148,403
65-74 years	282,739	272,609	263,695	254,742	245,837	235,281	223,701	211,545	198,378	189,466
75-84 years	147,670	141,349	135,572	130,746	127,550	124,032	120,891	118,081	115,263	113,109
85+	69,030	67,621	65,557	63,648	61,294	58,826	56,540	54,704	52,503	50,280

Sources: State of California, Department of Finance, P-2 County Population Projections, 2010–2060. Projections Prepared by Demographic Research Unit, California Department of Finance, January 2020

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
DEMOGRAPHIC INFORMATION
LIVE BIRTHS
SCHEDULE 9

LIVE BIRTHS, CALIFORNIA COUNTIES, 2010-2019 (By Place of Residence)*

COUNTY	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
CALIFORNIA	464,300	454,244	471,806	488,925	491,789	502,973	494,392	503,788	502,023	509,979
ALAMEDA	18875	18,225	18,896	19,576	19,442	19,657	19,248	19,550	19,002	19,302
ALPINE	6	10	7	7	3	6	5	8	6	4
AMADOR	327	305	303	307	305	291	261	285	269	272
BUTTE	2394	2,419	2,389	2,491	2,442	2,482	2,415	2,397	2,392	2,454
CALAVERAS	370	375	421	374	380	348	337	347	326	346
COLUSA	284	267	293	316	298	285	313	314	302	338
CONTRA COSTA	12567	11,995	12,186	12,344	12,599	12,560	12,149	12,061	12,057	12,352
DEL NORTE	254	269	269	310	300	324	315	302	337	372
EL DORADO	1764	1,678	1,572	1,602	1,596	1,618	1,533	1,513	1,629	1,618
FRESNO	14891	14,413	14,546	15,134	15,363	15,796	15,735	15,953	16,157	16,281
GLENN	402	365	378	379	376	416	399	368	391	434
HUMBOLDT	1336	1,365	1,372	1,491	1,445	1,474	1,531	1,511	1,448	1,551
IMPERIAL	2958	2,628	2,924	2,990	3,217	3,270	3,068	3,041	3,075	3,072
INYO	199	176	212	182	203	226	230	219	213	192
KERN	13415	12,874	13,330	13,733	13,769	14,199	14,145	14,558	14,287	14,416
KINGS	2369	2,256	2,375	2,248	2,275	2,342	2,394	2,357	2,565	2,507
LAKE	697	714	750	749	724	748	758	739	715	721
LASSEN	328	307	301	306	294	326	294	298	300	322
LOS ANGELES	111500	110,167	116,850	122,940	124,438	130,150	128,523	131,697	130,312	133,160
MADERA	2090	2,076	2,121	2,355	2,225	2,313	2,314	2,258	2,401	2,434
MARIN	1799	2,122	2,238	2,255	2,288	2,403	2,320	2,306	2,385	2,368
MARIPOSA	155	154	141	148	166	138	134	161	132	145
MENDOCINO	918	896	992	1,024	1,052	1,020	1,014	1,153	1,061	1,059
MERCED	4305	3,870	4,202	4,117	4,105	4,158	4,161	4,311	4,281	4,248
MODOC	105	100	88	97	80	90	63	76	87	119
MONO	137	129	147	131	152	149	150	131	156	151
MONTEREY	5904	5,887	5,813	6,222	6,426	6,458	6,547	6,652	6,814	6,764
NAPA	1334	1,206	1,291	1,407	1,456	1,478	1,449	1,431	1,572	1,525
NEVADA	832	772	797	783	876	817	816	810	761	793
ORANGE	37250	35,643	37,395	38,121	37,622	38,610	37,256	38,186	38,100	38,237
PLACER	3792	3,664	3,691	3,733	3,748	3,644	3,684	3,648	3,832	3,824
PLUMAS	185	168	173	169	163	147	152	151	165	170
RIVERSIDE	30001	28,684	29,880	30,682	30,510	30,271	29,930	30,316	30,610	30,659
SACRAMENTO	19362	19,052	19,206	19,592	19,430	19,886	19,367	19,618	19,998	20,055
SAN BENITO	781	772	735	777	720	697	752	701	772	735
SAN BERNARDINO	30354	28,964	29,708	31,114	30,619	31,306	30,201	30,691	30,573	31,367
SAN DIEGO	39258	40,008	41,251	42,741	43,961	44,596	43,627	44,391	43,621	44,838
SAN FRANCISCO	8924	8,690	8,950	9,061	8,972	9,102	8,807	9,070	8,813	8,800
SAN JOAQUIN	10010	9,811	9,929	10,269	9,986	10,095	9,799	10,129	10,328	10,593
SAN LUIS OBISPO	2419	2,433	2,551	2,582	2,668	2,595	2,650	2,580	2,632	2,736
SAN MATEO	8192	8,326	8,586	8,961	9,040	9,098	8,821	9,182	9,047	9,193
SANTA BARBARA	5557	5,256	5,533	5,501	5,673	5,829	5,753	5,584	5,803	5,819
SANTA CLARA	20871	21,267	22,137	23,044	23,393	23,759	23,296	24,308	23,652	23,936
SANTA CRUZ	2460	2,447	2,661	2,803	2,841	3,047	2,867	3,084	3,232	3,190
SHASTA	2085	1,961	2,008	2,048	2,074	2,083	2,140	2,110	2,021	2,136
SIERRA	32	26	32	32	31	21	14	19	23	23
SISKIYOU	456	438	446	462	466	451	443	501	472	434
SOLANO	5241	5,039	5,133	5,262	5,132	5,251	5,255	5,061	5,158	5,047
SONOMA	4244	4,525	4,645	4,964	5,016	5,075	4,982	5,144	5,150	5,391
STANISLAUS	7552	7,339	7,443	7,867	7,700	7,521	7,579	7,592	7,737	7,804
SUTTER	1383	1,266	1,263	1,368	1,302	1,317	1,285	1,258	1,326	1,360
TEHAMA	802	731	743	789	828	787	753	767	728	767
TRINITY	127	113	126	109	102	112	100	125	123	107
TULARE	7315	6,900	7,131	7,146	7,412	7,618	7,651	8,000	7,966	8,155
TUOLUMNE	473	450	470	456	466	454	475	459	430	487
VENTURA	9300	9,025	9,321	9,592	10,062	10,471	10,441	10,641	10,656	11,147
YOLO	2134	2,127	2,271	2,423	2,402	2,395	2,491	2,452	2,340	2,426
YUBA	1225	1,099	1,184	1,239	1,155	1,193	1,200	1,213	1,282	1,223

Source: Prepared by Demographic Research Unit, California Department of Finance, January 2020

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
DEMOGRAPHIC INFORMATION
CHILDREN'S SCORECARD
SCHEDULE 10**

CHILDREN'S SCORECARD ORANGE COUNTY TRENDS, 2018-2009

	2018	2017
<u>GOOD HEALTH</u>		
Total percentage of women who received early prenatal care*	***	86.90%
Newborns with low birth weight (less than 2,500 grams)*	***	2,222
Percent of Infants with low birth weight*	***	5.8%
Infants taken into protective custody due to positive testing for alcohol/drug exposure at birth* (FY)	180	190
Children adequately immunized at Kindergarten entry*	95.7%	95.7%
Infant Mortality Rate (per 1,000 live births)*	***	3.1
Birth rates per 1,000 females ages 15-19 in Orange County*	***	9.9
Breastfeeding Percentages (any)*	***	94.8%
Breastfeeding Percentages (exclusive)*	***	66.1%
<u>ECONOMIC WELL-BEING</u>		
Children receiving financial assistance through CalWORKS* (FY)	30,816	34,485
Percent of children receiving CalWORKS of total population under 18* (FY)	4.3%	4.7%
Percentage of students eligible for free and reduced lunch* (FY)	49.1%	47.7%
Number of participants served by the WIC program* (FY)	57,874	61,406
Total number of child support cases* (FY)	66,296	70,403
Total child support collections \$ (in millions)* (FY)	184.3	184.0
<u>EDUCATIONAL ACHIEVEMENT</u>		
Total public school enrollment* (FY)	485,099	489,791
Number of English learner students* (FY)	113,938	119,315
Average \$ expenditure per pupil for grades K-12* (FY)	11,420	10,926
Total number of students K-12 receiving special education* (FY)	57,141	55,908
<u>SAFE HOMES AND COMMUNITIES</u>		
Average monthly number of children in out-of-home care* (FY)	2,190	2,134
Average monthly number of dependents of the court* (FY)	2,861	2,762
Total juvenile arrests for youth 10 to 17 years of age*	***	3,770
Total number of juveniles referred to probation, 10 to 18 years*	***	5,098

* The 25th Annual Report on the Condition of Children in Orange County 2019 presents dates through calendar year 2018. Data through FY 2019-20 not yet available.

** Methodologies used to collect data have been revised. 2009 data and prior years should not be compared.

*** Not yet available

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
DEMOGRAPHIC INFORMATION
CHILDREN'S SCORECARD
SCHEDULE 10

2016	2015	2014	2013	2012	2011	2010	2009
84.40%	85.20%	86.10%	88.30%	88.6%	88.7%	89.0%	88.2%
2,397	2,360	2,433	2,330	2,401	2,550	2,462	2,670
6.3%	6.3%	6.3%	6.3%	6.3%	6.7%	6.4%	6.6%
178	121	110	98	82	128	89	81
95.5%	92.5%	90.1%	88.7%	89.3%	89.5%	89.0%	89.6%
1.5	2.7	3.0	3.3	3.4	4.2	4.0	4.1
10.9	12.0	14.8	16.7	19.2	20.2	22.5	25.3
95.0%	95.1%	94.8%	94.0%	93.2%	93.2%	92.7%	88.0%
66.1%	67.1%	64.6%	62.7%	62.1%	59.8%	55.6%	39.2%
38,982	42,345	42,877	43,916	45,950	46,809	42,793	35,962
5.5%	6.0%	6.0%	6.1%	6.2%	5.9%	5.4%	4.5%
49.1%	49.0%	50.0%	47.9%	46.4%	45.4%	44.4%	42.3%
71,367	78,856	87,408	92,303	98,219	103,563	100,434	104,622
68,117	67,732	68,635	70,608	77,582	89,852	100,056	103,598
182.3	178.8	177.9	178.6	180.1	177.4	177.2	180.3
492,886	497,116	500,487	501,801	502,195	502,895	502,239	504,136
123,001	129,390	130,570	123,390	130,076	126,226	141,605	140,887
9,105	9,128	8,274	7,950	7,952	7,827	7,955	8,267
54,231	53,512	53,005	52,216	51,905	51,613	51,208	51,394
2,107	2,192	2,279	2,257	2,215	2,018	2,195	2,466
2,627	2,799	2,683	2,862	2,791	2,795	3,050	2,453
4,521	4,829	6,580	6,892	8,566	10,797	13,485	14,341
5,617	5,808	7,156	7,821	8,882	10,454	11,533	11,531

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
OPERATING INFORMATION
CAPTIAL ASSETS STATISTICS
SCHEDULE 11**

CAPITAL ASSETS STATISTICS

Capital Assets (equipment) are used by the Commission for general operating and administrative functions.
Proposition 10 funds (tobacco taxes) were not used to purchase any capital assets.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
OPERATING INFORMATION
PRINCIPLE EMPLOYERS
SCHEDULE 12

PRINCIPAL EMPLOYERS
LAST YEAR AND NINE YEARS AGO

2019*

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
The Walt Disney Co.	32,000	1	1.99%
University of California, Irvine	24,714	2	1.54%
County of Orange	17,365	3	1.08%
St. Joseph Health	14,000	4	0.87%
Kaiser Permanente	8,200	5	0.51%
Albertsons Southern California Division	7,535	6	0.47%
Boeing Co.	6,600	7	0.41%
Hoag Memorial Hospital Presbyterian	6,500	8	0.40%
Walmart Inc.	6,200	9	0.39%
Target Corporation	6,000	10	0.37%

2011**

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
The Walt Disney Co.	22,000	1	1.37%
University of California, Irvine	21,291	2	1.33%
County of Orange	17,257	3	1.08%
St. Joseph Health System	12,048	4	0.75%
Boeing Co.	7,700	5	0.48%
Bank of America Corp.	6,300	6	0.39%
Yum Brands Inc.	6,300	7	0.39%
Kaiser Permanente	5,968	8	0.37%
Target Corporation	5,527	9	0.34%
Cedar Fair LP	5,200	10	0.32%

* Source: Orange County Business Journal, The List of Employers, November 18, 2019

** Source: Orange County Business Journal, Book of Lists as reproduced in the 2012 County of Orange CAFR

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY
OPERATING INFORMATION
EMPLOYEES BY FUNCTION
SCHEDULE 13**

EMPLOYEES BY FUNCTION										
LAST TEN FISCAL YEARS										
	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of Employees by Function										
General Administration	2	3	3	3	3	3	3	4	6	7
Finance	2	2	2	2	2	2	2	1	2	2
Contracts Administration	2	2	2	3	3	4	4	4	4	5
Program Management & Evaluation	6	5	5	4	4	4	4	4	3	3
Total Employees	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>15</u>	<u>17</u>

* Table presents Regular and Limited-Term Employees



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board Commissioners
Children and Families Commission of Orange County
Santa Ana, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Children and Families Commission of Orange County (Commission), a component unit of the County of Orange, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements and have issued our report thereon dated November 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California
November 16, 2020



Independent Auditor's Report on State Compliance

To the Board of Commissioners
Children and Families Commission of Orange County
Santa Ana, California

Compliance

We have audited the Children and Families Commission of Orange County's (Commission), a component unit of the County of Orange, California, compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of the laws and regulations applicable to the California Children and Families Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Commission's compliance with the requirements referred to above based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance with those requirements. In connection with the audit referred to above, we selected and tested transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

Opinion

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2020.

Purpose of Report

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Accordingly, this report is not suitable for any other purpose.



Laguna Hills, California
November 16, 2020

November 16, 2020

To the Board of Commissioners
Children and Families Commission of Orange County
Santa Ana, California

We have audited the financial statements of the Children and Families Commission of Orange County (Commission), a component unit of the County of Orange, California, as of and for the year ended June 30, 2020, and have issued our report thereon dated November 16, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated July 30, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards dated November 16, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Management's estimate of amounts related to the net pension asset, related deferred inflows of resources and deferred outflows of resources, and disclosures are based on actuarial valuations and a proportionate share of the Orange County Employees Retirement System Collective net pension liability.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Commission's financial statements relate to: The Disclosure of the Commission's defined benefit pension plan, net pension asset and related deferred inflows of resources and deferred outflows of resources in Note 8 to the financial statements. The valuation of the net pension asset and related deferred outflows (inflows) of resources are sensitive to the underlying actuarial assumptions used including, but not limited, the investment rate of return and discount rate, and the Commission's proportionate share of the Plan's collective net pension liability/asset. As disclosed in Note 8, a 1% increase or decrease in the discount rate has a significant effect on the Commission's net pension liability/asset.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated November 16, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

This report is intended solely for the information and use of the Board of Commissioners, and management of Children and Families Commission of Orange County and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Laguna Hills, California

First 5 Orange County Children and Families Commission
Fiscal Year 2020/2021 Proposed Budget

	FY 20/21 Proposed Budget	Carryover	Amendments	FY 20/21 Amended Budget
<u>FINANCING</u>				
Prop 10 Tax Allocations	21,554,480			21,554,480
Other Revenues				
Investment Earnings	100,000			100,000
MAA Revenue	250,000			250,000
First 5 CA IMPACT	1,840,000		843,500	2,683,500
Dental Transformation Initiative	4,500,000			4,500,000
CalWORKS Home Visitation Program	3,100,000			3,100,000
Other Revenue	200,000			200,000
	31,544,480	0	843,500	32,387,980
<u>PROGRAM SERVICES</u>				
Prenatal-to-Three				
Bridges: Maternal Child Health Network Hospitals	1,458,000	0	0	1,458,000
Bridges: Maternal Child Health Network Home Visiting Services	3,845,500	0	0	3,845,500
CalWORKS Home Visitation Program	3,100,000	0	0	3,100,000
Early Relational and Mental Health Systems	390,000	135,000	0	525,000
Autism and Pediatric Support	1,030,240	485,000	0	1,515,240
Prenatal-to-Three Catalytic Funding	1,200,000	0	0	1,200,000
Prenatal-to-Three Program Support	646,122	0	0	646,122
Prenatal-to-Three subtotal	11,669,862	620,000	0	12,289,862
School Readiness Initiative				
School District Partnerships	6,006,400	101,000	(585,600)	5,521,800
Childcare Quality Improvement: First 5 CA IMPACT	1,840,000	0	356,500	2,196,500
Early Literacy and Math Programs	850,260	0	0	850,260
School Readiness Initiative Program Support	541,632	0	0	541,632
School Readiness Initiative subtotal	9,238,292	101,000	(229,100)	9,110,192

First 5 Orange County Children and Families Commission
Fiscal Year 2020/2021 Proposed Budget

	FY 20/21 Proposed Budget	Carryover	Amendments	FY 20/21 Amended Budget
Homeless Prevention				
Homeless Prevention Operational Support	985,000	30,000	0	1,015,000
Homeless Prevention Systems Building	850,000	0	0	850,000
Homeless Prevention subtotal	1,835,000	30,000	0	1,865,000
Children's Dental				
Children's Dental (Dental Transformation Initiative)	4,500,000	0	0	4,500,000
Children's Dental Education, Outreach, Prevention and Treatment	2,500,000	0	0	2,500,000
Children's Dental subtotal	7,000,000	0	0	7,000,000
Systems Building				
Systems Building	250,000	0	0	250,000
Engaged Neighborhoods	340,000	45,000	0	385,000
Systems Building Support	340,327	0	0	340,327
Systems Building subtotal	930,327	45,000	0	975,327
Performance Evaluation				
Performance Management - Data Systems Platforms	391,746	0	0	391,746
Evaluation and Performance Management Support	763,000	10,000	0	773,000
	1,154,746	10,000	0	1,164,746
Total Program	31,828,227	806,000	(229,100)	32,405,127
Administrative Functions				
Administrative Staff Salary and Benefits	556,000	0	0	556,000
Strategic Communications	195,800	0	0	195,800
Professional and Technical Services	479,000	0	0	479,000
Office, Training & Operating Costs	253,520	0	0	253,520
Administrative Functions Subtotal	1,484,320	0	0	1,484,320
Fiscal Year 2020/2021 Proposed Budget Total	33,312,547	806,000	(229,100)	33,889,447

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-20-C&FC

December 2, 2020

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF
ORANGE COUNTY ADOPTING THE AMENDED FISCAL YEAR 2020-21
OPERATING BUDGET**

WHEREAS, at its meeting of June 3, 2020, the Commission conducted a public hearing and reviewed and adopted the following documents prepared and recommended by staff and identified in the staff report for the June 3, 2020 Commission meeting: The Strategic Plan and the Annual Operating Budget for the Fiscal Year 2020-21, including the Administrative Budget; and

WHEREAS, at its meeting of December 2, 2020, the Commission reviewed and adopted an Amended Annual Operating Budget for the Fiscal Year 2020-21 prepared and recommended by staff and identified in the staff report for the December 2, 2020 Commission meeting as Attachment 3.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 The Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 The Commission hereby adopts the Amended Annual Operating Budget for Fiscal Year 2020-21.

Section 3 Notwithstanding the approval of the amended budget, no expenditures from the line item categories for grant funding for Program Services (or any subcategory within such categories) is authorized or may be approved except by subsequent action of the Board of Commissioners; no category is required to be funded at any particular level; no grant funding decisions for individual applicants or types of applicant will be made except in connection with specific grant processes, and no ceiling or floor for such categories is established by this budget.

Section 4 Approval by the Board of Commissioners is required to increase or decrease the existing total amount of budgeted appropriations, revenues, and/or reserves as adopted by the Board of Commissioners. The Executive Director, or designee, is authorized to transfer existing budgeted appropriations mid-fiscal year between existing budget categories and accounts in order to pay for required operating expenses. In accordance with the Commission's Budgetary Control policy, the Commission renews its delegation of authority to approve budgetary transfers to the Executive Director for Fiscal Year 2020-21.

Section 5 The Clerk of the Commission shall append to this Resolution a copy of the Amended Annual Operating Budget for Fiscal Year 2020-21, identifying it as Exhibit A, which shall correspond to Attachment 3 of the December 2, 2020 staff report. By this reference such exhibit is incorporated as though fully set forth herein.

Section 6 **Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional or

invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this resolution or any part thereof. The Commission Board hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective.

Section 7 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on December 2, 2020 to wit:

AYES Commissioner(s): _____

NOES Commissioner(s): _____

EXCUSED Commissioner(s): _____

ABSTAINED Commissioner(s): _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, ROBIN STIELER, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

ROBIN STIELER

Clerk of the Commission, Children and Families Commission of
Orange County, County of Orange, State of California

Resolution No: __-20-C&FC

Agenda Date: December 2, 2020

Item No. __



I certify that the foregoing is a true and correct copy of the
Resolution adopted by the

ROBIN STIELER, Clerk of the Commission

By: _____
Deputy


EXHIBIT A TO RESOLUTION OF COMMISSION
AMENDED ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2020-21
(attached)



Agenda Item 11
December 2, 2020

DATE: November 2, 2020

TO: First 5 Orange County Children and Families Commission

FROM: Kimberly Goll, President/CEO 

ACTION: Receive the President/CEO's Report

A. Financial and Quarterly Investment Report

Pursuant to First 5 Orange County's Fiscal Year 2020/2021 Investment Policy Statement, the Orange County Treasurer submits Quarterly Investment Reports to the Commission. This Investment Report summarizes activities for the three-month period from July 1 through September 30, 2020. The primary objective of the Treasurer is to invest the Commission's funds to provide safety of principal and liquidity, while providing a reasonable return on investments. Currently, the Treasurer has invested 100 percent of the Commission's funds in the Orange County Investment Pool (OCIP). As of September 30, 2020, these totaled \$46,665,018. All funds are managed by the Office of the Orange County Treasurer. A summary of key OCIP investment information is in Attachment 1.

B. Census Update

The last day to respond to the 2020 Census was October 15th. While final numbers continue to be counted and tabulated, Orange County's response rate is approximated at 76.2 percent, compared with 69.6 percent in California and 67.0 percent nationwide. Orange County's 2020 Census response rate is better than that of 2010, when 70 percent of Orange County residents responded. California's overall response rate in 2020 was also higher than 2010, but by a smaller margin (69.6 percent in 2020 compared with 68.2 percent in 2010). Among Californians responding to the 2020 US Census, 58 percent responded via the Internet. The 2020 Census was the first time the Internet was a self-reporting option.

Orange County's reported self-response rate at 76.2 percent, particularly under the conditions of stay-at-home orders and social distancing, is to be applauded. Many First 5 Orange County partners and stakeholders exhibited tremendous effort, dedication, and commitment to ensure Orange County's young children and families were educated, outreached to, and engaged with on the importance of the Census for both themselves and their communities. Dozens of First 5-funded partners stepped forward to be "Trusted Messengers," acting as a critical component of the Commission's strategy to target the hard to reach communities. We acknowledge the efforts of our partners and thank all who worked tirelessly in the past several months to ensure a strong Census response.

The planning and implementation for the 2020 Census on behalf of the Commission underscored the critical importance of the work of First 5 Orange County over the past decade. Without the significant investment in our funded partners, the relationships we have built, and the social infrastructure available to reach thousands of parents with young children, the 2020 Census effort would not have been nearly as successful.

C. First 5 Orange County Legislative Platform

In August, First 5 Orange County's Commission approved the Guidelines for Policy Positions and Engaging Leadership. After the approval, staff researched Legislative Platforms from

other First 5's across the state, worked with our legal counsel and our policy and communication consultants, to develop our first-ever Legislative Platform and Lobbying Guidelines. In January, the Commission's Policy and Communications Ad-hoc committee will meet to review and provide staff with feedback on the Legislative Platform, the Lobbying Guidelines and related training materials. The Lobbying Guidelines and training material will provide Commissioners, staff, and consultants guidance on what public policy First 5 Orange County can appropriately take official positions on and what is prohibited by law. The Legislative Platform will be brought before the Commissioners for approval at the February Commission meeting.

D. Child Care Landscape Update

At the October Commission meeting, we shared the Executive Summary from the Orange County Child Care Landscape Analysis, the first of three phases to understand and, together with partners, address child care issues in Orange County. One of the key findings is that there is only enough licensed capacity in Orange County to care for 5% of infants and toddlers – and this was pre-COVID. The next phase of this work will help us to understand and distinguish between the unmet needs and challenges for the child care sector as a whole and those that are unique to infant and toddler care. Additionally, the second phase of the report will provide data on the impacts child care has on the economy and the workforce in Orange County. Since the release of the report, staff has worked with Commissioners to host legislative and community webinars and engage in dialogue around the data and findings. To date, we have held webinars including: The Orange County Child Care and Development Planning Council, The City of Irvine, state and federal delegation, and city and school district officials.

E. Recruitment Update

Early in September we launched a recruitment effort for two vacant positions: the Vice President of Programs and a Program Manager. We have successfully recruited with start dates of December 7th for both positions. Filling the Vice President position, Leticia Casillas-Sanchez, MPH, CHES, has deep experience in program design, implementation, and quality improvement. Most recently, she served as senior program officer with First 5 LA overseeing their investments in Health Systems and Family Supports. Leticia began her career in Orange County as one of the first Bridges Coordinators at Western Medical Anaheim. Filling the Program Manager position, Sarah O'Rourke, MSW, MPH, comes to the First 5 Orange County team from Child and Families Futures. She has experience in Maternal Child Health and Health Equity work. I am confident that Leticia and Sarah will contribute to our shared goals of elevating equity, aligning systems, empowering champions, and getting involved early.

F. Equity Update

First 5 Orange County is committed to a learning and discovery process to further promote equity through our work. As we shared in December, staff is developing a multi-pronged approach to learning and creating an organizational culture where inclusion, diversity, and equity are a value and a priority. Over the last two months we have had discussions with three firms that have expertise in assisting organizations with this type of work. We have requested a proposal from all three firms, focusing on providing technical support for staff development and project work that expands the areas of parent voices, staff trainings, and reevaluating the use of data. We anticipate bringing an action item for Board consideration to the February 2021 Commission meeting.

ATTACHMENTS:

1. Financial highlights summary report

First 5 Orange County, Children & Families Commission
Quarterly Investment Report
July 1, 2020 through September 30, 2020

OVERVIEW

Pursuant to the First 5 Orange County, Children & Families Commission (Commission) fiscal year 2020/2021 Investment Policy Statement (IPS), the Treasurer submits this Quarterly Investment Report to the Commission. This Investment Report summarizes investment activities for the Commission for the three-month period from July 1 through September 30, 2020.

COMMISSION INVESTMENTS

The primary objective of the Treasurer is to invest the Commission's funds to provide safety of principal and liquidity, while providing a reasonable return on investments. Currently, the Treasurer has invested 100% of the Commission's funds in the Orange County Investment Pool (OCIP). As of September 30, 2020, these totaled \$46,665,018.18. All funds are managed by the Office of the Orange County Treasurer. We have attached a summary of key OCIP investment information (Attachment A).

ORANGE COUNTY INVESTMENT POOL

The primary goal of the OCIP is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return.

PORTFOLIO PERFORMANCE SUMMARY – QUARTERLY

The following table presents an overview of the Commission's investments for the months of July, August and September 2020. The net year-to-date yield for fiscal year 2020/2021 is 1.085%, net of the estimated investment administrative fee of 5.9 basis points. The current gross and net yields forecast for fiscal year 2020/2021 for OCIP is 0.86%. The OCIP has a net asset value (NAV) of 1.01 and there is sufficient liquidity to meet the forecasted expenditures for the next six months.

Month Ended	Commission's Month End Balance	Commission's Monthly Gross Yield	OCIP Market Value	OCIP Book Value	Weighted Average Maturity	Net Asset Value	Modified Duration
July	\$44,922,706	1.223%	\$4,530,678,411	\$4,492,752,144	282 days	1.01	0.76
August	\$45,125,566	1.144%	\$4,613,411,344	\$4,578,353,288	267 days	1.01	0.72
September	\$46,665,018	1.060%	\$4,689,745,867	\$4,656,800,459	257 days	1.01	0.70

ECONOMIC UPDATE

The job market added 1,761,000 (revised) jobs in July, added 1,489,000 (revised) jobs in August and 661,000 jobs in September. The unemployment rate decreased to 10.2% in July from the prior month's 11.1%, continued to decrease to 8.4% in August and further decreased to 7.9% in September. The U.S. Gross Domestic Product second quarter of 2020 rate decreased to -31.4% from the prior quarter's rate of -5.0%. The index for pending home sales on a year-over-year basis increased by 11.8%, 15.4% and 20.5% in July, August and September respectively.

U.S. Treasury Yield Curve: Yields on the 3-month, 2-year, 5-year Treasury decreased and yields on 10-year, and 30-year Treasury increased during the Quarter ended September, 2020.

	Quarter Ended June 30, 2020	Quarter Ended September 30, 2020
3 - Month	0.16%	0.10%
2 - Year	0.16%	0.13%
5 - Year	0.29%	0.28%
10 - Year	0.66%	0.69%
30 - Year	1.41%	1.46%

Source: U.S. Department of the Treasury

COMPLIANCE MONITORING

As of September 30, 2020, 100% of the holdings of the Commission are in compliance with the Commission's IPS. On August 21, 2020 the OCIP had 10.75% invested in a single Money Market Mutual Fund, exceeding the per issuer limit of 10%. On the next business day, August 24, this violation was cured and OCIP was back in compliance. This compliance exception was self-identified on August 24, 2020 by the County Treasurer. The County Treasurer has taken steps to strengthen the system so that this does not happen again.

The County Treasurer's investments are audited regularly by the County Auditor-Controller Internal Audit Division (ACIAD).

We have attached the Investment Policy (IPS) and Treasury Oversight Committee Compliance Summary as reported in the Treasurer's Monthly Report for the months of July, August and September 2020 (Attachment B). This summary tracks compliance in a variety of areas.

PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS

Under guidelines outlined in the County's current IPS, the County Treasurer may invest in A or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. OCIP may invest no more than 5% of pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. As of September 30, 2020, OCIP has a total market value of \$163 million in County of Orange debt, which represents approximately 4% of total OCIP assets.

STATEMENT OF ACTIVITY

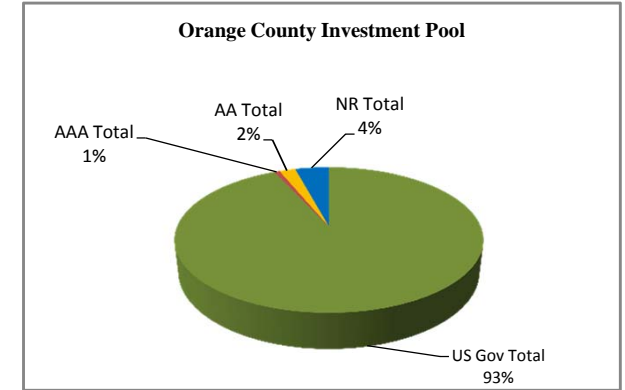
We have attached the Statement of Activity for the months of July, August and September 2020. (Attachment C). These Statements report the beginning and ending balances of the Commission's funds invested in the OCIP.

Attachments:

- A. Orange County Investment Pool Summary
- B. Investment Policy and Treasury Oversight Committee Compliance Summary for July, August and September 2020
- C. Statement of Activity for the months of July, August and September 2020

**ORANGE COUNTY TREASURER-TAX COLLECTOR
ORANGE COUNTY INVESTMENT POOL
INVESTMENT POOL SUMMARY
AT SEPTEMBER 30, 2020**

Security Type	OCIP PORTFOLIO COMPOSITION			
	Market Value	% of Market Value	Book Value	Unrealized Gain (Loss)
U.S. GOVERNMENT AGENCIES	\$ 2,237,237,735	47.70%	\$ 2,210,260,788	\$ 26,976,947
U.S. TREASURIES	1,313,435,278	28.01%	1,308,607,237	4,828,041
MEDIUM-TERM NOTES	126,160,542	2.69%	125,020,122	1,140,420
MUNICIPAL DEBT	163,484,175	3.49%	163,484,175	-
MONEY MARKET MUTUAL FUNDS	88,584,375	1.89%	679,156,740	(590,572,365)
LOCAL AGENCY INVESTMENT FUND	760,843,762	16.22%	760,843,762	-
CERTIFICATES OF DEPOSIT	-	0.00%	-	-
TOTAL	\$ 4,689,745,867	100.00%	\$ 5,247,372,824	\$ (557,626,957)



US GOV Includes Agency Debt, Treasury Debt and US Gov. MMMF's
AA includes AA+, AA-, & AA
NR Includes LAIF and Orange County Pension Obligation Bonds

**SUMMARY OF INVESTMENT DATA
INVESTMENT TRENDS
OCIP**

	SEPTEMBER 2020	AUGUST 2020	INCREASE (DECREASE)	NET CHANGE %	SEPTEMBER 2019	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ^{1,2}	\$ 4,689,745,867	\$ 4,613,411,344	\$ 76,334,523	1.65%	\$ 3,907,560,407	\$ 782,185,460	20.017%
End Of Month Book Value ²	\$ 4,656,800,459	\$ 4,578,353,288	\$ 78,447,171	1.71%	\$ 3,889,613,364	\$ 767,187,095	19.724%
Monthly Average Balance ²	\$ 4,583,371,934	\$ 4,495,020,558	\$ 88,351,376	1.97%	\$ 3,830,516,786	\$ 752,855,148	19.654%
Year-To-Date Average Balance	\$ 4,636,496,795	\$ 4,663,059,226	\$ (26,562,431)	-0.57%	\$ 3,900,667,445	\$ 735,829,350	18.864%
Monthly Accrued Earnings ³	\$ 3,997,568	\$ 4,371,738	\$ (374,170)	-8.56%	\$ 7,286,381	\$ (3,288,813)	-45.136%
Monthly Net Yield ^{2,3,4}	1.001%	1.085%	-0.084%	-7.742%	2.236%	-1.235%	-55.233%
Year-To-Date Net Yield ³	1.085%	1.125%	-0.040%	-3.597%	2.253%	-1.168%	-51.832%
Annual Estimated Gross Yield ^{3,4}	0.860%	0.860%	0.000%	0.000%	1.868%	-1.008%	-53.961%
Weighted Average Maturity (WAM) ⁵	257	267	(10)	-3.62%	329	(72)	-21.884%

¹ Market values provided by Bloomberg and Northern Trust.

² The OCIP End of Month Market Values, End of Month Book Values, Monthly Average Balances and Year-to-Date Average Balance were higher than the prior year due to slightly higher property tax receipts and the receipt of the \$554 million CARES Act funds from the Federal Government in March 2020.

³ The OCIP Monthly Accrued Earnings, Monthly Net Yield, Year-To-Date Net Yield and Annual Estimate Gross Yield were lower than the prior year primarily due to the five Federal Reserve short-term cuts totaling 2.25% since June 2019.

⁴ The OCIP Annual Estimated Gross Yields for September 2019 is reported at the actual annual adjusted gross yields for FY 19-20.

⁵ In September 2020, OCIP Weighted Average Maturity (WAM) declined from the prior year primarily due to the investment strategy put in place in March 2020 to increase liquidity in the pooled funds.

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
July 31, 2020**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2020 in progress.
Annual Statement of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2018 completed. June 30, 2019 in progress.
Quarterly Statement of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2020 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 17/18, FY 18/19 and FY 19/20 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2018 completed. Calendar year 2019 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2020 IPS certifications for active approved brokers in progress.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 20/21 identified zero compliance incidents as of July 31, 2020.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 30, 2019 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 30, 2019 meeting and did not make any additional changes. BOS approved November 19, 2019.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2019 Annual Report was approved by TOC on January 29, 2020 and approved by the BOS on April 28, 2020.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 30, 2019.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	Certificates of compliance review for calendar year 2020 in progress.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2018.
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	All current TOC members and designated employees are in compliance for calendar year 2019.

LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
August 31, 2020**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2020 in progress.
Annual Statement of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2019 in progress.
Quarterly Statement of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2020 is complete.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 17/18, FY 18/19 and FY 19/20 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2019 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2020 IPS certifications for active approved brokers in progress.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 20/21 identified two compliance incidents as of August 31, 2020.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 30, 2019 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 30, 2019 meeting and did not make any additional changes. BOS approved November 19, 2019.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2019 Annual Report was approved by TOC on January 29, 2020 and approved by the BOS on April 28, 2020.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 30, 2019.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2020.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2018.
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	All current TOC members and designated employees are in compliance for calendar year 2019.

LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
September 30, 2020**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2020 completed.
Annual Statement of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2019 in progress.
Quarterly Statement of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2020 in complete.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 17/18, FY 18/19 and FY 19/20 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2019 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2020 IPS certifications received for active approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 20/21 identified two compliance incidents as of September 30, 2020.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 30, 2019 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 30, 2019 meeting and did not make any additional changes. BOS approved November 19, 2019.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2019 Annual Report was approved by TOC on January 29, 2020 and approved by the BOS on April 28, 2020.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 30, 2019.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2020.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2018.
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	All current TOC members and designated employees are in compliance for calendar year 2019.

LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC



COUNTY OF ORANGE
OFFICE OF THE TREASURER-TAX COLLECTOR
 Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM
 P. O. BOX 4515
 SANTA ANA, CA 92702-4515



ocgov.com/ocinvestments

July 31, 2020

FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION

Attn: Kimberly Goll, Executive Director
 1505 E. 17th Street, Suite 230
 Santa Ana, CA 92705

Monthly Apportionment Gross Yield: 1.223%
 Estimated Investment Administration Fee Rate: -0.059%
 Monthly Apportionment Net Yield: 1.164%

Fund Number : 225

JULY 2020 STATEMENT

INVESTMENT BALANCE IN OCIP

Transactions

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
07/01/2020	June 2020 Investment Admin Fee	\$ (1,694.18)
07/30/2020	April 2020 Interest Paid	\$ 55,971.57

Summary

Total Deposit:	\$ 2,936,439.03	Beginning Balance:	\$ 45,357,450.19
Total Withdrawal:	\$ (3,371,182.97)	Ending Balance:	\$ 44,922,706.25

ACCRUED INVESTMENT INCOME

Description

Amount

May 2020 Interest Accrued	\$ 49,827.75
June 2020 Interest Accrued	\$ 47,622.97
Total	<u>\$ 97,450.72</u>
July 2020 Interest to be accrued in August 2020	\$ 47,604.48



COUNTY OF ORANGE
OFFICE OF THE TREASURER-TAX COLLECTOR
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ocgov.com/ocinvestments

August 31, 2020

FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION

Attn: Kimberly Goll, Executive Director
 1505 E. 17th Street, Suite 230
 Santa Ana, CA 92705

Monthly Apportionment Gross Yield: 0.000%
 Estimated Investment Administration Fee Rate: -0.059%
 Monthly Apportionment Net Yield: -0.059%

Fund Number : 225

AUGUST 2020 STATEMENT

INVESTMENT BALANCE IN OCIP

Transactions

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
08/03/2020	July 2020 Investment Admin Fee	\$ (2,297.29)
08/28/2020	May 2020 Interest Paid	\$ 49,827.75

Summary

Total Deposit:	\$ 47,244,720.97	Beginning Balance:	\$ 44,922,706.25
Total Withdrawal:	\$ (47,041,861.71)	Ending Balance:	\$ 45,125,565.51

ACCRUED INVESTMENT INCOME

Description

Amount

June 2020 Interest Accrued	\$ 47,622.97
July 2020 Interest Accrued	\$ 47,604.48
Total	<u>\$ 95,227.45</u>

August 2020 Interest to be accrued in September 2020	\$ 44,613.10
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ocgov.com/ocinvestments

September 30, 2020

FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION

Attn: Kimberly Goll, Executive Director
 1505 E. 17th Street, Suite 230
 Santa Ana, CA 92705

Monthly Apportionment Gross Yield: 1.060%
 Estimated Investment Administration Fee Rate: -0.059%
 Monthly Apportionment Net Yield: 1.001%

Fund Number : 225

SEPTEMBER 2020 STATEMENT

INVESTMENT BALANCE IN OCIP

Transactions

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
09/01/2020	August 2020 Investment Admin Fee	\$ (2,301.83)
09/29/2020	June 2020 Interest Paid	\$ 47,622.97

Summary

Total Deposit:	\$ 2,878,458.18	Beginning Balance:	\$ 45,125,565.51
Total Withdrawal:	\$ (1,339,005.51)	Ending Balance:	\$ 46,665,018.18

ACCRUED INVESTMENT INCOME

Description

Amount

July 2020 Interest Accrued	\$ 47,604.48
August 2020 Interest Accrued	\$ 44,613.10
Total	<u>\$ 92,217.58</u>

September 2020 Interest to be accrued in October 2020	\$ 39,424.20
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