

# A G E N D A

## REGULAR MEETING FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION

*Wednesday, December 4, 2021*

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

**RAMIN BASCHSHI, MD**  
Chair

**DEBRA BAETZ**  
Commissioner

**DOUG CHAFFEE**  
Commissioner

**CLAYTON CHAU, MD**  
Commissioner

**KATHERINE CHIU, MD, MBA**  
Commissioner

**LEAH ERSOYLU, PhD.**  
Commissioner

**JACKIE FILBECK**  
Commissioner

**YVETTE LAVERY, MPA, MBE**  
Commissioner

**SUSAN MCCLINTIC**  
Commissioner

President/CEO  
Kimberly Goll

Commission Counsel  
Cassie Trapesonian

Clerk of the Commission  
Jamie Ross, Deputy

**GUIDANCE FOR PUBLIC ACCESS TO REDUCE RISK OF COVID-19**: On September 16, 2021, Governor Gavin Newsom signed into law Assembly Bill 361 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public due to the State of Emergency resulting from the threat of Novel Coronavirus (COVID-19). To ensure the safety of the Commissioners and staff, and for the purposes of limiting the risk of COVID-19, in-person public participation at this meeting of the Commission will not be permitted. This meeting will be held via Zoom. Members of the public can listen to and participate in the live meeting by accessing the following:

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/89441614894?pwd=SmVVQWlsanBoOXdnNbnMyZ0hLcHZlZ09>

Webinar ID: 894 4161 4894

Passcode: 135863

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Members of the public may address the Commission regarding any item in one of two ways:

1. Real-time Comment – To provide a real-time public comment during the meeting, please access the Zoom information identified above. Speakers will be recognized by the Commission Chair at the time the agenda item is to be considered. If attending virtually via Zoom, use the hand-raise icon to be called on for public comment, and if calling in via telephone, dial \*9. A speaker's comments shall be limited to three minutes. Anyone causing disruption can be removed from the meeting at the discretion of the Chair.

# A G E N D A

2. Written Comment – The Commission is also accepting public comments to be submitted by emailing them to [First5OC@cfcoc.ocgov.com](mailto:First5OC@cfcoc.ocgov.com). The comments will be distributed to all of the Commissioners and read into the record. If you wish to comment on a specific agenda item, please identify the item in your email. General public comments will be addressed during the general public comment item on the agenda. In order to ensure that staff has the ability to provide comments to the Commissioners in a timely manner, please submit your comments by 12:00 p.m. on November 30, 2021. Public comments will be made available to the public upon request.

Any member of the public requiring a reasonable accommodation to participate in this meeting should contact the Commission at least 48 hours prior to the meeting at [First5OC@cfcoc.ocgov.com](mailto:First5OC@cfcoc.ocgov.com) or (714) 834-2206.

*All supporting documentation is available for public review in the office of the Clerk of the Board of Supervisors located in the Hall of Administration Building, 333 W. Santa Ana Blvd., 10 Civic Center Plaza, Room 465, Santa Ana, California 92701 during regular business hours, 8:00 a.m. - 5:00 p.m., Monday through Friday.*

**9:00 A.M.**

## **PLEDGE OF ALLEGIANCE**

## **PRESENTATIONS:**

1. Receive Presentation on county-wide Home Visiting Coordination efforts

## **CONSENT CALENDAR:** (Items 2 - 6)

*All matters are approved by one motion unless pulled by a Commission Member for discussion or separate action. At this time, any member of the public may ask the Commission to be heard on any item on the Consent Calendar.*

2. Approve First 5 Orange County Children and Families Commission and Technical Advisory Committee Updated Meeting Calendar for 2022
3. Appoint Gail Araujo and Scott Burdick to the First 5 Orange County Technical Advisory Committee
4. Receive the 27th Annual Report on the Conditions of Children in Orange County
5. Receive update on First 5 Orange County's Policy Work Including: Guidelines for Policy Positions and Engaging Leadership; Legislative Platform; and the 2021-2022 Policy Ad Hoc Committee
6. Adopt Resolution finding that, due to the proclaimed state of emergency arising from the novel coronavirus (COVID-19), meeting in person presents imminent risks to the health and safety of attendees, and the emergency continues to directly impact the ability of the members to meet safely in person

## **PUBLIC HEARING:** (Item 7)

7. Conduct Public Hearing and authorize President/CEO to submit the Annual Comprehensive Financial Report to First 5 California and the State Controller's Office

# A G E N D A

## **REGULAR ITEMS:** (Items 8-12)

*At this time, members of the public may ask the Commission to be heard on the following items as those items are called.*

8. Adopt Fiscal Year 2022-2023 Employer and Employee Retirement Contribution Rates as Established and Adopted by the Orange County Employees Retirement System
9. Receive Report on the First 5 Association's Strategic Plan
10. Receive Update on First 5 Orange County's Strategic Plan Action Plan
11. Amend Agreement with the Center for the Study of Social Policy for Receipt of Additional Grant Funds for Consultant Support; Adopt Resolution to amend Agreement No. PS-251 with Health Management Associates; and Adopt Resolution to amend Agreement No. C-436 with Hoda Shawky.
12. Election of Commission Chair and Vice-Chair for Term Beginning January 1, 2022 through June 2, 2023

## **PRESIDENT/CEO REPORT:** (Item 13)

13. Receive the President/CEO's Report
  - a. Financial Update
  - b. Communications Update

## **PUBLIC & COMMISSION COMMENTS & ADJOURNMENT:**

*At this time members of the public may address the Commission on any matter not on the agenda but within the jurisdiction of the Commission. The Commission or Chair may limit the length of time each individual may have to address the Commission.*

### **PUBLIC COMMENTS:**

### **COMMISSION COMMENTS:**

### **ADJOURNED:**

## **NEXT MEETING:**

February 2, 2022      Regular Meeting, 9:00 A.M.

**Agenda Item 1**  
**December 1, 2021**  
**PRESENTATION ITEM**

**DATE:** October 20, 2021

**TO:** First 5 Orange County

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



**ACTION:** Receive Presentation on Countywide Home Visiting Coordination Efforts

In July 2020, First 5 Orange County launched work funded by First 5 California for local home visiting, which includes coordination activities with participating service providers, data system upgrades, and other enhancements. The funding covers a two-year period from FY 2020-2023 for a total of \$200,000 and requires a one-to-one match from First 5 Orange County.

While we have been delivering local home visiting services in Orange County for many years, we are not alone in providing this intervention to children and families. Throughout the state, and particularly within First 5s, there is an emerging effort to convene home visiting funders and service providers to strengthen and improve collaboration and integration. Home visiting efforts are integral to our Prenatal-to-Three systems work and a component of our strategic plan to “promote services that support protective factors for children and families.” This presentation provides insight into the work we are doing alongside other funders, community partners and families to establish a coordinated and integrated system of supports for Orange County families.

Leticia Casillas-Sanchez will highlight the role of First 5 OC in this work and introduce Christina Altmayer and Betsy Uhrman, from Health Management Associates. We have contracted with Health Management Associates (HMA) to support the countywide home visiting coordination effort. Christina and Betsy will share the priorities identified by our partners to collectively strengthen home visiting coordination and systems of care so families maximize the use of services they need and want. Below are their biographies.

Christina Altmayer is a senior executive with vast experience and success leading public agencies dedicated to early childhood. Her work has focused on policy and system changes to better serve the needs of children in both the health care and early education spaces. She joined HMA after leading high-impact efforts to implement and expand maternal and pediatric early intervention services as the senior vice president of the Center for Children and Family Impact for First 5 LA. In this capacity, she oversaw more than \$90 million in programmatic investments focused on family supports, community engagement, early care and education, and health systems with a focus on policy and systems change. She developed First 5 LA's 2020–2028 strategic plan and pioneered innovative financing strategies to sustain priority maternal and child interventions, including partnerships with Medi-Cal managed care organizations.

Previously, Christina served as executive director of First 5 Orange County where she led the organization through a comprehensive strategic planning and implementation process. As a seasoned consultant, she helmed her own management consulting organization helping



nonprofit, public, and private organizations with long-term financial planning, strategy development, program design and implementation, performance management, and evaluation. Christina earned a bachelor's degree in government and politics and a master's degree in public administration from St. John's University in New York.

Betsy joined HMA from NPO Solutions, now a division of HMA Community Strategies, where she worked extensively with nonprofit and public sector organizations in Southern California on all aspects of organizational planning and development. Her work has spanned a wide range of issue areas impacting children, youth, and families. She has facilitated numerous strategic planning processes, helping organizations and networks set priorities and focus resources. Betsy also has significant experience working with multi-stakeholder collaboratives to move through a process of shared inquiry, problem-solving, and decision making. Prior to consulting, Betsy worked in philanthropy at the Open Society Foundation and Tides. She earned a Master of Public Administration from the University of Southern California, and an undergraduate degree from the University of California, Los Angeles.

**ATTACHMENTS:**

1. First 5 California Home Visiting Coordination Workplan
2. Presentation on Home Visiting Coordination in Orange County

**CONTACT:** Leticia Casillas-Sanchez

## ACTION PLAN

**County:** Orange County (OC)

**Fiscal Lead Agency:** Children & Families Commission of Orange County

**Goal # 1 of 3:** A. Build or strengthen the county-wide vision for how a coordinated local early childhood development and family support system, including home visiting, can address the needs of families impacted by COVID-19.

### Action Steps

<b>Description</b> <i>What actions are necessary to achieve the goal?</i>	<b>Milestones</b> <i>What is the expected outcome of the action?</i>	<b>Timeframe</b> <i>When will this action take place?</i>	<b>Resources</b> <i>Who/what is needed (e.g., task-specific finances, experts, documents, other)</i>	<b>Responsibility</b> <i>Who will oversee task completion?</i>
1. Identify and secure commitment of the key county partners to participate in a HV Collaborative Leadership Planning effort	Confirmed list of partners and representatives for HV Leadership Collaborative	July – August 2021	Conduct interviews and outreach effort with potential stakeholders to engage them in the planning process. Utilize existing landscape analysis to generate support and make compelling case for coordinated planning.	First 5 Consultant, First 5 OC ED and Vice President Programs
2. Survey partners to prioritize issues for immediate, mid and long term. Share survey results and confirm priorities.	Completed survey results	July – August 2021	Survey instrument developed and administered	First 5 Consultant
3. Convene partners to begin visioning process and develop draft vision and final agreed to vision statement. Vision statement will address how the system should work for providers, families, and County overall.	Draft and Final Vision Statement	September – November 2021	Input from OC leaders and providers  Research examples and resources from other counties	First 5 Consultants
4. Develop a workplan and timeline for HV Leadership Collaborative discussion for FY 21/22 including priority initiatives	Confirmed plan of topics for monthly meetings of HV Leadership Collaborative  Priority initiatives for FY 21/22	July-October 2021	Based on survey results and input at first meeting, develop calendar of meeting dates and topics	First 5 OC Consultants

<b>Description</b>	<b>Milestones</b>	<b>Timeframe</b>	<b>Resources</b>	<b>Responsibility</b>
<i>What actions are necessary to achieve the goal?</i>	<i>What is the expected outcome of the action?</i>	<i>When will this action take place?</i>	<i>Who/what is needed (e.g., task-specific finances, experts, documents, other)</i>	<i>Who will oversee task completion?</i>
5. Implement workplan for FY 21/22 with initial focus on improving intake and referral for families and increasing family choice	<p>Recommendations to improve intake and referral of HV programs</p> <p>Increased rates of family engagement in HV services</p>	October 2021 – June 2022	Monthly meetings of HV Leadership Collaborative, planned agendas and documented actions from meetings	First 5 OC Consultant under direction of Leadership Collaborative

**Goal # 2 of 3: B. Determine scope and effectiveness of existing home visiting programs and family support services designed to help families in crisis, and expand access, as needed, to help families recover from the effects of the COVID-19 pandemic.**

### Action Steps

<b>Description</b>	<b>Milestones</b>	<b>Timeframe</b>	<b>Resources</b>	<b>Responsibility</b>
<i>What actions are necessary to achieve the goal?</i>	<i>What is the expected outcome of the action?</i>	<i>When will this action take place?</i>	<i>Who/what is needed (e.g., task-specific finances, experts, documents, other)</i>	<i>Who will oversee task completion?</i>
1. Conduct a landscape analysis of the estimated need for home visiting services based on the target populations and availability of home visiting services	Completed landscape report: Estimated need for HV services, programs and program capacity by target population, estimated gap in system capacity	July -August	Utilize existing First 5 OC service matrix and specifically the Prenatal to Three service matrix, as a starting point. Outreach to home visiting providers and other key stakeholders for input Collect data on community needs and work with major system funders to estimate HV capacity by funding sources (First 5 OC, CalWORKs, MHSA, Head Start)	First 5 OC Consultant under direction of Leadership Collaborative
2. Identify gaps in available services based on target population at sub-county geographies/communities	Further analysis of landscape report highlighting capacity of gaps by OC communities	September – December 2021	Develop geographical maps available by county, region, city, zip code and neighborhood (as data sets allow utilizing available systems and enrollment data)	First 5 OC Consultant under direction of Leadership Collaborative

<b>Description</b>	<b>Milestones</b>	<b>Timeframe</b>	<b>Resources</b>	<b>Responsibility</b>
<i>What actions are necessary to achieve the goal?</i>	<i>What is the expected outcome of the action?</i>	<i>When will this action take place?</i>	<i>Who/what is needed (e.g., task-specific finances, experts, documents, other)</i>	<i>Who will oversee task completion?</i>
3. Identify and document barriers to referrals/engagement in services and opportunities for improvement	<p>Summary analysis to HV Leadership Collaborative on challenges with current referrals</p> <p>Recommendations and agreed upon priority actions for improvement</p>	January-June 2021	<p>Research and document from Leadership Collaborative, providers and parents (as possible) current challenges in referrals and engaging families</p> <p>Research on effective strategies that other counties have developed to improve coordination and referral and increase family engagement in HV services</p> <p>Develop potential strategies and recommendations for improvement, including leveraging First 5 CA technical assistance and other counties</p> <p>Develop priority recommendations for implementation</p>	First 5 OC Consultant under direction of Leadership Collaborative

**Goal # 3 of 3:** C. Strengthen (or rebuild) coordination and alignment across home visiting and family support agencies to address the effects of the pandemic on family support systems to help families recover from the effects of COVID-19.

**Action Steps**

<b>Description</b>	<b>Milestones</b>	<b>Timeframe</b>	<b>Resources</b>	<b>Responsibility</b>
What actions are necessary to achieve the goal?	What is the expected outcome of the action?	When will this action take place?	Who/what is needed (e.g., task-specific finances, experts, documents, other)	Who will oversee task completion?
1. Develop strategies to improve system referral/coordination and build trust and stronger relationships among providers to more effectively engage families in the home visiting system	Referral and coordination recommendations	September 2021- March 2022 (with actions through June 2022 to be determined)	Milestones from Goals 1 & and ongoing input and guidance from Leadership Collaborative	First 5 OC Consultant under direction of Leadership Collaborative
2. Develop plan for implementing strategies including funding and implement priority actions	Implementation Plan	March 2022 (with actions through June 2022 to be determined)	Milestones from Goals 1 & and ongoing input and guidance from Leadership Collaborative	First 5 OC Consultant under direction of Leadership Collaborative

# Countywide Home Visiting Coordination

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Leticia Casillas-Sanchez, First 5 OC

Christina Altmayer, Principal, HMA

Betsy Uhrman, Senior Associate, HMA



# Prenatal-to-Three is a Critical Period for Early Intervention & Family Support

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*One of the four strategies in 2022-2026 Strategic Plan recognizes the importance of early intervention for system change*

**Get Involved Early** - We invest in programs, services, and partnerships that focus on prevention, identify mental and developmental health needs as early as possible, and link children and families to resources.



# Home Visiting

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- Home Visiting has been a flagship program of First 5 OC since 2000
- Parents As Teachers launched as evidence-based model to strengthen our delivery of services
- Aligns with our revised strategic plan focus area to “Promote services that support Protective Factors for children and families”
- Potentially allows us to cast a wider net for Prenatal-to-Three, with Home Visiting being our initial focus and then expanding to other supports for families

# Home Visiting Coordination Work

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Intent is to establish a coordinated and integrated system of supports for Orange County families

- First 5 California funding to County Commissions as part of Home Visitation Coordination grants
- First 5 Orange County's role as a partner alongside others and as a connector



# Health Management Associates

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- Christina Altmayer and Betsy Uhrman from Health Management Associates (HMA)
- HMA is guiding and informing coordination and integration efforts of the home visiting system
- HMA will support the development of a comprehensive and integrated Prenatal-to-Three strategy

# Health Management Associates

# Building an integrated Prenatal-to-Three strategy for Orange County

*Collaborative effort of:*



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# Why Prenatal-to-Three is an important and unique intervention strategy



The most rapid period of growth for the human brain occurs in the earliest years of life.

The brain is also the most plastic during this time; in other words, the brain is the most adaptable to the conditions it experiences during this period of life

Because of this plasticity, young children are especially vulnerable to the conditions in their lives and their interactions with key caregivers during the youngest years.

Adversity during this time can have far-reaching consequences, but this time can also provide a window of opportunity to build the basis for lifelong resilience.

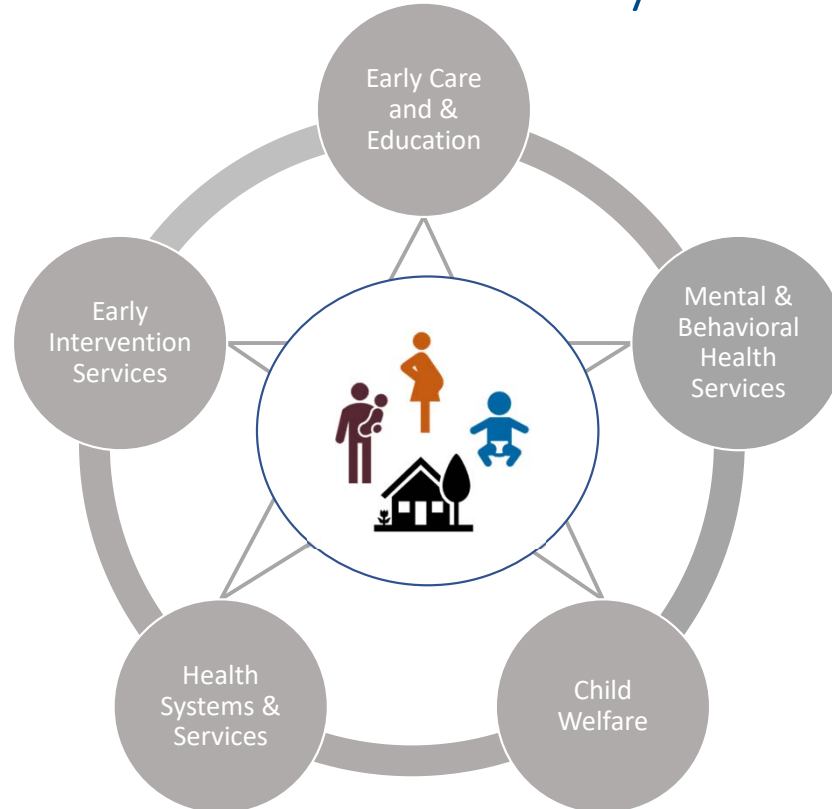
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## Goal is to build an integrated Prenatal-to-Three system

How do we bring together these components into an *integrated system* of care for families?



# First 5 OC's Prenatal-to-Three strategies are “nested within” a larger system of family supports

*Integrating systems and coordinating services is key to early intervention*



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## Why an initial focus on home visiting within the Prenatal-to-Three system?

- Significance of investment: F5OC connecting with approximately 65% of annual births
- Platform: home visiting provides an important portal for connecting families with community resources
- System Connections: multiple providers and funders creating complexities and opportunities for blending and braiding funding



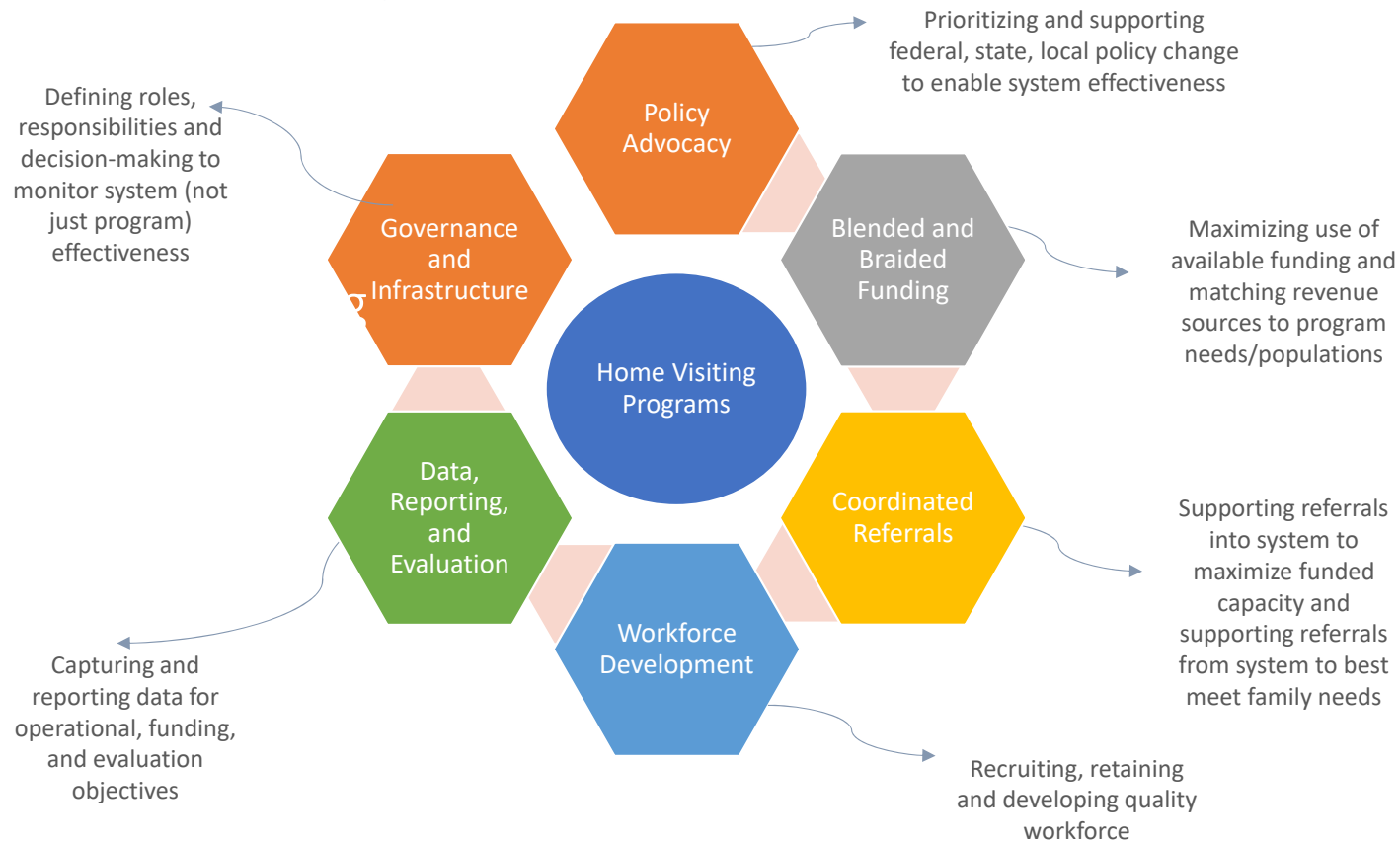
FY21-22	Home Visiting	HealthySteps* (3 FQHC sites)	Project DULCE* (3 CHOC sites)
<b>F5OC Estimated Annual Investment</b>	<b>\$4.6M</b>	\$375K	\$380K***
<b>Estimated Capacity</b>	<b>~2,400 ~23,000**</b>	3,209	~250

\*Universal model at FQHC sites

\*\* Includes Bridges Hospital Early Outreach and Referral Svcs.

\*\*\* Includes funds for Public Law Center

# Building an integrated system for home visiting requires coordination of multiple infrastructure elements



*Informed by National BUILD Collaborative Home Visiting System Building Recommendations*

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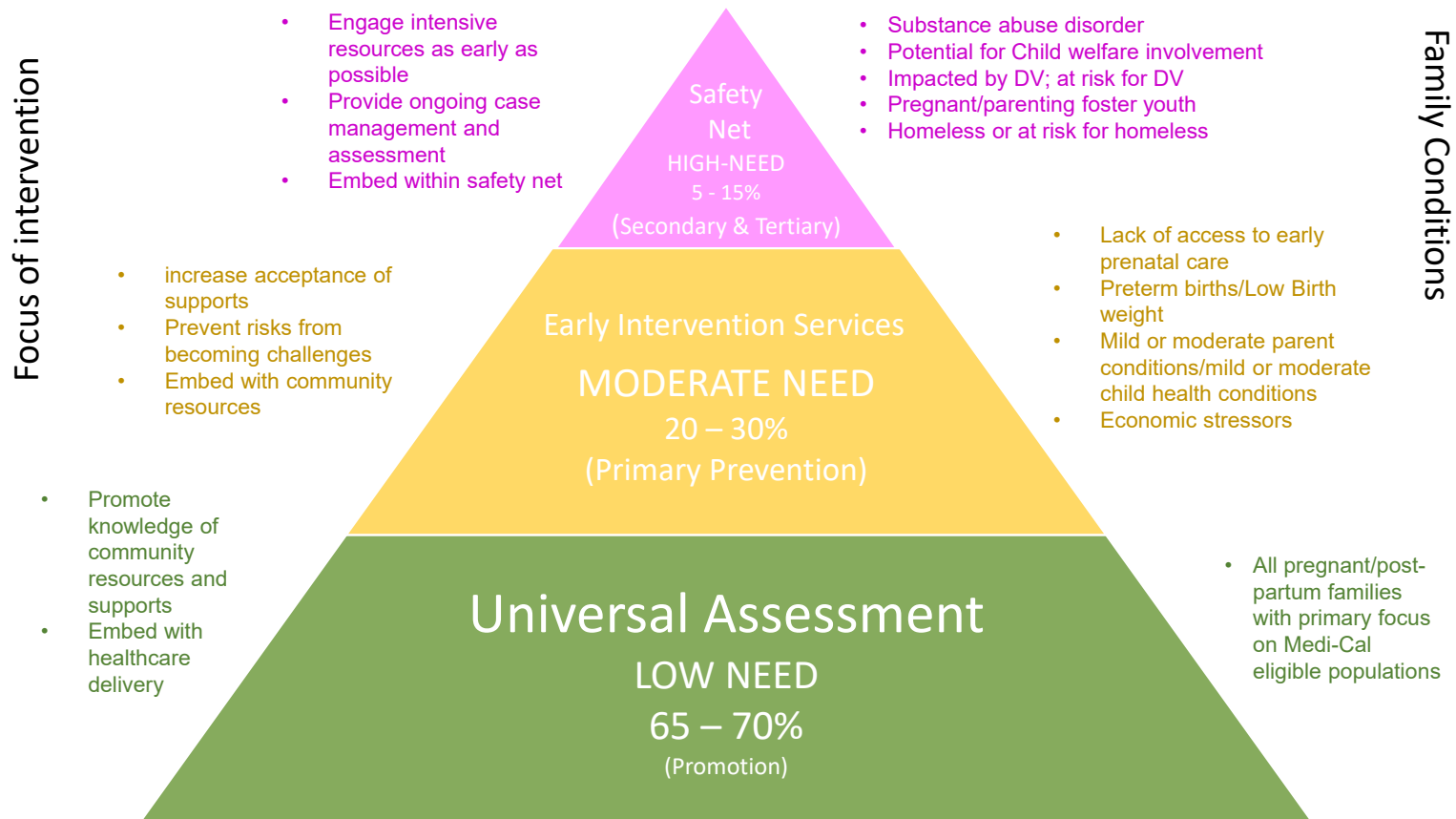
## How we've approached this work

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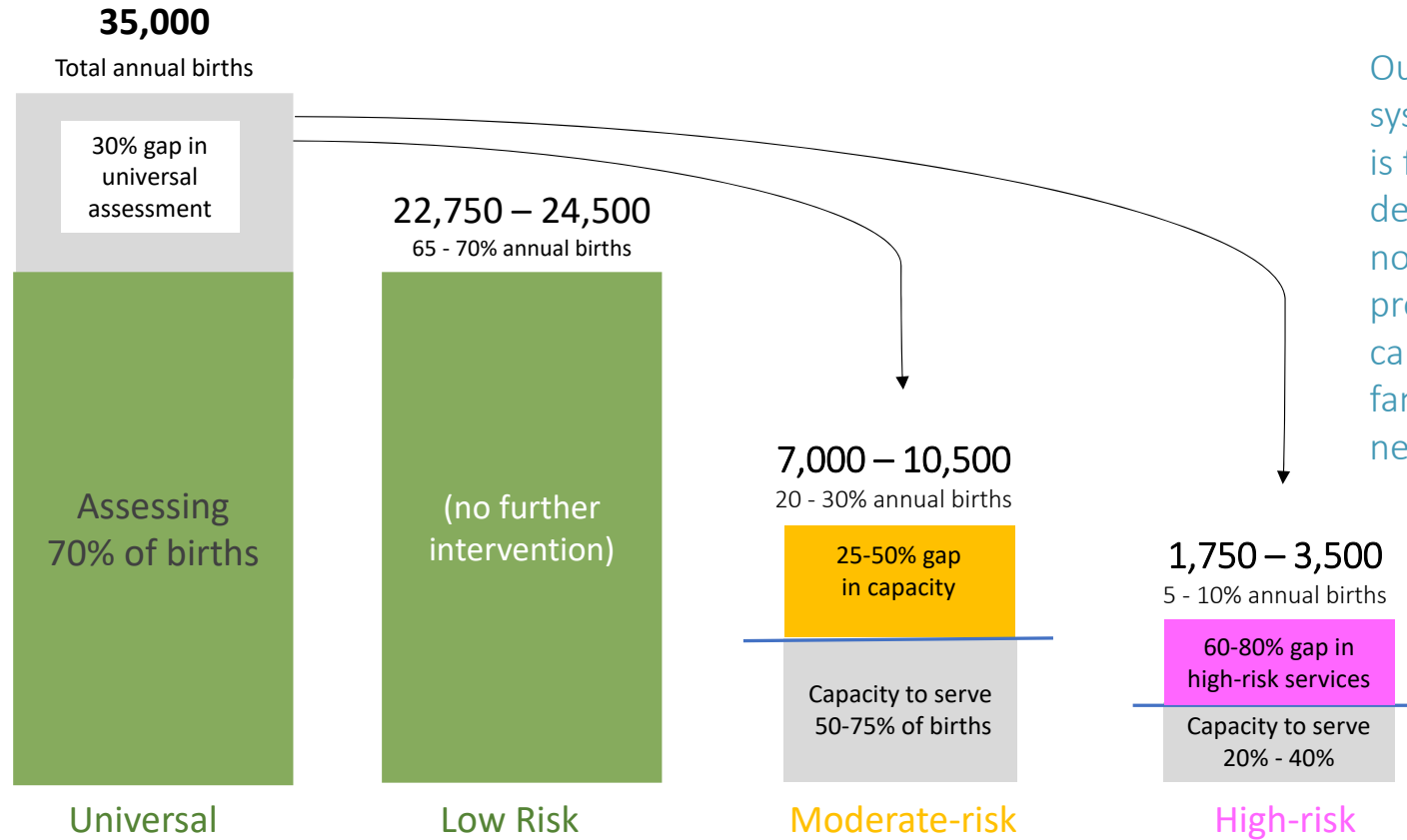
- Step 1: Landscape Analysis
- Step 2: Build Collaborative Partners' Commitment
- Step 3: Set a Vision and Priorities
- Step 4: Prioritize and Advance System Change Opportunities

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# Step 1. Landscape Analysis: understand family needs and resources



# Step 1. Landscape Analysis: understand family needs and resources



Our home visiting system planning work is focused on developing a system, not individual programs, with the capacity to support families based on their needs

## Step 2. Build Collaborative Partnerships



## Step 3: Draft Vision Statement

Orange County's early childhood system provides easy and equitable access to culturally-responsive, integrated supports to all Orange County birthing persons and parenting families (up to age three), prioritizing families that would benefit most from early interventions.

- **Families** are engaged, at every stage, as partners in building the foundation for lifelong well-being and healthy development.
- **Providers** across the system work together to codesign solutions to ensure high-quality services and supports.
- **Funders** (public and private) work collaboratively and with transparency to align expectations, resources, and practices for greater coordination and impact at a systems level.

**Together, we advocate** locally and statewide for policies and investments that remove barriers to access and engagement, elevate quality, and advance equity.

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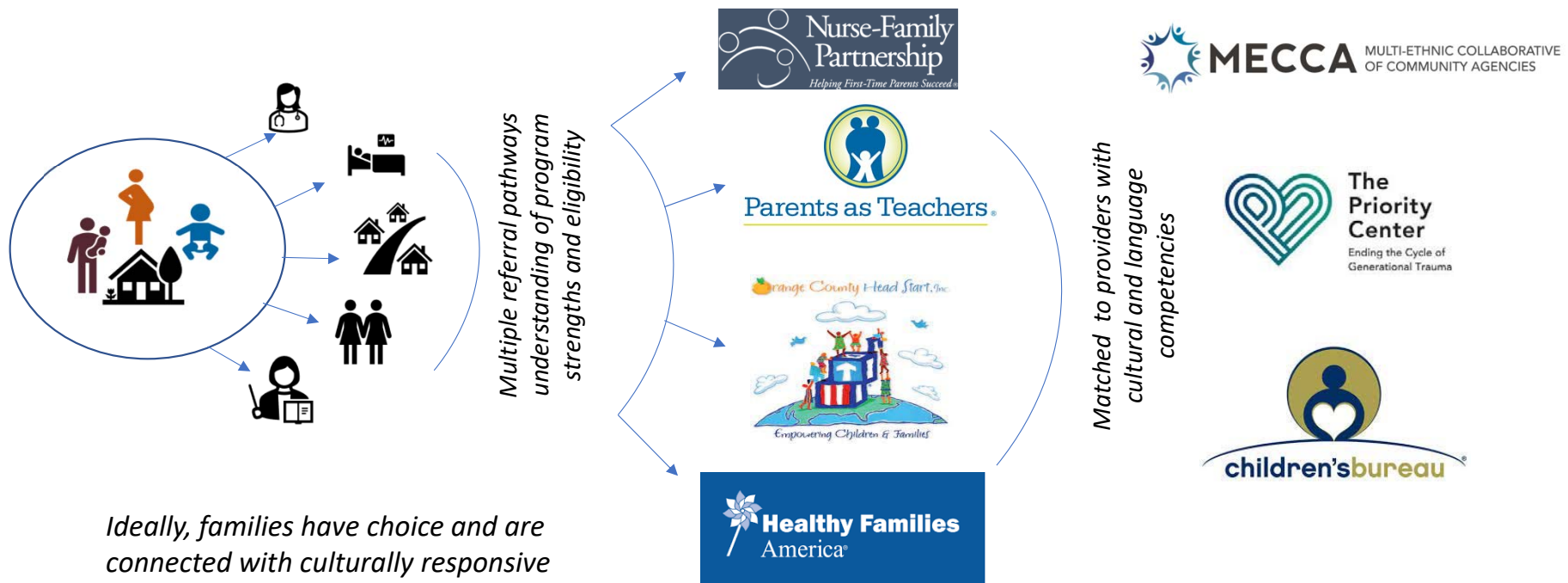
## Current challenges.....what we've learned

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- Insufficient referral networks and inconsistent program utilization
- Families enrolled in programs not always well-matched to needs (patient “fit the program”)
- Lack of data around program capacity
- Lack of adequate technology to facilitate referrals and identify system capacities
- Competition and disincentives to be collaborative/communicative/match to family needs given caseload targets
- Lack of clear/shared understanding around quality



## Step 4: Prioritize and Advance System Change Opportunities



# What strategies have communities employed to address these challenges?

System Challenge	<i>Possible Solutions</i>	What it solves?	Limitations?
Families enrolled in programs not well matched to needs	Defined pathway process flow – Partners agree on decision tree for supporting families in accessing services to best meet need	Provides visibility into program criteria and eligibility, fosters collaboration among providers	Relies on staffing knowledge of programs, requires ongoing investment to keep system understanding current
Families enrolled in programs not well matched to needs Inconsistent utilization	Centralized intake system	Coordinates program entry, standardizes assessment and referral protocols	Limits families' portals into receiving care, requires multiple "hand-offs" for families
Families enrolled in programs not well matched to needs Lack of data on utilization and program capacity	Backbone agency with integrated data system	Provides real-time monitoring of system capacity and referrals, identifies common challenges across system, establishes quality controls	Cost for sustaining system support
Lack of closed loop referrals	Web-based referral platforms to facilitate referrals	Provides visibility into program criteria and eligibility, fosters collaboration among providers Closed loop referrals Acceptance of capacity	Requires providers to regularly update and maintain system capacity

## Next Steps


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- Refine our understanding of the challenges and potential solutions (Nov-Dec)
  - Provider input – convene grantees and subgrantees
  - Parent and family input
- Continue to engage First 5 OC's Technical Advisory Committee
- Continue to work with leadership among collaborative partners to identify and prioritize system integration opportunities

**Agenda Item 2**  
**December 1, 2021**

**DATE:** October 26, 2019

**TO:** First 5 Orange County

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

**ACTION:** Approve First 5 Orange County Children and Families Commission and Technical Advisory Committee Meeting Calendar for 2022

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**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 meeting dates for 2022.

**DISCUSSION:**

**First 5 Orange County Children and Families Commission Meetings**

First 5 Orange County Commission Members are appointed by the Board of Supervisors to direct the policy, funding, and business to improve outcomes for children prenatal to age five. First 5 Orange County currently meets on the first Wednesday of the months of February, April, June, August, October, and December. The meetings are currently scheduled at 9:00 a.m. at the Orange County Transportation Authority Conference Center located at 550 South Main Street in Orange. However, Commission Meetings may be held via Zoom, as permitted by the Ralph M. Brown Act, until the Commission is able to hold in-person meetings.

**Technical Advisory Committee**

The Technical Advisory Committee (TAC) members are appointed by First 5 Orange County and are responsible for advancing systems change, focusing on shifting the conditions that hold persistent barriers in place for serving young children and families. The TAC meets four times per year. Proposed meetings for 2022 are in March, June, September, and December. The TAC is scheduled to meet on designated dates from 10:00 a.m. to 11:30 a.m. at the Orange County Transportation Authority Conference Center. The Committee may meet via Zoom, as permitted under the Ralph M. Brown Act, until they are able to hold in-person meetings at the Orange County Transportation Authority Conference Center.

Approval is recommended for the First 5 Orange County Children and Families Commission and Technical Advisory Committee proposed calendar and meeting dates for 2022 (Attachment 1).

**STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended action has been reviewed in relation to the Strategic Plan and is 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
- December 2020- Approved the Updated 2021 First 5 Orange County Children and Families Commission and Technical Advisory Committee meeting calendar

**RECOMMENDED ACTION:**

Approve the 2022 (Attachment 1) First 5 Orange County Children and Families Commission and Technical Advisory Committee meeting calendar.

**ATTACHMENTS:**

1. First 5 Orange County Children and Families Commission 2022 Meeting Calendar

**CONTACT:**

Rhonda Esera

# FIRST 5 ORANGE COUNTY, CHILDREN AND FAMILIES COMMISSION 2022 MEETING CALENDAR

JANUARY						
SUN	MON	TUES	WED	THUR	FRI	SAT
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FEBRUARY						
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MARCH						
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APRIL						
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MAY						
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JUNE						
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JULY						
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AUGUST						
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SEPTEMBER						
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OCTOBER						
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NOVEMBER						
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DECEMBER						
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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 3**  
**December 1, 2021**

**DATE:** November 4, 2021

**TO:** First 5 Orange County

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

**ACTION:** Appoint Gail Araujo and Scott Burdick to the First 5 Orange County Technical Advisory Committee

---

**SUMMARY:**

In December 2019, First 5 Orange County expanded and broadened the membership of its Technical Advisory Committee (TAC) to a more diverse makeup of early childhood health and development experts. This agenda item recommends the appointment of two members to the First 5 Orange County TAC.

**DISCUSSION:**

The California Children and Families Act requires that each First 5 county commission establish one or more advisory committees to provide technical and professional expertise that will be beneficial in accomplishing the purposes of the Act. In August 2019, First 5 Orange County's policies and procedures were amended to broaden TAC membership to include experts in early learning and childhood development, reflecting the desire to engage the TAC in First 5's systems change efforts. Since then, the First 5 Board has appointed additional members to the TAC to represent key organizations and systems of care in Orange County including Social Services Agency, Orange County Department of Education, and CalOptima.

Earlier this year, Social Service Agency Representative and TAC Member Christine Snapper was appointed to Division Director, Children and Family Services. Gail Araujo was named the new Division Director, Family Self Sufficiency and Adult Services to replace Christine Snapper.

First 5 OC and Social Services Agency agree that it will be beneficial for both departments at SSA to participate on the TAC. This agenda item appoints Gail Araujo to serve on TAC representing Family Self Sufficiency Services, and Scott Burdick, Deputy Director, Department of Children and Family Services, as TAC representatives. Brief biographies for Gail and Scott are provided in Attachment 1.

Staff anticipates bringing recommendations for additional TAC members to the Commission in the future to include other systems of care impacting young children and families, for example, Head Start or Regional Center of Orange County.

**STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended action presented in this staff report has been reviewed in relation to the Strategic Plan and is consistent with applicable goals. This agenda item does not include a funding request.

**PRIOR COMMISSION ACTIONS:**

- August 2021 – Appoint Pshyra Jones to the First 5 Orange County Technical Advisory Committee
- April 2021 – Appoint Edwin Poon to the First 5 Orange County Technical Advisory Committee
- December 2019 – Approve appointments to the Technical Advisory Committee
- August 2019 – Approve updated Administrative Policies and Procedures relating to the Technical Advisory Committee

**RECOMMENDED ACTION:**

Appoint Gail Araujo and Scott Burdick to the First 5 Orange County Technical Advisory Committee.

**ATTACHMENTS:**

1. Gail Araujo and Scott Burdick biographies

**CONTACT:** Lisa Burke



**Gail Araujo, Social Services Agency**  
**Division Director, Family Self-Sufficiency & Adult Services**

Gail Araujo has served human services agencies and programs for over 23 years. During her career, she has worked within public assistance and CalWORKs programs, administrative services functions, and the Family Self-Sufficiency & Adult Services division.

Prior to Ms. Araujo's appointment as Division Director of Family Self-Sufficiency & Adult Services, she served in several positions within the Social Services Agency including as Deputy Division Director of Adult Services which includes Adult Protective Services and In-Home Supportive Services programs, and Deputy Division Director over Contracts, Procurement, and Human Resources. Over the last year, she was also part of the Department Operations Center (DOC) supporting SSA's COVID response.

Gail began her career as an Eligibility Worker in the CalWORKs, CalFresh, and Medi-Cal programs. Before coming to the County of Orange in 2017, she worked in Los Angeles County at the Department of Public Social Services (DPSS) and the Los Angeles County Internal Services Department (ISD). She was also part of the LEADER Replacement System (LRS) and led Project Management related activities for the migration of their case management and eligibility determination system. She also served as the Communications Manager for LAPDSS where she provided oversight for internal and external communications.

Ms. Araujo holds a Bachelor's degree and Master's degree in Sociology from California State University, Fullerton.

**Scott Burdick, Social Services Agency**  
**Deputy Division Director, Children and Families Services**

Scott Burdick is Deputy Division Director of the County of Orange Social Services Agency's Children and Family Services Division where he has worked for over 26 years. He currently oversees the Intervention and Prevention Services Section, which includes the Adult and Child Abuse Registry, Emergency Response, Child Abuse Services Team (CAST), Differential Response and Voluntary Family Services. He also has experience in Permanency Services, Families and Communities Together (FaCT) – the County's Family Resource Center platform, Resource Development and Management (RDM), Specialized Family Services, Investigations, Intake, Conditional Release to Intensive Supervision Program (C.R.I.S.P) and Best Known Practices.

Mr. Burdick has led or been integrally involved with numerous initiatives including programs to support Commercially Sexually Exploited Children (CSEC), Teen Court, The Teen Collaborative, Neighbor to Neighbor, Permanency Roundtables, Runaway Prevention and Recovery, Family to Family, the Children and Family Services Review process, the Children and Family Services System Improvement Plan, Structured Decision Making, Safe Measures, Group Home Monitoring and Safety Organized Practice.

In addition to his career with the Social Services Agency, Scott consults locally and nationally with several agencies. These partnerships have led him across the nation to assist other jurisdictions in strengthening child abuse prevention, evaluation, and assessment practices. He holds a Bachelor's Degree in Psychology and a Master's Degree in Counseling from California State University, Fullerton, and is currently a licensed Marriage and Family Therapist.

**Agenda Item 4**  
**December 1, 2021**

**DATE:** November 5, 2021

**TO:** First 5 Orange County

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



**ACTION:** Receive the 27<sup>th</sup> Annual Report on the Conditions of Children in Orange County

**SUMMARY:**

First 5 Orange County is closely involved in the annual Conditions of Children report, including serving on the Board of Supervisors-appointed body that oversees the report as well as managing the report's development and design under contract to Social Services Agency. The Orange County Board of Supervisors approved the 27<sup>th</sup> Annual Report on November 16<sup>th</sup>. This item highlights key report findings and summarizes next steps.

**DISCUSSION:**

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. Supervisor and Commissioner Doug Chaffee chairs the Partnership. 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. We subcontract with two consulting firms for development and production of the report: Health Management Associates and Luis Alvarado Design.

The Board of Supervisors approved the report on November 16th. It examines indicators across four interdependent 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. Because data tends to lag real time, much of the data in the report reflects conditions prior to the onset of the COVID-19 pandemic.

As noted in the report, prior to COVID-19, Good Health trends revealed a continued decline in uninsured children and teen birth rates. In Economic Well-Being, while poverty among children declined, those eligible for but not receiving CalFresh and WIC increased. Pre-pandemic data for Educational Achievement revealed fewer students dropping out of high school, and more students taking the necessary classes to be college-ready. Within Safe Homes and Communities, the number of juvenile arrests, sustained petitions, and gang-related prosecutions continue to decline year-over-year.

According to the report, the behavioral health of children remains a concern. While the hospitalization rate for behavioral health conditions increased by 88% over 10 years, hospitalizations alone do not capture the complexity of behavioral health needs and outcomes. To help illuminate this complexity, behavioral health indicator was expanded to include early

childhood social and emotional health as well as adolescents experiencing chronic sadness, receiving psychological counseling, or being hospitalized for behavioral health issues. Finally, the report continues to bring disparities more clearly into view – revealing both the progress made and struggles experienced among Orange County’s children.

This year, the report includes a special section on COVID-19 including impacts to children’s mental health, mandated reporters, and enrollment in public benefits – along with the county’s collective response to support resiliency of children, youth, and families.

Also new this year, the report takes a unique approach to looking at indicators to better understand racial equity gaps. An “equity ratio” analysis is used, which was proposed by First 5 Orange County and embraced by the report steering committee and the full Partnership. The Equity Ratio is a method used to disaggregate data to understand the representation of population groups who disproportionately experience negative health, education, social and well-being outcomes. It can be used as a tool to identify disparities in outcomes and promote equity.

Now that the Board of Supervisors has approved the report, distribution into the community begins. Prior to the pandemic, distribution was primarily through a series of community forums held throughout the county. In addition to report distribution, the forums provided an opportunity to highlight key trends and have community dialogue around solutions. Last year, community forums were held virtually, and copies of the report were distributed primarily to and through the Partnership members. We expect a similar approach this year.

A copy of the 27<sup>th</sup> Annual Conditions of Children Report has been mailed to First 5 board members, and we welcome suggestions for additional distribution. We will keep you informed of planned community forums related to the report. Additionally, we could conduct a webinar highlighting the report, or conduct a series of meetings similar to a speaker’s bureau; we welcome board member suggestions.

#### **STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended action has been reviewed in relation to the Strategic Plan and is in alignment. There is no funding action proposed for this item.

#### **PRIOR COMMISSION ACTIONS:**

- October 2021 – Authorize receipt of \$113,000 and adopt resolution authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate an amendment to agreement with the Orange County Social Services Agency for the production of the 2022 Report on the Conditions of Children in Orange County and authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate amendments to agreements with designated organizations to provide evaluation, project management, and graphic design services for the 2022 Annual Report on the Conditions of Children in Orange County
- August 2020 – Authorize receipt of \$113,000 and adopt resolution authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate an amendment to agreement with the Orange County Social Services Agency for the production of the 2021 Report on the Conditions of Children in Orange County.

- April 2019 – Adopted resolution authorizing the President/CEO, or designee, to enter into agreements with designated organizations to provide evaluation, project management, and graphic design services for the 2019 and 2020 Annual Reports on the Conditions of Children in Orange County.
- December 2017 – Adopted resolutions authorizing agreements with designated organizations and SSA for the annual production of the Report on the Conditions of Children in Orange County and to receive a maximum of \$113,000, annually, for the term of March 1, 2018 through February 28, 2021.
- December 2016 – Adopted resolution authorizing agreements for the 23rd Annual Report on the Conditions of Children.

**RECOMMENDED ACTION:**

Receive the 27<sup>th</sup> Annual Report on the Conditions of Children in Orange County.

**ATTACHMENTS:**


None

**CONTACT:** Lisa Burke

**Agenda Item 5**  
**December 1, 2021**

**DATE:** November 8, 2021

**TO:** First 5 Orange County

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

**ACTION:** Receive Update on First 5 Orange County's Policy Work Including: Guidelines for Policy Positions and Engaging Leadership; Legislative Platform; and the 2021-2022 Policy Ad Hoc Committee

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**SUMMARY:**

In 2020, First 5 Orange County developed our first-ever Legislative Platform and Guidelines for Policy Positions and Engaging Leadership to set parameters for responsive and proactive input to local, state, and federal policy matters related to early childhood. This is an informational item on First 5 Orange County's legislative and policy documents and the formation of the 2021-2022 Policy Ad Hoc Committee.

**DISCUSSION:**

First 5 Orange County's Strategic Plan calls for cultivating community leadership, knowledge, and action by developing a leadership voice among local, state, and federal policy makers to champion and improve outcomes for young children. In the course of our work, there are opportunities to provide leadership on policies that impact young children and families. For example, First 5 Orange County may be asked to take a position on local, state, or federal legislation or regulations. Additionally, there are issues related to early childhood where First 5 proactively advances policy positions to support positive outcomes for young children.

On August 5, 2020, the Commission approved Guidelines for Policy Positions and Engaging Leadership (Attachment 1). This document was the first step in establishing criteria and a process for acting on legislative matters. On February 3, 2021, the Commission approved our first Legislative Platform (Attachment 2) that provides a framework for identifying and prioritizing legislative matters on which to advocate on behalf of Orange County's children ages 0-5 and their families.

The Legislative Platform adopted by the Commission last year takes a broad approach which allows staff to be efficient and nimble in responding to legislation and related activities. It includes the following priorities:

1. Increase opportunities for families to meaningfully participate in decision making and provide policy input.
2. Prioritize early childhood in policy making, relying on research and local data whenever possible to encourage others to also prioritize early childhood.
3. Improve systems to increase early access to comprehensive physical and mental health, cognitive development and early care and education.
4. Integrate the whole child/whole family's needs.

5. Support continued and future funding to further early childhood development and education, which align with and support our Strategic Plan activities.

Both the Guidelines for Policy Positions and Engaging Leadership and the Legislative Platform were reviewed by the 2020-2021 Policy and Communications Ad Hoc Committee and approved by the full First 5 board. The Guidelines and Legislative Platform both remain relevant in providing guidance to staff on how we engage proactively in policy matters, and the documents remain unchanged. Over the course of the year, staff will work with the Policy Ad Hoc Committee to assess the need to refine or update the documents for the 2023-2024 legislative year.

On January 3, 2022, the Legislature will reconvene for the second year of the two-year legislative session. Staff will closely monitor this session. Important dates to note include January 10, 2022 when the budget must be submitted by Governor; February 18, 2022 which is the last day for bills to be introduced; and June 15, 2022 when the Budget Bill must be passed by midnight. Staff will keep the board informed on legislative activities through Weekly Updates and at Commission meetings.

#### **2021-2022 Policy Ad Hoc Committee**

The Policy Ad Hoc Committee's purpose is to strengthen Commissioner and community engagement in First 5's policy work. This year, we anticipate a concentrated effort to identify board members' passions, networks, and engagement to create more early childhood champions in Orange County, and influence decision-makers and policies that relate to young children and families.

We envision this policy discussion being bi-directional. For example, staff may identify policies that exist or emerge throughout the year that would benefit from Commissioner involvement, such as creating champions for child care, home visiting coordination, and applying equity principles to our work. Also, there may be issues identified by Commissioners that intersect with First 5's work and the Strategic Plan.

The Policy Ad Hoc Committee will help staff define what increased Commissioner involvement in policy work could look like and how to support Commissioners engaging with their networks to create champions for early childhood, to influence decision-makers for early childhood, and include a lens of equity in decision-making. Commissioners appointed to the Ad Hoc Committee are Chair Baschshi, Commissioner Ersoylu, Commissioner Lavery and Vice-Chair Chaffee or a representative from his office.

Staff and the Policy Ad Hoc Committee will provide regular updates to the board on policy-related efforts.

#### **STRATEGIC PLAN & FISCAL SUMMARY:**

This item has been reviewed in relation to the Strategic Plan and is consistent with all goal areas. There is no funding action proposed for this item.

#### **PRIOR COMMISSION ACTIONS:**

- April 2021 – Approve Fiscal Year 2021/22 – 2025/26 Strategic Plan

- February 2021 – Received a Presentation on the First 5 Orange County Legislative Platform
- August 2020 – Adopted First 5 Guidelines for Policy Positions and Engaging Leadership
- April 2019 – Adopted First 5 Orange County 2019-2024 Strategic Plan

**RECOMMENDED ACTION:**

Receive update.

**ATTACHMENTS:**

1. First 5 Orange County Guidelines for Policy Positions and Engaging Leadership
2. First 5 Orange County Legislative Platform

**CONTACT:** Tiffany Alva



## Background

First 5 Orange County's 2021-2025 Strategic Plan outlines how the organization invests to ensure all children reach their full potential. It focuses on prevention and earliest intervention to meet children and families' needs, aims to connect systems of care to provide seamless quality services to families, and elevates equity to prioritize families most in need. It also calls for cultivating community leadership, knowledge and action related to early childhood by developing an internal and external leadership voice among local, state, and federal policy makers to champion and improve outcomes for young children. These guidelines establish the parameters for policy-related activities and leadership engagement, and expressly permits First 5 Orange County to support policy activities for young children and families strategically, proactively, and in a timely manner.

## Policy Protocol

- 1. First 5 Orange County is non-partisan.**
- 2. First 5 Orange County may take positions on federal, state, and local policy matters, which may include legislation, regulations, local ordinances, ballot measures, and operational issues that affect:**
  - Orange County's children, prenatal to age five and their families;
  - First 5 Orange County's ability to work towards its vision; and
  - First 5 Orange County's status or its funding.
- 3. First 5 Orange County may proactively develop policy, including:**
  - Taking a leadership role to convene stakeholders on a policy matter;
  - Preparing policy statements or briefs that may be adopted by the Commission; and
  - Work with legislators to develop legislation related to young children and families.

## Process for Acting on Policy Matters

First 5 Orange County's Strategic Plan will be the guiding document for its policy positions. The CEO will use the Strategic Plan to determine whether a policy matter is in alignment, and

how the issue will affect children prenatal to age five and their families, and/or First 5 Orange County as an organization. Staff will research how similar and partner organizations are supporting the issue, particularly the position being taken by the First 5 Association, First 5 California, and the County of Orange, and the CEO will determine which activities to engage in.

First 5 Orange County will develop a policy platform for Commission approval on an annual basis. The policy platform will be developed based on the policy guidelines, in alignment with First 5 Orange County's Strategic Plan and the First 5 Association policy platform.

## CEO's Authority

The CEO, and/or CEO's designee, has the authority delegated by First 5 Orange County to engage in policy related activities, including but not limited to:

- Consult with the Policy & Communications Ad Hoc Committee in an advisory capacity on policy issues or positions
- Provide testimony at public hearings
- Provide written comments and/or letters on proposed policy matters and ballot measures
- Meet with legislators and elected officials
- Write or co-sign letters to legislators and policy makers
- Collaborate with county agencies, funders, nonprofits, etc.
- Interact with the media
- Educate the public and policymakers (trainings, white papers, educational forums)
- Convene experts
- Publish policy -related information on the website, in newsletters, and on social media

The CEO and/or the Commission Chair has signature authority on letters and written comments. Both the CEO and Commission Chair may co-sign letters to emphasize the position taken.

The CEO or designee will report on policy and leadership engagement actions taken through Weekly Update memos and/or at Commission meetings.

# First 5 Orange County Legislative Platform



**First 5 Orange County's vision is that all children reach their full potential.**

To achieve this vision, we use four strategies – get involved early, elevate equity, empower champions, and align systems of care – to guide our investments, prioritize our work and interact with our community.


**The following Legislative platform allows us to advocate for young children and their families to help reach our vision:**

- 1** Increase opportunities for families to meaningfully participate in decision making and provide policy input.
- 2** Prioritize early childhood in policy making, relying on research and local data whenever possible to encourage others to also prioritize early childhood.
- 3** Improve systems to increase early access to comprehensive physical and mental health, cognitive development and early care and education.
- 4** Integrate the whole child/whole family's needs.
- 5** Support continued and future funding to further early childhood development and education.

**Agenda Item 6  
December 1, 2021**

**DATE:** November 22, 2021

**TO:** First 5 Orange County

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

**ACTION:** Adopt Resolution Finding that, Due to the Proclaimed State of Emergency Arising From the Novel Coronavirus (COVID-19), Meeting in Person Presents Imminent Risks to the Health and Safety of Attendees, and the Emergency Continues to Directly Impact the Ability of the Members to Meet Safely in Person

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**SUMMARY:**

The First 5 Orange County Children and Families Commission holds regular public meetings to act on measures related to its programs, projects, and services. To conduct teleconferencing meetings in compliance with the Ralph M. Brown Act (Brown Act), it is recommended that the Board of Commissioners adopt a resolution finding that, due to the proclaimed state of emergency arising from the novel coronavirus (COVID-19), meeting in person presents imminent risks to the health and safety of attendees and the emergency continues to directly impact the ability of the members to meet safely in person.

**DISCUSSION:**

Assembly Bill 361 (Chapter 165, Statutes of 2021) amended the Brown Act to allow local legislative bodies to meet using abbreviated teleconferencing procedures during a proclaimed state of emergency. If the Board of Commissioners wishes to conduct meetings virtually using the abbreviated teleconferencing procedures during the proclaimed state of emergency due to COVID-19, it must determine by resolution that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees. To allow the Board of Commissioners and its Technical Advisory Committee to continue meeting virtually, the Board must reconsider the circumstances of the state of emergency every 30 days and determine that the state of emergency continues to directly impact the ability of the members to meet safely in person.

By adopting the Resolution (Attachment 1), the Board of Commissioners and its Technical Advisory Committee will be permitted to meet virtually for 30 days in accordance with the Brown Act teleconferencing requirements.

**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 specific funding action proposed for this item.

**RECOMMENDED ACTION:**

Adopt Resolution finding that, due to the proclaimed state of emergency arising from COVID-19, meeting in person presents imminent risks to the health and safety of attendees, and the emergency continues to directly impact the ability of the members to meet safely in person.

**ATTACHMENTS:**

1. Resolution

**CONTACT:**

Kimberly Goll

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_\_-21-C&FC**

**December 1, 2021**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY FINDING THAT, DUE TO THE PROCLAIMED STATE OF EMERGENCY ARISING FROM THE NOVEL CORONAVIRUS (COVID-19), MEETING IN PERSON PRESENTS IMMINENT RISKS TO THE HEALTH AND SAFETY OF ATTENDEES, AND THE EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF THE MEMBERS TO MEET SAFELY IN PERSON.**

**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 Board of Commissioners holds regular and special public meetings pursuant to the Ralph M. Brown Act (the “Brown Act”), Government Code section 54950, *et seq.*; and

**WHEREAS**, the Brown Act, as amended by Assembly Bill 361 (Chapter 165, Statutes of 2021), permits the Commission to use teleconferencing for meetings of the Board of Commissioners without complying with specified teleconferencing requirements imposed by the Brown Act when the Board of Commissioners holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; and

**WHEREAS**, to continue to hold teleconferencing meetings during the proclaimed state of emergency, the Brown Act requires the Board of Commissioners to make findings every thirty (30) days, by at least a majority vote, that the Board of Commissioners has reconsidered the circumstances of the state of emergency and determines that the state of emergency continues to directly impact the ability of the members to meet safely in person.

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

**Section 1** The above findings and recitals are true and correct and are incorporated herein in full by this reference.

**Section 2** Governor Gavin Newsom has proclaimed a state of emergency due to the global pandemic caused by the novel coronavirus (COVID-19), which remains active as of the adoption of this Resolution.

**Section 3** The Board of Commissioners must continue to hold regular and special meetings, pursuant to the Brown Act, during the proclaimed state of emergency.

**Section 4** As a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

**Section 5** The Board of Commissioners has reconsidered the circumstances of the state of emergency and determines that it continues to directly impact the ability of the members to meet safely in person.

**Section 6** This Resolution shall take effect upon adoption.

**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 1, 2021 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: \_\_-21-C&FC

Agenda Date: December 1, 2021

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

**Agenda Item 7  
December 1, 2021**

**DATE:** November 2, 2021

**TO:** First 5 Orange County

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

**ACTION:** Conduct Public Hearing and Authorize President/CEO to Submit the Annual Comprehensive Financial Report to First 5 California and the State Controller's Office

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**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. The fiscal year results reported in the financial statements will be summarized and presented with the update of the Long-Term Financial Plan at a future Commission meeting.

**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 2021 meeting.

Due to circumstances beyond the control of First 5 Orange County, an extension was requested and granted by the California State Controller's Office until December 7, 2021, for the submission of the annual audit report for Fiscal Year 2020-2021. 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 was completed, and the Comprehensive Annual Financial Report is submitted as Attachment 1.

**Annual Comprehensive Financial Report**

Eide Bailly LLP performed an independent annual audit of Commission financial statements for Fiscal Year 2020-2021 that included the expanded audit compliance requirements mandated by statute. 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, 2021 (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, 2021. 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, 2021, 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, 2021."

#### **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 2021 – Conducted Public Hearing on Fiscal Year 2020-2021 Annual Report
- December 2020 – 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 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

#### **RECOMMENDED ACTION:**

1. Conduct Public Hearing
2. Receive the Annual Comprehensive Financial Report for Year Ended June 30, 2021, 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.

#### **ATTACHMENTS:**

1. Annual Comprehensive Financial Report for Year Ended June 30, 2021
2. Audit Conclusion Communication Letter

**CONTACT:** Michael Garcell

DATE: 11/29/21

TO: Clerk of the Board, Jamie Ross

FROM: Kim Goll, President/CEO

SUBJECT: First 5 Orange County December 1, 2021 Agenda Item 7 Attachments 1 & 2

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The First 5 Orange County December Agenda Item 7 attachments 1 & 2 are now available and included in this memo.

**CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY**

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Year Ended June 30, 2021

**Prepared by:**

**Michael Garcell, CPA (inactive)**

**Director of Finance**

**CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY  
FOR THE YEAR ENDED JUNE 30, 2021**

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November 23, 2021

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

Dear Commissioners,

The Annual Comprehensive Financial Report (ACFR) 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 ACFR 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, 2021, 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, 2021. 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 \$858 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 April 2021, 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 and 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.

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 \$35,000,000 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. 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.

### Strategic Plan

In April 2021, First 5 OC updated its Strategic Plan envisioning an Orange County in which “All children reach their full potential.” The groundwork for this vision to be achieved is set during a child’s earliest years. First 5 OC partners with many organizations working towards creating and maintaining an early childhood system that families experience as a seamless network of care. The conditions needed for children to thrive are:

- Early and Ongoing Health and Development;
- Equitable Distribution of Resources;
- A Safe, Stable, and Nurturing Home; and
- Neighborhoods that Support Young Children and Families.

First 5 OC uses four guiding strategies to provide a lens through which to prioritize our work. We believe these four strategies have the most impact on improving the conditions needed for children and families to thrive:

- Get Involved Early;
- Elevate Equity;
- Empower Champions; and
- Align Systems of Care.

## **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 2020-2021 was adopted on June 3, 2020 with subsequent adjustments approved on December 2, 2020. The President/CEO 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. 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 Annual Comprehensive Financial Report. 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 Annual Comprehensive Financial Report 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", written in a cursive style.

Kimberly Goll  
President/CEO



CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY  
BOARD OF COMMISSIONERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

COMMISSION BOARD MEMBERS (9)

**Ramin Baschshi, M.D.** (A)  
*Chair*

**Debra Baetz** (M)  
*Social Services Agency*

**Doug Chaffee** (M)  
*Board of Supervisors*

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

**Katherine Chiu, M.D., MBA** (A)

**Leah Ersoylu** (A)

**Jackie Filbeck** (A)

**Yvette Lavery** (A)

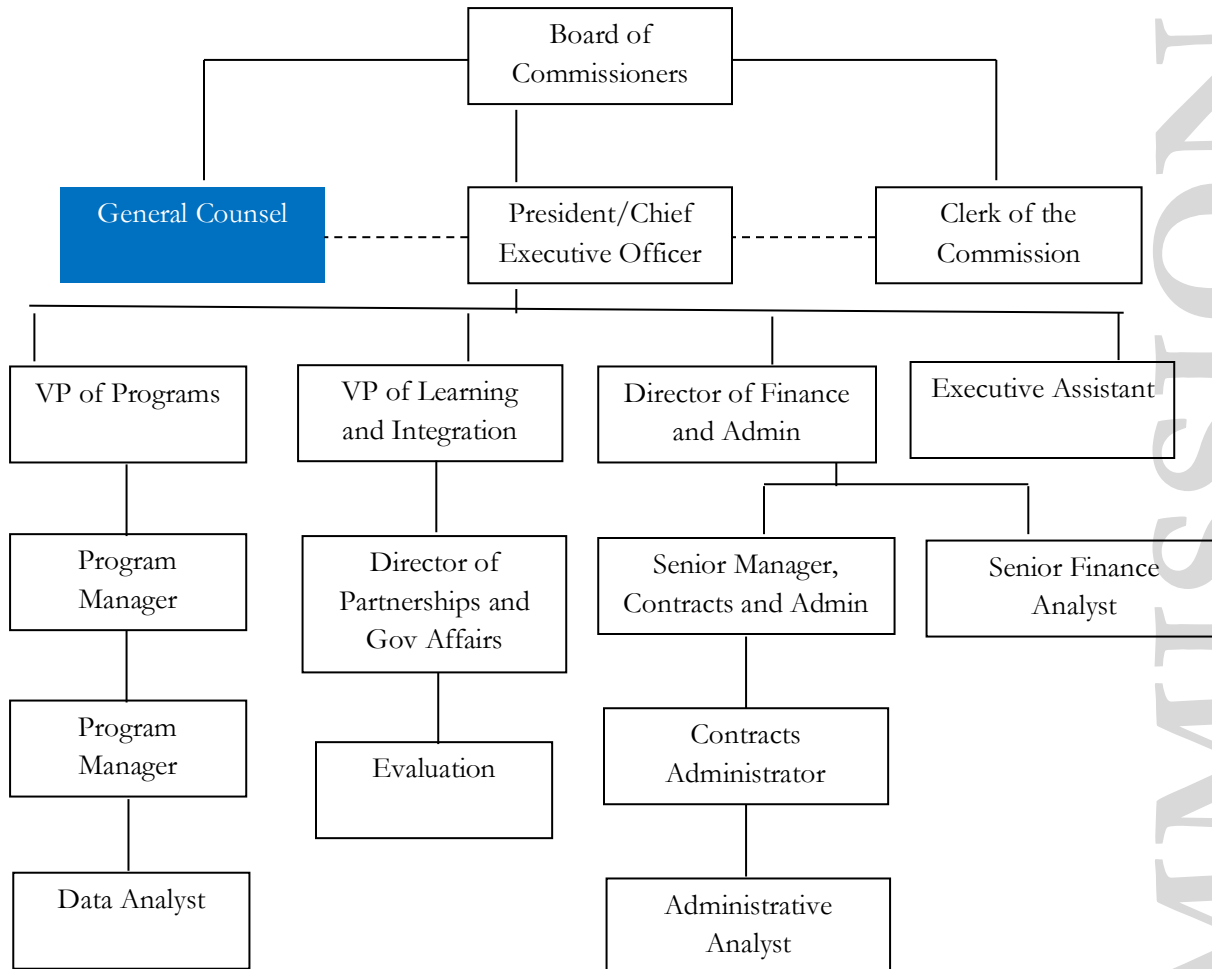
**Susan McClintic** (A)

(M) Mandatory members

(A) At-large members

COMMISSION

**CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY  
ORGANIZATION CHART  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**





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, 2020

*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, 2021, 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, 2021, 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 23, 2021, 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 23, 2021

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

As management of the Children and Families Commission of Orange County (Commission), we offer readers of the Commission's Annual Comprehensive Financial Report this overview and analysis of the financial activities for the fiscal year ended June 30, 2021. 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 \$57.2 million at the end of the current fiscal year, an increase of \$10 million (21.4%) 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, 2021, the Commission's governmental fund statements reported an ending fund balance totaling \$57 million, an increase of \$13.7 million (31.6%).
- The total ending fund balance of \$57 million was classified into the following categories: \$2.4 million as non-spendable, \$15.2 million as committed, \$37.2 million as assigned, and \$2.2 million as unassigned.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual comprehensive 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, 2021**

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 \$57.2 million at the end of the current fiscal year, an 21.4% 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, 2021 and June 30, 2020.

The Commission's net position as of June 30, 2021 is considered unrestricted because their use is not for a purpose narrower than the Commission's purpose and were comprised of the following:

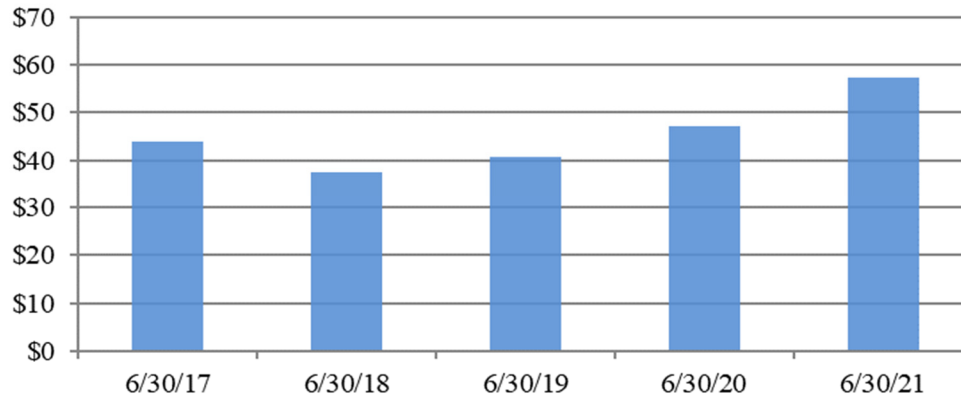
**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

	FY 2020-21	FY 2019-20	Percent Increase (Decrease)
<b>Assets:</b>			
Cash and investments	\$ 52,741,932	\$ 45,738,453	15.3%
Imprest cash	10,000	10,000	-
Interest receivable	74,139	153,484	-51.7%
Due from County of Orange	929,205	765,366	21.4%
Due from other governments	8,483,440	9,042,050	-6.2%
Advances to others	2,201,635	3,923,410	-43.9%
Prepaid items	-	30,702	-100%
Net Pension Asset	612,417	646,473	-5.7%
Total assets	<u>65,052,768</u>	<u>60,309,938</u>	7.9%
<b>Deferred Outflows of Resources:</b>			
Pension related amounts	379,497	17,957	2,013.4%
OPEB related amounts	67,000	24,000	179.2%
Total deferred outflows of resources	<u>446,497</u>	<u>41,957</u>	964.2%
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	2,240,171	4,531,036	-50.6%
Due to County of Orange	36,768	3,416	976.4%
Due to other governments	3,298,607	5,303,051	-37.8%
Retentions payable	1,093,292	1,362,937	-19.8%
Accrued wages and benefits	60,181	46,060	30.7%
Compensated absences:			
Payable within one year	76,769	64,538	19%
Payable after one year	22,435	21,080	6.4%
Net OPEB Liability	271,000	245,000	10.6%
Total liabilities	<u>7,099,223</u>	<u>11,577,118</u>	-38.7%
<b>Deferred Inflows of Resources:</b>			
Pension related amounts	1,140,631	1,619,924	-29.6%
OPEB related amounts	35,000	26,000	34.6%
Total deferred inflows of resources	<u>1,175,631</u>	<u>1,645,924</u>	-28.6%
<b>Net Position:</b>			
Unrestricted	57,224,411	47,128,853	21.4%
Total net position	<u>\$57,224,411</u>	<u>\$47,128,853</u>	21.4%

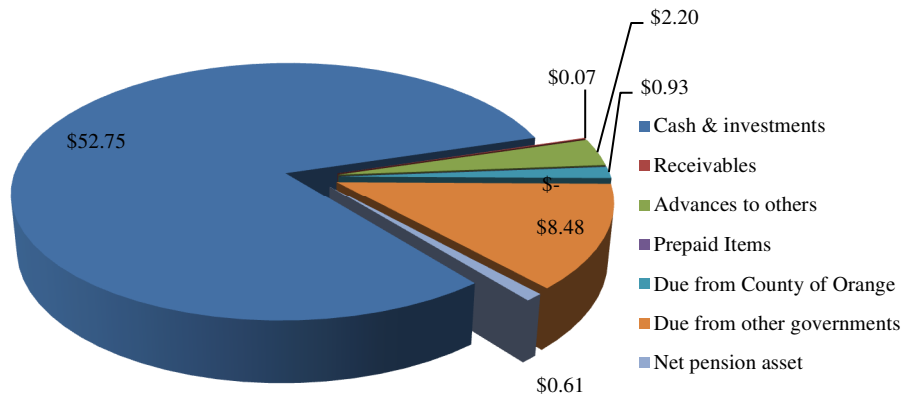


**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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



**Assets**  
**As of June 30, 2021**



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**Assets, Current and Other**

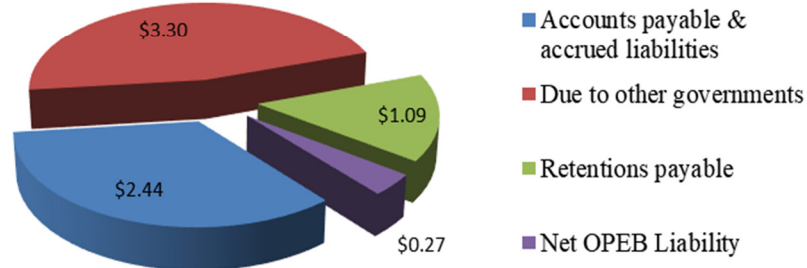
- Cash and investments totaled \$52.7 million. All \$52.7 million was invested in the Orange County Investment Pool (OCIP), except for a small petty cash fund held at the Commission. The investments in OCIP are managed by the County Treasurer and reviewed for compliance with the Commission's Annual Investment Policy. Cash and investments increased by 15.3% due to receipts of payments for program reimbursements.
- Due from other governments totaled \$8.5 million. Of this amount, \$1.6 million is Prop 10 tobacco tax revenue due from the State of California for the June 2021 allocation and \$4.6 million for the final payment from the Department Health Care Services for the Dental Transformation Initiative.
- Advances to others totaled \$2.2 million and represents funds advanced to contractors for services not provided by June 30, 2021. Approximately \$2.1 million was remaining as an advance for Emergency Shelter Catalytic programs. The advances cover future periods up to Fiscal Year 2021/2022.
- Net pension asset of \$0.61 million is reported compared to a net pension asset of \$0.65 million in the prior year.
- Other current assets consist of \$0.07 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 \$379,497 represent pension related amounts for measurement period ending December 31, 2020. Also included are total deferred outflows related to OPEB of \$67,000 as of measurement period ending December 31, 2020.
- Note 8 and 12 to the Commission financial statements provides further detail of all deferred outflows of resources reported in Fiscal Year 2020-2021.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**Liabilities**  
**As of June 30, 2021**



**Liabilities**

- Accounts payable and due to other governments total \$5.5 million. Payables to grantees services not yet billed at June 30, 2021 are based on established contract terms. This balance represents a decrease of 44% 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 \$1.1 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 \$0.1 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.
- Total deferred inflows of resources of \$1.1 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, 2020.
- Note 8 and 12 to the Commission financial statements provides further detail of all deferred inflows of resources recognized in Fiscal Year 2020-2021.

**Changes in Net Position**

For the year ended June 30, 2021, current year operations increased the Commission's net position by \$10.1 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, 2021 and June 30, 2020.

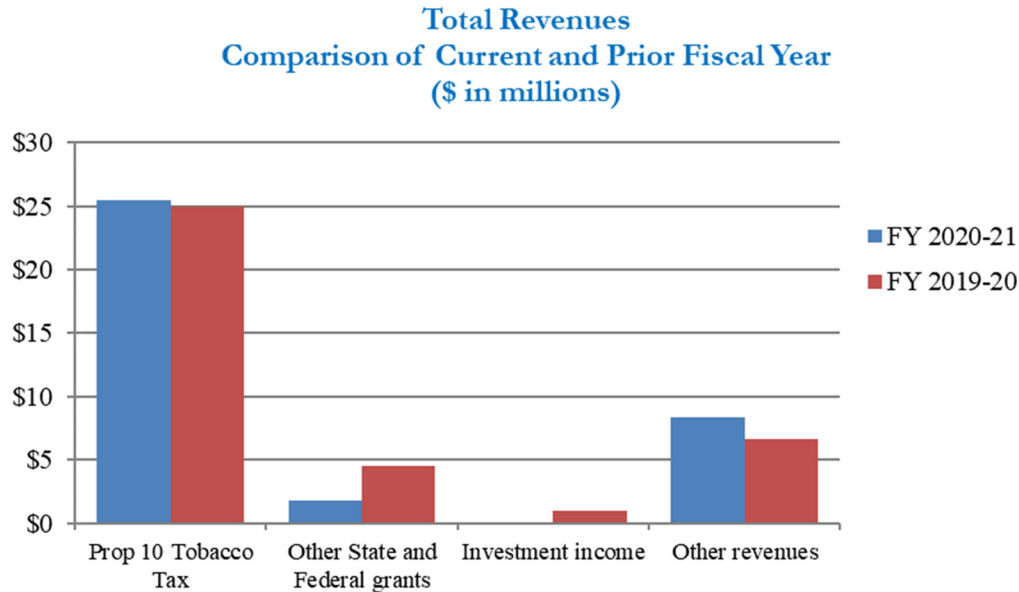
**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

	FY 2020-21	FY 2019-20	Percent Increase (Decrease)
<b>Revenues:</b>			
<b>Program Revenues</b>			
Tobacco taxes	\$25,496,594	\$24,991,179	2.02%
Other State and Federal operating grants and contributions	1,786,203	4,427,158	-59.65%
Interest income earned on tobacco taxes at the State	15,412	86,655	-82.21%
Total program revenues	<u>27,298,209</u>	<u>29,504,991</u>	-7.48%
<b>General Revenues</b>			
Investment income	131,764	1,021,339	-87.10%
Other revenues	8,352,758	6,599,710	26.56%
Total general revenues	<u>8,484,522</u>	<u>7,621,049</u>	11.33%
Total revenues	<u>35,782,731</u>	<u>37,126,041</u>	-3.62%
<b>Expenses:</b>			
0-5 Child development programs	24,581,349	29,826,480	-17.59%
Salaries and benefits	<u>1,105,824</u>	<u>854,804</u>	29.37%
Total expenses	<u>25,687,173</u>	<u>30,681,284</u>	-16.27%
<b>Change in net position:</b>	<b>10,095,558</b>	<b>6,444,756</b>	
Net position – July 1	<u>47,128,853</u>	<u>40,684,097</u>	15.84%
Net position – June 30	<u>\$57,224,411</u>	<u>\$47,128,853</u>	21.42%

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**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 \$27.3 million in Fiscal Year 2020-21 and accounted for 76% of total revenues. This represented a decrease of \$2.2 million (7.5%) from Fiscal Year 2019-20 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 \$.5 million from the prior fiscal year.
  - The increase in revenue is due to increased sales of other tobacco products.
- Other State and Federal operating grants and contributions for Fiscal Year 2020/2021 includes revenue from the state-wide IMPACT, Hub, Home Visiting, and Dual Language Learner program reimbursement that are variable from year to year and based on actual expenses.

- *General revenues*

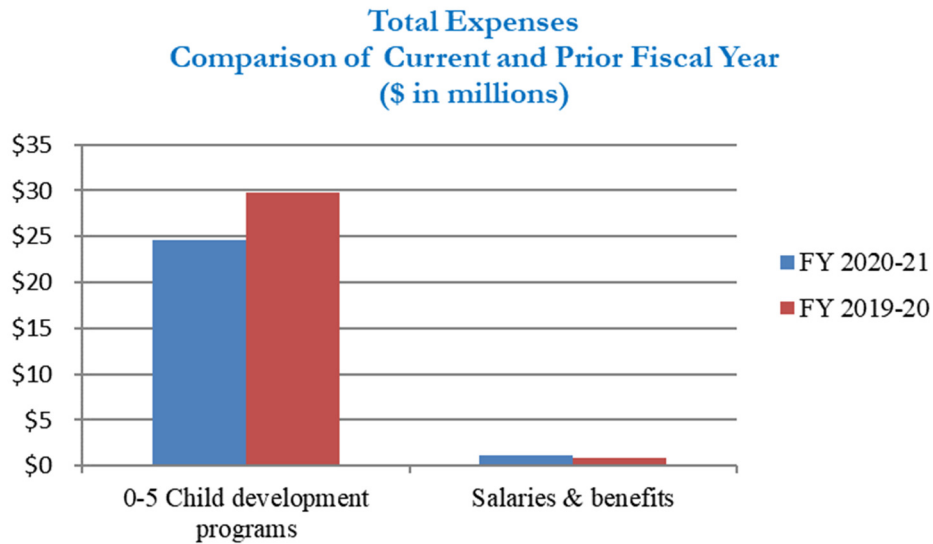
The Commission's general revenues totaled \$8.5 million in Fiscal Year 2020-2021 and accounted for 24% of total revenues. General revenues include all revenues that do not qualify as program revenues, such as investment income and other miscellaneous revenue reimbursements including the Dental Transformation Initiative and Home Visiting Program.

- Investment income decreased by \$0.9 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 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 \$1.8 million or 26.56%.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Governmental Activities Expenses**

Total expenses decreased by \$5 million (-16.3%) from the prior fiscal year. The decrease is due to the planned reductions in spending for one-time/systems building programs which are cyclical in nature.



- Zero-to-five child development programs decreased by \$5 million (-17.6%) from the prior fiscal year to fund programs serving children and families within the Commission's strategic goal areas of Prenatal-to-Three, School Readiness Initiative, and Systems Building. The decrease is due to the previously mentioned lower level of one-time/catalytic program funding. The long-term financial plan reserves funding to be used in future years to provide year-to-year sustainability while anticipating decreased revenue.
- Salaries and benefits increased by \$0.25 million (29.4%) from the prior fiscal year due to the filling of vacant positions.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

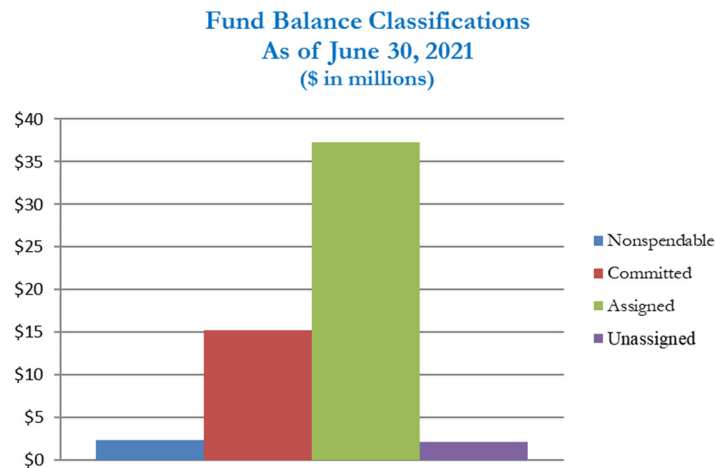
**ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND STATEMENTS**

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 \$.9 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 \$57 million, an increase of \$13.7 million (31.7%) in comparison with the prior fiscal year.



**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 \$.8 million. The amendment was based on budget carryovers for the First 5 IMPACT and Hubs programs.
- Total budgeted appropriations were increased by \$.6 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, 2021**

**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 2020-2021 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 2020-2021 by over \$7.6 million due to tobacco tax revenue above projections and increased revenue from the Dental Transformation Revenue close-out.
- Total budgeted appropriations exceeded actual expenditures in Fiscal Year 2020-2021 by \$7.6 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 \$4.5 million. This was due mostly to the timing of expenditures for the Home Visitation Program and the IMPACT, HUBS, and DLL programs. 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 \$0.2 million due to filling two vacant staff positions later in the fiscal year and underspending projections for benefits.
  - Catalytic expenditures were less than budgeted appropriations by \$2.9 million. Fiscal Year 2020-2021 was the eighth year of Round 1 and 2 catalytic funding. The total funding amount of approximately \$62 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 2020-2021 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	5,582,500
VISTA / AmeriCorps transition feasibility	25,000
	<u>\$44,607,500</u>

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	5,754,026
	<u>\$17,392,500</u>



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

On August 28, 2020, Governor Newsom signed SB 793 (Hill) which banned the sale of flavored tobacco products. In January 2021, a referendum placed SB 793 on hold and qualified it for the November 2022 ballot. As a result, projections for future-year tobacco tax revenues could change. The flavor ban would not start impacting revenue projections until Fiscal Year 2022-2023.

The Commission's financial plan has historically been conservative when estimating future-year revenues and maintains a fund balance in anticipation of future-year declining revenues. The assumptions used to project annual expenses/program funding throughout the ten-year financial plan would be adjusted to align with result of the referendum after the November 2022 general election.

**REQUESTS FOR FINANCIAL INFORMATION**

This annual comprehensive 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, 2021. 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, 2021**

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and investments in County Treasury	\$ 52,741,932
Imprest cash	10,000
Interest receivable	74,139
Due from County of Orange	929,205
Due from other governments	8,483,440
Advances to others	2,201,635
Net pension asset	612,417
Total Assets	<u>65,052,768</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related amounts	379,497
Other postemployment benefits	67,000
Total Deferred Outflows of Resources	<u>446,497</u>
<b>LIABILITIES</b>	
Accounts payable	2,240,171
Due to County of Orange	36,768
Due to other governments	3,298,607
Retentions payable	1,093,292
Accrued wages and benefits	60,181
Non-Current liabilities:	
Compensated absences:	
Payable within one year	76,769
Payable after one year	22,435
Net OPEB liability	271,000
Total Liabilities	<u>7,099,223</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related amounts	1,140,631
Other postemployment benefits	35,000
Total Deferred Inflows of Resources	<u>1,175,631</u>
<b>NET POSITION</b>	
Unrestricted	<u>57,224,411</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 57,224,411</u></u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		<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	\$ 25,687,173	\$ 27,298,209	\$ 1,611,036
General Revenues:			
Investment income			131,764
Miscellaneous			8,352,758
			<u>8,484,522</u>
			10,095,558
Net Position, July 1			<u>47,128,853</u>
Net Position, June 30			<u>\$ 57,224,411</u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2021**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and investments in County Treasury	\$ 52,741,932
Imprest cash	10,000
Interest receivable	74,139
Due from County of Orange	929,205
Due from other governments	8,483,440
Prepaid Expenses	184,087
Advances to others	2,201,635
Total Assets	<u><u>\$ 64,624,438</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,240,171
Due to County of Orange	36,768
Due to other governments	3,298,607
Retentions payable	1,093,292
Accrued wages and benefits	60,181
Total Liabilities	<u><u>6,729,019</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - unavailable revenue	<u>857,187</u>
Total Deferred Inflows of Resources	<u><u>857,187</u></u>
<b>FUND BALANCES</b>	
Nonspendable fund balance	2,385,722
Committed fund balance	15,241,303
Assigned fund balance	37,229,072
Unassigned fund balance	2,182,135
Total Fund Balances	<u><u>57,038,232</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 64,624,438</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, 2021**

Fund balances of governmental funds	\$	57,038,232
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Amounts reported for governmental activities in the Statement of  
Net Position are different because:

Prepaid items included as a deferred outflow on the accrual basis used in the government-wide statements		(184,087)
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Long term assets (net pension asset) are not included in the governmental funds		612,417
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Deferred outflows of resources:

Pension related amounts		379,497
Other postemployment benefits		67,000

Some expenses reported in the Statement of Activities do not  
require the use of current financial resources; and therefore, are  
not reported as expenditures in the governmental funds until  
paid. The following amounts represent the net effect of these  
differences in the treatment of long-term liabilities:

Change in Compensated Employee Absences		(99,204)
Other postemployment benefits related amounts		(271,000)

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.		857,187
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Deferred inflows of resources:

Pension related amounts		(1,140,631)
Other postemployment benefits		(35,000)

Net Position of governmental activities	\$	57,224,411
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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, 2021**

	<u>General Fund</u>
REVENUES	
Prop 10 Tobacco Tax	\$ 25,496,594
Investment income earned on tobacco taxes at the State level	15,412
Other State operating grants and contributions	4,713,034
Federal operating grants	379,171
Investment income	131,764
Other revenue	9,285,073
Total Revenues	<u>40,021,048</u>
EXPENDITURES	
Current:	
Salaries and benefits	1,724,112
Expenditures related to the "Zero to Five" Programs	22,943,993
Catalytic Round 1 and 2 Program Funding	1,640,380
Total Expenditures	<u>26,308,485</u>
Change in Fund Balance	13,712,563
FUND BALANCE, July 1	<u>43,325,669</u>
FUND BALANCE, June 30	<u><u>\$ 57,038,232</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, 2021**

Net changes in fund balance - total governmental funds	\$ 13,712,563
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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	643,898
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.	(13,586)
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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.	(4,238,318)
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Change in net position of governmental activities	\$ 10,095,558
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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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Prop 10 Tobacco Tax	\$ 21,554,480	\$ 21,554,480	\$ 25,496,594	\$ 3,942,114
Investment income earned on tobacco taxes at the State level	-	-	15,412	15,412
Other State operating grants and contributions	1,840,000	2,683,500	4,713,034	2,029,534
Federal operating grants	250,000	250,000	379,171	129,171
Investment income	100,000	100,000	131,764	31,764
Other revenue	7,800,000	7,800,000	9,285,073	1,485,073
Total Revenues	31,544,480	32,387,980	40,021,048	7,633,069
EXPENDITURES				
Current:				
Salaries and benefits	1,910,081	1,910,081	1,724,112	185,969
Expenditures related to the "Zero to Five" Program	26,852,466	27,429,366	22,943,993	4,485,373
Catalytic Round 1 and 2 Program Funding	4,550,000	4,550,000	1,640,380	2,909,620
Total Expenditures	33,312,547	33,889,447	26,308,485	7,580,962
Net Change in Fund Balance	(1,768,067)	(1,501,467)	13,712,563	(15,214,030)
FUND BALANCE, July 1	28,944,927	28,557,109	43,325,669	-
FUND BALANCE, June 30	\$ 27,176,860	\$ 27,055,642	\$ 57,038,232	\$ (15,214,030)

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, 2021**

**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, 2021**

**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, 2021**

**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 Items

Prepaid pension contributions are reported as a prepaid items 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, 2021 to June 30, 2022. A balance of \$184,087 is reported as of June 30, 2021 after any remaining 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, 2021, 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.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2020 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, 2020
Measurement Date	December 31, 2020
Measurement Period	January 1, 2020 to December 31, 2020

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021, 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, 2021:

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, 2021**

**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 \$32.8 million represent Board-approved future year contracts for Catalytic Programs (\$3.3 million) and annual programs and operations (\$29.5 million). The most significant Catalytic Program encumbrance is for Children's Dental (\$3.4 million). The two largest program encumbrance balances are for the Bridges: Maternal Child Health Network (\$8 million) and School District Partnerships (\$11.2 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, 2021**

**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. 84**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The principal objective of GASB 84 is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. This statement did not have a material impact to the Commission's financial statements.

**GASB Statement No. 90**

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement did not have a material impact to the Commission's financial statements.

**GASB Statement No. 98**

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Commission implemented this statement effective July 1, 2020.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

GASB has issued the following pronouncements prior to June 30, 2021, 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. 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, 2021**

**NOTE 2 – CASH AND INVESTMENTS**

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

Cash and investments in County Treasury	\$ 52,741,932
Imprest Cash	<u>10,000</u>
Total Cash and Investments	<u><u>\$ 52,751,932</u></u>

Cash and investments consisted of the following at June 30, 2021:

Orange County Investment Pool:	
Equity in pooled Money Market fund	\$ 52,741,932
Imprest Cash	<u>10,000</u>
Total Cash and Investments	<u><u>\$ 52,751,932</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 AAAM rated by two NRSROs, invest only in direct obligations in US Treasury bills, notes, bonds, U.S. Government Agencies, Municipal debt and repurchase agreements with a weighted average maturity 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, 2021, 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 Annual Comprehensive Financial Report.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021, 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, 2021 of \$52,741,932 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, 2021, were as follows:

Due from State Commission:

Prop 10 revenue for:

June 2021

\$1,561,620

Surplus Money Investment Fund Allocations

15,412

First 5 IMPACT and Hubs Program

2,319,480

Due from other governmental agencies for:

California Department of Healthcare Services

4,586,928

Total Due from Other Governments

\$8,483,440

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021, were as follows:

Due to government agencies:	
FY 2020-2021 Contract Payment Accruals	\$ 3,298,607
Total Due to Other Governments	<u>\$ 3,298,607</u>

**NOTE 5 – COMPENSATED ABSENCES**

The vested compensated absences liability balance at June 30, 2021 consists of the following activity:

Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
<u>\$85,618</u>	<u>\$109,709</u>	<u>\$96,123</u>	<u>\$99,204</u>	<u>\$76,769</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, 2021 consists of the following:

	<u>June 30, 2021</u>
Nonspendable:	
Prepays and Advances	\$2,385,722
Committed for:	
Catalytic Round 1 and 2 programs	15,241,303
Assigned for:	
Approved contracts	37,229,072
Unassigned	<u>2,182,135</u>
Total fund balance	<u>\$57,038,232</u>

Fund Balance Category Descriptions

Nonspendable – consists of prepaid retirement contributions for Fiscal Year 2021-22 that were paid during the fiscal year. 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, 2021.

Committed for contractual obligations – consists of contract amounts approved by Commission action as of June 30, 2021 for Fiscal Years 2020-2023 and future years of Commission Round 1 and 2 Catalytic funding.

Assigned for approved contracts – consists of Fiscal Year 2021-2022 programs that were approved by Commission action and included in the Fiscal Year 2021-2022 Operating Budget.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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](http://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, 2021**

**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 PEPPRA, Safety Tier 2 or Safety PEPPRA 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 2020 or the second half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 37.97% of compensation. The average employer contribution rate for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 (based on the December 31, 2018 valuation) was 40.02% of compensation. Contributions recognized by the plan in FY 2020-21 were \$152,265.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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 2020 or the second half of fiscal year 2019-2020 (based on the December 31, 2017 valuation) was 12.63% of compensation. The average member contribution rate for the last six months of calendar year 2020 or the first half of fiscal year 2020-2021 (based on the December 31, 2018 valuation) was 12.47% of compensation.

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

At June 30, 2021, the Commission reported a net pension asset of (\$612,417) for its proportionate share of the net pension liability (NPL)/(asset). The NPL/(asset) was measured as of December 31, 2020. 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, 2019. At December 31, 2020, the Commission's proportion was -0.015% percent allocated based on the actual employer contributions within the Commission's rate group. This represents a decrease from 0.002%, from the proportionate measured as of December 31, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of (\$497,900). As of June 30, 2021, 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	\$131,797	
Changes in proportion and differences between employer contributions and proportionate share of contributions	143,769	\$1,156,467
Changes of assumptions or other inputs	(67,034)	
Difference between expected and actual experience	(13,122)	(15,836)
Commission contributions subsequent to the measurement date	184,087	
Total	<u>\$379,497</u>	<u>\$1,140,631</u>

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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 \$184,087 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:

2022	\$	(471,966)
2023		(411,273)
2024		(342,312)
2025		(217,925)
2026		498,255
	<u>\$</u>	<u>(945,221)</u>

**Actuarial assumptions.** For the measurement period ended December 31, 2020 (the measurement date), total pension liability (TPL) was determined by rolling forward the December 31, 2019 (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, 2017 through December 31, 2019.

Net investment return: 7.00%

Inflation 2.50%

Salary Increases General: 4.00% to 11.00% and Safety: 4.60% to 15.00%, varying by service, including inflation

Cost of Living Adjustments 2.75% of retirement income

Post – Retirement Mortality Rates:

*Healthy:* For General Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019

*Disabled:* For General Members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019

*Beneficiaries:* Pub-2010 Generational Contingent Survivor Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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 investments was determined in 2020 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, 2020 actuarial valuation. This information will change every three years based on the actual experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA – Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	<u>2.50%</u>	2.50%
Total	100.00%	

**Discount rate.** The discount rate used to measure the TPL was 7.00% as of December 31, 2020 and 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, 2020 and 2019.



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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)	83,263	(\$612,417)	(\$1,179,503)

***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 2021-2022	25,072
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Rent expense was \$74,708 for the year ended June 30, 2021.

**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, 2021 was \$21,954. The Commission incurred expenses totaling \$307,116 for all other County services provided during the year ended June 30, 2021. The amount owed to the County of Orange for related party transactions at June 30, 2021 was \$36,768.

The Commission paid \$2,065,617 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 \$273,136 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, 2021**

**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, 2021, the Commission expended \$957,748 for program evaluation.

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

At June 30, 2021, 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	\$21,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,000
	\$67,000

**Deferred inflows of resources:**

Differences between expected and actual experience	7,000
Changes in assumptions	10,000
Net difference between projected and actual earnings on plan investments	15,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,000
	\$35,000

**Net OPEB Liability:** \$271,000

**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 2020-2021 Annual Comprehensive Financial Report. The Commission is reported in the County's Annual Comprehensive Financial Report 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, 2021**

**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, 2021, the Commission's contributions were \$38,000.

At June 30, 2021, the Commission reported a liability of \$271,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2020, the Commission's proportion was 0.0810 percent, an increase of 0.0122% from the prior measurement date.

For the fiscal year ended June 30, 2021, the Commission recognized OPEB expense of \$30,000. As of fiscal year ended June 30, 2021, the Commission reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to the measurement date	\$21,000	
Differences between expected and actual experience		\$7,000
Changes of assumptions		10,000
Net difference between projected and actual earnings on plan investments		15,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,000	3,000
<b>Total</b>	<b>\$67,000</b>	<b>\$35,000</b>

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

The \$21,000 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows Of Resources
2022	\$(2,000)
2023	-
2024	(4,000)
2025	1,000
2026	3,000
2027+	13,000

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 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 Scale MP-2016
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, 2021**

**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
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Equity	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA – Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total Portfolio	100.00%	

-Assumed Long-Term Rate of Inflation – 2.50%

-Expected Long-Term Net Rate of Return – 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%)
<b>Net OPEB Liability</b>	\$341,000	\$271,000	\$211,000

***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
<b>Net OPEB Liability</b>	\$262,000	\$271,000	\$280,000

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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 is \$3,263,424 for a three-year period that began July 1, 2020. Funds claimed for the period ending June 30, 2021 totaled \$610,222, and all IMPACT funds require a two to one program partner match of two dollars of First 5 CA funding to every dollar of local funding.

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 the 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 was \$841,028 for one year that began July 1, 2020. Funds claimed for the period ending June 30, 2021 totaled \$749,771.

First 5 California also provided funding for two other programs. The Home Visiting Coordination program coordinates efforts among the various organizations providing home visiting services. While First 5 Orange County has been the primary funder of home visiting in the county, there is not a comprehensive countywide plan for sustained home visiting services. The funding helps to build understanding about what home visiting services are available and who receives them, cultivate leadership around the importance of home visiting in the PN3 system, and develop a shared vision among key stakeholders in Orange County.

The Dual Language Learner program examines how specific strategies in instruction, professional development, and family engagement support positive outcomes for dual language learner children and their families. The study considers the use of strategies for different age groups, in different settings, and with children speaking different languages represented in California.

**NOTE 14 – ADVANCES TO OTHERS**

Advances to others as of June 30, 2021 were \$2,201,635. 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\***

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Proportion of the net pension liability	0.078%	0.071%	0.061%	0.019%	0.010%	(0.013%)	(0.015%)
Proportionate share of the net pension liability	\$3,957,426	\$4,066,522	\$3,158,290	\$962,203	\$630,611	(\$646,472)	(\$612,417)
Covered payroll	\$1,043,030	\$1,042,786	\$925,031	\$849,266	\$966,061	\$1,061,044	\$1,167,468
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%)	(52.46%)
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%	81.69%
Measurement date	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020

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



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

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Contractually required contribution (actuarially determined)	\$319,651	\$333,800	\$245,077	\$266,614	\$90,445	\$117,300	\$152,265
Contributions in relation to the actuarially determined contributions	(319,651)	(333,800)	(245,077)	(266,614)	(90,445)	(117,300)	(152,265)
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	\$1,005,475	\$1,001,202	\$821,497	\$864,802	\$1,050,566	\$1,208,381	\$1,221,222
Contributions as a percentage of covered payroll	31.79%	33.34%	29.83%	30.83%	8.61%	9.71%	12.47%

\* Fiscal Year 2014-2015 was the first year of implementation, therefore, only seven 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\***

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Commission's proportion of the net OPEB liability	\$276,000	\$290,000	\$245,000	\$271,000
Commission's proportionate share of the net OPEB liability	0.0689%	0.0698%	0.0688%	0.081%
Commission's covered payroll	819,000	930,000	975,000	1,088,000
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	33.70%	31.18%	25.13%	24.91%
Plan fiduciary net position as a percentage of the total OPEB liability	42.30%	42.56%	51.02%	55.38%
Measurement Date	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020

\* Fiscal Year 2017-2018 was the first year of implementation, therefore, only four 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	2021
Actuarially Determined Contribution (ADC)	\$34,000	\$39,000	\$41,000	\$38,000
Contribution in relation to the ADC	(34,000)	(39,000)	(41,000)	(38,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	877,000	975,000	1,091,000	1,154,000
Contributions as a percentage of covered payroll	3.90%	4.00%	3.76%	3.29%

\* Fiscal Year 2017-2018 was the first year of implementation, therefore, only four 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 County, Local Funds	\$3,263,424	\$610,222	\$610,222 \$305,111	\$2,653,202
IMPACT Hub	F5CA Program Funds	\$841,028	\$749,771	\$749,771	\$91,257
Dual Language Learner	F5CA Program Funds	\$154,543	\$20,000	\$20,000	\$134,543
Home Visiting Coordination	F5CA Program Funds	\$200,000	\$4,679	\$4,679	\$195,321

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\* For the purpose of this schedule, the revenue and expenditures reported, in amount of \$610,222 for IMPACT, \$749,771 for IMPACT Hub, \$20,000 for Dual Language Learner, and \$4,679 for Home Visiting Coordination represents the amount claimed by the Commission. For governmental fund or modified accrual financial reporting purposes, a total of \$818,537 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 annual comprehensive 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>
<b>Financial Trends</b>	<b>50</b>
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)	
<b>Revenue Capacity</b>	<b>58</b>
These schedules contain trend information to help the reader assess the Commission's most significant revenue base. (Schedules 5 -7)	
<b>Demographic Information</b>	<b>62</b>
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)	
<b>Operating Information</b>	<b>66</b>
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.

STATISTICAL

**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			
	2021	2020	2019	2018*
Net investment in capital	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>57,224,411</u>	<u>47,128,853</u>	<u>40,695,150</u>	<u>37,446,530</u>
Total net position	<u><u>\$ 57,224,411</u></u>	<u><u>\$ 47,128,853</u></u>	<u><u>\$ 40,695,150</u></u>	<u><u>\$ 37,446,530</u></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					
2017	2016	2015**	2014	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44,034,865	51,621,511	54,471,707	64,690,535	72,411,134	78,984,810
<u>\$ 44,034,865</u>	<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>



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

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2021	2020	2019	2018
Expenses:				
Governmental activities:				
Salaries and benefits	\$1,105,824	854,804	961,012	1,149,377
Expenses related to "Zero to Five" Programs	24,581,349	29,826,480	26,092,909	32,076,788
Total expenses	<u>25,687,173</u>	<u>30,681,284</u>	<u>27,053,921</u>	<u>33,226,165</u>
Revenues:				
Governmental activities:				
Operating grants and contributions				
Prop 10 Tobacco taxes	\$ 25,496,594	\$ 24,991,179	\$ 23,573,280	\$ 21,867,232
First 5 CARES Plus				
First 5 Child Signature Program				
First 5 IMPACT and Hubs, DDL, HV	1,407,032	4,124,541	2,120,578	2,745,724
Other State operating grants and				
Federal operating grants	379,171	6,599,710	3,009,855	1,628,595
Investment income earned on tobacco	15,412	86,655	64,514	31,875
taxes at the State Level (SMIF)				
General revenues				
Investment income	131,764	1,021,339	1,188,495	431,764
Other revenue	8,352,758	302,616	345,819	191,640
Extraordinary Item: Reversal of AB99 liability				
Total revenues	<u>\$ 35,782,731</u>	<u>\$ 37,126,040</u>	<u>\$ 30,302,541</u>	<u>\$ 26,896,830</u>
Change in Net Position	<u>\$ 10,095,558</u>	<u>\$ 6,444,756</u>	<u>\$ 3,248,620</u>	<u>\$ (6,329,335)</u>

A decorative graphic consisting of two horizontal stripes. The top stripe is a solid blue color, and the bottom stripe is a lighter, sky-blue color. They are stacked vertically and span the width of the page.

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**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			
	2021	2020	2019	2018
FUND BALANCES				
Nonspendable fund balance	\$ 2,385,722	\$ 3,958,321	\$ 3,889,032	\$ 4,542,478
Committed fund balance	15,241,303	13,237,942	14,472,082	18,596,717
Assigned fund balance	37,229,072	26,129,406	18,932,072	14,001,862
Unassigned fund balance	2,182,135			
Total fund balances	<u>\$ 57,038,232</u>	<u>\$ 43,325,669</u>	<u>\$ 37,293,186</u>	<u>\$ 37,141,057</u>

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



Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 5,566,849	\$ 7,277,958	\$ 9,340,291	\$ 10,782,162	\$ 5,624,041	\$ 65,657
21,769,602	26,486,583	30,112,816	34,561,184	44,990,092	45,090,000
19,957,923	20,866,371	15,589,112	16,374,998	21,350,266	33,560,512
<u>\$ 47,294,374</u>	<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>

**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			
	2021	2020	2019	2018
<b>Revenues:</b>				
Prop 10 Tobacco taxes	\$ 25,496,594	\$ 28,541,094	\$ 20,023,365	\$ 21,867,232
First 5 CARES Plus				
First 5 Child Signature Program				
First 5 IMPACT and Hubs, DLL, HV	-	1,238,020	2,755,797	977,176
Investment income earned on tobacco taxes at the State Level (SMIF)	15,412	151,169	-	31,875
Other State and Federal operating grants and contributions	5,092,205	6,149,940	3,361,107	1,628,595
Investment income	131,764	1,021,339	1,188,495	431,764
Other revenue	9,285,073	302,616	345,819	191,640
Total revenues	<u>40,021,048</u>	<u>37,404,178</u>	<u>27,674,583</u>	<u>25,128,282</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	1,724,112	1,545,217	1,429,545	3,204,810
Expenditures related to "Zero to Five" Program	22,943,993	26,470,166	21,571,504	26,410,285
Catalytic Round 1 and 2 Program Funding	1,640,380	3,356,314	4,521,405	5,666,504
Capital outlay				
Total expenditures	<u>26,308,485</u>	<u>31,371,697</u>	<u>27,522,454</u>	<u>35,281,599</u>
Excess (deficiency) or revenues over (under) expenditures	13,712,563	6,032,481	152,129	(10,153,317)
<b>Other Financing Sources (uses):</b>				
Extraordinary Item: Reversal of AB99				
Total changes in fund balance	<u>\$ 13,712,563</u>	<u>\$ 6,032,481</u>	<u>\$ 152,129</u>	<u>\$ (10,153,317)</u>

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

**FIRST 5 CALIFORNIA COUNTY TAX REVENUE CAPACITY**

	Orange County	State Total
<b>Actual Tobacco Tax Revenues Received (1)</b>		
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
2020/2021	\$25,496,594	\$324,935,472

**Projected Tobacco Tax Revenues (2)**

2021/2022	\$24,837,945	\$317,721,358
2022/2023	\$24,349,961	\$310,421,358
2023/2024	\$23,657,485	\$302,480,558
2024/2025	\$23,279,110	\$294,954,158
2025/2026	\$22,903,887	\$287,671,758

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

(2) Source: First 5 California County Tax Revenue Projections for 2021/22 to 2025/26  
(Updated 6/6/21 utilizing DOF May Revise 2021 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 2019-20

Cigarette tax					Other tobacco products surtax	
Fiscal year	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate (%)
2019-20	1,708,597,000	5,075,000	1,713,672,000	1,191,000	258,560,000	59.27%
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		



**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 2019-20

Cigarette tax					Other tobacco products surtax	
Fiscal year	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate (%)
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		
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 2019-20

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 2019-20

Fiscal year	Reported distributions (Millions of packages)			Apparent per capita consumption (a.) (In packages)
	Total	Tax paid	Tax exempt	
1	2	3	4	5
2019-20	628	597	31	15.8
2018-19	635	624	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: CDTFA Open Data Portal: Table 30B - Cigarette Distributions and Per Capita Consumption, 1959-60 to 2019-20

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Population	3,190,832	3,195,197	3,195,455	3,188,779	3,169,925	3,154,363	3,132,650	3,110,857	3,086,559	3,052,320
White	1,326,050	1,332,715	1,337,681	1,343,625	1,344,555	1,346,706	1,346,692	1,346,584	1,345,911	1,340,485
Black	48,930	48,709	48,461	48,291	47,967	47,666	47,378	46,861	46,338	45,547
American Indian or Alaska Native	6,847	6,814	6,803	6,757	6,694	6,646	6,616	6,567	6,501	6,410
Asian	580,384	582,038	582,939	578,861	572,878	568,260	562,210	556,929	551,357	544,494
Native Hawaiian or Pacific Islander	9,196	9,214	9,229	9,179	9,118	9,062	8,976	8,907	8,804	8,690
Multiracial	84,081	83,019	81,798	80,332	78,567	76,945	75,229	73,659	72,096	70,204
Hispanic (any race)	1,135,344	1,132,688	1,128,544	1,121,734	1,110,146	1,099,078	1,085,549	1,071,350	1,055,552	1,036,490
Female	1,601,896	1,603,925	1,604,432	1,601,624	1,592,776	1,586,166	1,576,358	1,566,605	1,555,811	1,539,929
Male	1,588,936	1,591,272	1,591,023	1,587,155	1,577,149	1,568,197	1,556,292	1,544,252	1,530,748	1,512,391
Under 5 years	182,219	186,052	189,077	190,548	190,418	191,761	190,781	190,673	192,015	192,857
5-9 years	193,823	194,249	195,181	197,550	199,511	200,327	201,722	202,687	201,720	199,456
10-14 years	202,417	205,066	207,164	207,123	206,040	206,963	207,959	208,771	209,070	210,522
15-19 years	221,175	223,102	224,592	225,606	229,594	231,068	232,205	233,344	236,225	232,830
20-24 years	232,884	234,883	238,125	242,422	241,899	237,404	232,533	226,620	218,780	213,276
25-34 years	382,813	385,438	388,463	390,626	393,549	399,655	405,611	409,265	412,055	413,338
35-44 years	405,022	408,397	409,018	408,554	409,183	413,829	420,177	427,246	433,173	437,216
45-54 years	442,648	449,860	457,322	462,522	462,357	461,678	458,394	454,950	452,278	448,863
55-59 years	217,903	219,708	218,745	217,212	214,016	209,792	203,586	198,210	191,660	184,443
60-64 years	196,699	192,323	188,312	182,801	176,306	169,450	163,416	158,957	155,147	153,019
65-74 years	290,037	281,321	273,042	264,872	254,836	245,537	234,506	223,007	211,452	198,440
75-84 years	155,970	150,379	144,546	138,024	132,651	129,015	125,221	122,220	118,979	115,920
85+	67,222	64,419	61,868	60,919	59,565	57,884	56,539	54,907	54,005	52,140

Sources: California Department of Finance. Demographic Research Unit. Report P-2A, P-2B, P-2C, P-2D: Population Projections, California Counties, 2010-2060 (Baseline 2019 Population Projections; Vintage 2020 Release). Sacramento: California. July 2021.

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

**LIVE BIRTHS, CALIFORNIA COUNTIES, 2011-2020(By Place of Residence)\***

COUNTY	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>CALIFORNIA</b>	<b>448,754</b>	<b>446,548</b>	<b>454,244</b>	<b>471,806</b>	<b>488,925</b>	<b>491,789</b>	<b>502,973</b>	<b>494,392</b>	<b>503,788</b>	<b>502,023</b>
ALAMEDA	18,082	18,197	18,225	18,896	19,576	19,442	19,657	19,248	19,550	19,002
ALPINE	6	17	10	7	7	3	6	5	8	6
AMADOR	321	314	305	303	307	305	291	261	285	269
BUTTE	2,083	2,149	2,419	2,389	2,491	2,442	2,482	2,415	2,397	2,392
CALAVERAS	392	401	375	421	374	380	348	337	347	326
COLUSA	253	249	267	293	316	298	285	313	314	302
CONTRA COSTA	11,999	11,811	11,995	12,186	12,344	12,599	12,560	12,149	12,061	12,057
DEL NORTE	235	281	269	269	310	300	324	315	302	337
EL DORADO	1,577	1,531	1,678	1,572	1,602	1,596	1,618	1,533	1,513	1,629
FRESNO	14,367	14,051	14,413	14,546	15,134	15,363	15,796	15,735	15,953	16,157
GLENN	398	398	365	378	379	376	416	399	368	391
HUMBOLDT	1,371	1,406	1,365	1,372	1,491	1,445	1,474	1,531	1,511	1,448
IMPERIAL	2,553	2,618	2,628	2,924	2,990	3,217	3,270	3,068	3,041	3,075
INYO	177	191	176	212	182	203	226	230	219	213
KERN	13,068	12,772	12,874	13,330	13,733	13,769	14,199	14,145	14,558	14,287
KINGS	2,206	2,101	2,256	2,375	2,248	2,275	2,342	2,394	2,357	2,565
LAKE	729	732	714	750	749	724	748	758	739	715
LASSEN	245	284	307	301	306	294	326	294	298	300
LOS ANGELES	106,450	106,987	110,167	116,850	122,940	124,438	130,150	128,523	131,697	130,312
MADERA	2,117	2,066	2,076	2,121	2,355	2,225	2,313	2,314	2,258	2,401
MARIN	2,059	2,083	2,122	2,238	2,255	2,288	2,403	2,320	2,306	2,385
MARIPOSA	156	132	154	141	148	166	138	134	161	132
MENDOCINO	950	926	896	992	1,024	1,052	1,020	1,014	1,153	1,061
MERCED	4,029	3,851	3,870	4,202	4,117	4,105	4,158	4,161	4,311	4,281
MODOC	29	89	100	88	97	80	90	63	76	87
MONO	99	128	129	147	131	152	149	150	131	156
MONTEREY	5,777	5,882	5,887	5,813	6,222	6,426	6,458	6,547	6,652	6,814
NAPA	1,278	1,294	1,206	1,291	1,407	1,456	1,478	1,449	1,431	1,572
NEVADA	828	812	772	797	783	876	817	816	810	761
ORANGE	35,201	34,909	35,643	37,395	38,121	37,622	38,610	37,256	38,186	38,100
PLACER	3,759	3,660	3,664	3,691	3,733	3,748	3,644	3,684	3,648	3,832
PLUMAS	149	162	168	173	169	163	147	152	151	165
RIVERSIDE	28,908	28,255	28,684	29,880	30,682	30,510	30,271	29,930	30,316	30,610
SACRAMENTO	19,130	18,988	19,052	19,206	19,592	19,430	19,886	19,367	19,618	19,998
SAN BENITO	802	791	772	735	777	720	697	752	701	772
SAN BERNARDINO	29,035	28,688	28,964	29,708	31,114	30,619	31,306	30,201	30,691	30,573
SAN DIEGO	38,936	38,645	40,008	41,251	42,741	43,961	44,596	43,627	44,391	43,621
SAN FRANCISCO	8,346	8,396	8,690	8,950	9,061	8,972	9,102	8,807	9,070	8,813
SAN JOAQUIN	10,184	10,076	9,811	9,929	10,269	9,986	10,095	9,799	10,129	10,328
SAN LUIS OBISPO	2,522	2,464	2,433	2,551	2,582	2,668	2,595	2,650	2,580	2,632
SAN MATEO	8,157	8,253	8,326	8,586	8,961	9,040	9,098	8,821	9,182	9,047
SANTA BARBARA	5,456	5,512	5,256	5,533	5,501	5,673	5,829	5,753	5,584	5,803
SANTA CLARA	20,971	21,100	21,267	22,137	23,044	23,393	23,759	23,296	24,308	23,652
SANTA CRUZ	2,425	2,395	2,447	2,661	2,803	2,841	3,047	2,867	3,084	3,232
SHASTA	1,876	1,876	1,961	2,008	2,048	2,074	2,083	2,140	2,110	2,021
SIERRA	20	24	26	32	32	31	21	14	19	23
SISKIYOU	332	434	438	446	462	466	451	443	501	472
SOLANO	5,119	5,053	5,039	5,133	5,262	5,132	5,251	5,255	5,061	5,158
SONOMA	4,333	4,377	4,525	4,645	4,964	5,016	5,075	4,982	5,144	5,150
STANISLAUS	7,469	7,295	7,339	7,443	7,867	7,700	7,521	7,579	7,592	7,737
SUTTER	1,249	1,255	1,266	1,263	1,368	1,302	1,317	1,285	1,258	1,326
TEHAMA	803	788	731	743	789	828	787	753	767	728
TRINITY	108	94	113	126	109	102	112	100	125	123
TULARE	6,944	6,763	6,900	7,131	7,146	7,412	7,618	7,651	8,000	7,966
TUOLUMNE	464	466	450	470	456	466	454	475	459	430
VENTURA	8,819	8,829	9,025	9,321	9,592	10,062	10,471	10,441	10,641	10,656
YOLO	2,203	2,080	2,127	2,271	2,423	2,402	2,395	2,491	2,452	2,340
YUBA	1,200	1,167	1,099	1,184	1,239	1,155	1,193	1,200	1,213	1,282

Source: Updated with Department of Finance Birth Projections for California State and Counties 1990-2040

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

**CHILDREN'S SCORECARD ORANGE COUNTY TRENDS, 2019-2010**

	2019	2018
<b><u>GOOD HEALTH</u></b>		
Total percentage of women who received early prenatal care*	**	89.90%
Newborns with low birth weight (less than 2,500 grams)*	**	2,227
Percent of Infants with low birth weight*	**	6.3%
Infants taken into protective custody due to positive testing for alcohol/drug exposure at birth* (FY)	233	180
Children adequately immunized at Kindergarten entry*	95.5%	95.7%
Infant Mortality Rate (per 1,000 live births)*	**	2.8
Birth rates per 1,000 females ages 15-19 in Orange County*	**	8.3
Breastfeeding Percentages (any)*	**	94.3%
Breastfeeding Percentages (exclusive)*	**	67.0%
<b><u>ECONOMIC WELL-BEING</u></b>		
Children receiving financial assistance through CalWORKS* (FY)	26,545	30,816
Percent of children receiving CalWORKS of total population under 18* (FY)	3.7%	4.3%
Percentage of students eligible for free and reduced lunch* (FY)	48.6%	49.1%
Number of participants served by the WIC program* (FY)	27,666	57,874
Total number of child support cases* (FY)	68,878	66,296
Total child support collections \$ (in millions)* (FY)	185.3	184.3
<b><u>EDUCATIONAL ACHIEVEMENT</u></b>		
Total public school enrollment* (FY)	478,149	485,099
Number of English learner students* (FY)	105,441	113,938
Average \$ expenditure per pupil for grades K-12* (FY)	12,200	11,420
Total number of students K-12 receiving special education* (FY)	**	57,141
<b><u>SAFE HOMES AND COMMUNITIES</u></b>		
Average monthly number of children in out-of-home care* (FY)	2,336	2,190
Average monthly number of dependents of the court* (FY)	2,925	2,861
Total juvenile arrests for youth 10 to 17 years of age*	**	2,729
Total number of juveniles referred to probation, 10 to 18 years*	**	4,250

\* The 26th Annual Report on the Condition of Children in Orange County 2020 presents dates through calendar year 2019. Data through FY 2020-21 not yet available.

\*\* Not yet available

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

2017	2016	2015	2014	2013	2012	2011	2010
86.90%	84.40%	85.20%	86.10%	88.30%	88.6%	88.7%	89.0%
2,222	2,397	2,360	2,433	2,330	2,401	2,550	2,462
5.8%	6.3%	6.3%	6.3%	6.3%	6.3%	6.7%	6.4%
190	178	121	110	98	82	128	89
95.7%	95.5%	92.5%	90.1%	88.7%	89.3%	89.5%	89.0%
3.1	1.5	2.7	3.0	3.3	3.4	4.2	4.0
9.9	10.9	12.0	14.8	16.7	19.2	20.2	22.5
94.8%	95.0%	95.1%	94.8%	94.0%	93.2%	93.2%	92.7%
66.1%	66.1%	67.1%	64.6%	62.7%	62.1%	59.8%	55.6%
34,485	38,982	42,345	42,877	43,916	45,950	46,809	42,793
4.7%	5.5%	6.0%	6.0%	6.1%	6.2%	5.9%	5.4%
47.7%	49.1%	49.0%	50.0%	47.9%	46.4%	45.4%	44.4%
61,406	71,367	78,856	87,408	92,303	98,219	103,563	100,434
70,403	68,117	67,732	68,635	70,608	77,582	89,852	100,056
184.0	182.3	178.8	177.9	178.6	180.1	177.4	177.2
489,791	492,886	497,116	500,487	501,801	502,195	502,895	502,239
119,315	123,001	129,390	130,570	123,390	130,076	126,226	141,605
10,926	9,105	9,128	8,274	7,950	7,952	7,827	7,955
55,908	54,231	53,512	53,005	52,216	51,905	51,613	51,208
2,134	2,107	2,192	2,279	2,257	2,215	2,018	2,195
2,762	2,627	2,799	2,683	2,862	2,791	2,795	3,050
3,770	4,521	4,829	6,580	6,892	8,566	10,797	13,485
5,098	5,617	5,808	7,156	7,821	8,882	10,454	11,533

**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**

<b>PRINCIPAL EMPLOYERS</b>
<b>LAST YEAR AND NINE YEARS AGO</b>

<b>2021*</b>
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<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
The Walt Disney Co.	28,000	1	1.74%
University of California, Irvine	25,512	2	1.58%
County of Orange	18,543	3	1.15%
Providence	12,866	4	0.80%
Albertsons Southern California Division	8,159	5	0.51%
Kaiser Permanente	8,050	6	0.50%
Hoag Memorial Hospital Presbyterian	6,710	7	0.42%
Walmart Inc.	6,400	8	0.40%
Target Corporation	6,000	9	0.37%
Yum Brands Inc.	5,600	10	0.35%

<b>2011**</b>
---------------

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
The Walt Disney Co.	21,275	1	1.37%
County of Orange	17,741	2	1.14%
University of California, Irvine	14,981	3	0.96%
Boeing Co.	11,179	4	0.72%
Albertsons Southern California Division	9,500	5	0.61%
St. Joseph Health System	9,435	6	0.61%
Tenet Healthcare Corp.	8,389	7	0.54%
SBC Communications, Inc.	7,100	8	0.46%
Target Corporation	4,878	9	0.31%
Bank of America Corp.	4,813	10	0.31%

\* Source: Orange County Business Journal, Book of Lists 2021

\*\* Source: Orange County Business Journal, Book of Lists 2011



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

EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of Employees by Function										
General Administration	2	2	3	3	3	3	3	3	4	6
Finance	2	2	2	2	2	2	2	2	1	2
Contracts Administration	2	2	2	2	3	3	4	4	4	4
Program Management & Evaluation	7	6	5	5	4	4	4	4	4	3
Total Employees	<u>13</u>	<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>

\* 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, 2021, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements and have issued our report thereon dated November 23, 2021.

**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 23, 2021



## 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, 2021.

### 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, 2021.

### **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 23, 2021



November 23, 2021

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) as of and for the year ended June 30, 2021 and have issued our report thereon dated November 23, 2021. 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 *Government Auditing Standards***

As communicated in our letter dated May 3, 2021, 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 Controls 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 23, 2021.

**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 estimates 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.

We evaluated key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### *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 the 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 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 to, the investment rate of return and discount rate, and the Commission's proportionate share of the Plan's collective 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 asset/liability.

## **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. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. 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 23, 2021.

## **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, significant events or transactions that occurred during the year, 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 the 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



**Agenda Item 8  
December 1, 2021**

**DATE:** November 2, 2021

**TO:** First 5 Orange County

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

**ACTION:** Adopt Fiscal Year 2022-2023 Employer and Employee Retirement Contribution Rates as Established and Adopted by the Orange County Employees Retirement System

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**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 21, 2021, the OCERS Board of Trustees adopted new employer and employee retirement contribution rates for Fiscal Year 2022-2023, including for First 5 Orange County. These rates are based on a comprehensive actuarial study of the Retirement System performed by The Segal Company. The December 31, 2020 Actuarial Valuation Report presents the OCERS funding requirements for Fiscal Year 2022-2023 and is located on the OCERS website at [www.ocers.org](http://www.ocers.org).

First 5 Orange County employees fall within two OCERS retirement plans. Plan J includes retirement system members who started employment before January 1, 2013. Plan U includes all members starting after January 1, 2013.

**Employer Contribution**

The newly adopted employer contribution rates for Plans J and U (provided on Attachment 1) 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.

Normal Retirement Rate: The Fiscal Year 2022-2023 employer Normal Rate for Plan J members of 14.69% represents a slight increase from 14.34%. Employer rates for Plan U members will decrease to 8.37% from the previous rate of 8.81%. Rate changes are due to the actual contributions and other experience factored into the December 31, 2020 actuarial valuation.

Unfunded Accrued Actuarial Liability Rate: First 5 Orange County paid off its current UAAL on November 15, 2017, and the Fiscal Year 2022-2023 rates reflect that payment. The UAAL rate without the payoff adjustment would have been close to 29% instead of the current proposed rate of 5.98%.

**Employee Contribution**

The employee Normal Rate (also provided on Attachment 1) is determined by employee age at entry to OCERS and will experience an increase of 0.06% for Fiscal Year 2022-2023 for Plan J members and a decrease of 0.4% for Plan U members, based on the average entry age of 28.

Approval is recommended to adopt the employer and employee retirement contribution rates as recommended and adopted by OCERS for Fiscal Year 2022-2023.

The necessary steps for the Commission to participate in the early payment discount for Fiscal Year 2022-2023 are being implemented. Since net fixed income returns on Commission investments with the County Treasurer are projected to earn 0.30% for Fiscal Year 2021-2022, 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 2022-2023 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 2022-2023 retirement contribution rates will be incorporated into the Fiscal Year 2022-2023 budget.

**PRIOR COMMISSION ACTIONS:**

- December 2020 – Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2021/22
- December 2019 – Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2020/21
- 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 2022-2023 employer and employee retirement contribution rates as established and adopted by the Orange County Employees Retirement System (OCERS) on June 21, 2021.

**ATTACHMENTS:**

1. Fiscal Year 2022-2023 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 1, 2022**

<u>Employer Contribution Rates</u>			
Rate Group	Plan	Rate	
#2	J (General)	Normal	14.69%
		UAAL	<u>5.98%</u>
		Total	<b>20.67%</b>
#2	U – PEPRA	Normal	8.37%
		UAAL	<u>5.98%</u>
		Total	<b>14.35%</b>

**\*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	9.93%	7.03%
16	9.93%	7.03%
17	10.11%	6.72%
18	10.28%	6.39%
19	10.47%	6.51%
20	10.65%	6.62%
21	10.84%	6.74%
22	11.03%	6.86%
23	11.22%	6.99%
24	11.42%	7.11%
25	11.62%	7.24%
26	11.82%	7.36%
27	12.03%	7.50%
28	12.25%	7.63%
29	12.46%	7.76%
30	12.69%	7.90%
31	12.91%	8.04%
32	13.15%	8.18%
33	13.39%	8.33%
34	13.63%	8.47%
35	13.89%	8.62%
36	14.15%	8.78%
37	14.41%	8.93%
38	14.67%	9.09%



**Orange County Children and Families Commission**  
**Employer / Employee Contribution Rates**  
**Effective Pay Period 15, July 1, 2022**  
 (continued)

**Employee Contribution Rates**

**(continued)**

<b>Entry Age</b>	<b>Plan J (2.7% @ 55)</b>	<b>PEPRA</b>
		<b>Plan U (2.5% @ 67)</b>
39	14.91%	9.25%
40	15.16%	9.42%
41	15.40%	9.59%
42	15.64%	9.76%
43	15.89%	9.93%
44	16.15%	10.12%
45	16.39%	10.30%
46	16.60%	10.49%
47	16.75%	10.69%
48	16.84%	10.90%
49	16.83%	11.10%
50	16.72%	11.30%
51	16.49%	11.50%
52	16.13%	11.69%
53	16.65%	11.88%
54	17.20%	12.08%
55	17.20%	12.28%
56	17.20%	12.49%
57	17.20%	12.68%
58	17.20%	12.86%
59	17.20%	12.99%
60	17.20%	13.08%
61	17.20%	13.10%
62	17.20%	13.05%
63	17.20%	12.93%
64	17.20%	12.73%
65	17.20%	13.14%
66 and thereafter	17.20%	13.58%

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

<b>Rate Group</b>	<b>Plan</b>	<b>Discounted Percentage</b>	<b>Average Entry Age</b>
<b>#2</b>	<b>Plan J (General)</b>	98.95%	28

**Agenda Item 9**  
**December 1, 2021**

**DATE:** October 27, 2021

**TO:** First 5 Orange County

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



**ACTION:** Receive Report on the First 5 Association's Strategic Plan

---

**SUMMARY:**

First 5 Orange County is a member of the First 5 Association, which is a network comprised of the 58 county First 5s in California. This agenda item contains a summary of the First 5 Association's recently updated Strategic Plan.

**DISCUSSION:**

The First 5 Association is a membership organization of the 58 First 5/Children and Families Commissions in California. Membership with the First 5 Association provides important linkage to a statewide voice on young children's issues and the value of membership has increased as both the Association and First 5 Orange County engage more extensively in systems work. We have been an active member of the Association for several years, and Kim Goll is currently serving the second year of a two-year term as President of the Association's executive committee (ends December 2021).

Each county First 5 develops local programs, policy, advocacy, and systems change on behalf of young children and families in their county, with the goal of improved outcomes for children. Similarly, the First 5 Association's body of work includes policy, advocacy, and systems change efforts at the state level. This facilitates a symbiotic relationship where we can leverage each other's work, amplifying local efforts at the state level, and vice versa.

This leveraging and amplification is most effective when we are focused on the same topics. The First 5 Association recently updated its Strategic Plan, and you will note from the summary below that the Association's priorities align closely with ours.

Summary of the First 5 Association Strategic Plan

First 5 Association's vision is that *California's success will be measured by the well-being of its youngest children*. Its mission is to *Advance the building of early childhood systems and supports needed to ensure all of California's young children are safe, healthy, and ready to learn so they can succeed in school and life*.

The Associations' updated Strategic Plan outlines three-year goals which are:

1. Leadership: support First 5 as a leader for statewide policy on children and families.
2. Systems Change: promote an integrated whole child, whole family system of care.
3. Local Impact: support local impact and leadership by First 5 Commissions.

It also delineates the Association's priorities for the next three years which include the following:

- Assert Policy Leadership & Drive Systems Change
- Facilitate Member Learning & Engagement
- Center Race, Equity, Diversity and Inclusion in All We Do
- Build Strategic Capacity & organizational Capability

Within the priority area of asserting policy leadership and driving systems change, the Association selected three primary focus areas: 1) universal home visiting and family strengthening; 2) early childhood mental health; and 3) early identification and intervention systems development. We have seen these priorities playing out over the past year as First 5 Association has been a strong advocate for expanded state funding of home visiting services and held a series of trainings for local First 5's about Race, Equity, Diversity and Inclusion. In the past month, the Association's sister organization, the First 5 Center for Children's Policy, developed a publication about infant and early childhood mental health needs, promoting the vital importance for young children and their caregivers to receive the interventions needed to support their mental health. These examples demonstrate the alignment and opportunity to leverage local and state work and networks.

One of First 5 Orange County's priorities which is not included in the Association's Strategic Plan is increasing the availability of infant and toddler child care. The First 5 Association acknowledges there is still a tremendous amount of policy work to be done around this topic. They also recognize that this policy issue has existing advocacy collaboratives, in which First 5 Association actively participates. Given that there are so many leading voices on policy for infant and toddler childcare, the Association chose to lean into the issue by supporting and amplifying the efforts of our partners who are leading policy work on this topic.

While our Strategic Plans do not match on every point, we are pleased with the level of alignment, and will continue to actively participate in the First 5 Association at the executive level as well as program, policy, and communications streams of work. We will elevate related Association work to the board as appropriate.

#### **STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended action has been reviewed in relation to the Strategic Plan and is in alignment. There is no funding action proposed for this item.

#### **PRIOR COMMISSION ACTIONS:**

N/A

#### **RECOMMENDED ACTION:**

Receive report on the First 5 Association's Strategic Plan.

#### **ATTACHMENTS:**

1. First 5 Association Strategic Plan 2022-24

**CONTACT:** Lisa Burke



# Our Focus, Our Future

First 5 Association/California Children & Families Foundation  
Strategic Plan: 2022-24

**FIRST**  **5**  
ASSOCIATION OF CALIFORNIA

CALIFORNIA  
**CHILDREN & FAMILIES**  
FOUNDATION



# ACKNOWLEDGMENTS

We would like to thank the many individuals and organizations who generously shared their time and expertise with us as part of the strategic plan development process. This document is the culmination of input, feedback, and insights gathered from local First 5 leaders across the state, early childhood policy and field leaders, partner organizations, First 5 Association Executive Committee, California Children & Families Foundation Board, and the staff team of the First 5 Association and First 5 Center for Children's Policy. The strategic planning process was made possible by the support of the Heising-Simons Foundation and the expert planning and facilitation leadership of Rafael Gomez of the Pacific Health Consulting Group and Clare Nolan of Engage R+D.

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# Background

The First 5 Association/California Children & Families Foundation plays a critical role in building, advancing and protecting the early childhood systems and supports needed to ensure California's young children are safe, healthy, and ready to succeed in school and life. Our vision is that one day, California's success will be measured by the well-being of its youngest children.

We fulfill that vision by:

- Catalyzing best and emerging promising practices exchange, networking and mentoring among First 5 members to advance the development and proliferation of programs, services and systems that support young children 0-5 and their families;
- Serving as a policy organization advocating for whole child and whole family policies and systems specifically focused on California's young children 0-5 and their families;
- Harnessing the collective First 5 experience and community knowledge to influence state policy in support of children and families;
- Working in partnership with other organizations, advocates and coalitions around shared policy and systems goals;
- Providing deeper learning opportunities for members to advance their collective systems change goals, and;
- Charting a course to support our members in building, expanding and protecting services and systems to care for young children 0-5 and their families.

Strategic planning is a critical tool in the organization's ability to fulfill its mission and address the most important needs of California's young children and their families. This strategic plan is the product of an extensive process that included a thorough document review, Executive Committee and external stakeholder interviews, several member input sessions, facilitated planning sessions with the Executive Committee and Association leadership, and refinement of the proposed plan based on member and staff feedback. The outcome of this process is a set of three overarching goals and related strategies that will focus our efforts and sharpen our future impact.

Enclosed here is a 3-year strategic plan encompassing the work of the First 5 Association and the California Children & Families Foundation—including the First 5 Center for Children's Policy, which is housed in the Foundation. Work and strategies across these organizational entities will be integrated and aligned to advance and achieve the priorities and objectives outlined in this strategic plan.



## The Current Context

A successful plan involves an accurate appraisal of our strengths, challenges, and factors shaping the external environment, including policy, systems functioning and service delivery, and the needs and experiences of children ages 0-5 and their families. As an essential step in the strategic planning process, the Association candidly examined the external environment and our organizational position to inform development of a thoughtful and informed strategic plan. This included extensive input and guidance from our members and external field and policy leaders. Several themes emerged from this examination:

- A fundamental strength of First 5 is our local presence and ability to lift the voices of families in all 58 California counties. External feedback and recent events highlighted that while the commitment of local First 5s is clear, we have opportunities to more effectively reflect, represent, serve and lift the voices and power of the diverse families and communities we serve. This includes an authentic and central commitment to race, equity, diversity and inclusion principles in all aspects of our work, this includes strengthening of the role and influence of parents and families in all we do.
- Child and family needs and the policy environment have been drastically reshaped by the Covid-19 crisis and turbulent economic and social disruptions over the past two years. Our current policy environment is shaped by deepened recognition of economic and racial disparities and commitment to future equity, the impact of trauma and the social determinants of health on children and families, interconnection between parent and child well-being, enhanced interest in child and family-focused policies, and re-affirmation of the value of integrated, whole child and whole family policy solutions.

- Policymakers, advocates and field leaders highly value First 5's unique orientation and leadership around developing integrated, whole child and whole family systems of care in California. Policy and field leaders further view local First 5s as "laboratories for innovation" that can test, evaluate and highlight locally developed solutions for sustainability and scale. While stakeholders describe a proven track record of local systems change leadership delivery system innovation, they see opportunities for local First 5s to translate this shared vision of a whole child and family framework into tangible solutions at the statewide level.
- Members and external stakeholders noted opportunities for First 5s to collectively deepen statewide policy leadership and influence by articulating and advancing focused policy priorities, "telling the story" about collective First 5 impact and value, and aligning policy priorities with those issues and opportunities reflective of child/family needs and state policy direction.
- Preserving and growing investments in early childhood services and systems, including local First 5 commissions, requires a deliberate, sustained and multi-pronged strategy that encompasses a systematic commitment to developing statewide policy leadership and presence, demonstration and commitment of First 5 role and value, strategic advancement of direct funding opportunities, and local support and technical assistance.
- Members highly value the role of the First 5 Association in facilitating networking and best practices exchange across counties, strategically coordinating in-depth member learning on targeted topics, and most importantly, facilitating support and development of new and existing local First 5 leaders.
- In order to strengthen member cohesion, promote transparency and optimize our collective impact, members and Association staff are committed to re-examining and, where appropriate, refining Association governance and committee structures/practices, and ensuring that organizational expertise and resources are shaped and sized to effectively advance our collective strategic priorities.

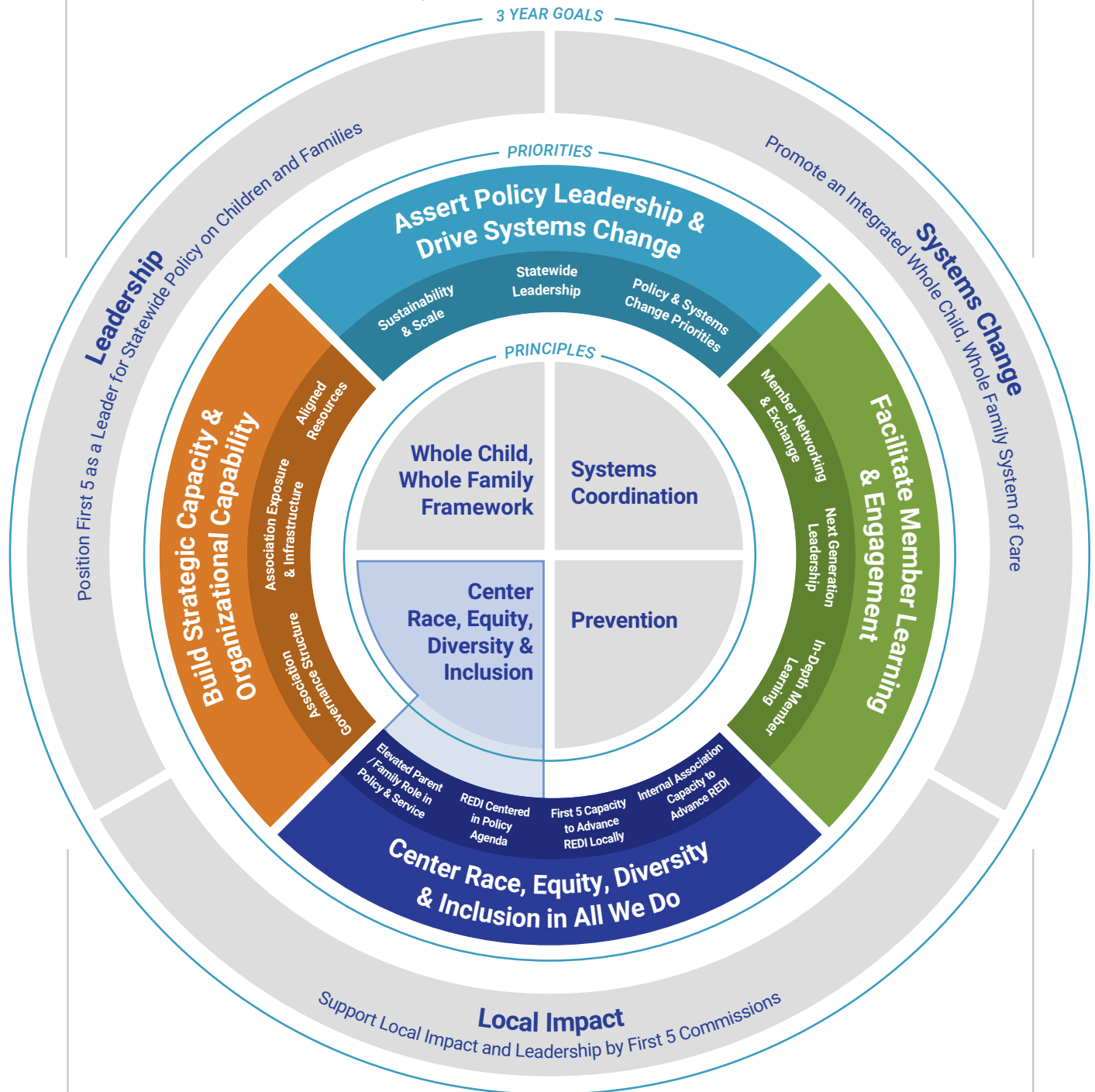
# 2022 – 2024 Strategic Plan

## Our Vision

California's success will be measured by the well-being of its youngest children.

## Our Mission

Advance the building of early childhood systems and supports needed to ensure all of California's young children are safe, healthy and ready to learn so they can succeed in school and life.





## PRIORITY I

# Assert Policy Leadership and Drive Systems Change

### Overview

The First 5 Association is committed to advancing statewide policies that promote an integrated, whole child and family system of care, and ensuring a continued focus on the well-being of young children and their families. In order to deliver meaningful policy impact and sustained leadership in the statewide environment, the Association will invest deliberately and deeply in cultivating sustained statewide presence, influence and policy leadership; building a thoughtful case and partner support for sustained investment in early childhood systems and services; and generating policy results on targeted policy and systems change priorities selected by membership. Efforts and leadership by our First 5 Center for Children's Policy are integral to advancing the objectives outlined in this Priority.

Association policy priorities, strategic communication and member support will reflect our commitment to acknowledging and facilitating equitable outcomes for California families, and advancing the principles of Race, Equity, Diversity, and Inclusion (REDI), including elevating the role and influence of family voices and power.

#### OBJECTIVE 1

**Policy and Systems Change Priorities.** Advance Policies to Improve Outcomes for Young Children and Promote Integrated Systems

- a. **Advance Policy Priorities.** Provide sustained *leadership* and deliver substantive policy change on three targeted policy and systems change priorities while continuing to *support* policy advancement in other areas.
- b. **Align Policy Priorities with Equity Goals.** Ensure that policy priorities encompass and advance equity for young children and their families using a targeted universalism approach.
- c. **Strengthen Local Advocacy Capacity.** Provide technical assistance and tools to support local First 5s in building their policy, advocacy, and communication capacity.

#### OBJECTIVE 2

**Statewide Leadership.** Grow the First 5 Association Role and Influence in Statewide Policy

- a. **Deepen Statewide Relationships and Policy Leadership Presence.** Cultivate key strategic relationships with organizations, advocates, state agencies and legislative champions, including working in deep partnership on shared goals with First 5 California. Bring combination of local First 5 experience and expertise, policy and field research and expertise, and partnership and coalition development to establish strong policy voice and ensure active ongoing presence in key policy forums/discussions.
- b. **Document and Communicate Collective First 5 Impact.** Document and communicate the collective impact and unique value of local First 5s in California.
- c. **Enhance Strategic Communications.** Implement strategic communications activities that support Association policy and systems change priorities, and reinforce First 5 leadership role in promoting integrated, equitable, whole child and family systems.

#### OBJECTIVE 3

**Sustainability and Scale.** Make the Case to Sustain and Scale Critical Early Childhood Systems

- a. **Lay the Strategic Groundwork for Sustainability.** Initiate sustained strategic positioning and communications plans that enable the Association to make a case for sustained statewide investment in early childhood systems and services, including the essential role of local First 5 commissions in improving early childhood systems and outcomes.
- b. **Advance Direct Funding Opportunities.** Support state policy and fiscal frameworks that embed funding for effective services and systems in ongoing state/federal systems and funding sources, and pursue direct funding for local First 5 systems.
- c. **Build Member Capacity to Access Local Funding.** Provide strategic support and facilitate peer exchange that strengthens the ability of local First 5s to identify and access local funding opportunities.

# First 5 Association: 2022 – 2024 Policy and Systems Change Priorities

## *Our Framework and Leadership Commitment*

First 5 believes that all of California's youngest children deserve to be healthy, safe, and ready to succeed in school and life. Grounded in a **whole child / whole family framework** that advances **equity, prevention strategies** and **systems coordination**, First 5 seeks to build comprehensive and integrated early childhood systems of care, with an intentional focus on **prenatal to age 3** as a critical stage of child development. First 5 policy efforts focus on systems change, particularly across sectors, with an intention to shift the conditions that hold problems in place, in order to achieve meaningful and lasting social change.

The organization's policy and systems change work will have two core components:

- **Lead on Priorities:** Provide sustained leadership and deliver substantive policy change on three targeted policy and systems change priorities.
- **Work in Partnership and Support the Leadership of Others:** Support policy advancement and the leadership of our partners through participation in coalition efforts, responsive advocacy on legislative and budget proposals, ongoing engagement and work with partners, and member advocacy engagement, on a holistic early childhood policy platform.



## Our Policy and Systems Change Priorities

Based on an analysis of the policy landscape, First 5s' unique voice and expertise, and structural barriers faced by California's families, the First 5 Association has selected three policy and systems change priorities. First 5 Association will proactively develop and lead advancement on these priorities with the goal of effecting tangible policy change in each area:

### 1. Universal Home Visiting and Family Strengthening

**The years between conception and age three are uniquely important** for the positive development of the child and family; and they are the most likely time frame for a child to enter the child welfare system. Home visiting is a critical lever during that window to build buffering supports and connect families to a holistic range of systems and services, including the social safety net, public health, and family strengthening, to improve outcomes for families and children down the road. Now is a moment to build California's home visiting infrastructure as a systems approach, when families are experiencing high levels of stress, current programs are not being maximized, and the field of home visiting is changing as a result of the pandemic. We envision a **California comprehensive home visiting strategy** to ensure families – particularly those who are subject to structural racism, toxic stress and generational poverty – have access to appropriate and effective family strengthening services, while maximizing cross-sector connections and available funding streams, including pursuing a home visiting Medi-Cal benefit.

### 2. Early Childhood Mental Health

**Social-emotional development and wellness are fundamental** in the earliest years of childhood for long-term health and well-being. The pandemic was a powerful, lasting disruptor of family mental health, adding on to long-term stressors such as Adverse Childhood Experiences including systemic racism and poverty. We envision **whole child/whole family systemic approaches to mental health**, including shifting the societal conditions that create toxic stress and triggering events, as well as holistic services in all of the settings most comfortable to families, including (but not limited to): dyadic care models in pediatric clinics, particularly for families enrolled in Medi-Cal; early childhood mental health consultation and related services in subsidized child care programs; and attachment and maternal mental health supports through home visiting.

### 3. Early Identification and Intervention Systems Development

**Siloed systems of care prevent children and families from accessing the care, supports, and services** they are eligible to receive, particularly for children with developmental delays and concerns. A child's early development is tied to their lifelong outcomes and should be nurtured in the community and across systems, and at all levels of ability. We envision **cross-sector system integration** that results in early identification of developmental delays, culturally-appropriate and responsive care coordination, and timely, effective services.

## Policy Platform Overview:

First 5 Association will continue to support a broad, holistic early childhood policy platform through participation in coalition efforts, responsive advocacy on legislative and budget proposals, ongoing engagement with partners, and member advocacy engagement related to a holistic range of early childhood policy issues. These will include a strengthened system of quality early learning and child care, family resilience and economic supports, comprehensive health and development, and overall sustainability and scale of comprehensive, integrated services for children and families. We particularly support and advocate for cross-sector systems integration across these issue areas to build and embed a whole child, whole family approach across public and community-based systems for young children and their families.

### First 5 Association supports:

#### Resilient Families

Strengthen families through:

- Family-centered, community-based, culturally and linguistically responsive, trauma-informed approaches and buffering supports.
- Improving economic security.
- Integrated system approaches resulting in more accessible and responsive services, including to basic needs.
- Ensure access to services regardless of immigration status

#### Comprehensive Health & Development

- Improve the health, mental health, and wellbeing of young children.
- Strengthen the systems of early identification and referral.
- Address racial inequities in maternal and infant health.
- Reduce and mitigate exposure to trauma and Adverse Childhood Experiences.

#### Quality Early Learning

- Increase access to early learning programs across the mixed delivery system.
- Support the early care and education workforce.
- Stabilize, strengthen and scale early learning systems accessible and affordable for all families.
- Promote equitable access to and participation in quality improvement systems and supports.

#### Sustainability & Scale

- Explore and advance additional revenue sources for ensuring comprehensive, integrated systems and services to children and families.
- Ensure that local First 5 commissions can continue to provide foundational infrastructure, leadership and partnership in communities throughout California to realize improved opportunity and outcomes for our youngest children and their families.
- Support regulation of tobacco products to prevent and reduce tobacco use and promote smoking prevention and cessation.
- Improve and integrate data systems to track and evaluate children's outcomes.



## PRIORITY II

# Facilitate Member Engagement, Learning and Support

### Overview

Over the next three years, the First 5 Association will support the strengthening of local First 5 systems by investing in the development of a diverse cadre of current and new local First 5 leaders, establishing tools and platforms that enable effective peer-exchange and learning, and promote deeper member learning in areas that align with our REDI, family voice and policy and systems change priorities.

#### OBJECTIVE 1

##### **Next Generation Leadership.** Develop the Next Generation of Diverse First 5 Leaders

- a. **Support New Executive Directors.** Facilitate development of programs and resources to provide orientation, peer-support and resources for new First 5 executive directors.
- b. **Restart Leadership Cohorts.** Pursue external funding to support leadership development cohorts of existing and emerging local First 5 leaders to build a diverse next generation of equity centered leaders.

#### OBJECTIVE 2

##### **Member Networking and Exchange.** Facilitate Member Networking and Best Practices Exchange

- a. **Build and Manage a Knowledge Management Platform.** Develop, implement and effectively curate a knowledge management platform that facilitates peer exchange of best-practices, resources and information among Association membership.

#### OBJECTIVE 3

##### **In-Depth Member Learning.** Coordinate Member In-Depth Learning that Aligns with Strategic Priorities

- a. **Coordinate Race, Equity, Diversity and Inclusion (REDI) Learning and Action Experiences.** Coordinate REDI training, tools and resources that build local understanding, infrastructure and practice among First 5 member agencies.
- b. **Facilitate Local Efforts to Elevate Parent and Family Leadership.** Support local First 5s in assessing and developing more effective ways to engage parents' and families' voices locally in influencing advocacy, service and system priorities.
- c. **Opportunistically Advance Strategically-Aligned Learning Programs.** Pursue external funding and support for in-depth learning programs that align with member needs and Association policy and systems change priorities.

### PRIORITY III

## Center Race, Equity, Diversity, Inclusion in All We Do

### Overview

The Association and its members recognize that reflecting and advancing the interests and perspectives of the diverse communities we serve is central to our effectiveness and legitimacy as advocates and systems leaders. The Association will take deliberate steps to build local member and internal Association capacity to authentically center our statewide policy and local practice around the principles of race, equity, diversity and inclusion, including elevating the role of parents and families as leaders and drivers of change. While REDI is integrated into every section of this plan, it also merits focused attention, as displayed by the objectives in this section.

#### OBJECTIVE 1

##### **Policy Alignment.** Center Race, Equity, Diversity and Inclusion in Our Policy Agenda

- a. **Align Policy Priorities with Equity Goals.** Ensure that policy priorities encompass and advance equity for young children and their families using a targeted universalism approach.
- b. **Center Race and Equity in Strategic Communication.** Ensure that the principles of race and equity are authentically addressed and communicated in Association policy messaging and communication to stakeholders.

#### OBJECTIVE 2

##### **Build Local First 5 Capacity to Advance REDI Locally.** Facilitate Member Training / Support to Advance REDI Goals Locally

- a. **Coordinate Local Race, Equity, Diversity and Inclusion (REDI) Training.** Coordinate REDI training, tools and resources that build local understanding, infrastructure and practice, including targeted universalism, among First 5 membership agencies.

#### OBJECTIVE 3

##### **Family Voice and Leadership.** Elevate the Role and Influence of Family Voices in Advocacy & Service

- a. **Facilitate Local Efforts to Elevate Parent and Family Leadership.** Support local First 5s in assessing and developing more effective ways to engage parent and family voices locally in influencing advocacy, service and system priorities.

#### OBJECTIVE 4

##### **Internal Capacity to Advance REDI.** Ensure Internal Association Capacity to Advance REDI including Family Voice Goals

- a. **Embed REDI Principles and Practice into Association Culture.** Commit the Association to embedding REDI principles into organizational culture and practice, including building staffing, organizational practices and skill sets, governance structures and organizational awareness to effectively and authentically advance equity-aligned policy goals and facilitate REDI member learning. Includes applying REDI assessment, measurement and training to the Association to facilitate strengthened organizational culture, practices and accountability.

## PRIORITY IV

# Build Strategic Capacity and Expertise to Meet Strategic Goals

### Overview

To advance collective strategic priorities, the Association will assess current capacity and structure, develop new organizational skill sets and expertise to meet strategic goals, and adapt organizational governance structures and practices to reinforce collective identity and advance shared strategic goals.

#### OBJECTIVE 1

##### **Association Capacity.** Build and Adapt Association Expertise and Infrastructure

- a. **Align Organizational Expertise/Skill Sets with Strategic Goals.** Develop staffing and consultant expertise to deliver on strategic goals, including state and federal policy, strategic communications, demonstration of impact and REDI.
- b. **Develop Internal Systems.** Strengthen internal systems to manage core organizational functions (e.g. fiscal, contract management, HR/performance management) and build new infrastructure to facilitate strategic goals (e.g. knowledge management platform).

#### OBJECTIVE 2

##### **Resources.** Secure and Align Resources with Strategic Priorities

- a. **Engage in Targeted Fund Development.** Pursue external funding to advance targeted Association priorities, including REDI, leadership cohorts, in-depth member learning, sustainability, and research and policy development on current and emerging policy and systems change priorities.
- b. **Align Member Financial Support to Association with Strategic Plan.** Build member financial support for collective strategic priorities in ways that are efficient, responsive and transparent.

#### OBJECTIVE 3

##### **Governance Structure.** Evolve Governance Structure

- a. **Refine Association Governance Structures and Processes.** Review and, where appropriate, evolve Association governance structures to reinforce collective identity and advance mission-driven collective goals. This encompasses structures and practices related to organizational status and configuration, role, function and nominating of governing body and related committees, centering REDI in governance and strategy, regional engagement, strengthening capacity to develop and advance strategic goals, transparent decision-making and other areas of governance.

**Agenda Item 10**  
**December 1, 2021**

**DATE:** October 27, 2021

**TO:** First 5 Orange County

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



**ACTION:** Receive Update on First 5 Orange County's Strategic Plan Action Plan

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**SUMMARY:**

In June, we presented an Action Plan that built out actions needed to make progress on the three focus areas of the Strategic Plan. Since June, we have continued to refine the activities, and this item summarizes our work to date on the Action Plan.

**DISCUSSION:**

Staff has spent the past few months mapping out our planned work for the next 12+ months, assigning staff and consultants as leads and support and creating detailed schedules for the identified activities. Below is a summary of refinements to the Action Plan. The full updated Action Plan is provided as Attachment 1.

**Focus Area 1: Helping families get the most out of well-child visits and screenings**

We initially identified five activities within this focus area. Two of the activities were merged to integrate family voice and engagement into the comprehensive messaging campaign. The activity "Continue to advocate for continuous enrollment for children through their 5<sup>th</sup> birthday" will be incorporated into and built out in future Action Plan updates. We are working with the First 5 Association and other coalitions to strategize on the messaging and recalculate the estimated budget asks to advocate for this continuous healthcare enrollment for children.

We added an activity to reflect work underway that was not captured in this focus area, related to piloting the program, "HealthySteps," in three federally qualified health centers located in three of our Engaged Neighborhoods.

**Focus Area 2: Promote services that support Protective Factors for children and families**

Several activities were initially identified within this focus area, and we have been moving much of this work forward while considering the best timing for some of the activities. The activity, "Expand and promote programmatic offerings to build resilient families" has been refined to prioritize the following areas (greater detail is provided in Attachment 1):

- Conducting a father engagement landscape analysis
- Strengthening the system of care for families at-risk of or involved with Child Welfare
- Aligning systems to support early relational health
- Empowering families to advocate for their medical and legal needs (Medical Legal Partnership Boston pilot)
- Establishing a countywide Home Visiting Collaborative

- Conducting a data audit of First 5-funded referral pathways and services to understand gaps and equity-related issues

Work on the activity “Connect with community efforts to increase access to financial supports (e.g., CalFresh, WIC, CalWORKs, child care, etc.)” is closely tied to work we are doing with the Orange County Children’s Partnership (OCCP) that is currently focused on increasing access to nutritional and other supports. We will build out this activity in future Action Plan updates as OCCP’s work gets underway and we partner in the community effort.

Work on the activity, “Prevent families from becoming homeless by supporting Family Solutions Collaborative in their implementation of Diversion work through amendment to Housing Navigator Program” will be incorporated and built out in a future Action Plan update to align the work of the Family Solutions Collaborative with and prepare for CalAIM implementation.

### **Focus Area 3: Increase availability and accessibility of quality infant and toddler child care**

Three of the four of the activities within this focus area are underway, including establishing an infant/toddler child care task force, aligning systems to prioritize families experiencing housing insecurity to access child care, and building the capacity of non-subsidized providers.

The activity, “Implement Communications Plan for Child Care Landscape to capitalize on the momentum from Phases I and II and build public will” will be developed and implemented after the Infant/Toddler Child Care Task Force identifies local solutions to be promoted.

### **Major Accomplishments to Date**

- First 5 Orange County has been working with Detect & Connect OC partners to better understand baseline data available for developmental screenings. We have also worked jointly on identifying barriers to well-child visits from the provider perspective and are working on questions to ask families as part of focus groups/interviews.
- Initial messages for an educational campaign about Protective Factors have been drafted and a plan will be developed to engage programs, partners, and parents in finalizing the messages and outreach strategies.
- A family engagement plan has been developed and is being implemented, including a family engagement toolkit and ambassador handbook. Six Family Ambassadors – parents and caregivers – have been selected and onboarded to help bring family voices to our work.
- The Medical Legal Partnership Boston project (medical and legal family advocacy work) is underway, with an initial survey of stakeholders and parents completed.
- Convenings of home visiting partners have resulted in the development of a joint vision statement for countywide home visiting coordination.
- We have continued building awareness of the Child Care Landscape for phase I and II presentation to over 600 people in the county. The Child Care Team has also scheduled the first Child Care Cross Sector Taskforce meeting that will be held the second week of January.

**STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended action has been reviewed in relation to the Strategic Plan and is in alignment. There is no funding action proposed for this item.

**PRIOR COMMISSION ACTIONS:**

- June 2021 – Receive update on First 5 Orange County's Strategic Plan
- April 2021 – Approve updated Strategic Plan for 2021/22 through 2025/26

**RECOMMENDED ACTION:**

Receive update on First 5 Orange County's Strategic Plan Action Plan.

**ATTACHMENT:**

1. Strategic Plan - Action Plan for 2021-22 and 2022-23

**CONTACT:** Lisa Burke

## Strategic Plan - Action Plan for 2021-22 and 2022-23

Updated November 2021

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### Focus Area: Help families get the most out of well-child visits and screenings

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- 1. Leverage data to prioritize needs and set community targets for the Medi-Cal population, leveraging Detect & Connect OC and its committees**
  - Identify existing data points/explore baseline data from CalOptima, health networks and Federally Qualified Health Centers on well-child visits/screenings among the Medi-Cal population to understand and leverage what is already being done
  - Frame a conversation with CalOptima and Detect & Connect OC and other First 5 partners to clarify the problem we are trying to solve and how we will know if we are solving it (setting targets and measures)
  - Develop strategies to: 1) encourage parents to ask for these services and 2) encourage providers to bill for these visits
  - Explore the potential for increasing developmental screenings by using technology to embed screenings into a practice (a pilot)
- 2. Ensure well-child visits, linkage to health homes, and screenings are included in some form in all First 5-funded partner scopes**
  - Align this process with the overall contract/workplan development process
  - Engage staff and consultants that are program leads
  - Engage funded partners in the process
  - Complete contract modification, amendment, or new contracts
  - Modify High 5 database as needed
- 3. Develop comprehensive messaging and outreach about why parents should keep well-child visits and addressing identified barriers.**
  - Develop and implement approach to do this work co-creatively with CalOptima and other partners
  - Research barriers for families through focus groups/interviews with providers and parents; through this effort, integrate family voice and empower them to participate in discussion and decision-making about well-child visits, screenings, and interventions
  - Leverage partnership with Detect & Connect OC and First 5 funded partners to create campaign, expand outreach, system alignment
  - Obtain parent feedback and integrate family voice
  - Develop mechanism for parents to provide feedback loop on effectiveness of campaign
  - Incorporate tools for families to feel successful once they reach all well-child visits and screening

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**Focus Area: Help families get the most out of well-child visits and screenings (cont.)**

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4. **Pilot HealthySteps in three Federally Qualified Health Clinics located in Engaged Neighborhoods to support well-child visits, screenings, and linkage to services for families**
  - Support the implementation of HealthySteps in the clinics (e.g., identifying validated developmental screening tools, providing technical assistance to support the model)
  - Provide technical assistance to increase capacity of clinics to provide family-centered care that supports Early Relational Health
  - Increase clinics pediatric volume through the development of additional referral pathways
  - Support participating clinics use of the OC Screening Registry
  - Determine feasibility of sustainability through the dyadic care benefit

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**Focus Area: Promote services that support Protective Factors for children and families**

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**Action Plan Activities**

1. **Develop an educational outreach campaign about what are the Protective Factors and why they are important**
  - Develop key messages in partnership with parents, stakeholders using equity principles
  - Develop communications materials and infrastructure to share/outreach
  - Implement outreach campaign
2. **Refine and continue the strategy of family engagement**
  - Implement a family engagement plan that helps inform program design and provides infrastructure to connect with, strengthen, and support parents, community leaders, public agencies, and community organizations to co-create and advocate for solutions
    - Develop and implement a Family Ambassadors workgroup
  - Support Engaged Neighborhood Collaboratives with their new Scopes of Work with specific focus on parent engagement
3. **Support, refine, and grow Engaged Neighborhoods**
  - Explore relationship with and funding for Stanton as new Engaged Neighborhood, including sharing Early Development Index data
4. **Align systems and expand and promote programmatic offerings to build resilient families**
  - Conduct a Father Engagement landscape analysis to identify activities, programs and promising practices that will inform recommendations for a programmatic strategy
  - Strengthen the system of care for families at-risk of or involved with child welfare
    - Support the implementation of the Plan of Safe Care
    - Partner with the OC Social Services Agency and Children's Health of Orange County (CHOC) to expand evidence-based, family-centered/dyadic services for infants with neonatal abstinence syndrome
    - Explore opportunities to increase substance use disorder, mental health, and in-home services to support families at risk of child welfare involvement



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**Focus Area: Promote services that support Protective Factors for children and families**  
(cont.)

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**Action Plan Activities**

- Align systems to support early relational health
  - Increase prevention, identification, and treatment of Perinatal Mood and Anxiety Disorders (PMADs)
  - Increase system capacity to screen for Adverse Childhood Experiences and facilitate closed-loop referrals to trauma-informed treatment; leverage existing infrastructure including the OC Screening Registry, Help Me Grow, and Home Visiting.
- Empower families to advocate for themselves and their children to meet their medical and legal needs
  - Partner with Medical Legal Partnership Boston Program to develop accessible, sustainable training curriculum for families and providers
  - Develop an action plan for FY 2022-2023 to expand the pilot to into more communities
- Establish and support a countywide Home Visiting Collaborative that is committed to improving the coordination of services among service providers and funders, referral pathways for families, centering parent voice and designing a system that supports their needs and build public will for increased home visiting.
- Conduct a data audit of First 5 funded Home Visiting referral pathways and services to understand the gaps and equity-related issues, and to identify opportunities for future training, service expansion to better meet needs, and refinement of program investments.

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**Focus Area: Increase availability and accessibility of quality infant and toddler child care**

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**Action Plan Activities****1. Establish infant/toddler child care task force**

- Identify and engage cross-sector champions
- Plan and hold first cross-sector convening
- Develop a shared vision with partners
- Identify one-to three local solutions
- Ensure connectivity by integrating reporting to staff, TAC, board, and other programs

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**Focus Area: Increase availability and accessibility of quality infant and toddler child care (cont.)**

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**Action Plan Activities****2. Align systems to prioritize families experiencing housing insecurity to access child care**

- Conduct a landscape analysis to understand the barriers and needs for families experiencing housing insecurity to access child care
- Conduct an analysis of the barriers within the current systems into providing child care for eligible families (funding streams and requirements, referral systems, capacity limitations, etc.)
- Conduct an analysis of families' perspective and barriers about accessing child care
- Strengthen connections between systems to improve linkage between child care providers and families experiencing housing insecurities to child care

**3. Build the capacity of non-subsidized providers**

- Enhance the connection between family, friend and neighbor (FFN) providers and the community college early childhood education (ECE) infrastructure for expansion and quality improvement
- Strengthen the connection between family child care providers and the local resource and referral agency to enhance quality, technical assistance, and communication
- Provide technical assistance to build the capacity of high quality, culturally and linguistically appropriate child care providers (both FFN and family child care) to become leaders and trainers

DATE: 11/29/21

TO: Clerk of the Board, Jamie Ross

FROM: Kim Goll, President/CEO

SUBJECT: First 5 Orange County December 1, 2021 Agenda Item 10 & Attachment 1

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This agenda item has been updated with minor edits as follows. In the agenda item, the description of Focus Area 2 of the Action Plan and related activities have been updated. In the Attachment, the title of Focus Area 2 has been updated and the list of activities have been renumbered.

**Agenda Item 10**  
**December 1, 2021**

**DATE:** October 27, 2021

**TO:** First 5 Orange County

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



**ACTION:** Receive Update on First 5 Orange County's Strategic Plan Action Plan

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**SUMMARY:**

In June, we presented an Action Plan that built out actions needed to make progress on the three focus areas of the Strategic Plan. Since June, we have continued to refine the activities, and this item summarizes our work to date on the Action Plan.

**DISCUSSION:**

Staff has spent the past few months mapping out our planned work for the next 12+ months, assigning staff and consultants as leads and support and creating detailed schedules for the identified activities. Below is a summary of refinements to the Action Plan. The full updated Action Plan is provided as Attachment 1.

**Focus Area 1: Helping families get the most out of well-child visits and screenings**

We initially identified five activities within this focus area. Two of the activities were merged to integrate family voice and engagement into the comprehensive messaging campaign. The activity "Continue to advocate for continuous enrollment for children through their 5<sup>th</sup> birthday" will be incorporated into and built out in future Action Plan updates. We are working with the First 5 Association and other coalitions to strategize on the messaging and recalculate the estimated budget asks to advocate for this continuous healthcare enrollment for children.

We added an activity to reflect work underway that was not captured in this focus area, related to piloting the program, "HealthySteps," in three federally qualified health centers located in three of our Engaged Neighborhoods.

**Focus Area 2: Align systems and expand and promote programmatic offerings to strengthen families**

We have been moving forward on many of the activities in this focus area while considering the best timing for some of this work. We have modified the title of this focus area to include aligning systems. While our programmatic work drives toward system alignment and coordination, there is also unique and collaborative systems change work that we want to reflect in the title.

Additionally, we previously bundled several work efforts together, and with this updated Action Plan, we have both refined and broken them into individual activities including the following (greater detail is provided in Attachment 1):

- Conducting a father engagement landscape analysis

- Strengthening the system of care for families at-risk of or involved with Child Welfare
- Aligning systems to support early relational health
- Empowering families to advocate for their medical and legal needs (Medical Legal Partnership Boston pilot)
- Establishing a countywide Home Visiting Collaborative
- Conducting a data audit of First 5-funded referral pathways and services to understand gaps and equity-related issues

Work on the activity “Connect with community efforts to increase access to financial supports (e.g., CalFresh, WIC, CalWORKs, child care, etc.)” is closely tied to work we are doing with the Orange County Children’s Partnership (OCCP) that is currently focused on increasing access to nutritional and other supports. We will build out this activity in future Action Plan updates as OCCP’s work gets underway and we partner in the community effort.

Work on the activity, “Prevent families from becoming homeless by supporting Family Solutions Collaborative in their implementation of Diversion work through amendment to Housing Navigator Program” will be incorporated and built out in a future Action Plan update to align the work of the Family Solutions Collaborative with and prepare for CalAIM implementation.

### **Focus Area 3: Increase availability and accessibility of quality infant and toddler child care**

Three of the four of the activities within this focus area are underway, including establishing an infant/toddler child care task force, aligning systems to prioritize families experiencing housing insecurity to access child care, and building the capacity of non-subsidized providers.

The activity, “Implement Communications Plan for Child Care Landscape to capitalize on the momentum from Phases I and II and build public will” will be developed and implemented after the Infant/Toddler Child Care Task Force identifies local solutions to be promoted.

### **Major Accomplishments to Date**

- First 5 Orange County has been working with Detect & Connect OC partners to better understand baseline data available for developmental screenings. We have also worked jointly on identifying barriers to well-child visits from the provider perspective and are working on questions to ask families as part of focus groups/interviews.
- Initial messages for an educational campaign about Protective Factors have been drafted and a plan will be developed to engage programs, partners, and parents in finalizing the messages and outreach strategies.
- A family engagement plan has been developed and is being implemented, including a family engagement toolkit and ambassador handbook. Six Family Ambassadors – parents and caregivers – have been selected and onboarded to help bring family voices to our work.
- The Medical Legal Partnership Boston project (medical and legal family advocacy work) is underway, with an initial survey of stakeholders and parents completed.
- Convenings of home visiting partners have resulted in the development of a joint vision statement for countywide home visiting coordination.

- We have continued building awareness of the Child Care Landscape for phase I and II presentation to over 600 people in the county. The Child Care Team has also scheduled the first Child Care Cross Sector Taskforce meeting that will be held the second week of January.

**STRATEGIC PLAN & FISCAL SUMMARY:**

The recommended action has been reviewed in relation to the Strategic Plan and is in alignment. There is no funding action proposed for this item.

**PRIOR COMMISSION ACTIONS:**

- June 2021 – Receive update on First 5 Orange County's Strategic Plan
- April 2021 – Approve updated Strategic Plan for 2021/22 through 2025/26

**RECOMMENDED ACTION:**

Receive update on First 5 Orange County's Strategic Plan Action Plan.

**ATTACHMENT:**

1. Strategic Plan - Action Plan for 2021-22 and 2022-23

**CONTACT:** Lisa Burke

## Strategic Plan - Action Plan for 2021-22 and 2022-23

Updated November 2021

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### Focus Area: Help families get the most out of well-child visits and screenings

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- 1. Leverage data to prioritize needs and set community targets for the Medi-Cal population, leveraging Detect & Connect OC and its committees**
  - Identify existing data points/explore baseline data from CalOptima, health networks and Federally Qualified Health Centers on well-child visits/screenings among the Medi-Cal population to understand and leverage what is already being done
  - Frame a conversation with CalOptima and Detect & Connect OC and other First 5 partners to clarify the problem we are trying to solve and how we will know if we are solving it (setting targets and measures)
  - Develop strategies to: 1) encourage parents to ask for these services and 2) encourage providers to bill for these visits
  - Explore the potential for increasing developmental screenings by using technology to embed screenings into a practice (a pilot)
- 2. Ensure well-child visits, linkage to health homes, and screenings are included in some form in all First 5-funded partner scopes**
  - Align this process with the overall contract/workplan development process
  - Engage staff and consultants that are program leads
  - Engage funded partners in the process
  - Complete contract modification, amendment, or new contracts
  - Modify High 5 database as needed
- 3. Develop comprehensive messaging and outreach about why parents should keep well-child visits and addressing identified barriers.**
  - Develop and implement approach to do this work co-creatively with CalOptima and other partners
  - Research barriers for families through focus groups/interviews with providers and parents; through this effort, integrate family voice and empower them to participate in discussion and decision-making about well-child visits, screenings, and interventions
  - Leverage partnership with Detect & Connect OC and First 5 funded partners to create campaign, expand outreach, system alignment
  - Obtain parent feedback and integrate family voice
  - Develop mechanism for parents to provide feedback loop on effectiveness of campaign
  - Incorporate tools for families to feel successful once they reach all well-child visits and screening

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**Focus Area: Help families get the most out of well-child visits and screenings (cont.)**

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4. **Pilot HealthySteps in three Federally Qualified Health Clinics located in Engaged Neighborhoods to support well-child visits, screenings, and linkage to services for families**
  - Support the implementation of HealthySteps in the clinics (e.g., identifying validated developmental screening tools, providing technical assistance to support the model)
  - Provide technical assistance to increase capacity of clinics to provide family-centered care that supports Early Relational Health
  - Increase clinics pediatric volume through the development of additional referral pathways
  - Support participating clinics use of the OC Screening Registry
  - Determine feasibility of sustainability through the dyadic care benefit

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**Focus Area: Align systems and expand and promote programmatic offerings to strengthen families**

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**Action Plan Activities**

1. **Develop an educational outreach campaign about what are the Protective Factors and why they are important**
  - Develop key messages in partnership with parents, stakeholders using equity principles
  - Develop communications materials and infrastructure to share/outreach
  - Implement outreach campaign
2. **Refine and continue the strategy of family engagement**
  - Implement a family engagement plan that helps inform program design and provides infrastructure to connect with, strengthen, and support parents, community leaders, public agencies, and community organizations to co-create and advocate for solutions
    - Develop and implement a Family Ambassadors workgroup
  - Support Engaged Neighborhood Collaboratives with their new Scopes of Work with specific focus on parent engagement
3. **Support, refine, and grow Engaged Neighborhoods**
  - Explore relationship with and funding for Stanton as new Engaged Neighborhood, including sharing Early Development Index data
4. **Conduct a Father Engagement landscape analysis to identify activities, programs and promising practices that will inform recommendations for a programmatic strategy**
5. **Strengthen the system of care for families at-risk of or involved with child welfare**
  - Support the implementation of the Plan of Safe Care
  - Partner with the OC Social Services Agency and Children's Health of Orange County (CHOC) to expand evidence-based, family-centered/dyadic services for infants with neonatal abstinence syndrome
  - Explore opportunities to increase substance use disorder, mental health, and in-home services to support families at risk of child welfare involvement



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**Focus Area: Align systems and expand and promote programmatic offerings to strengthen families (cont.)**

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**Action Plan Activities****6. Align systems to support early relational health**

- Increase prevention, identification, and treatment of Perinatal Mood and Anxiety Disorders (PMADs)
- Increase system capacity to screen for Adverse Childhood Experiences and facilitate closed-loop referrals to trauma-informed treatment; leverage existing infrastructure including the OC Screening Registry, Help Me Grow, and Home Visiting.

**7. Empower families to advocate for themselves and their children to meet their medical and legal needs**

- Partner with Medical Legal Partnership Boston Program to develop accessible, sustainable training curriculum for families and providers
- Develop an action plan for FY 2022-2023 to expand the pilot to into more communities

**8. Establish and support a countywide Home Visiting Collaborative**

- Improve the coordination of services among service providers and funders, referral pathways for families, centering parent voice and designing a system that supports their needs and build public will for increased home visiting.

**9. Conduct a data audit of First 5 funded Home Visiting referral pathways and services to understand the gaps and equity-related issues, and to identify opportunities for future training, service expansion to better meet needs, and refinement of program investments**

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**Focus Area: Increase availability and accessibility of quality infant and toddler child care**

---

**Action Plan Activities****1. Establish infant/toddler child care task force**

- Identify and engage cross-sector champions
- Plan and hold first cross-sector convening
- Develop a shared vision with partners
- Identify one-to three local solutions
- Ensure connectivity by integrating reporting to staff, TAC, board, and other programs

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**Focus Area: Increase availability and accessibility of quality infant and toddler child care (cont.)**

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**Action Plan Activities****2. Align systems to prioritize families experiencing housing insecurity to access child care**


- Conduct a landscape analysis to understand the barriers and needs for families experiencing housing insecurity to access child care
- Conduct an analysis of the barriers within the current systems into providing child care for eligible families (funding streams and requirements, referral systems, capacity limitations, etc.)
- Conduct an analysis of families' perspective and barriers about accessing child care
- Strengthen connections between systems to improve linkage between child care providers and families experiencing housing insecurities to child care

**3. Build the capacity of non-subsidized providers**

- Enhance the connection between family, friend and neighbor (FFN) providers and the community college early childhood education (ECE) infrastructure for expansion and quality improvement
- Strengthen the connection between family child care providers and the local resource and referral agency to enhance quality, technical assistance, and communication
- Provide technical assistance to build the capacity of high quality, culturally and linguistically appropriate child care providers (both FFN and family child care) to become leaders and trainers

**DATE:** November 10, 2021

**TO:** First 5 Orange County

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

**ACTION:** Amend Agreement with the Center for the Study of Social Policy for Receipt of Additional Grant Funds for Consultant Support; Adopt Resolution to amend Agreement No. PS-251 with Health Management Associates; and Adopt Resolution to amend Agreement No. C-436 with Hoda Shawky

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**SUMMARY:**

In June, First 5 Orange County authorized an agreement with the Center for the Study of Social Policy (CSSP) for receipt of a grant of \$32,500 to conduct an assessment of the Developmental Understanding and Legal Collaboration for Everyone (DULCE) program being implemented at three CHOC clinic sites. This item requests approval to amend the agreement with CSSP for First 5 OC to receive an additional \$11,000 for continued system improvement work at CHOC's DULCE clinic sites.

**DISCUSSION:**

Earlier this year, CSSP awarded First 5 Orange County a grant of \$32,500 to assess the DULCE program which is currently implemented in Orange County at three CHOC clinic sites. The intent of the assessment was to identify opportunities to scale DULCE locally. CHOC and First 5 Orange County engaged Health Management Associates (HMA) to conduct this assessment and develop recommendations to:

- optimize the coordination of referrals, linkages and services including streamlined communication between the DULCE clinics' Family Specialists and First 5 programs;
- identify opportunities to incorporate the role of the Family Specialist as part of the larger system of Prenatal-to-Three support services;
- determine whether there is a need to extend the timeline of the program and/or to service additional populations that are currently excluded; and
- explore opportunities to sustain services.

With the grant funds, HMA reviewed DULCE program data, including participant data (e.g., number and type of referrals for additional supports, percentage of successful referrals) and financial data. They solicited input from a range of stakeholders, including families enrolled in the program, Family Specialists, CHOC clinical team members and administrators, Public Law Center, and other subject matter experts within and outside Orange County. Finally, HMA facilitated strategy sessions with CHOC and First 5 OC representatives to review findings and prioritize opportunities for improvement. Analysis of the data collected painted a clear picture of the value and impact of DULCE and highlighted the need for formal support beyond the six months that families currently receive services from DULCE.

In November, CSSP notified First 5 Orange County and CHOC that additional funding is available through December 31, 2021. With these additional funds, we will continue the grant activities to:

- further refine the protocol for families to receive support and linkage to services for 12 months;
- support the development of more detailed documentation of processes, roles, and responsibilities emerging from the strategy sessions;
- work with CHOC's Quality Improvement Advisors to determine a set of measures to be used to assess the operational effects and program impact of an extended program timeframe; and
- provide training to Family Specialists that will expand their skills and knowledge on topics such as child development, developmental screenings, and perinatal mental health to optimally serve families through the extended service period of 12 months.

A final report will be submitted to CSSP in mid-January 2022. DULCE's clinic-based intervention aligns with the Strategic Plan focus areas of well-child visits, developmental screenings, and linkages to services and resilience among children and families.

#### **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 Amended Fiscal Year 2021-2022 Budget.

#### **PRIOR COMMISSION ACTIONS:**

- June 2021- Adopted Resolution Authorizing Agreement with the Center for the Study of Social Policy for Receipt of Grant Funds for Consultant Support

#### **RECOMMENDED ACTION:**

1. Authorize First 5 Orange County to receive additional funding in the amount of \$11,000 from CSSP and authorize the President/CEO and Commission Counsel to amend the agreement with CSSP for consultant support to align and strengthen systems of care for the Orange County DULCE program for the term of June 2, 2021 – December 31, 2021.
2. Adopt resolution (Attachment 1) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate a Second Amendment to Agreement PS-251 with Health Management Associates, Inc. for additional consultant support to align and strengthen systems of care for the Orange County DULCE program and add \$5,000 for an amended maximum payment obligation of \$187,500 for the term of April 8, 2021-March 31, 2022.
3. Adopt resolution (Attachment 2) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate a First Amendment to Agreement C-436 with Hoda Shawky to provide training to Family Specialists in child development, developmental screenings, and perinatal mental health and to add \$6,000 for an amended maximum payment obligation of \$106,000 for the term of July 1, 2021- June 30, 2022.

#### **ATTACHMENTS:**

1. Resolution – HMA
2. Resolution – Hoda Shawky

**CONTACT:** Sarah O'Rourke

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_\_-21-C&FC**

**December 1, 2021**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE THE SECOND AMENDMENT TO AGREEMENT PS-251 WITH HEALTH MANAGEMENT ASSOCIATES, INC. TO PROVIDE ADDITIONAL SUPPORT TO ALIGN AND STRENGTHEN SYSTEMS OF CARE FOR THE ORANGE COUNTY DULCE PROGRAM; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AMENDMENT 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**, On April 7, 2021, Commission authorized the President/CEO, or Designee, to prepare and negotiate Agreement PS-251 with Health Management Associates, Inc. (hereinafter referred to as “Contractor”) to develop a comprehensive and integrated Prenatal to Three Strategy.

**WHEREAS**, On June 2, 2021, Commission authorized the President/CEO, or Designee, to prepare and negotiate the First Amendment Agreement PS-251 with Health Management Associates, Inc. (hereinafter referred to as “Contractor”) to provide support to align and strengthen systems of care for the Orange County DULCE program.

**WHEREAS**, The Commission desires to prepare and negotiate a Second Amendment (“Amendment”) to Agreement PS-251 with Contractor to provide additional support to align and strengthen systems of care for the Orange County DULCE program for the terms and in the amount as described in December 1, 2021 staff report for this agenda item; and

**WHEREAS**, Contractor desires to enter into the Amendment 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 1, 2021 Commission meeting relating to the scope of services to be provided and hereby finds and determines that the proposed Amendment 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 Amendment with Contractor for the terms and in the amount specified in the December 1, 2021 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 Amendment with the Contractor to provide additional support to align and strengthen systems of care for the Orange County DULCE program for the terms and in the amount consistent with the December 1, 2021 staff report and scope of services referenced therein.

**Section 3** The form of the Amendment with the Contractor shall be substantially similar to the form of the standard Professional Services Agreement, subject to minor, non-substantive revisions as reviewed and approved by the President/CEO, or designee, and Commission Counsel. The approval by the President/CEO, or designee, of the Amendment shall be conclusively evidenced by the execution of such Amendments by the Commission Chair and delivery thereof to the Commission Clerk.

**Section 4** Commission hereby approves the Amendment with Contractor to provide support to align and strengthen systems of care for the Orange County DULCE program for the terms and in the amount specified in the December 1, 2021 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 the Amendment to 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 Amendments(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 1, 2021 to wit:

AYES Commissioners: \_\_\_\_\_

NOES Commissioner(s): \_\_\_\_\_

EXCUSED Commissioner(s): \_\_\_\_\_

ABSTAINED Commissioner(s): \_\_\_\_\_

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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: \_\_\_\_-21-C&FC

Agenda Date: December 1, 2021

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 Agreements)



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_\_-21-C&FC**

**December 1, 2021**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE THE FIRST AMENDMENT TO AGREEMENT C-436 WITH HODA SHAWKY TO PROVIDE TRAINING TO FAMILY SPECIALISTS ON CHILD DEVELOPMENT, DEVELOPMENTAL SCREENINGS, AND PERINATAL MENTAL HEALTH ; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AMENDMENT 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**, On April 7, 2021, Commission authorized the President/CEO, or Designee, to prepare and negotiate Agreement C-436 with Hoda Shawky (hereinafter referred to as “Contractor”) for technical assistance to promote early relational health and improve prevention, early detection, intervention and treatment for perinatal mental health, substance use, and recovery;

**WHEREAS**, The Commission desires to prepare and negotiate a First Amendment (“Amendment”) to Agreement C-436 with Contractor to provide training to Family Specialists on child development, developmental screenings, and perinatal mental health for the terms and in the amount as described in December 1, 2021 staff report for this agenda item; and

**WHEREAS**, Contractor desires to enter into the Amendment 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 1, 2021 Commission meeting relating to the scope of services to be provided and hereby finds and determines that the proposed Amendment 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 Amendment with Contractor for the terms and in the amount specified in the December 1, 2021 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 Amendment with the Contractor to provide training to Family Specialists on child development, developmental screenings, and perinatal mental health for the terms and in the amount consistent with the December 1, 2021 staff report and scope of services referenced therein.

**Section 3** The form of the Amendment with the Contractor shall be substantially similar to the form of the standard Consultant Agreement, subject to minor, non-substantive revisions as reviewed and approved by the President/CEO, or designee, and Commission Counsel. The approval by the President/CEO, or designee, of the Amendment shall be conclusively evidenced by the execution of such Amendment by the Commission Chair and delivery thereof to the Commission Clerk.

**Section 4** Commission hereby approves the Amendment with Contractor to provide training to Family Specialists on child development, developmental screenings, and perinatal mental health for the terms and in the amount specified in the December 1, 2021 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 the Amendment to 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 Amendments(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 1, 2021 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: \_\_\_\_-21-C&FC

Agenda Date: December 1, 2021

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 Agreements)

**Agenda Item 12**  
**December 1, 2021**

**DATE:** October 22, 2021

**TO:** First 5 Orange County

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

**ACTION:** Election of Commission Chair and Vice-Chair for Term Beginning January 1, 2022 through June 2, 2023

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**SUMMARY:**

The Children and Families Commission of Orange County by-laws require the election of officers before the beginning of each fiscal year. This item requests Commissioners to elect two officers to serve as the Chair and Vice-Chair for 18-month terms, due to a delay in Commissioner appointments for this fiscal year.

**DISCUSSION:**

Commissioner Ramin Baschshi, M.D and Kenneth McFarland were elected to serve one-year terms as Chair and Vice-Chair on June 3, 2020. Postponement of officer elections was approved by the Commission at the June 2, 2021 meeting, due to a delay in appointments by the Board of Supervisors, and Commissioners Baschshi and McFarland continued to serve in their respective roles. Since that time, Commissioner appointments have been completed by the Board of Supervisors. Nominations for the Chair and Vice-Chair for the upcoming fiscal year will be considered at the December 1, 2021 Commission meeting. It is recommended that Commissioners elect the Chair and Vice-Chair for the term beginning January 1, 2022 through June 2, 2023 in order to get back in sync with the fiscal year election cycle.

**STRATEGIC PLAN & FISCAL SUMMARY:**

There are no funding actions proposed for this item.

**PRIOR COMMISSION ACTIONS:**

- June 2, 2021 – Approve postponement of officer elections for no more than six months and approve the extension of current officer terms until the election occurs
- June 3, 2020 – Elected Commission Chair and Vice Chair for Fiscal Year 2020/21
- June 5, 2019 – Elected Commission Chair and Vice Chair for Fiscal Year 2019/20
- June 6, 2018 – Elected Commission Chair and Vice Chair for Fiscal Year 2018/19

**RECOMMENDED ACTION:**

Elect a Commission Chair and Vice-Chair for an 18-month term beginning January 2022 through June 2023.

**CONTACT:** Kim Goll

**Agenda Item 13**  
**December 1, 2021**

**DATE:** November 19, 2021

**TO:** First 5 Orange County

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



**ACTION:** Receive the President/CEO's Report

---

**Financial Report Update**

Pursuant to First 5 Orange County's Fiscal Year 2021-2022 Investment Policy Statement, the Orange County Treasurer submits Quarterly Investment Reports to the Commission. The Investment Reports (Attachments 1 and 2) summarize investment activities for the three-month periods of April 1 through June 30, 2021 and July 1 through September 30, 2021. 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).

**Communications Team Update**

We have created a summary version of our annual report (full report available to view at <https://first5oc.org/about-us/reports/annual-report/>) that will be printed in a condensed booklet for use in conjunction with outreach to elected officials and other policy leadership in Orange County. This month, we are pitching an op-ed piece by Dr. Katherine Chiu encouraging pregnant women and women who might become pregnant to get a COVID-19 vaccine. In addition, we are working with American Academy of Pediatrics-OC, CHOC, and OC Health Care Agency to create a toolkit to encourage vaccination of young children and pregnant women. The team continues to support First 5 Orange County's family engagement work with creation and translation of materials, including for Family Ambassadors.

On social media, First 5 Orange County's platforms highlight specific focuses of the Strategic Plan. In October, materials highlighted the "Social Connections" Protective Factor, which encourages parents to develop a social network of supportive family, friends and neighbors in order to be healthy and to better care for their children. The focus for November is on vaccine education as well as the Protective Factor "Knowledge of Parenting and Child Development," which encourages parents to learn what parents can do to help children grow into happy and healthy individuals.

**Attachments:**

1. Financial Update – June 2021
2. Financial Update – September 2021

**First 5 Orange County, Children & Families Commission**  
**Quarterly Investment Report**  
**April 1, 2021 through June 30, 2021**

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## **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 April 1 through June 30, 2021.

## **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 June 30, 2021, these totaled \$52,631,405.72. 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 April, May and June 2021. The net yield for fiscal year 2020/2021 is 0.747%, net of the estimated investment administrative fee of 5.5 basis points. We expect to provide our updated forecasted gross and net yields for fiscal year 2021/2022 next month. The OCIP has a net asset value (NAV) of 1.00 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
April	\$51,680,558.56	0.539%	\$6,065,659,272	\$6,047,503,315	270 days	1.00	0.58
May	\$50,921,503.11	0.562%	\$5,784,285,020	\$5,766,782,484	391 days	1.00	0.90
June	\$52,631,405.72	0.598%	\$5,395,664,847	\$5,384,072,643	400 days	1.00	0.96

## **ECONOMIC UPDATE**

The job market added 269,000 (revised) jobs in April, added 583,000 (revised) jobs in May, and added 850,000 jobs in June. The unemployment rate increased to 6.1% in April from the prior month's 6.0%, decreased to 5.8% in May and increased to 5.9% in June. The U.S. Gross Domestic Product first quarter of 2021 rate increased to 6.3% (revised) from the prior quarter's rate of 4.5% (revised). The index for pending home sales on a year-over-year basis increased by 25.0% in March (revised), increased by 53.7% (revised) in April and increased by 14.2% (revised) in May.

U.S. Treasury Yield Curve: Yields on the 3-month and 2-year Treasury increased and yields on the 5-year, 10-year and 30-year Treasury decreased during the quarter ended June 30, 2021.

	Quarter Ended March 31, 2021	Quarter Ended June 30, 2021
3 - Month	0.03%	0.05%
2 - Year	0.16%	0.25%
5 - Year	0.92%	0.87%
10 - Year	1.74%	1.45%
30 - Year	2.41%	2.06%

Source: U.S. Department of the Treasury

## COMPLIANCE MONITORING

As of June 30, 2021, 100% of the holdings of the Commission are in compliance with the Commission's IPS. The investment portfolios had no compliance exceptions for the quarter ended June 30, 2021. The County Treasurer's investments are audited regularly by the County Auditor-Controller Internal Audit Division (ACIAD). The ACIAD contracted with Eide Bailly (EB) to perform one of their required audits of the Treasury. They issued four reports (Attachments D, E, F and G) during the quarter ended June 30, 2021 as follows:

### Report of the Schedule of Assets Held by the County Treasury as of June 30, 2020.

In the report, issued on April 22, 2021, EB opined that the Schedule of Assets Held by the County Treasury presents fairly, in all material respects, the assets held in the County Treasury as of June 30, 2020 in accordance with the modified basis of accounting as described in the notes to the financial schedule.

### Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020.

The report, issued by ACIAD on May 18, 2021, noted one internal control matter that will be reported to the Board of Supervisors in a separate management letter.

### Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended December 31, 2020.

On May 19, 2021, the ACIAD issued the report with no compliance exceptions identified. However, the Treasurer did self-identify three compliance exceptions in December 2020 that were not noted in this ACAID report and were properly reported in December 2020. The Treasurer and the custodial bank, Northern Trust, reported these monies as overnight investments in a Northern Trust Money Market Mutual Fund and in the compliance monitoring report, the ACAID considered these monies as cash in a demand account for compliance testing.

### Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020.

The letter, issued by ACAID on June 8, 2021, identified a significant deficiency relating to the accounting treatment of an investment. The Treasurer is in the middle of the investment accounting software upgrade and has several bank accounts and money market mutual fund accounts at the County's depository and custodial banks that have minimal transaction activity and are planned to be set-up in the investment accounting system after go-live. These accounts are recorded as reconciling items and included properly in financial and compliance reporting by the Treasurer.

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 January, February and March 2021 (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 June 30, 2021, OCIP has a total market value of \$252 million in County of Orange debt, which represents approximately 5% of total OCIP assets.

#### **STATEMENT OF ACTIVITY**

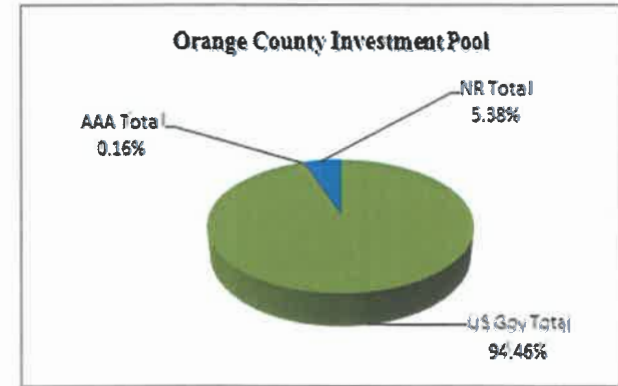
We have attached the Statement of Activity for the months of April, May, and June 2021. (Attachment C). These Statements report the beginning and ending balances of the Commission's funds invested in the OCIP.

#### **Attachments:**

- A. Orange County Investment Pool Summary
- B. Investment Policy and Treasury Oversight Committee Compliance Summary for April, May and June 2021
- C. Statement of Activity for the months of April, May and June 2021
- D. Report of the Schedule of Assets Held by the County Treasury as of June 30, 2020
- E. Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020
- F. Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended December 31, 2020
- G. Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
ORANGE COUNTY INVESTMENT POOL  
INVESTMENT POOL SUMMARY  
AT JUNE 30, 2021**

OCIP PORTFOLIO COMPOSITION				
Security Type	Market Value	% of Market Value	Book Value	Unrealized Gain (Loss)
U.S. GOVERNMENT AGENCIES	\$ 2,200,270,863	40.78%	\$ 2,187,617,104	\$ 12,653,759
U.S. TREASURIES	1,959,779,937	36.32%	1,960,853,375	(1,073,438)
MEDIUM-TERM NOTES	8,855,508	0.16%	8,843,625	11,883
MUNICIPAL DEBT	251,719,841	4.67%	251,719,841	-
MONEY MARKET MUTUAL FUNDS	936,573,009	17.36%	62,890,637	873,682,372
LOCAL AGENCY INVESTMENT FUND	38,465,689	0.71%	912,148,061	(873,682,372)
CERTIFICATES OF DEPOSIT	-	0.00%	-	-
<b>TOTAL</b>	<b>\$ 5,395,664,847</b>	<b>100.00%</b>	<b>\$ 5,384,072,643</b>	<b>\$ 11,592,204</b>



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**

	JUNE 2021	MAY 2021	INCREASE (DECREASE)	NET CHANGE %	JUNE 2020	INCREASE (DECREASE)	NET CHANGE %
<b>Orange County Investment Pool (OCIP)</b>							
End Of Month Market Value <sup>1,2</sup>	\$ 5,395,664,847	\$ 5,784,285,020	\$ (388,620,173)	-6.719%	\$5,000,216,064	\$ 395,448,783	7.909%
End Of Month Book Value <sup>2</sup>	\$ 5,384,072,643	\$ 5,766,782,484	\$ (382,709,841)	-6.636%	\$4,958,626,803	\$ 425,445,840	8.580%
Monthly Average Balance <sup>2</sup>	\$ 5,535,624,812	\$ 5,816,097,137	\$ (280,472,325)	-4.822%	\$5,141,369,946	\$ 394,254,866	7.668%
Year-To-Date Average Balance	\$ 5,336,992,533	\$ 5,318,935,053	\$ 18,057,480	0.339%	\$4,730,379,557	\$ 606,612,976	12.824%
Monthly Accrued Earnings <sup>3</sup>	\$ 2,798,503	\$ 2,815,465	\$ (16,962)	-0.602%	\$5,338,738	\$ (2,540,235)	-47.581%
Monthly Net Yield <sup>2,3,4</sup>	0.588%	0.503%	0.085%	16.899%	1.216%	-0.628%	-51.645%
Year-To-Date Net Yield <sup>3</sup>	0.747%	0.762%	-0.015%	-1.944%	1.810%	-1.063%	-58.721%
Annual Estimated Gross Yield <sup>3,4</sup>	0.790%	0.790%	0.000%	0.000%	1.868%	-1.078%	-57.705%
Weighted Average Maturity (WAM)	400	391	9	2.340%	289	111	38.460%

<sup>1</sup> Market values provided by Bloomberg and Northern Trust.

<sup>2</sup> The OCIP Year-To-Date Average Balance was higher than the prior year primarily due to slightly higher property tax receipts, higher voluntary pool participants balances and higher special revenue balances.

<sup>3</sup> The OCIP and OCEIP Monthly Net Yields were higher than the previous month due increases in duration resulting in increases in yield. The OCIP and OCEIP Monthly Accrued Earnings, Monthly Net Yields, Year-To-Date Net Yields and Annual Estimated Gross Yields were lower than the prior year primarily due to the five Federal Reserve short-term rate cuts totaling 2.25% since June 2019. The OCIP and OCEIP Annual Estimated Gross Yields for April 2020 are reported at the actual annual adjusted gross yields for FY 19-20.

<sup>4</sup> The OCIP and OCEIP WAMs increased from the prior year as portfolio duration is being extended as current adequate liquidity is sufficient to cover expected expenditures.

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY  
April 30, 2021**

ATTACHMENT B

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 and June 30, 2020 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	December 31, 2020 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2020 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 25920(a)	December 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 2020 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2021 IPS certifications requests in progress.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	As of December 31, 2020, five compliance exceptions have been identified (self-identified), two in August 2020 and three in December 2020.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 28, 2020 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2020 meeting and did not make any additional changes. BOS approved on November 17, 2020.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2020 Annual Report was approved by TOC on January 27, 2021 and was received and filed by the BOS on March 23, 2021.
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 28, 2020.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	Review for calendar year 2021 in progress.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	Review for calendar year 2020 compliance is complete.
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 2020.

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  
May 31, 2021**

ATTACHMENT B

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 and June 30, 2020 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	December 31, 2020 completed. March 31, 2021 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2020 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	December 31, 2020 completed. March 31, 2021 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 2020 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2021 IPS certifications requests in progress.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	As of May 31, 2021 five compliance exceptions have been identified (self-identified), two in August 2020 and three in December 2020.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 28, 2020 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2020 meeting and did not make any additional changes. BOS approved on November 17, 2020.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2020 Annual Report was approved by TOC on January 27, 2021 and was received and filed by the BOS on March 23, 2021.
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 28, 2020.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	Review for calendar year 2021 in progress.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2020.
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 2020.

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  
June 30, 2021**

ATTACHMENT B

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 and June 30, 2020 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	March 31, 2021 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2020 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2021 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 2020 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2021 IPS certifications received for all approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	As of June 30, 2021, five compliance exceptions have been identified (self-identified), two in August 2020 and three in December 2020.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 28, 2020 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2020 meeting and did not make any additional changes. BOS approved on November 17, 2020.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2020 Annual Report was approved by TOC on January 27, 2021 and was received and filed by the BOS on March 23, 2021.
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 28, 2020.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance.
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 2020.

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](http://ocgov.com/ocinvestments)

April 30, 2021

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION**

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

**Fund Number : 225**

**APRIL 2021 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
04/01/2021	March 2021 Investment Admin Fee	\$ (2,676.04)
04/29/2021	January 2021 Interest Paid	\$ 30,255.27

**Summary**

Total Deposit:	\$ 1,413,413.16	Beginning Balance:	\$ 52,436,584.48
Total Withdrawal:	\$ (2,169,439.08)	Ending Balance:	\$ 51,680,558.56

**ACCRUED INVESTMENT INCOME**

**Description**

**Amount**

February 2021 Interest Accrued	\$ 32,705.49
March 2021 Interest Accrued	\$ 28,300.23
Total	<u>\$ 61,005.72</u>
 April 2021 Interest to be accrued in May 2021	 \$ 23,387.76



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](http://ocgov.com/ocinvestments)

May 31, 2021

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION**

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

**Fund Number : 225**

**MAY 2021 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
05/03/2021	April 2021 Investment Admin Fee	\$ (2,558.57)
05/27/2021	February 2021 Interest Paid	\$ 32,705.49

**Summary**

Total Deposit:	\$ 2,101,365.02	Beginning Balance:	\$ 51,680,558.56
Total Withdrawal:	\$ (2,860,420.47)	Ending Balance:	\$ 50,921,503.11

**ACCRUED INVESTMENT INCOME**

**Description**

**Amount**

March 2021 Interest Accrued	\$ 28,300.23
April 2021 Interest Accrued	\$ 23,387.76
Total	<u>\$ 51,687.99</u>
May 2021 Interest to be accrued in June 2021	\$ 24,707.18



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](http://ocgov.com/ocinvestments)

June 30, 2021

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION**

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

**Fund Number : 225**

**JUNE 2021 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
06/01/2021	May 2021 Investment Admin Fee	\$ (2,591.58)
06/29/2021	March 2021 Interest Paid	\$ 28,300.23

**Summary**

Total Deposit:	\$ 4,363,015.96	Beginning Balance:	\$ 50,921,503.11
Total Withdrawal:	\$ (2,653,113.35)	Ending Balance:	\$ 52,631,405.72

**ACCRUED INVESTMENT INCOME**

**Description**

**Amount**

April 2021 Interest Accrued	\$ 23,387.76
May 2021 Interest Accrued	\$ 24,707.18
Total	<u>\$ 48,094.94</u>
June 2021 Interest to be accrued in July 2021	\$ 25,982.18





Report of the Schedule of Assets  
Held by the County Treasury  
June 30, 2020

**Orange County Treasury**

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## Independent Auditor's Report

To the Board of Supervisors  
County of Orange, California

### Report on the Financial Statements

We have audited the accompanying modified cash basis Schedule of Assets Held by the County Treasury (Schedule) of the County of Orange, California (County), as of June 30, 2020, and the related notes to the Schedule.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

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

**Opinion**

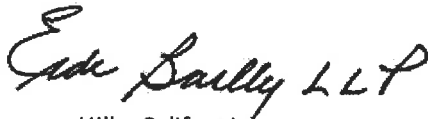
In our opinion, the Schedule referred to above presents fairly, in all material respects, the assets held by the County Treasury of the County of Orange, California, as of June 30, 2020, in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the Schedule, which describes the basis of accounting used in preparation of the Schedule. The Schedule was prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2021, on our consideration of the County Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 County Treasury'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 County Treasury's internal control over financial reporting and compliance.

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

Laguna Hills, California  
April 22, 2021

Orange County Treasury  
Schedule of Assets Held by the County Treasury  
(Dollar Amounts in Thousands)  
June 30, 2020

	OCIF		
	Pooled	Non-Pooled	Total
Cash			
Cash on hand	\$ 63	\$ -	\$ 63
Cash on deposit	26,856	22,957	49,813
Total cash	26,919	22,957	49,876
Investments, Stated at Fair Value			
Pooled Funds	10,200,374	-	10,200,374
Non-Pooled	-	113,397	113,397
Total investments	10,200,374	113,397	10,313,771
Total assets	\$ 10,227,293	\$ 136,354	\$ 10,363,647

**Note 1 - Summary of Significant Accounting Policies**

**DEPOSITS AND INVESTMENTS:**

The accompanying Schedule of Assets Held by the County Treasury (Schedule) is intended to separately report deposits and investments in the County Treasury included in the basic financial statements of the County of Orange, State of California (County). For additional disclosure information and contingencies, please refer to the June 30, 2020 publication of the County Comprehensive Annual Report.

The Schedule includes the cash balances of all funds that the Office of the Treasurer-Tax Collector (Treasurer) invests according to California Government Code and the Treasurer's Investment Policy Statement (IPS). These public funds are called the Orange County Investment Fund (OCIF). For reporting purposes, the OCIF is further divided into the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP), the latter of which is utilized exclusively by the County's public school and community college districts. The OCIF is maintained for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. The pooled funds are not registered with the Securities and Exchange Commission ("SEC") as an investment company.

The Schedule is presented on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). Receipts are recognized when received by the Treasurer; disbursements are recognized when paid by the bank; and the value of investments is stated at fair value. The Schedule's modified cash basis primarily differs from the cash basis of accounting by the amount of outstanding checks of \$157,300 at June 30, 2020.

The Treasurer has stated required investments at fair value in the accompanying Schedule, using the fair value measurement within the fair value hierarchy established by U.S. GAAP.

The Treasurer values participants' shares in the pools using an amortized cost basis. Specifically, the pools distribute income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and reduced by (4) actual administrative cost of such investing, depositing or handling of funds. This method differs from the fair value method used to value investments in this Schedule because the amortized cost method does not distribute to participants all unrealized gains and losses in the fair values of the pools' investments.

## **Note 2 - Deposits and Investments**

The Treasurer is responsible for authorizing all County bank accounts and pursuant to California Government Code (CGC) Sections 27000.1 – 27000.5, 27130 – 27137, and 53600 – 53686 is responsible for conducting County investment activities of the County's investment pooled funds in addition to various individual investment accounts outside of the pooled funds. The County's Investment Pools are not registered with the Securities and Exchange Commission (SEC) as an investment company, and therefore are exempt from SEC rules. In addition to the pooled fund in the OCIF, the Treasurer separately invests other non-pooled funds (Specific investments), including John Wayne Airport Investment Fund (JWA).

The Treasurer further invests pooled funds from the OCIF into three funds, the Orange County Money Market Fund (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), and the Extended Fund. On December 6, 2019, Standard & Poor's (S&P) reaffirmed its highest rating of AAAM Principal Stability Fund Rating (AAAM) on the OCMMF and the OCEMMF. The Treasurer will act on a "best efforts" basis to stabilize the Net Asset Value (NAV) of OCMMF and OCEMMF at or above \$0.9975 (in absolute dollar amounts). The pooled funds do not have any legally binding guarantees of share values.

The maximum maturity of investments for the two money market funds is 13 months with a maximum weighted average maturity (WAM) of 60 days. The maximum maturity of the Extended Fund is five years per CGC. The IPS provides that all pools, except short-term pools, shall have a maximum duration of 1.50 years.

Pursuant to CGC Sections 27130-27137, the Board has established a Treasury Oversight Committee (TOC) that monitors and reviews the IPS annually and also ensures that the Treasurer has an audit annually, which includes limited tests of compliance with laws and regulations. The TOC consists of the County Executive Officer, the elected County Auditor-Controller, the County Superintendent of Schools, or their respective designees, and four public members, with at least three having expertise in, or an academic background in, public finance.

The investment practices and policies of the Treasurer are based on compliance with state law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants. The last goal is to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

Interest is allocated to individual funds monthly based on the average daily balances on deposit with the Treasurer.

## 1. Deposits

CGC Section 53652 et. seq. and the IPS prescribe the amount of collateral that is required to secure the deposit of public funds. The pledge to secure deposits is administered by the California Commissioner of Business Oversight. Collateral is required for demand deposits at 110% of all deposits not covered by Federal Depository Insurance Corporation (FDIC) if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by an agent of depository pursuant to CGC Section 53658. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written agreements are required to provide, among other things, that the collateral securities are held separately from the assets of the custodial institution. FDIC is available for demand deposits and time saving deposits at any one financial institution up to a maximum of \$250.

### **Custodial Credit Risk – Deposits**

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. The County's deposits are not exposed to custodial credit risk, since all of its deposits are covered by FDIC or collateralized with securities held by the County or its agent in the County's name in accordance with CGC Section 53652 and 53658.

## 2. Investments

The CGC Sections 53601 and 53635, Board ordinances and resolutions, the County's IPS, the bond indenture documents, trust agreements, and other contractual agreements govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss. The IPS adds further restrictions to permitted investments from the CGC. As of June 30, 2020, the Treasurer was in full compliance with the more restrictive IPS for the OCIF and Specific Investments accounts.



The following table provides a summary listing of the authorized investments as of June 30, 2020.

Type of Investment	CGC % of Funds Permitted	Orange County IPS %	CGC Maximum Final Maturity	Orange County IPS Maximum Final Maturity (All Pooled Funds Except Short-Term Funds)	Orange County IPS Maximum Final Maturity (Short-Term Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities (GSEs)	100%	100%	5 Years	5 Years	397 Days
Municipal Debt	100%	20% total, no more than 5% in one issuer except 10% County of Orange	5 Years	3 Years	397 Days
Medium-Term Notes	30%	20% total, no more than 5% in one issuer	5 Years	2 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposits	30%	20% total, no more than 5% in one issuer	5 Years	18 Months	397 Days
State of California Local Agency Investment Fund	\$65 million per account	State limit (currently \$65 million per pool)	N/A	N/A	N/A
Repurchase Agreements	100%	20% total, no more than 10% in one issuer	1 Year	180 Days	1 Year
Money Market Mutual Funds (MMMF)	20%	20% Total, no more than 10% in one MMMF account	N/A	N/A	N/A
Investment Pools (JPA)	100%	20% total, no more than 10% in one JPA Pool	N/A	N/A	N/A
Supranationals	30%	30% total, no more than 5% in one issuer	5 Years	5 Years	397 Days

The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, derivatives and money market mutual funds that do not maintain a constant net asset value. All investments must be United States dollar denominated. No investment may be purchased from an issuer and all related entities, including parent and subsidiaries, that has been placed on "credit watch-negative" by any of the Nationally Recognized Statistical Rating Organizations (NRSROs), or whose credit rating by any of the NRSROs is less than the minimum rating required by the IPS for that class of security unless the issuer has a short-term rating of A-1+ or F1+ or a long-term rating of at least a AA or Aa2; and the Treasurer has approved the purchase in writing prior to purchase.

Investments by the Treasurer are reported at fair value. Investments in the OCIF are marked-to-market on a daily basis.

Unless otherwise required in a trust agreement or other financing document, assessment districts, Superior Courts, public school and community college districts, including certain bond-related funds, are required by legal provisions to deposit their operating and bond financing funds with the County Treasurer. At June 30, 2020, the OCIF includes approximately 55.8% of these involuntary participant deposits.

#### Investment Disclosures

The following table presents a summary of the County's investments, the credit quality distribution, and concentration of credit risk by investment type as a percentage of the OCIF's fair value at June 30, 2020.

With Treasurer: OCIF	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	Ratings <sup>(1)</sup>	% of Portfolio
U.S. Treasuries	\$ 2,802,207	\$ 2,789,700	0.07-2.98%	7/02/2020-5/31/2022	0.094		27.47%
U.S. Government Agencies	4,764,541	4,697,318	0.07-3.09%	7/02/2020-10/15/2024	0.616	AA	46.71%
Municipal Debt	463,895	463,895	1.49-1.82%	7/31/2020-4/30/2021	0.021	NR	4.55%
Medium-Term Notes	275,557	272,917	1.70-3.12%	9/01/2020-8/08/2021	0.016	AA	2.70%
Local Agency Investment Fund	73,828	73,467	1.22%	7/01/2020	0.000	NR	0.72%
Money Market Mutual Funds	1,820,346	1,820,346	0.04-0.16%	7/01/2020	0.000	AAA	17.85%
	<u>\$ 10,200,374</u>	<u>\$ 10,117,643</u>			<u>0.747</u> <sup>(2)</sup>		<u>100.00%</u>

With Treasurer: Specific Investments	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)	Ratings <sup>(1)</sup>	% of Portfolio
U.S. Treasuries	\$ 32,318	\$ 31,000	0.14-2.90%	8/31/2020-2/15/2036	0.644		28.50%
U.S. Government Agencies	72,687	68,021	0.11-3.48%	7/10/2020-11/02/2035	2.462	AA	64.10%
Money Market Mutual Funds	8,392	8,392	0.04-0.16%	7/01/2020	0.000	AAA	7.40%
	<u>\$ 113,397</u>	<u>\$ 107,413</u>			<u>3.106</u> <sup>(2)</sup>		<u>100.00%</u>

<sup>(1)</sup> The County obtains credit ratings from S&P, Moody's, and Fitch. The ratings indicative of the greatest degree of risk have been disclosed. NR means not rated. The County is not required to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed by the U.S. Government, and the ratings for U.S. Treasuries are not disclosed.

<sup>(2)</sup> Portfolio weighted average maturity.

**Fair Value Measures**

The County categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices based on quoted identical assets in an active market.
- Level 2: Investments reflect prices that are based on identical or similar assets in inactive markets or similar assets in active markets. Inputs other than quotes are observable.
- Level 3: Investments reflect prices based on significant unobservable inputs.

Fair value measurement is based on pricing received from the County's third party vendors. Investments in money market mutual funds are priced using amortized cost, which approximates fair value, with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72 are not subject to the fair value hierarchy. Additionally, the Local Agency Investment Fund (LAIF) is not subject to the fair value hierarchy.

The County uses the market approach method as a valuation technique in the application of GASB Statement No. 72. This method uses prices and other relevant information generated by market transactions involving identical or similar assets or groups of assets.

The following table presents a summary of the County's investments according to the assigned fair value hierarchy level as of June 30, 2020.

		Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
OCIF	Total			
U.S. Treasuries	\$ 2,802,207	\$ -	\$ 2,802,207	\$ -
U.S. Government Agencies	4,764,541	-	4,764,541	-
Medium-Term Notes	275,557	-	275,557	-
Municipal Debt	463,895	-	-	463,895
Total	<u>\$ 8,306,200</u>	<u>\$ -</u>	<u>\$ 7,842,305</u>	<u>\$ 463,895</u>
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	\$ 1,820,346			
Local Agency Investment Fund	73,828			
Total	<u>\$ 10,200,374</u>			
Specific Investments				
U.S. Treasuries	\$ 32,318	\$ -	\$ 32,318	\$ -
U.S. Government Agencies	72,687	-	72,687	-
Total	<u>\$ 105,005</u>	<u>\$ -</u>	<u>\$ 105,005</u>	<u>\$ -</u>
Investments Not Subject to Fair Value Hierarchy:				
Money Market Mutual Funds	\$ 8,392			
Total	<u>\$ 113,397</u>			

Investment in County of Orange Taxable Pension Obligation Bonds 2020, Series A

On January 14, 2020, the OCIF purchased the County issued Taxable Pension Obligation Bonds 2020, Series A (2020 POBs) in the principal amount of \$463,895. The 2020 POBs were issued with a fixed coupon rate and with maturities from July 2020 to April 2021 and are solely owned by the OCIF. The obligation of the County to pay principal and interest on the 2020 POBs is an obligation imposed by law and is absolute and unconditional. As of June 30, 2020, the outstanding principal amount of the 2020 POBs is \$463,895. The bonds are not rated by any of the NRSROs. The County's investment in the 2020 POBs is disclosed herein as Municipal Debt.

Interest Rate Risk – Investments

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates. The Treasurer manages its exposure to interest rate risk by carefully matching incoming cash flows and maturing investments and by maintaining a duration of 1.5 years or less. Declines in the fair value of investments are managed by limiting the length of the maturity of the securities. In general, the maximum maturity allowed is five years unless the Board has granted express authority either specifically or as part of an investment policy. Actual weighted average days to maturity by investment type for the funds invested in the Pools are presented in the table in the Investment Disclosures section. The OCIF at June 30, 2020 has 58.3% of investments maturing in six months or less and 41.7% maturing between six months and five years. As of June 30, 2020, the OCIF has no variable-rate notes.

Interest Rate Risk-Weighted Average Maturity

At June 30, 2020, the short-term pools investment fair values amounted to \$1,327,627. In accordance with the Board approved IPS, the Treasurer manages the Pool's short-term exposure to declines in fair value for deposits and investments by limiting the WAM to 60 days. At June 30, 2020, the WAM of the short-term portion of OCIF was less than 60 days. At the same date, the NAV of both short-term pools was \$1.00 (in absolute dollar amounts).

Interest Rate Risk-Duration

At June 30, 2020, the long-term pool investment fair value amounted to \$8,872,747. In accordance with the Board-approved IPS, the Treasurer manages investment related risk for deposits and investments by limiting duration to a maximum of 1.50 years.

As of June 30, 2020, the long-term pool had the following duration by investment type:

Investment Type	Fair Value	Portfolio %	Duration (In Years)
U.S. Treasuries	\$ 1,975,978	22.27%	0.46
U.S. Government Agencies	4,498,436	50.70%	1.40
Medium-Term Notes	275,557	3.11%	0.59
Municipal Debt	463,895	5.23%	0.45
Local Agency Investment Fund	73,828	0.83%	0.00
Money Market Mutual Funds	1,585,053	17.86%	0.00
Total fair value	<u>\$ 8,872,747</u>	<u>100%</u>	

Portfolio Duration

0.85

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The Treasurer utilizes third party Delivery Versus Payment (DVP) which mitigates any custodial credit risk. Securities purchased by the Treasurer are held by third party custodians in their trust department to mitigate custodial credit risk. At year-end, in accordance with the IPS, the County's external investment pools and specific investments did not have any securities exposed to custodial credit risk, and the Treasurer did not have any securities lending during the year (or at year-end).

#### Credit Risk - Investments

This is the risk that an issuer or other counterparty to an investment may not fulfill its obligations. The IPS sets forth the minimum acceptable credit ratings for investments from at least two of the following NRSROs: S&P, Moody's, or Fitch. For purchases of short-term debt, the issuer rating must be no less than A-1 or SP-1 (S&P), P-1 or MIG 1/VMIG 1 (Moody's), or F1 (Fitch) for purchases with remaining maturities less than 397 days, while purchases of long-term debt shall have issuer ratings no less than AA for purchases with remaining maturities longer than 397 days. Municipal debt issued by the County is exempt from the above credit rating requirements. As of June 30, 2020, the County's investments in OCIF were in compliance with the state law and IPS limits when purchased.

#### Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2020, all investments were in compliance with state law and the IPS single issuer limits. See the County's investments table for concentrations of holdings. The following holdings with the Treasurer exceeded five percent of the portfolio at June 30, 2020.

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>	<u>Portfolio %</u>
U.S. Government Agencies	Federal Home Loan Bank (FHLB) Bonds	2,034,977	20.00%
	Federal Farm Credit Bank (FFCB)	1,709,804	16.80%
	Federal National Mortgage Association (FNMA)	595,470	5.80%

#### Foreign Currency Risk

The IPS requires all securities to be U.S. dollar denominated. The OCIF is not exposed to foreign currency risk.

### **Note 3 - Subsequent Events**

Investment Policy Statement (IPS): On November 17, 2020, the Board of Supervisors adopted Resolution 20-156 approving the 2021 IPS that delegated the investment and deposit for safekeeping authority to the Treasurer-Tax Collector for calendar 2021. The main changes to the 2021 IPS were to add new government code language allowing local agencies to invest in U.S. Government Securities that could result in zero or negative interest accruals and yields, add federal regulation updates that government bodies are a qualified institutional buyer (QIB) and add definitions for accredited investors and QIBs.

Investment in County of Orange Taxable Pension Obligations Bonds 2021, Series A: On January 14, 2021, the OCIF purchased the County issued Taxable Pension Obligations Bonds 2021, Series A (2021 POBs) in the principal amount of \$484,800. The 2021 POBs were issued with a fixed coupon rate and with maturities from July 2021 to April 2022 and are solely owned by OCIP. The obligation of the county to pay principal and interest on the 2021 POBs is an obligation imposed by law and is absolute and unconditional. As of the report date, the outstanding principal amount of the 2021 POBs was \$484,800. The bonds are not rated by any of the NRSROs.

COVID-19: On March 19, 2020, the Governor of the State of California issued a stay at home order that effectively closed all non-essential businesses. The County closed its County Service Center on March 22, 2020, but maintained all essential operations and reopened on June 22, 2020. The County closed the center again on December 11, 2020 and it reopened again on March 1, 2021. For the Fiscal Year 2019-2020, the County secured property tax collection rate was 99.15% of the total amount billed, which has caused slightly less dollars to be invested and apportioned out of the County Treasury during this period. Property taxes fund over 90% of the County's discretionary services. There was no material impact on the investments as they are, with the exception of the POBs, rated AA or higher and primarily invested in U.S. Treasuries and Government Sponsored Enterprises.

Standard & Poor's (S&P's) reaffirmation of "AAAm": On December 16, 2020, S&P reaffirmed its highest Principal Stability Fund Rating of AAAm on the OCMMF and the OCEMMF.



**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 of Supervisors  
County of Orange, 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 Schedule of Assets Held by the County Treasury (Schedule) of the County of Orange, California (County), as of and for the year ended June 30, 2020, and the related notes to the Schedule, and have issued our report thereon dated April 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the Schedule, we considered the County Treasury'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 opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County Treasury's internal control. Accordingly, we do not express an opinion on the effectiveness of the County Treasury'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 Treasurer's Schedule is 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 Schedule. 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  
April 22, 2021





# Frank Davies, CPA

Orange County Auditor-Controller



## Internal Audit

### Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020

Audit Manager: Michael Steinhaus, CPA, CGMA  
Auditor II: John Lim



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2007

May 18, 2021

TO: Members, Board of Supervisors  
Chairman Andrew Do, First District  
Vice Chairman Doug Chaffee, Fourth District  
Katrina Foley, Second District  
Donald P. Wagner, Third District  
Lisa A. Bartlett, Fifth District

SUBJECT: Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020

We have completed our Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020. Our final report is attached for your review.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during this engagement. If you have any questions please contact me at 714-834-2457 or Michael Steinhaus, Audit Manager, at 714-834-6106.

Frank Davies, CPA  
Auditor-Controller

Other recipients of this report:

Members, Audit Oversight Committee  
Shari Freidenrich, Treasurer-Tax Collector  
Frank Kim, County Executive Officer  
Christine Herrera, Director of Treasury, Treasurer-Tax Collector  
Gary Nguyen, Director of Investments, Treasurer-Tax Collector  
Salvador Lopez, Chief Deputy Auditor-Controller  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Eide Bailly LLP, County External Auditor

## **Independent Accountant's Review Report**

The Honorable Board of Supervisors  
County of Orange, California

We have reviewed the accompanying Schedule of Assets Held by the County Treasury—Modified Cash-Basis (financial schedule) of the County of Orange, California, as of December 31, 2020, pursuant to Government Code Section 26920(a). A review includes primarily applying analytical procedures to management's financial data and making inquiries of department management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial schedule as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Schedule***

Management is responsible for the preparation and fair presentation of this financial schedule in accordance with the modified cash-basis of accounting; this includes determining that the basis of accounting the County Treasury uses for financial reporting is an acceptable basis for the preparation of financial schedules in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial schedules that are free from material misstatement, whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial schedule for it to be in accordance with the modified cash-basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, except for the issue noted in the Known Departure from Modified Cash-Basis of Accounting paragraph, we are not aware of any material modifications that should be made to the accompanying financial schedule in order for it to be in accordance with the modified cash-basis of accounting.

### ***Known Departure from Modified Cash-Basis of Accounting***

The financial schedule is prepared in accordance with the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received by the Treasurer; disbursements are recognized when paid by the bank; and the value of investments is stated at fair value. The modified cash-basis of accounting requires that financial statements include adequate disclosures. Management has elected to omit all disclosures ordinarily included in a financial schedule prepared on the modified cash-basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the users' conclusions about the County Treasury's assets.

***Other Matter***

This report is intended solely for the information and use of the Board of Supervisors and the management of the Orange County Auditor-Controller. However, this report is a matter of public record and its distribution is not limited.

While performing this review, we noted one internal control matter that we will report to the Board of Supervisors in a separate management letter.

A handwritten signature in blue ink, appearing to read 'Frank Davies', with a stylized, cursive script.

Frank Davies, CPA  
Auditor-Controller  
May 18, 2021

Orange County Treasury  
Schedule of Assets Held by the County Treasury  
As of December 31, 2020

	Pooled	Assets Non-Pooled	Total
Cash			
Cash on Hand	\$ 31,000	\$ -	\$ 31,000
Cash on Deposit	633,569,000	16,395,000	649,964,000
Total Cash	633,600,000	16,395,000	649,995,000
Investments, stated at fair value	11,133,512,000	112,115,000	11,245,627,000
Total Assets	<u>\$ 11,767,112,000</u>	<u>\$ 128,510,000</u>	<u>\$ 11,895,622,000</u>



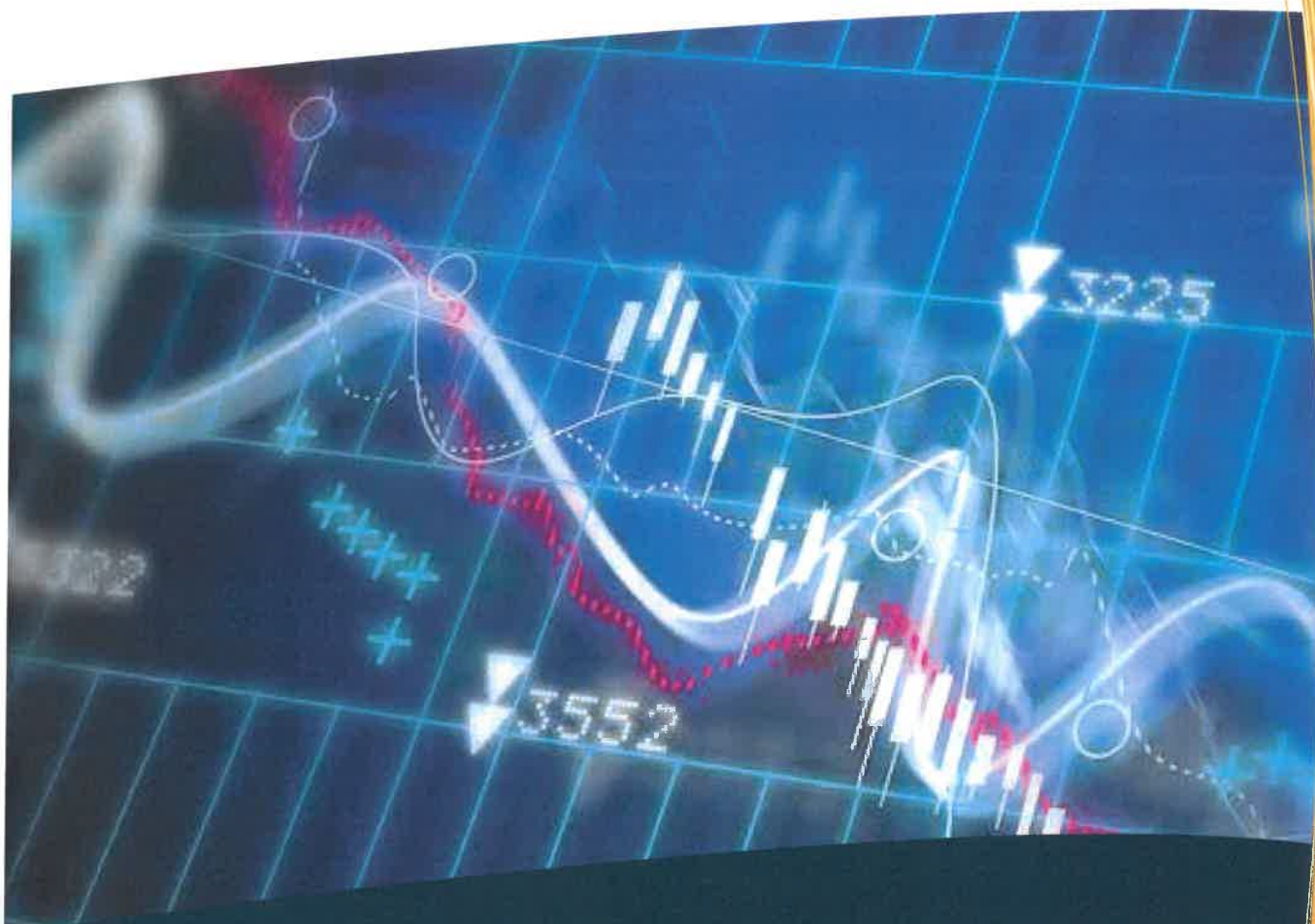


ATTACHMENT F

# Frank Davies, CPA

Orange County Auditor-Controller

## Internal Audit



### Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended December 31, 2020

Audit Manager: Michael Steinhaus, CPA, CGMA  
Auditor II: John Lim

Page 32 of 42

Audit Number 2003  
Report Date: May 19, 2021



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

**Transmittal Letter**

**Audit No. 2003**

**May 19, 2021**

**TO:** Members, Treasury Oversight Committee

**SUBJECT:** Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended December 31, 2020

At the request of the Treasury Oversight Committee, we have completed our compliance monitoring of the Treasurer's investment portfolio for the quarter ended December 31, 2020. Our final report is attached for your review.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during this engagement. If you have any questions please contact me at 714-834-2457 or Michael Steinhaus, Audit Manager, at 714-834-6106.

A handwritten signature in blue ink, appearing to read "Frank Davies".

Frank Davies, CPA  
Auditor-Controller

**Other recipients of this report:**

Members, Board of Supervisors  
Members, Audit Oversight Committee  
Shari Freidenrich, Treasurer-Tax Collector  
Frank Kim, County Executive Officer  
Christine Herrera, Director of Treasury, Treasurer-Tax Collector  
Gary Nguyen, Director of Investments, Treasurer-Tax Collector  
Salvador Lopez, Chief Deputy Auditor-Controller  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Eide Bailly LLP, County External Auditors



# Internal Auditor's Report

Alisa Backstrom, CCMT, CPFIM, Chair  
Treasury Oversight Committee

We have completed our compliance monitoring of the Treasurer's investment portfolio for the quarter ended December 31, 2020. The purpose of our engagement was to determine whether the pooled and non-pooled funds complied with the Treasurer's Investment Policy Statement (IPS) and compliance exceptions were reported in the Treasurer's Monthly Investment Report. The funds covered by this engagement include those of the Orange County Investment Pool (OCIP), Orange County Educational Investment Pool (OCEIP), and John Wayne Airport (JWA) Investment Fund. The Treasurer invests pooled funds from the OCIP and OCEIP into three funds: the Orange County Money Market Fund and the Orange County Educational Money Market Fund (collectively referred to as Money Market Funds), and the Extended Fund.

We performed our compliance monitoring of the Treasury's investment portfolio at the request of the Treasury Oversight Committee. It is designed to provide limited assurance to the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector that the Treasurer's investment portfolio complies with the IPS and the Treasurer reports all compliance exceptions.

Our procedures included judgmentally selecting 15 business days for testing and importing the selected electronic downloads from the Treasurer's Quantum system into TeamMate Analytics, an Excel-based data analytics software, to perform calculations and determine whether investment purchases complied with the IPS.

Based on the procedures performed, no compliance exceptions were identified.

The following lists the procedures performed and the results achieved:

1. Authorized Investments (IPS Sections VI, VII, VIII, IX, and XI): We judgmentally selected 15 investments purchased during the quarter (one investment for each of the 15 business days selected for testing). We confirmed that the investments conformed to the investment requirements at the time of purchase and were purchased from issuers or brokers on the Treasurer's authorized lists per the IPS.

Results: We found no exceptions.

2. Diversification Limits (IPS Section VIII.1): We confirmed that the investments did not exceed the diversification limits for investment types per the IPS.

Results: We found no exceptions.

3. Weighted Average Maturity (WAM) Limits (IPS Section VIII.2): We confirmed that WAM did not exceed 60 days for the Money Market Funds per the IPS, and that WAM did not exceed 90 days for the JWA Investment Fund.

Results: We found no exceptions.





# Internal Auditor's Report

4. Maximum Maturity Limits (IPS Section VIII.2): We confirmed that the maximum maturity of any investment purchased did not exceed 397 days for the Money Market Funds and five years for the Extended Fund per the IPS, and that the maximum maturity did not exceed 15 months for the JWA Investment Fund.

Results: We found no exceptions.

5. Investment Type Maximum Maturity Limits (IPS Section VIII.1): We confirmed that the maximum maturity of investment types purchased that have lower limits than those covered by IPS Section VIII.2 did not exceed 180 days for repurchase agreements in the Extended Fund and bankers' acceptances, 270 days for commercial paper, 18 months for negotiable certificates of deposit, and two years for medium-term notes in accordance with the IPS.

Results: We found no exceptions.

6. Issuer Concentration Limits (IPS Section VIII.1): We confirmed that the investments did not exceed the issuer concentration limits per the IPS.

Results: We found no exceptions.

7. Financial Reporting (IPS Section XXI): We confirmed that any compliance exceptions identified during our testing were reported in the Treasurer's Monthly Investment Report per the IPS.

Results: We found that T-TC reported compliance exceptions for 12/29/20 and 12/31/20 in the Treasurer's December 2020 Investment Report. We selected 12/29/20 and 12/31/20 for testing and did not note any compliance exceptions. The reason for the difference is because T-TC considers certain amounts held by Northern Trust in demand accounts to be investments; however, we agree with Northern Trust that those amounts are cash. Regardless of whether the amounts are investments or cash, they are not recorded in Quantum. We recommend that T-TC management ensure that all amounts included in the Treasurer's investment portfolio are recorded in Quantum.

This report is intended solely for the information and use of the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector; however, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read "Frank Davies", is positioned above the printed name.

Frank Davies, CPA  
Auditor-Controller  
May 19, 2021



ATTACHMENT G

# Frank Davies, CPA

Orange County Auditor-Controller

## Internal Audit



### Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020

Audit Manager: Michael Steinhaus, CPA, CGMA  
Auditor II: John Lim

Page 36 of 43

Audit Number 2007  
Report Date: June 8, 2021



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2007

June 8, 2021

TO: Members, Board of Supervisors  
Chairman Andrew Do, First District  
Vice Chairman Doug Chaffee, Fourth District  
Katrina Foley, Second District  
Donald P. Wagner, Third District  
Lisa A. Bartlett, Fifth District

SUBJECT: Management Letter on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020

We have completed our Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020, and have issued our report thereon dated May 18, 2021. We identified one finding during our review, which we have documented in the attached Management Letter on Review of the Schedule of Assets held by the County Treasury as of December 31, 2020. Our letter is attached for your review.

The management letter contains one recommendation. Management's response has been included in the management letter and the complete text of the response is included in Attachment B.

A handwritten signature in blue ink, appearing to read "Frank Davies".

Frank Davies, CPA  
Auditor-Controller

Other recipients of this report:

Members, Audit Oversight Committee  
Shari Freidenrich, Treasurer-Tax Collector  
Frank Kim, County Executive Officer  
Christine Herrera, Director of Treasury, Treasurer-Tax Collector  
Gary Nguyen, Director of Investments, Treasurer-Tax Collector  
Salvador Lopez, Chief Deputy Auditor-Controller  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Eide Bailly LLP, County External Auditor





# Management Letter

The Honorable Board of Supervisors  
County of Orange, California

We have reviewed, in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, the Schedule of Assets Held by the County Treasury—Modified Cash-Basis (financial schedule) of the County of Orange, California, as of December 31, 2020, pursuant to Government Code Section 26920(a) and have issued our report thereon dated May 18, 2021.

In performing our review, we identified one finding that we determined to be a reportable condition. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or implementation of the internal controls or qualitative aspects of the entity's accounting practices. This includes accounting policies that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedule. This letter does not affect our report on the financial schedule dated May 18, 2021.

For reporting our observations and recommendations, we classify report items into three categories: control deficiencies, significant deficiencies, and material weaknesses. See Attachment A for a description of report item classifications.

This letter was discussed with the representatives of the Treasury management and their response has been incorporated into this letter. The Treasury's response was not subject to the review procedures applied in the review of the financial schedule and, accordingly, we express no conclusion on the response. We will follow-up on the status of the response in accordance with our follow-up procedures.

This communication is intended solely for the information and use of the Board of Supervisors, the management of the Treasury, and the management of the Auditor-Controller and is not intended to be, and should not be, used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read "Frank Davies", is located above the printed name.

Frank Davies, CPA  
Auditor-Controller  
June 8, 2021



# Management Letter

## **Finding #1: Northern Trust Demand Account was Not Recorded in Quantum Significant Deficiency**

### **Criteria**

Government Code Section 26920 states that "At least once in each quarter, the county auditor shall perform, or cause to be performed, a review of the treasurer's statement of assets in the county treasury... The review shall include... verifying that the records of the county treasurer and auditor are reconciled pursuant to Section 26905." Government Code Section 26905 states that "...the auditor shall reconcile the cash and investment accounts as stated on the auditor's books [CAPS+] with the cash and investment accounts as stated on the treasurer's books [Quantum]... to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor." Established internal controls require that the financial records of the Treasury accurately reflect the cash and investment accounts.

### **Condition**

During our review of the Treasurer-Tax Collector (T-TC) bank reconciliation as of December 31, 2020, we noted balances from Northern Trust OCMMF of \$42,000,000 and Northern Trust X-Fund of \$51,321,560 totaling \$93,321,560 that were reported in the Schedule of Assets as of December 31, 2020 as investments. However, the reports provided by Northern Trust show that Northern Trust considers these amounts to be cash. Regardless of whether the amounts are cash or investments, they were not recorded in Quantum.

We classify this finding as a significant deficiency when combined with the control deficiency identified in the Management Letter on Review of the Schedule of Assets held by the County Treasury as of September 30, 2016 and again in the Management Letter on Review of the Schedule of Assets held by the County Treasury as of September 30, 2019, for which T-TC's corrective action is still in process.

### **Cause**

T-TC incurred COVID related staff shortages in the office and "the decision was made to minimize any wire transfers during this week and to not transfer the cash from maturities to our Wells Fargo bank account, but instead to leave them invested in the Northern Trust (NT) MMMF linked to each custody account overnight." The MMMF linked to the County's Money Market Fund and Extended Fund are not set up in Quantum and excluded from automated reporting and compliance testing.

### **Effect**

These accounts totaling \$93,321,560 are included in the Schedule of Assets as of December 31, 2020, but cannot be reconciled pursuant to Government Code Section 26905 because they are not stated on the books of the treasurer (Quantum).

### **Recommendation**

We recommend that T-TC management ensure that all accounts included in its Schedule of Assets are recorded in Quantum.



# Management Letter

## **Management's Response**

Treasury Management is working with its vendor to add the appropriate Northern Trust MMMFs to Quantum either, prior to, or shortly after the new version of Quantum goes-live.



## Attachment A: Report Classifications

For purposes of reporting our findings and recommendations, we will classify report items into three categories:

### Control Deficiency

A control deficiency 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 misstatements on a timely basis.

### Significant Deficiency

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepting accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

### Material Weakness

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



## Attachment B: Treasurer-Tax Collector Management Response

### Steinhaus, Michael [AC]

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From: Winn, Brian <BWinn@TTC.OCGOV.com>  
Sent: Friday, March 19, 2021 1:28 PM  
To: Steinhaus, Michael [AC]  
Cc: Nguyen, Tiffanie [TTC]; Lim, John [AC]  
Subject: RE: Request for October - December 2020 Data Files for Compliance Monitoring

Categories: Findings

Hello Michael,

Here is the explanation:

In response to resource limitations caused by a COVID related staff shortages in the office, the decision was made to minimize any wires during this week and to not transfer the cash from maturities to our Wells Fargo bank account, but instead to leave them invested in the Northern Trust (NT) MMMF linked to each custody account overnight. As the normal practice is not to leave funds to be invested at Northern Trust primarily due to the fact that the yields on the NT MMMF are lower than the yields at our other MMMF's, this situation rarely occurs. This situation identified that previously any cash not wired to the Wells Fargo Bank was being incorrectly reported as cash when it should have been reported as a MMMF and was not being properly recorded as a trade in the investment accounting system even though it was being reported as a trade on the MMMF trade summary (with the note that no separate wire is required). Therefore, because of this, the Northern Trust MMMF's linked to the County's Extended Fund had not been set up in Quantum, and was therefore excluded from any automated reporting in Quantum and all related compliance reports.

Please note that on a go forward basis, TTC Management has taken the following steps:

- 1) Treasury Management is working with our vendor to add the appropriate Northern Trust MMMFs to Quantum either, prior to, or shortly after the new version of Quantum goes-live;
- 2) Any amounts in these new MMMF accounts would show up in the MMMF trade tickets and would be considered by the Investment Accounting / Compliance staff when they review this daily compliance report to ensure that the 10% and the 20% limits are in compliance; and
- 3) The Investments Division includes trades and balances in the Northern Trust MMMFs in their pre-compliance summary sheet prior to sending the trade packets to Investment Accounting/Compliance. This is reviewed by the Director of Investments prior to submitting these packets to Investment Accounting.

Let me know if you have any questions.

Brian E. Winn  
Accounting/Compliance Manager  
Office of the Treasurer-Tax Collector  
County of Orange



**First 5 Orange County, Children & Families Commission**  
**Quarterly Investment Report**  
**July 1, 2021 through September 30, 2021**

---

## **OVERVIEW**

Pursuant to the First 5 Orange County, Children & Families Commission (Commission) fiscal year 2021/2022 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, 2021.

## **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, 2021, these totaled \$55,636,017.40. 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 2021. The net year-to-date yield for fiscal year 2021/2022 is 0.519%, net of the estimated investment administrative fee of 5.8 basis points. The current gross and net yields forecast for fiscal year 2021/2022 for OCIP is 0.36% and 0.30% respectively. The OCIP has a net asset value (NAV) of 1.00 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	\$53,643,952.80	0.593%	\$4,866,572,965	\$4,849,549,194	409 days	1.00	1.13
August	\$56,866,908.55	0.575%	\$5,105,836,435	\$5,092,069,753	386 days	1.00	1.06
September	\$55,636,017.40	0.562%	\$5,041,145,300	\$5,032,600,305	403 days	1.00	1.08

## **ECONOMIC UPDATE**

The job market added 1,091,000 (revised) jobs in July, added 366,000 (revised) jobs in August, and added 194,000 jobs in September. The unemployment rate decreased to 5.4% in July from 5.9% in June, then decreased to 5.2% in August and further decreased to 4.8% in September. The U.S. Gross Domestic Product second quarter of 2021 rate increased to 6.7% (revised) from the first quarter's rate of 6.3% (revised). The index for pending home sales on a year-over-year basis decreased by 3.5% in June (revised), decreased by 9.6% (revised) in July and further decreased by 6.3% (revised) in August.

U.S. Treasury Yield Curve: Yield on the 3-month decreased, and yields on the 2-year, 5-year, 10-year and 30-year Treasury all increased during the quarter ended September 30, 2021.

	Quarter Ended June 30, 2021	Quarter Ended September 30, 2021
3 - Month	0.05%	0.04%
2 - Year	0.25%	0.28%
5 - Year	0.87%	0.98%
10 - Year	1.45%	1.52%
30 - Year	2.06%	2.08%

SOURCE: U. S. DEPARTMENT OF THE TREASURY

### COMPLIANCE MONITORING

As of September 30, 2021, 100% of the holdings of the Commission are in compliance with the Commission's IPS. The OCIP had one compliance exception this quarter. On July 15, 2021 the OCIP (in its short-term investment fund) had 21.33% invested in Money Market Mutual Funds, exceeding the IPS limit of 20%. On the next business day, this violation was cured and the OCIP was back in compliance. This compliance exception was self-identified on July 16, 2021 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). The ACAID contracted with Eide Bailly (EB) to perform one of their required audits of the Treasurer. The ACAID issued three reports (Attachments D, E and F) during the quarter ended September 30, 2021 as follows:

#### Agreed-Upon Procedures related to Investment Compliance Fiscal Year Ended June 30, 2019.

On September 23, 2021, EB issued the report, which contained one exception. The exception resulted when the withdrawal analysis approval for one voluntary pool participant's transaction was not signed by the County Treasurer or designee. This same exception was noted in the report for the Fiscal Year ended June 30, 2018 and the Treasurer, subsequent to the date of these findings, updated the Voluntary Participant withdrawal process to require signed approvals before processing withdrawals. The report also stated that the annual reconciliation of the investment administrative actual costs vs. estimated costs for the fiscal year ended June 30, 2019 was not reviewed by the auditor as the annual reconciliation had not been completed yet. The Treasurer plans to complete this reconciliation by June 30, 2022.

#### Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended March 31, 2021.

On August 31, 2021 the ACAID issued the report with no compliance exceptions identified.

#### Review of the Schedule of Assets Held by the County Treasury as of March 31, 2021.

On August 12, 2021 the ACAID issued the report. The report stated that they were not aware of any material modifications, except that management has elected to omit disclosures ordinarily included in a financial schedule prepared on the modified cash-basis of accounting, which is consistent with prior Review reports.

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 2021 (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, 2021, OCIP has a total market value of \$181 million in County of Orange debt, which represents approximately 4% of total OCIP assets.

**STATEMENT OF ACTIVITY**

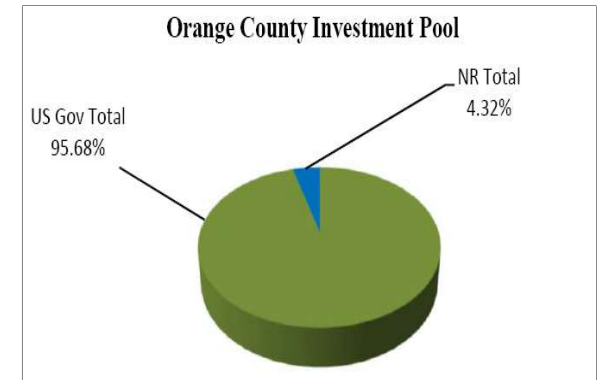
We have attached the Statement of Activity for the months of July, August and September 2021. (Attachment C). These Statements report the beginning and ending balances of the Commission's funds invested in the OCIP.

**Attachments:**

- A. Orange County Investment Pool Summary
- B. Investment Policy and Treasury Oversight Committee Compliance Summary for July, August and September 2021
- C. Statement of Activity for the months of July, August and September 2021
- D. Agreed-Upon Procedures related to Investment Compliance Fiscal Year Ended June 30, 2019.
- E. Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended March 31, 2021.
- F. Review of Schedule of Assets Held by the County Treasury as of March 31, 2021.

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
ORANGE COUNTY INVESTMENT POOL  
INVESTMENT POOL SUMMARY  
AT SEPTEMBER 30, 2021**

Security Type	OCIP PORTFOLIO COMPOSITION			
	Market Value	% of Market Value	Book Value	Unrealized Gain (Loss)
U.S. TREASURIES	\$ 2,121,204,315	42.08%	\$ 2,122,910,580	\$ (1,706,265)
U.S. GOVERNMENT AGENCIES	1,922,308,058	38.13%	1,912,056,798	10,251,260
MONEY MARKET MUTUAL FUNDS	779,683,614	15.47%	779,683,614	-
MUNICIPAL DEBT	181,033,800	3.59%	181,033,800	-
LOCAL AGENCY INVESTMENT FUND	36,915,513	0.73%	36,915,513	-
<b>TOTAL</b>	<b>\$ 5,041,145,300</b>	<b>100.00%</b>	<b>\$ 5,032,600,305</b>	<b>\$ 8,544,995</b>



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

**SUMMARY OF INVESTMENT DATA  
INVESTMENT TRENDS  
OCIP**

	SEPTEMBER 2021	AUGUST 2021	INCREASE (DECREASE)	NET CHANGE %	SEPTEMBER 2020	INCREASE (DECREASE)	NET CHANGE %
<b>Orange County Investment Pool (OCIP)</b>							
End Of Month Market Value <sup>1</sup>	\$ 5,041,145,300	\$ 5,105,836,435	\$ (64,691,135)	-1.27%	\$4,689,745,867	\$ 351,399,433	7.49%
End Of Month Book Value	\$ 5,032,600,305	\$ 5,092,069,753	\$ (59,469,448)	-1.17%	\$4,656,800,459	\$ 375,799,846	8.07%
Monthly Average Balance	\$ 4,988,413,528	\$ 4,912,783,512	\$ 75,630,016	1.54%	\$4,583,371,934	\$ 405,041,594	8.84%
Year-To-Date Average Balance	\$ 5,062,032,513	\$ 5,098,842,005	\$ (36,809,492)	-0.72%	\$4,636,496,795	\$ 425,535,718	9.18%
Monthly Accrued Earnings <sup>2</sup>	\$ 2,359,210	\$ 2,458,681	\$ (99,471)	-4.05%	\$3,997,568	\$ (1,638,358)	-40.98%
Monthly Net Yield <sup>2</sup>	0.504%	0.517%	-0.013%	-2.51%	1.001%	-0.497%	-49.65%
Year-To-Date Net Yield <sup>2</sup>	0.519%	0.526%	-0.007%	-1.33%	1.085%	-0.566%	-52.17%
Annual Estimated Gross Yield <sup>2</sup>	0.360%	0.360%	0.000%	0.00%	0.802%	-0.442%	-55.11%
Weighted Average Maturity (WAM) <sup>3</sup>	403	386	17	4.40%	257	146	56.81%

<sup>1</sup> Market values provided by Bloomberg and Northern Trust.

<sup>2</sup> The OCIP Monthly Accrued Earnings, Monthly Net Yield, Year-To-Date Net Yield and Annual Estimated Gross Yield were lower than the prior year primarily due to the five Federal Reserve short-term rate cuts totaling 2.25% since June 2019. The OCIP Annual Estimated Gross Yields for September 2020 are reported at the actual annual adjusted gross yields for FY 20-21.

<sup>3</sup> The OCIP WAM increased from the prior year as portfolio duration is being extended as current liquidity is sufficient to cover expected expenditures.

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY  
July 31, 2021**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 and June 30, 2020 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	March 31, 2021 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2020 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2021 completed.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 17/18, FY 18/19, FY 19/20 and FY 20/21 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2020 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2021 IPS certifications received for all approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 21/22 identified one compliance exception as of July 31, 2021.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 28, 2020 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2020 meeting and did not make any additional changes. BOS approved on November 17, 2020.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2020 Annual Report was approved by TOC on January 27, 2021 and was received and filed by the BOS on March 23, 2021.
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 28, 2020.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance.
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 2020 except two leaving office filings have not been received yet.

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, 2021**

**ATTACHMENT B**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 and June 30, 2020 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	March 31, 2021 completed and June 30, 2021 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2020 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2021 completed.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 17/18, FY 18/19, FY 19/20 and FY 20/21 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2020 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2021 IPS certifications received for all active approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 21/22 identified one compliance exception as of August 31, 2021.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 28, 2020 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2020 meeting and did not make any additional changes. BOS approved on November 17, 2020.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2020 Annual Report was approved by TOC on January 27, 2021 and was received and filed by the BOS on March 23, 2021.
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 28, 2020.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance.
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 2020 except two leaving office filings have not been received yet.

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, 2021**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2019 completed. June 30, 2020 in progress.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2021 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2020 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2021 completed.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013 and IPS Section XVI.	FY 17/18, FY 18/19, FY 19/20 and FY 20/21 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2020 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2021 IPS certifications received for all active approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 21/22 identified one compliance exception as of September 30, 2021.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 28, 2020 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2020 meeting and did not make any additional changes. BOS approved on November 17, 2020.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2020 Annual Report was approved by TOC on January 27, 2021 and was received and filed by the BOS on March 23, 2021.
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 28, 2020.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance.
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 2020 except two leaving office filings have not been received yet.

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](http://ocgov.com/ocinvestments)

July 31, 2021

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION**

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

**Fund Number : 225**

**JULY 2021 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
07/01/2021	June 2021 Investment Admin Fee	\$ (434.30)
07/29/2021	April 2021 Interest Paid	\$ 23,387.76

**Summary**

Total Deposit:	\$ 2,440,393.49	Beginning Balance:	\$ 52,631,405.72
Total Withdrawal:	\$ (1,427,846.41)	Ending Balance:	\$ 53,643,952.80

**ACCRUED INVESTMENT INCOME**

**Description**

**Amount**

May 2021 Interest Accrued	\$ 24,707.18
June 2021 Interest Accrued	\$ 25,982.18
Total	<u>\$ 50,689.36</u>
July 2021 Interest to be accrued in August 2021	\$ 27,151.28





COUNTY OF ORANGE  
**OFFICE OF THE TREASURER-TAX COLLECTOR**  
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August 31, 2021

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION**

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

**Fund Number : 225**

**AUGUST 2021 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
08/02/2021	July 2021 Investment Admin Fee	\$ (2,657.54)
08/30/2021	May 2021 Interest Paid	\$ 24,707.18

**Summary**

Total Deposit:	\$ 58,835,366.51	Beginning Balance:	\$ 53,643,952.80
Total Withdrawal:	\$ (55,612,410.76)	Ending Balance:	\$ 56,866,908.55

**ACCRUED INVESTMENT INCOME**

**Description**

**Amount**

June 2021 Interest Accrued	\$ 25,982.18
July 2021 Interest Accrued	\$ 27,151.28
Total	<u>\$ 53,133.46</u>

August 2021 Interest to be accrued in September 2021	\$ 28,009.81
--	--------------



COUNTY OF ORANGE  
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[ocgov.com/ocinvestments](http://ocgov.com/ocinvestments)

September 30, 2021

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION**

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

**Fund Number : 225**

**SEPTEMBER 2021 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
09/01/2021	August 2021 Investment Admin Fee	\$ (2,823.26)
09/30/2021	June 2021 Interest Paid	\$ 25,982.18

**Summary**

Total Deposit:	\$ 195,185.37	Beginning Balance:	\$ 56,866,908.55
Total Withdrawal:	\$ (1,426,076.52)	Ending Balance:	\$ 55,636,017.40

**ACCRUED INVESTMENT INCOME**

**Description**

**Amount**

July 2021 Interest Accrued	\$ 27,151.28
August 2021 Interest Accrued	\$ 28,009.81
Total	<u>\$ 55,161.09</u>
September 2021 Interest to be accrued in October 2021	\$ 26,291.76



Agreed-Upon Procedures  
Related to Investment Compliance  
Fiscal Year Ended June 30, 2019  
**County of Orange, California**

Independent Accountant’s Report On Applying Agreed-Upon Procedures .....	1
Procedures and Findings.....	2



## Independent Accountant's Report

To the Treasury Oversight Committee  
County of Orange, California

We have performed the procedures described in Attachment A, on whether the County of Orange, California (County) is in compliance with the provisions of Article 6, Sections 27130 through 27137 of the California Government Code (CGC) and the County Investment Policy Statements (IPS) for the fiscal year ended June 30, 2019. The County Treasurer-Tax Collector is responsible for the County's compliance with those provisions.

The County Treasurer-Tax Collector has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the County in determining it has complied with the provisions above for the year ended June 30, 2019, and we will report on findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are listed in Attachment A.

We were engaged by the County Treasurer-Tax Collector to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's compliance with the provisions of Article 6, Sections 27130 through 27137 of the CGC and the IPS. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County Treasurer-Tax Collector and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Treasury Oversight Committee, Audit Oversight Committee, and management of the County, and is not intended to be, and should not be, used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Laguna Hills, California  
September 23, 2021

The procedures and associated findings are as follows:

**Compliance with CGC Article 6, Sections 27130 through 27137:**

1. Review Board of Supervisors (BOS) resolution establishing the Treasury Oversight Committee (TOC), review applicable BOS approved TOC Bylaws and TOC meeting minutes to determine that the local agencies, including school districts, participated in reviewing the policies that guide the pooled investments in accordance with CGC Section 27130, and that the TOC was established in accordance with the criteria stated in CGC Section 27131(a) and consists of members appointed from the following as specified in CGC Section 27132 a) - g) or as further defined in the TOC Bylaws for the fiscal year ended June 30, 2019:
  - (a) The County of Orange (County) Treasurer.
  - (b) The County Auditor-Controller.
  - (c) A representative appointed by the BOS.
  - (d) The County Superintendent of Schools or their designee.
  - (e) A representative selected by the majority of the presiding officers of the governing bodies of the school districts and community colleges in the County.
  - (f) A representative selected by the majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County Treasury.
  - (g) Up to five other members of the public.

**Finding** – No exceptions were found as a result of our procedures.

2. Review BOS resolutions, applicable BOS approved TOC Bylaws and applicable Agenda Staff Reports (ASR) nominating/appointing TOC members, job descriptions and background information of TOC members to determine that the TOC members meet the criteria specified in CGC Section 27132(1) and (2) or as alternatively defined in applicable TOC Bylaws and that they or their replacement was properly confirmed by the BOS for the fiscal year ended June 30, 2019.

**Finding** – No exceptions were found as a result of our procedures.

3. Obtain and review signed Certificate of Compliance statements from each TOC member stating the member has not been employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the County Treasury, in the previous three years or during the period that the employee is a member of the TOC, as specified in CGC Section 27132.1 for the fiscal year ended June 30, 2019.

**Finding** – No exceptions were found as a result of our procedures.

4. Obtain and review signed Certificate of Compliance statements from each TOC member stating the member has not directly or indirectly raised money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a TOC member as specified in CGC Section 27132.2 for the fiscal year ended June 30, 2019.

**Finding** – No exceptions were found as a result of our procedures.

5. Obtain and review signed Certificate of Compliance statements from each TOC member stating the member did not/will not secure employment with bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms, with whom the Treasurer is doing business with, during the period the person was/is a member of the TOC or for one year after leaving the TOC as specified in CGC Section 27132.3 for the fiscal year ended June 30, 2019.

**Finding** – No exceptions were found as a result of our procedures.

6. Review TOC minutes for the fiscal year ended June 30, 2019, to ensure they are approved and the date, time and location of upcoming meetings are included. Review the TOC agenda to determine that public comments were posted prior to each meeting as required under the Brown Act to comply with CGC Section 27132.4 for the fiscal year ended June 30, 2019.

**Finding** – No exceptions were found as a result of our procedures.

7. Determine that the County Treasurer prepared an IPS for the fiscal year ended June 30, 2019, which is reviewed and monitored by the TOC as specified in CGC Section 27133. For each revision of the respective IPS, determine if the Treasurer properly presented the IPS changes to the TOC and the BOS and if all changes were approved by the TOC and the BOS.

**Finding** – No exceptions were found as a result of our procedures.

8. Obtain the respective Investment Policy Statement for the fiscal year ended June 30, 2019, and determine that it contains the following elements as specified in CGC Section 27133 (a)-(h):
  - (a) authorized investments;
  - (b) maximum security terms;
  - (c) selection criteria for brokers and dealers;
  - (d) limits on the receipt of gifts;
  - (e) investment reporting criteria;
  - (f) cost calculation and apportionment policy;
  - (g) deposit terms and conditions for voluntary participants;
  - (h) criteria for the withdrawal of funds.

**Finding** – No exceptions were found as a result of our procedures.

9. Obtain the annual audit for the previous year as specified by CGC Section 27134 to determine compliance with the compliance requirements specified in CGC Sections 27130-27137 for the fiscal year ended June 30, 2018.

**Finding** – We obtained and inspected the Agreed-Upon Procedures Report dated May 8, 2020, in which procedures were performed over compliance requirements specified in CGC Sections 27130-27137 for the fiscal year ended June 30, 2018.

10. Obtain and review the Annual Review of Investment Administrative Costs vs. Revenue Analysis for the fiscal year ended June 30, 2019, to determine whether the costs of complying with CGC Sections 27130 through 27137 (Article 6) were included as County charges, allowed by CGC 27135.

**Finding** – As of the date of this report, the analysis for the fiscal year ended June 30, 2019 was not completed. Therefore, we were unable to perform the procedure.

11. Select a sample of five (5) withdrawals of voluntary participant funds for the purpose of investing or depositing these funds outside of the County Treasury during the fiscal year ended June 30, 2019, and determine compliance with CGC Section 27136 (a) and (b) and Section XVIII of the IPS and review for the following:

- (a) Withdrawals from pool participants shall require written approval (transaction request) from the pool participant.
- (b) Prior to approving or disapproving the withdrawal request, the County Treasurer or designee shall make a finding of the effect on the stability and predictability of the investments and on the interests of the other depositors in the County Treasury by completing a withdrawal analysis.

**Finding** – As a result of applying procedure 11(b), we identified the withdrawal analysis was not properly signed by the County Treasurer or designee for one (1) out of five (5) samples selected. No exceptions were found as a result of applying procedure 11(a).

12. Obtain and review signed Certificate of Compliance statements from each TOC member stating the member obtained a copy of the TOC Bylaws that state under Rule 30, that the TOC shall not direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury to comply with CGC Section 27137 for the fiscal year ended June 30, 2019.

**Finding** – No exceptions were found as a result of our procedures.



### Compliance with Orange County Investment Policy Statement (IPS)

1. Review BOS resolution approving the IPS applicable to the fiscal year ended June 30, 2019, per CGC Section 53646(a).

**Finding** – No exceptions were found as a result of our procedures.

2. Select one (1) day per month of transactions which include purchases and/or sales/maturities for the fiscal year ended June 30, 2019 and determine the County's compliance with Sections VI, VII, VIII, IX and XIII of the applicable approved IPS by performing the procedures outlined below:

#### Purchases

- a. Verify approval signatures on the trade packets.
- b. Verify information in the trade packets agrees with the information in the Daily Investment Worksheets.
- c. Verify approval signatures on the Daily Investment Worksheets.
- d. Verify the purchased investment issuer was listed on the Approved Issuer List and that the purchase complied with IPS restrictions.
- e. Verify the purchased investment was an authorized type of investment per the CGC Section 53601.
- f. Verify the maturity date of the purchased investment meets the required limit of the IPS.
- g. When a repurchase agreements is invested, verify the County is in compliance with the IPS collateralization requirement.
- h. Verify the purchased security agrees with the trade confirmation provided by the brokers/dealers.
- i. Confirm securities are held by third party custodian, and/or safekeeping statement containing pertinent information is issued to the Treasurer.

#### Sales/Maturities

- a. Verify approval signatures on the trade packets (sales only).
- b. Verify approval signature on the Daily Investment Worksheets.
- c. Verify the sale agrees with the trade confirmation provided by the brokers/dealers.
- d. Trace the proceeds to the custodian statement.

**Finding** – We selected twelve (12) days of transactions during the fiscal year ended June 30, 2019, as follows:

- |                       |                     |
|-----------------------|---------------------|
| 1. July 10, 2018      | 7. January 7, 2019  |
| 2. August 24, 2018    | 8. February 7, 2019 |
| 3. September 24, 2018 | 9. March 14, 2019   |
| 4. October 2, 2018    | 10. April 25, 2019  |
| 5. November 23, 2018  | 11. May 21, 2019    |
| 6. December 3, 2018   | 12. June 24, 2019   |

No exceptions were found as a result of our procedures.

3. Obtain Form 700 Statement of Economic Interests for 2019 covering the period January 1, 2019 through December 31, 2019, filed annually by the Treasurer, Auditor Controller, TOC members and designated County Treasury employees to ensure compliance with Section X of the approved IPS in effect.

**Finding** – No exceptions were found as a result of our procedures.

4. Review the County's Annual Broker Dealer Review packets for the fiscal year ended June 30, 2019 to ensure that the County performed an evaluation of the brokers in accordance with the *Authorized Broker/Dealers and Financial Institutions* as specified in Section XI of the current IPS in effect.

**Finding** – No exceptions were found as a result of our procedures.

5. Determine that the County Treasurer submitted the monthly investment reports to the TOC, the pool participants, the County Executive Officer, the Director of Auditor-Controller Internal Audit, the Auditor Controller, and the BOS, as specified in Section XX.I of the current IPS in effect.

**Finding** – No exceptions were found as a result of our procedures.

6. Verify that the Treasurer reconciled the estimated administrative costs and actual administrative costs incurred and adjusted participant accounts accordingly on an annual basis for the fiscal year ended June 30, 2019, as specified in Section XVI of the current IPS in effect.

**Finding** – Consistent with the finding for Procedure 10 in the previous section, as of the date of this report, the analysis for the fiscal year ended June 30, 2019 was not completed. Therefore, we were unable to perform the procedure.

7. Select a sample of four (4) Treasurer's Monthly Investment Reports (reports) for the fiscal year ended June 30, 2019, and perform the following as specified in the IPS Section XXI:
  - a. Confirm that reports were provided to the BOS, the County Executive Officer, the Chief Financial Officer, the Director of Auditor-Controller Internal Audit, the Auditor Controller, the TOC, the presiding judge of the Superior Court, and Treasurer or other official responsible for the funds of any local agency who has investments in the County Treasury as allowed by CGC Sections 53607, 53646, and 53686.
  - b. Compare the investments listed to the types of investments authorized by CGC Section 53601.
  - c. Recalculate and verify the issuer concentration permitted in the respective IPS' in effect.
  - d. Determine the selected reports include the following information for each investment:
    - i. type of investment;
    - ii. name of issuer;
    - iii. maturity date;
    - iv. par value;
    - v. current market value; and
    - vi. securities' S&P/Moody's rating.

- e. The reports were provided within 30 days following the end of the period of the report.
- f. The reports state compliance of the portfolio with the respective IPS in effect or if not in compliance, states the manner in which the portfolio is not in compliance.
- g. The reports include a statement denoting the ability of the County to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall or may not be available.

**Finding** – We selected August 2018, November 2018, March 2019, and May 2019 reports for the fiscal year ended June 30, 2019. No exceptions were found as a result of our procedures.



Frank Davies, CPA  
Orange County Auditor-Controller

Internal Audit



Compliance Monitoring of the  
Treasurer's Investment Portfolio for the  
Quarter Ended March 31, 2021

Audit Manager: Michael Steinhaus, CPA, CISA, CGMA  
Auditor II: John Lim

Audit Number 2004  
Report Date: August 31, 2021



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2004

August 31, 2021

TO: Members, Treasury Oversight Committee

SUBJECT: Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended March 31, 2021

At the request of the Treasury Oversight Committee, we have completed our compliance monitoring of the Treasurer's investment portfolio for the quarter ended March 31, 2021. Our final report is attached for your review.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during this engagement. If you have any questions please contact me at 714-834-2457 or Michael Steinhaus, Audit Manager, at 714-834-6106.

A handwritten signature in blue ink, appearing to read "Frank Davies", is positioned above the printed name.

Frank Davies, CPA  
Auditor-Controller

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Shari Freidenrich, Treasurer-Tax Collector
- Frank Kim, County Executive Officer
- Gary Nguyen, Director of Investments, Treasurer-Tax Collector – Treasury
- Brian Winn, Treasurer-Tax Collector
- Salvador Lopez, Chief Deputy Auditor-Controller
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly LLP, County External Auditors



# Internal Auditor's Report

Alisa Backstrom, CCMT, CPFIM, Chair  
Treasury Oversight Committee

We have completed our compliance monitoring of the Treasurer's investment portfolio for the quarter ended March 31, 2021. The purpose of our engagement was to determine whether the pooled and non-pooled funds complied with the Treasurer's Investment Policy Statement (IPS) and compliance exceptions were reported in the Treasurer's Monthly Investment Report. The funds covered by this engagement include those of the Orange County Investment Pool (OCIP), Orange County Educational Investment Pool (OCEIP), and John Wayne Airport (JWA) Investment Fund. The Treasurer invests pooled funds from the OCIP and OCEIP into three funds: the Orange County Money Market Fund and the Orange County Educational Money Market Fund (collectively referred to as Money Market Funds), and the Extended Fund.

We performed our compliance monitoring of the Treasurer's investment portfolio at the request of the Treasury Oversight Committee. It is designed to provide limited assurance to the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector that the Treasurer's investment portfolio complies with the IPS and the Treasurer reports all compliance exceptions.

Our procedures included judgmentally selecting 15 business days for testing and importing the selected electronic downloads from the Treasurer's Quantum system into TeamMate Analytics, an Excel-based data analytics software, to perform calculations and determine whether investment purchases complied with the IPS.

Based on the procedures performed, no compliance exceptions were identified.

The following lists the procedures performed and the results achieved:

1. Authorized Investments (IPS Sections VI, VII, VIII, IX, and XI): We judgmentally selected 15 investments purchased during the quarter (one investment for each of the 15 business days selected for testing). We confirmed that the investments conformed to the investment requirements at the time of purchase and were purchased from issuers or brokers on the Treasurer's authorized lists per the IPS.

Results: We found no exceptions.

2. Diversification Limits (IPS Section VIII.1): We confirmed that the investments did not exceed the diversification limits for investment types per the IPS.

Results: We found no exceptions.

3. Weighted Average Maturity (WAM) Limits (IPS Section VIII.2): We confirmed that WAM did not exceed 60 days for the Money Market Funds per the IPS, and that WAM did not exceed 90 days for the JWA Investment Fund.

Results: We found no exceptions.





# Internal Auditor's Report

4. Maximum Maturity Limits (IPS Section VIII.2): We confirmed that the maximum maturity of any investment purchased did not exceed 397 days for the Money Market Funds and five years for the Extended Fund per the IPS, and that the maximum maturity did not exceed 15 months for the JWA Investment Fund.

Results: We found no exceptions.

5. Investment Type Maximum Maturity Limits (IPS Section VIII.1): We confirmed that the maximum maturity of investment types purchased that have lower limits than those covered by IPS Section VIII.2 did not exceed 180 days for repurchase agreements in the Extended Fund and bankers' acceptances, 270 days for commercial paper, 18 months for negotiable certificates of deposit, and two years for medium-term notes in accordance with the IPS.

Results: We found no exceptions.

6. Issuer Concentration Limits (IPS Section VIII.1): We confirmed that the investments did not exceed the issuer concentration limits per the IPS.

Results: We found no exceptions.

7. Financial Reporting (IPS Section XXI): We confirmed that any compliance exceptions identified during our testing were reported in the Treasurer's Monthly Investment Report per the IPS.

Results: We found no exceptions.

This report is intended solely for the information and use of the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector; however, this report is a matter of public record and its distribution is not limited.

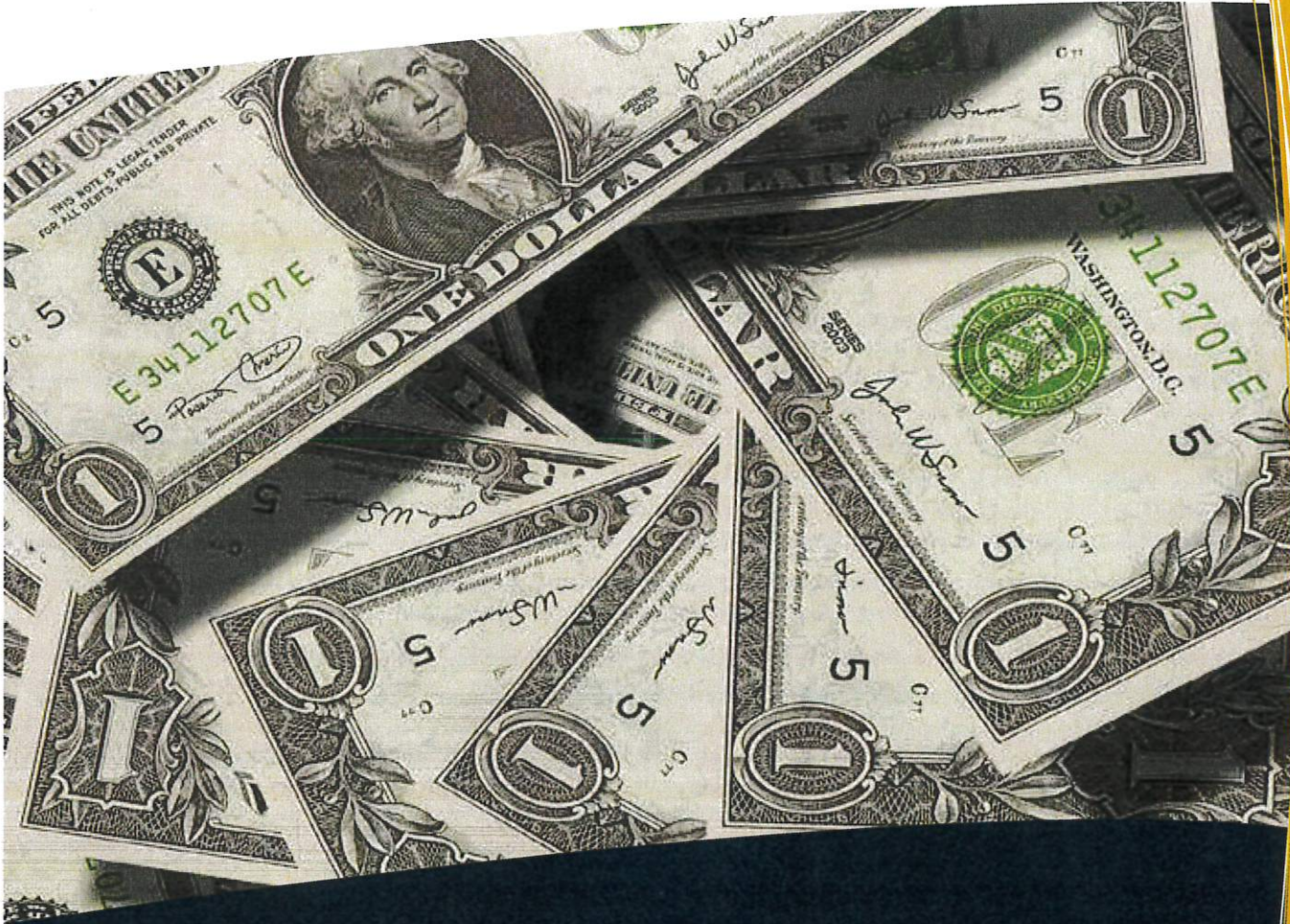
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Frank Davies, CPA  
Auditor-Controller  
August 31, 2021





Frank Davies, CPA  
Orange County Auditor-Controller



Review of the Schedule of Assets Held by the  
County Treasury as of March 31, 2021

Audit Manager: Michael Steinhaus, CPA, CISA, CGMA  
Auditor II: John Lim

Internal Audit

Audit Number 2008  
Report Date: August 12, 2021





OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2008

August 12, 2021

TO: Members, Board of Supervisors  
Chairman Andrew Do, First District  
Vice Chairman Doug Chaffee, Fourth District  
Katrina Foley, Second District  
Donald P. Wagner, Third District  
Lisa A. Bartlett, Fifth District

SUBJECT: Review of the Schedule of Assets Held by the County Treasury as of March 31, 2021

We have completed our Review of the Schedule of Assets Held by the County Treasury as of March 31, 2021. Our final report is attached for your review.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during this engagement. If you have any questions please contact me at 714-834-2457 or Michael Steinhaus, Audit Manager, at 714-834-6106.

Frank Davies, CPA  
Auditor-Controller

Other recipients of this report:

Members, Audit Oversight Committee  
Shari Freidenrich, Treasurer-Tax Collector  
Frank Kim, County Executive Officer  
Christine Herrera, Director of Treasury, Treasurer-Tax Collector  
Gary Nguyen, Director of Investments, Treasurer-Tax Collector  
Salvador Lopez, Chief Deputy Auditor-Controller  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Eide Bailly LLP, County External Auditor

## **Independent Accountant's Review Report**

The Honorable Board of Supervisors  
County of Orange, California

We have reviewed the accompanying Schedule of Assets Held by the County Treasury—Modified Cash-Basis (financial schedule) of the County of Orange, California, as of March 31, 2021, pursuant to Government Code Section 26920(a). A review includes primarily applying analytical procedures to management's financial data and making inquiries of department management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial schedule as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Schedule***

Management is responsible for the preparation and fair presentation of this financial schedule in accordance with the modified cash-basis of accounting; this includes determining that the basis of accounting the County Treasury uses for financial reporting is an acceptable basis for the preparation of financial schedules in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial schedules that are free from material misstatement, whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial schedule for it to be in accordance with the modified cash-basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, except for the issue noted in the Known Departure from Modified Cash-Basis of Accounting paragraph, we are not aware of any material modifications that should be made to the accompanying financial schedule in order for it to be in accordance with the modified cash-basis of accounting.

### ***Known Departure from Modified Cash-Basis of Accounting***

The financial schedule is prepared in accordance with the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received by the Treasurer; disbursements are recognized when paid by the bank; and the value of investments is stated at fair value. The modified cash-basis of accounting requires that financial statements include adequate disclosures. Management has elected to omit all disclosures ordinarily included in a financial schedule prepared on the modified cash-basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the users' conclusions about the County Treasury's assets.

***Other Matter***

This report is intended solely for the information and use of the Board of Supervisors and the management of the Orange County Auditor-Controller. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read 'Frank Davies', with a stylized, flowing script.

Frank Davies, CPA  
Auditor-Controller  
August 12, 2021

Orange County Treasury  
Schedule of Assets Held by the County Treasury  
(Dollar Amounts in Thousands)  
As of March 31, 2021

	Pooled	Assets Non-Pooled	Total
Cash			
Cash on Hand	\$ 184	\$ -	\$ 184
Cash on Deposit	300,446	19,058	319,504
Total Cash	300,630	19,058	319,688
Investments, stated at fair value	10,498,753	111,991	10,610,744
Total Assets	\$ 10,799,383	\$ 131,049	\$ 10,930,432