

SUMMARY ACTION MINUTES

REGULAR MEETING FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION

Wednesday, April 6, 2022, 9:00 A.M.

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

RAMIN BASCHSHI, MD
Chair

DOUG CHAFFEE
Vice Chair

DEBRA BAETZ
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

ATTENDANCE: Commissioners Baetz, Baschshi, Chau, Chiu, Filbeck, Lavery and McClintic (participated via Zoom)

EXCUSED: Commissioners Chaffee and Ersoylu

PRESENT: PRESIDENT/CEO
COMMISSION COUNSEL
CLERK OF THE COMMISSION

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

PLEDGE OF ALLEGIANCE

Commission Counsel Cassie Trapesonian led the Pledge of Allegiance

PRESENTATIONS: (None)

SUMMARY ACTION MINUTES

CONSENT CALENDAR: (Items 1 - 4)

412356789 **APPROVED AS RECOMMENDED**

x x

1. Appoint Marie Jeannis to the First 5 Orange County Technical Advisory Committee
2. Receive update on Universal Transitional Kindergarten (UTK)
3. Receive update on development of First 5 Orange County's Equity Commitment
4. Receive an update on Organizational Structure

PUBLIC HEARING: (Items 5 - 6)

5. Conduct Public Hearing and receive the First 5 California 2020-2021 Annual Report and the California State Controller's Results of Audit Oversight of County Commissions

C.O. **CLOSED PUBLIC HEARING**

152346789 **APPROVED AS RECOMMENDED**

x x

6. Conduct Public Hearing and Approve Updated First 5 Orange County Strategic Plan for FY 2021-2022 through FY 2025-2026

C.O. **CLOSED PUBLIC HEARING**

741235689 **APPROVED AS RECOMMENDED**

x x

RESO: 22-006 C&FC

REGULAR ITEMS: (Items 7 - 13)

7. Receive Financial Update

412356789 **RECEIVED UPDATE AND APPROVED DIRECTING \$3.9 MILLION REVENUE ABOVE BUDGET TO RESERVES FOR SYSTEM BUILDING INVESTMENTS**

x x

8. Adopt resolution authorizing agreement with Eide Bailly LLP for audit services

412356789 **APPROVED AS RECOMMENDED**

x x

RESO: 22-007 C&FC

9. Adopt resolution acknowledging receipt of the Children and Families Commission of Orange County Investment Policy Statement and affirm delegation of authority to the Orange County Treasurer as the First 5 Orange County Treasurer for Fiscal Year 2022/2023

751234689 **APPROVED AS RECOMMENDED**

x x

RESO: 22-008 C&FC

10. Adopt resolution approving amendments to various consultant agreements for services related to neighborhoods that support young children and their families and early and ongoing health and development

192345678 **APPROVED AS RECOMMENDED**

x x

RESO: 22-009 C&FC

SUMMARY ACTION MINUTES

11. Adopt resolution authorizing amendment to agreement with Children's Home Society for the Neighborhood Resources Network Program

791234568 **APPROVED AS RECOMMENDED**

x x *RESO: 22-010 C&FC*

12. Adopt resolution authorizing agreement with Community Health Initiative of Orange County to support the Engaged Neighborhoods with outreach and enrollment efforts

152346789 **APPROVED AS RECOMMENDED**

x x *RESO: 22-011 C&FC*

13. Receive progress report on renewal strategy to address family homelessness

RECEIVED

(Commissioner McClintic abstained from discussion on this matter)

PRESIDENT/CEO REPORT: (Item 14)

14. Receive the Executive Officers Report

- a. Financial Update
- b. Advocacy Day
- c. Afghan Refugee Update

RECEIVED

PUBLIC & COMMISSION COMMENTS:

PUBLIC COMMENTS: None

COMMISSION COMMENTS:

Commissioner Filbeck – Oral Re.: Hoped everyone was enjoying their Spring Break.

Commissioner Lavery – Oral Re.: Announced she is expecting a new baby in September.

ADJOURNED: 9:34 A.M.

SUMMARY ACTION MINUTES

*** KEY ***

Left Margin Notes

1 Debra Baetz	A = Abstained
2 Ramin Baschshi, MD	X = Excused
3 Doug Chaffee	N = No
4 Clayton Chau, MD	C.O. = Commission Order
5 Katherine Chiu, MD, MBA	
6 Leah Ersoylu, PhD	
7 Jackie Filbeck	Reso = Resolution
8 Yvette Lavery, MPA, MBE	Ord = Ordinance
9 Susan McClintic	

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

/s/

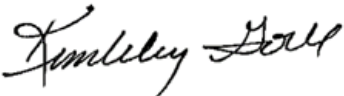
RAMIN BASCHSHI, MD
Chair

/s/

Jamie Ross, Deputy
Clerk of the Commission

DATE: February 25, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO 

ACTION: Appoint Marie Jeannis 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 diverse makeup of early childhood health and development experts. This agenda item recommends the appointment Marie Jeannis to the First 5 Orange County TAC to replace Pshyra Jones who recently separated from CalOptima.

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, CalOptima and most recently, the Behavioral Health branch of the OC Health Care Agency.

In August 2021, Pshyra Jones was appointed to replace Dr. Edwin Poon as CalOptima's representative on the TAC. Ms. Jones recently separated from CalOptima and is no longer able to serve. First 5 Orange County and CalOptima have identified Marie Jeannis, Executive Director of Quality and Population Health Management, to serve as CalOptima's representative on the TAC. Ms. Jeannis is a registered nurse and a certified case manager with over 30 years of experience. We anticipate that she will also be serving on Detect & Connect OC's Steering Committee. A brief biography for Marie is provided as Attachment 1.

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:

- February 2022 – Appoint Dawn Smith to the First 5 Orange County Technical Advisory Board
- December 2021 – Appoint Gail Araujo and Scott Burdick to the First 5 Orange County Technical Advisory Committee
- 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 Marie Jeannis to the First 5 Orange County Technical Advisory Committee.

ATTACHMENT:

1. Marie Jeannis Biography

CONTACT: Lisa Burke

Marie J. Jeannis, RN, MSN, CCM

CalOptima

Executive Director of Quality and Population Health Management

Marie J. Jeannis is currently the Executive Director of Quality and Population Health Management at CalOptima, a County Organized Healthcare System (COHS). Marie is responsible for the oversight of key medical management functions including Population Health Management, Quality Management, Quality Analytics and Behavioral Health Integration. Marie is a registered nurse and certified case manager with over 30 years of experience. Marie's background is diverse and includes experience in home care, care management, utilization management, informatics, quality, and population health management. Marie works closely with the Chief Medical Officer to provide leadership to the executive team and key leaders, across CalOptima, in the development and implementation of a comprehensive population health management plan to address the health disparities and social determinant of health needs of CalOptima's members.

DATE: March 16, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO



ACTION: Receive Update on Universal Transitional Kindergarten

SUMMARY:

The 2021-2022 California State Budget includes \$2.7 billion for Universal Transitional Kindergarten (UTK). UTK will be gradually phased in over five years, eventually offering this grade level experience to all California four-year-olds by the 2025-2026 school year. Implementation of UTK will require a significant and complex shift in the way school districts handle kindergarten and may also impact First 5 Orange County's early learning investments.

DISCUSSION:

The last legislative session included the passage of Assembly Bill 22 (AB 22), ensuring all four-year-olds statewide, at no cost to families, have access to a year of high-quality pre-kindergarten. This action is a step towards early care and education being recognized as a universal public good. AB 22 also provides many quality assurances such as starting with a ratio of one adult for every 12 children in the 2022-2023 school year and segueing to one adult for every 10 children by the 2023-2024 school year.

Transitional Kindergarten (TK) started in California in 2012 and focused on a small range of four-year-old children with birthdays between September 2nd and December 2nd. With the implementation of UTK, all four-year-old children will have an opportunity to participate in transitional kindergarten thereby making it "universal." Families that may have had children enrolled in preschool or been considering preschool will have a new option to enroll their four-year-old children in transitional kindergarten. The UTK plan allows parents to choose whether they would like to participate in a school district TK, or other community-based preschool or child care options that meet their needs. Attachment 2 provides an overview of the range of pre-kindergarten opportunities currently available to families.

Impact to School District Preschool Programs

Over the past several years, First 5 OC has assisted districts in creating and strengthening systems for children under the age of four, helping them to establish and secure state funding for preschool slots by assisting districts with their California State Preschool Program (CSPP) applications. With TK becoming universal, we anticipate that most four-year-olds who were served in the preschool system, both public and private, will now be served through a school district TK program. We expect the current structure of preschools within districts to change dramatically, with the potential to be eliminated altogether or shift to serving younger children.

Districts that are providing TK are going to be required to offer up to nine hours of care per school day, inclusive of TK instructional time. If the instructional day is 4.5 - 6 hours, the school must come up with a plan to offer additional care for the remaining time to equal nine hours.

Most Orange County school districts currently offer California State Preschool Programs (CSPP) for lower income families and children who qualify. The districts have begun to notify preschool staff that their positions may be eliminated or modified, depending on their district's self-determined UTK implementation plan while still following state guidance. These notifications have also included the potential for preschool staff to teach TK if they hold or pursue appropriate credentials or certificates, as well as staff to transition to preschool teaching roles serving younger children (three-year-olds or infants/toddlers), depending on the district's approach to UTK. Additionally, the California Commission on Teacher Credentialing (CCTC) is conducting a Pre-K to 3 Early Childhood Education Specialist Credential Survey as part of their effort to design models for credentialing and certifying teachers.

Impacts to Private Preschool and Family Child Care

The private preschool and family child care system will also be significantly impacted by UTK. Enrollment in private programs that are serving four-year-old children may decline if families move their children to school-based TK. Additionally, it may be difficult for preschool or child care programs to shift to serving children younger than four years, due to different licensing requirements, physical space needs and adult to child ratios. This impact comes at a time when providers are already strained due to COVID-19 impacts.

Next Steps and First 5's Role

First 5 staff and consultants are developing strategies to support families, school districts and the child care sector in the transition to UTK. Early learning staff funded by First 5 OC at school districts are participating in webinars and guidance sessions with California Department of Education to assist with UTK plan development, as well as participating in a TK Workgroup led by the Orange County Department of Education (OCDE).

First 5 also continues to work with partners in the community, co-facilitating webinars focused on providing information and support to child care providers and families. In partnership with Early Childhood OC, we developed a guide called Family Choices for Early Learning and Care that provides information to help parents select the option that will best meet their family's needs as UTK implementation occurs (Attachment 2). One of the most important things we can do to support a smooth transition to UTK will be to help build and strengthen relationships between the many players in the early learning field. We will keep the Board updated as Orange County's UTK implementation evolves.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions have been reviewed in relation to the Strategic Plan and are consistent with applicable goals. This agenda item does not include a funding request.

RECOMMENDED ACTION:

Receive update.

ATTACHMENTS:

1. Orange County Department of Education Universal Pre-Kindergarten Table
2. Family Choices for Early Learning and Care Guide

CONTACT: Mike Anderson



UNIVERSAL PRE-KINDERGARTEN (UPK)

SERVICES FOR ALL 4-YEAR-OLDS - "THE YEAR PRIOR TO ENTRANCE INTO KINDERGARTEN"

Preschool – 3rd Grade (P-3) Alignment

CA State Preschool (CSPP)

4 year olds
< 75% State
Median Income
(SMI) or Other
Eligibility Criteria

Head Start

4 year olds
< 100 % Federal
Poverty Level (FPL)
or Other Eligibility
Criteria

Transitional Kindergarten (TK)

By FY 25/26 –LEAs offer
services to all 4 year olds

Subsidized Early Learning & Care Programs (includes Family Child Care)

4 year olds
< 75% SMI or Other
Eligibility Criteria

Private Pay Early Learning & Care Programs (includes Family Child Care)

offer services to all
4 year olds

Graphic adapted from Tulare COE-ECE





Family Choices for Early Learning and Care

	Age Requirement	Income Eligibility	Length of Day	Teacher/Student Ratio	Teacher Education Requirements	Local Contact Information
<u>General Child Care and Development</u>	birth through 12 years of age	Based on family's income and in some cases, based on need	Full Day	Infants: 1:3 Toddlers: 1:4	Teacher Child Development Permit. Program must also have staff with a Site Supervisor or Program Director Permit.	https://www.chs-ca.org/for-families/child-care-referrals (714) 543-2273 or (949) 364-6605
<u>California State Preschool</u>	3-5 years (must have their third birthday on or before December 1)	Based on family's income and in some cases, based on need Example: A family of 4 may not exceed an income of \$89,297.	Part Day and Full Day Options	Preschool: 1:8	Teacher Child Development Permit. Program must also have staff with a Site Supervisor or Program Director Permit.	https://www.chs-ca.org/for-families/child-care-referrals (714) 543-2273 or (949) 364-6605
<u>Early Head Start</u>	Pregnant Mothers, Infants (0-18 mos) Toddlers (18-36 mos)	Based on family's income and in some cases, based on need The HHS Poverty Guidelines are used to determine income eligibility for participation in Head Start and Early Head Start programs Example: A family of 4 may not exceed an income of \$26,500	Center Based: Half day (3.5 hours) or full day (6.5-10 hours) Home Based Services: One time per week and group socializations	Infants: 1:3 (no more than 8 children in a classroom) Toddlers: 1:4 (no more than ten children in a classroom)	CA Child Development Preschool Teacher's Permit. BA or AA in Early Childhood Education or Child Development	http://www.ochsinc.org/ (714) 241-8920 https://rscdd.edu/childdevelopment/services/Pages/OurCenters.aspx (714) 480-7548

<u>Head Start</u>	3-5 years	<p>Based on family's income or regardless of family income if child has an IEP</p> <p>The HHS Poverty Guidelines are used to determine income eligibility for participation in Head Start and Early Head Start programs</p> <p>Example: A family of 4 may not exceed an income of \$26,500</p>	Center Based: Half day (3.5 hours) or full day (6.5-10 hours)	Part Day: 2:18 Full Day: 3:20 (no more than 20 children in a classroom at any time)	BA or AA in Early Childhood Education or Child Development	http://www.ochsinc.org/ (714) 241-8920
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	Age Requirement	Income Eligibility	Length of Day	Teacher/Student Ratio	Teacher Education Requirements	Local Contact Information
<u>Private or Faith Based Preschool</u>	<p>Varies</p> <p>Infants = 0-18 mos Toddlers = 18-36 mos Preschool = 3-5 years</p> <p>*Some preschools may serve 2 year olds (24 - 36 mos) as preschool age</p>	<p>None</p> <p>Approved programs may accept Vouchers or Alternative Payment Program (APP) for CalWORKs clients</p>	Varies	<p>Infants: 1:4 Toddlers: 1:6 Preschool: 1:12</p>	<p>Teacher: 12 college ECE units (completion of at least 6 units, enrolled in remaining 6 units)</p> <p>15 hours of health and safety;</p>	<p>https://www.chs-ca.org/for-families/child-care-referrals</p> <p>(714) 543-2273 or (949) 364-6605</p> <p>https://mychildcare.ca.gov/#/home</p>
<u>Family Child Care</u>	<p>Varies</p> <p>Infants = 0-18 mos Toddlers = 18-36 mos Preschool = 3-5 years</p>	<p>None</p> <p>Approved programs may accept Vouchers or Alternative Payment Program (APP) for CalWORKs clients</p>	Varies	<p>Small Family Child Care Homes Up to 8 with one teacher (no more than 3 can be infants)</p> <p>Large Family Child Care Up to 14 with 1 teacher and assistant</p>	<p>Teacher (Provider): 15 hours of health and safety</p>	<p>https://www.chs-ca.org/for-families/child-care-referrals</p> <p>(714) 543-2273 or (949) 364-6605</p>

				(no more than 3 can be infants)		
<u>Family, Friend or Neighbor</u>	Varies Infants = 0-18 mos Toddlers = 18-36 mos Preschool = 3-5 years	None If registered through TrustLine, they may accept Vouchers, Alternative Payment Program (APP), or CalWORKs clients	Varies	No ratios. Defined as a provider who cares only for his/her relatives or one other family or friend's children	None	(714) 543-2273 or (949) 364-6605
<u>Transitional Kindergarten</u>	Check with your local school district on age requirements.	None	Varies based on school district: Half day (3-4 hours) or full day (up to 6-7 hours)	2022-23: 1 adult/teacher per 12 students *2023-24: 1 adult/teacher per 10 students (*dependent on additional state funds) Average class size per school is 24 students	Multiple Subject Teaching Credential AND 1) 24 units of Early Childhood Education OR 2) Verified professional comparable experience in a preschool environment OR 3) Child development teacher permit	<u>Orange County School District Contacts</u> https://www.chs-ca.org/for-families/child-care-referrals (714) 543-2273 or (949) 364-6605 Private Providers may offer TK not funded by the state.

[Quick Reference Guide to Affordable Child Care in California](#)

**Criteria subject to change. Based on 2021-22 information at time of publication. This is not an exhaustive list of options for early childhood education.*



Agenda Item 3
April 6, 2022

DATE: February 17, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO

A handwritten signature in black ink, appearing to read "Kimberly Goll", is written over the printed name.

ACTION: Receive Update on Development of First 5 Orange County's Equity Commitment

SUMMARY:

A workgroup of First 5 Orange County staff and consultants are developing an "equity commitment" for our organization. This agenda item outlines the purpose of an equity commitment and the planned process to develop one for First 5 OC that reflects family voices as well as Commissioner, staff, and stakeholder input.

DISCUSSION:

After spending the last year working with the Center for the Study of Social Policy building our collective understanding about Race, Equity, Diversity, and Inclusion, a workgroup of staff and consultants volunteered to work on developing an Equity Commitment that will be used organization wide. Leading up to this effort, we identified impacts that such a commitment could have on the organization. For example, it will help us be explicit and clear about our commitment to equitable outcomes for young children and their families. Additionally, it will hold us and our organization accountable for incorporating principles of equity in our daily work.

There are several inputs the workgroup will gather prior to drafting an Equity Commitment. We will examine existing materials such as First 5's strategic plan, the website, and the document we created in partnership with families about equity through parent engagement. We will look at examples of statements that other First 5s and similar community organizations have created. We will work with the Family Ambassadors and Engaged Neighborhoods to hear from families with young children about what it means to incorporate equity into First 5's work. With these inputs, the workgroup will then develop a draft Equity Commitment. We anticipate this work of gathering initial input will take two to three months.

We plan to share the draft Equity Commitment with families and community members through focus groups and/or surveys (our proposed time frame is June and July). We will also share it with staff and consultants at a planned August quarterly meeting. We will synthesize the feedback received and bring an item to the Commission for discussion and input at your August meeting. Based on Commission discussion and input we will further refine the Equity Commitment, and connect back with staff, consultants, families, community members, and bring a final draft back to the First 5 OC board in October. In December, we anticipate bringing a final proposed Equity Commitment for Board approval and further discussion about how to hold our organization accountable. These time frames are approximate; we propose taking as much time as needed to

develop First 5 OC's Equity Commitment that is inclusive of family, stakeholder, and Commissioner input.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended action has been reviewed in relation to the Strategic Plan and is consistent with all goal areas. This agenda item does not include a funding request.

RECOMMENDED ACTION:

Receive update on development of an Equity Commitment for First 5 Orange County.

ATTACHMENTS:

None

CONTACT: Lisa Burke

DATE: March 25, 2022**TO:** First 5 Orange County**FROM:** Kimberly Goll, President/CEO**ACTION:** Receive an Update on Organizational Structure

SUMMARY:

This is an informational item providing a summary of planned work on the organizational structure and human resources and recruitment support.

DISCUSSION:

The last adjustment to the organizational chart was made under the previous strategic plan. The current vacancies provide an opportunity to define a revised organizational structure that reflects the staff needed to carry out the priorities and responsibilities articulated in the current strategic plan. Over the next several months, First 5 Orange County staff will be reviewing and updating the agency's reporting structure, distribution of work load, code of conduct (employee handbook), job descriptions, and employee retention practices. We anticipate the need for additional positions to meet work load, particularly as First 5 Orange County expands our voice as a champion for early childhood among systems of care and as we continue to grow the Engaged Neighborhood and family engagement work. To meet these needs, we will also be recruiting to fill vacant or new positions. Part of this work will be to ensure that First 5 OC's salary ranges are competitive, fair, and in line with our funding constraints. The organizational work will be supported by a human resources consultant and take a phased approach to integrate changes as they are identified.

An initial step in updating the agency's reporting structure is to shift work which previously fell within the program area, moving it to the learning and integration team. Given that much of this work is focused on learning, including but not limited to the collection of Early Development Index data, and outreach to families and neighborhoods, it is more closely aligned with the Learning and Integration portfolio. The Vice President of Learning and Integration, who currently oversees the Director of Partnership and Government Affairs, will now also oversee the Director of Early Learning, Neighborhood and Family Engagement. This creates more intentional coordination between these efforts, incorporating that learning into our communications, advocacy, public will building, and service integration efforts.

Future organizational changes will focus on the area of work often referred to as "programs," previously led by the Vice President of Programs. We will center this work around health systems and family resilience and clearly articulate the expectation of work beyond programmatic oversight to incorporate systems-building work and the identification of investment opportunities that yield the highest impact. We have updated the job description for the Vice President of Health Systems and Family Resilience to align with this approach. To expedite the identification and screening of candidates we will be using a recruiting firm and anticipate launching this recruitment in mid-April.

We will keep the board updated as we continue to refine the organizational structure.

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.

RECOMMENDED ACTION:

Receive update.

ATTACHMENTS:

None

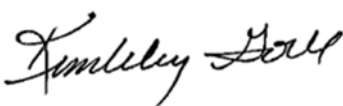
CONTACT: Kim Goll



Agenda Item 5
April 6, 2022

DATE: March 7, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO 

ACTION: Conduct Public Hearing and receive the First 5 California 2020-2021 Annual Report and the California State Controller's Results of Audit Oversight of County Commissions

SUMMARY:

First 5 Orange County is required to conduct a public hearing to receive First 5 California's Annual Report and the State Controller's report on their independent review of the county commission audits. This item is to conduct the Public Hearing to receive the Fiscal Year 2020-2021 First 5 California Annual Report and the California State Controller's Annual Report to the First 5 Commission: Results of the Audit Oversight of County Commissions for 2019-2020.

DISCUSSION:

The Children and Families Act of 1998 requires the State Children and Families Commission (First 5 California) to submit an annual report to the Governor and Legislature by January 31 of each year. The report includes a comprehensive review of First 5 California progress and a review and summary of the 58 county commissions' work. Each county commission is then required to conduct a public hearing on First 5 California's Annual Report and provide opportunities for public comment.

2020-2021 First 5 California Annual Report

Over the past 20 years, county commissions have produced annual reports to document the variety of programs, services, and other accomplishments that have helped support the healthy development of young children. These reports are submitted to First 5 California for analysis and consolidation. First 5 California produces an annual report that provides information on both the county and state programs, and fiscal data.

The annual report includes information on the First 5 California program investments and the total number of services provided to children and families by First 5 California and the 58 county commissions, along with expenditures. In Fiscal Year 2020-2021, 983,820 services were provided to California children, and over 732,917 services were provided to adults. Of the total \$386 million in expenditures, \$283 million was focused on the three result areas of Improved Child Health (40%), Improved Family Functioning (33%), and Improved Child Development (27%). The fourth result area was Improved Systems of Care.

Other highlights from the First 5 California 2020-2021 Annual Report include accomplishments and collaborations at both state and local levels. Statewide highlights include:

- An additional \$2 million investment to support local mitigation efforts to address COVID-19 impacts

- A \$103 million investment in IMPACT 2020 to continue innovative approaches to quality improvement and development systems for early learning and care providers
- One-time funding of \$1.48 million for the California Family Book Distribution Partnership to provide counties with the option to receive children's books or expand existing Dolly Parton Imagination Library programs
- Continued research for dual language learners to study and find solutions on how best to serve them
- Investment in Race, Equity, Diversity and Inclusion strategies alongside the First 5 Association to clearly identify steps towards a framework that centers equity in the work

Locally, each county commission was provided the opportunity to highlight several significant accomplishments achieved during Fiscal Year 2020-2021. Attachment 1 includes an excerpt from the state report including the introductory message from First 5 California's Executive Director as well as First 5 Orange County's highlights.

California State Controller/Results of Audit Oversight

As mandated by law, First 5 California's Annual Report agenda item, filed to their Commission, includes the California State Controller's annual review of the county commissions' independent audit (Attachment 2). This annual audit review is consistent with the expanded audit statutes chaptered into law in 2005.

The complete First 5 California 2020-2021 Annual Report and Results of Audit are on file with the Clerk of the Commission and available on the First 5 California website at: www.cafc.ca.gov.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended action has been reviewed in relation to the Strategic Plan and is consistent with all goal areas. This agenda item does not include a funding request.

PRIOR COMMISSION ACTIONS:

- April 2021 – Conducted the Public Hearing to receive and file the First 5 California 2019-2020 Annual Report and Audit Results Excerpts
- April 2020 – Conducted the Public Hearing to receive and file the First 5 California 2018-2019 Annual Report and Audit Results Excerpts

RECOMMENDED ACTIONS:

1. Conduct the Public Hearing.
2. Receive and file the First 5 California 2020-2021 Annual Report and the California State Controller's Annual Report to the First 5 Commission: Results of the Audit Oversight of County Commissions for 2019-2020.

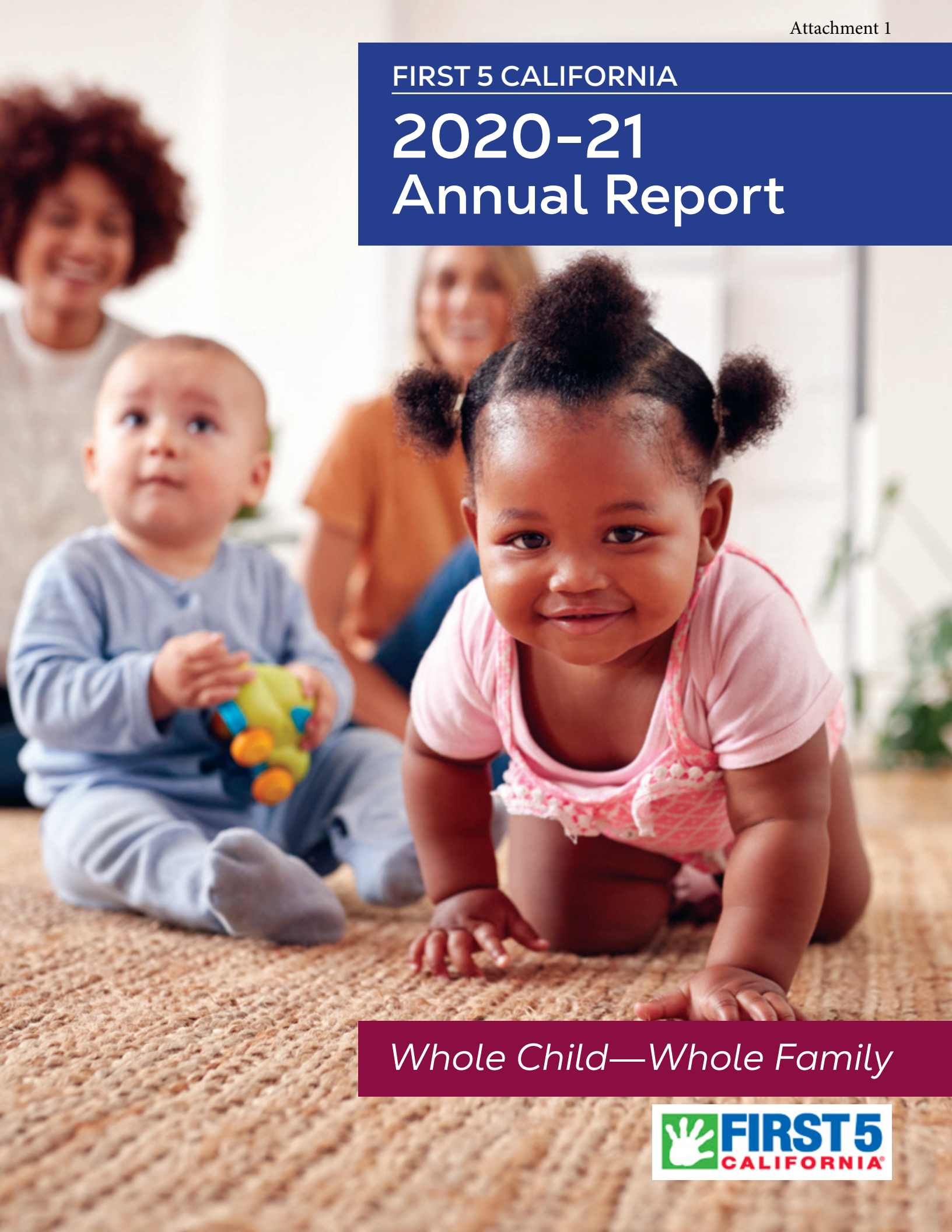
ATTACHMENTS:

1. First 5 California 2020-2021 Annual Report Excerpt
2. Cover Letter - California State Controller's Annual Report to the First 5 California Commission: Results of Audit Oversight Commissions for the Period July 1, 2019 through June 30, 2020

CONTACT: Kimberly Goll

FIRST 5 CALIFORNIA

2020-21 Annual Report



Whole Child—Whole Family



Whole Child—Whole Family

MESSAGE FROM THE EXECUTIVE DIRECTOR

As we continue to meet the challenges brought on by the COVID-19 pandemic, we have the opportunity to learn from the challenges we faced during this unique time in our history. The length and severity of the pandemic have had an impact on how people react to personal and environmental stress, especially the youngest among us. Children have gone through periods of isolation that previous generations never imagined.

Our lives and the lives of our children will be changed in a variety of ways from this experience. It is important to acknowledge this reality, learn from it, and to forge ahead together with new and innovative ways to tackle today's challenges and to remain steadfast in our commitment to improving the lives of California's children through the pandemic and beyond.

First 5 California is committed to the principles that have always been the core of our work in serving our state's youngest children and their families. We will continue to partner with the Governor, the Legislature, First 5 county commissions, and other agencies and organizations that advocate for what is best for our kids and their future as we work toward implementing our 2019-24 Strategic Plan, our newly adopted North Star Statement and Audacious Goal.

First 5 California's 2020-21 Annual Report highlights its accomplishments and collaborations at both state and local levels that help us continue to lay the foundational investments that help children thrive. These include:

- An additional \$2 million investment in Fiscal Year 2020-21 to continue to support local mitigation efforts to address COVID-19
- A \$103 million investment in IMPACT 2020 to continue innovative approaches to quality improvement and development systems for early learning and care providers
- One-time funding of \$1.48 million for the California Family Book Distribution Partnership to provide counties with the option to receive children's books or expand existing Dolly Parton Imagination Library programs
- Continuing to lead the way on research for dual language learners to study and find solutions on how best to serve them
- Our investment in Race, Equity, Diversity and Inclusion strategies alongside the First 5 Association to clearly identify steps towards a framework that centers equity in the work we do

Our commitment at First 5 California is that we never stop learning about, believing in, and supporting the power of families and communities to change the world for the better. Although progress has been made, there is still much work to do. I consider it a privilege and an honor to be part of this outstanding early learning and care community and its noble work dedicated to improving the lives of young children.

At a time when hope and inspiration are sometimes hard to find, it's more important than ever to show kindness to one another, and to nurture and surround our children with love and support. It's the greatest gift we can give.



CAMILLE MABEN
EXECUTIVE DIRECTOR

NORTH STAR

"Trauma-informed, healing-centered, and culturally responsive systems promote the safe, stable, nurturing relationships and environments necessary to eliminate inequities and ensure healthy development for all children."

AUDACIOUS GOAL

"In a generation, all children 0-5 will have the safe, stable, nurturing relationships and environments necessary to achieve healthy development."

Ensuring California's Children Receive the Best Start in Life and Thrive

PROPOSITION 10 AND THE LEGACY OF FIRST 5 CALIFORNIA

In 1998, California voters passed Proposition 10—the California Children and Families Act (the Act)—and declared the importance of investing in a better future for California's youngest children. For over two decades, the California Children and Families Commission (First 5 California) has promoted standards of quality child care and invested in the development of programs and services emphasizing improvement in early education, child care, child health and development, research, and community awareness.

BUILDING PUBLIC WILL AND INVESTMENT

First 5 California's Children's State Policy Agenda guides the agency's efforts to advocate for the strong start all children deserve, with an emphasis on optimizing early childhood development and reducing childhood poverty for children prenatal through age 5 and their families. The Policy Agenda reflects First 5 California's commitment in its Strategic Plan to participate and lead in the area of civic engagement, and the recognition of the Commission's responsibility to the people of California to ensure the wise and effective use of public funds.

In its 2019–2024 Strategic Plan, First 5 California continues its commitment to engage and lead in building public will and investment to support the optimal wellbeing and development of children prenatal through age 5, and their families and communities. The Strategic Plan also recognizes First 5 California must engage in partnerships with First 5 county commissions, stakeholders, and other allies from local to federal levels in order to be successful in institutionalizing efforts that advance child-centered policies and increase these crucial investments.

First 5 California serves as a leader and partner in state policy conversations, collaborating with First 5 county commissions, state agencies, stakeholders, and other advocates to convene, align, support, and strengthen statewide advocacy efforts to realize shared goals. Despite another unique year, First 5 California continued to expand its policy and advocacy engagement in fiscal year 2020–21, guided by its Policy Agenda. The Policy Agenda is focused on the following four areas the Commission identified as its top state policy priorities, including targeted goals within



each priority area to achieve a seamless statewide system of integrated and comprehensive programs for children and families:

Resilient Families and Communities

- Support effective parent education and engagement, including parent engagement on child brain development, early literacy, and *Talk. Read. Sing.*®
- Support sustainability of Family Resource Centers and other comprehensive community hubs for integrated services for children and families
- Support multi-generational family strengthening policies including economic security, breastfeeding resources, paid family leave, and a fair work week, for California's highest need families
- Expand access to voluntary home visiting programs
- Ensure digital equity across family serving systems, including access to broadband and the necessary



devices that are important in bridging the gap in telehealth and early learning services

Child Health

- Protect children and families' access to health care, and support coordination across health systems to ensure affordable and comprehensive health insurance coverage and services for every child and mother, prenatal through age 5
- Support and promote universal developmental, behavioral, and ACEs screenings, linkages to appropriate services, and seamless coordination across systems to improve outcomes for children and families

Early Learning

- Expand access to safe, quality early care and education programs for children ages 0 to 3

- Support implementation of safe, high-quality universal preschool access for all low-income three- and four-year-old children, and safe, high-quality transitional kindergarten and kindergarten statewide
- Define, measure, and achieve school readiness for all California children
- Support a healthy, safe, and high-quality early learning workforce through adequate compensation, stability, diversity, health and safety policies and supports, and robust professional development systems
- Promote statewide access to and participation in quality improvement systems

Revenue

- Promote inclusion of funding for children ages 0 to 5 and their families in existing and new revenue policy proposals
- Promote regulation of tobacco-related products, including electronic cigarettes, and sustainability of licensing and enforcement programs
- Promote inclusion of funding for prenatal and 0 to 3 two-generation prevention strategies in new tax funding structures

ACCOUNTABILITY: FUNDING AND AUDIT RESULTS

Under the California Children and Families Act, the California Department of Tax and Fee Administration collects an excise tax levied on all tobacco products and deposits the revenue into the California Children and Families Trust Fund, allocating 20 percent to First 5 California and 80 percent to county commissions. In FY 2020–21, First 5 California received \$81.3 million, and county commissions received \$325.1 million. This amount includes Proposition 10, Proposition 56 Backfill, and interest earned on the California Children and Families Trust Fund. The amount of funding allocated annually to each county commission is based on the annual number of births in the county relative to the total number of births in the state. Each county must prepare an independent annual audit subject to guidelines prepared by the State Controller's Office. The counties invest their dollars in locally designed programs, as well as in First 5 California's statewide programs as match funding. First 5 county commissions use their funds to support local programs in four result areas:

- Improved Family Functioning
- Improved Child Development
- Improved Child Health
- Improved Systems of Care

First 5 California's Program Management Division and Administrative Services, Evaluation, Executive Communications, External and Governmental Affairs, Fiscal Services, Contracts and Procurement, and Information Technology offices provide staff support for the following functions, operations, and systems:

- Fiscal management of the California Children and Families Trust Fund
- Tax revenue disbursements to county commissions
- Audits and annual fiscal reports
- Local agreement and program disbursement management
- Public education and outreach
- Evaluation of First 5 California programs
- Procurement and contract management
- Workforce recruitment and development
- Information technology
- Business services
- Legislative advocacy efforts

The administration of these and other programs is consistent with all applicable State and Federal laws, rules, and regulations. The State Controller's Office conducts an annual review of the 58 county commissions' independent audits. In November 2021, the Controller published its review of the counties' audits for FY 2019–20, summarizing several findings contained in the local audits, but did not deem any of them significant enough to withhold funding. Audits can be viewed on First 5 California's website at <https://www.ccfc.ca.gov/about/budget.html>.

LEGISLATIVE AND BUDGET ENGAGEMENT

The year 2021 marked another unprecedented year of policymaking as the COVID-19 pandemic continued to impact all aspects of California legislative, budgetary, and administrative functions. Amid Capitol closures and a continued shift to mostly virtual operations, advocacy once again looked different this year. Partnerships and coalition building proved critical to elevate priorities at a time of immense need across the board. Through shared advocacy efforts between First 5 California and its early childhood partners, as well as leaders in the State Legislature and Congress, the early childhood field was able to secure historic budget investments for children and families, capitalizing on billions of dollars in federal aid and a once-in-a-generation surplus, to make transformative change in family-serving systems.

The state saw major wins in the First 5 California priority area of early learning, many of which were years and decades in the making. Most notably, child care rate increases and rate reform. In the hope of restoring and supporting the early care and education workforce and mixed delivery system coming out of the pandemic, the final budget contains a number of positive changes to provider reimbursement rates. Additionally, the budget provides a framework for rate reform policy for all child care programs, which First 5 California has championed for the last several years. The Legislature was critical in passing these reforms, through which we can: 1) ensure providers and programs are properly compensated for the cost of providing care, 2) ensure rates are responsive to the state's economic diversity and varying quality standards and regulations, and 3) incentivize participation in quality improvement efforts as a means to improve child outcomes.

To support a whole-child, whole-family approach, a number of key investments were made in child health and family strengthening policies. The creation of a Children and Youth Behavioral Health Initiative to reimagine mental and behavioral health supports for individuals ages 0–25 will be central in how children's declining mental and behavioral health coming out of the pandemic is addressed. In addition, a variety of multi-generational economic security policies were passed, including a second round of financial supports through the Golden State Stimulus program, an increase in the CalWORKs maximum aid payment, and creation of a statewide Universal Basic Income pilot, which together have the opportunity to change the financial trajectory of the next generation of children. A full summary of progress made in First 5 California's 2021 Children's Policy Agenda priorities can be found on page 10.





Vision: California's children receive the best possible start in life and thrive.

2021 CHILDREN'S POLICY AGENDA PROGRESS UPDATE

First 5 California will advocate for the strong start all children deserve by prioritizing children prenatal through age 5 and families from historically marginalized communities, to optimize early childhood development, reduce childhood poverty, and increase learning readiness. First 5 California's efforts will focus on addressing the needs of struggling children and families, recognizing the disproportionate impact the COVID-19 pandemic and systemic racism have had on low-income communities and communities of color.

RESILIENT FAMILIES AND COMMUNITIES

Support effective parent education and engagement, including parent engagement on child brain development, early literacy, and *Talk. Read. Sing.**

Progress Made:

- \$5 million for California Department of Public Health grants for local agencies to use evidence-based approaches to distribute books to children in the Women, Infants and Children (WIC) program
- State Superintendent of Public Instruction Thurmond established a prenatal to 3rd grade literacy task force to ensure every California student learns to read by 3rd grade by 2026, which First 5 CA is co-chairing.

Support sustainability of Family Resource Centers and other comprehensive community hubs for integrated services for children and families.

Progress Made:

- Statewide expansion of and infrastructure to support the implementation and use of the community school model to all schools in communities with high levels of poverty (2021–22 Budget).

Support multi-generational family strengthening policies including economic security, breastfeeding resources, paid family leave, and a fair work week, for California's highest need families.

Progress Made:

- An extension of the current 60 percent to 70 percent wage replacement rate for paid family leave until the end of 2022 (2021–22 Budget).
- Extend Medi-Cal eligibility for post-partum individuals from 60 days to 12 months (2021–22 Budget).
- Creation of a statewide Universal Basic Income pilot, with language emphasizing the need to specifically support foster youth and pregnant women as part of the pilot (2021–22 Budget).
- An increase in the maximum level of CalWORKs cash grants by 5.3 percent and monthly CalWORKs pregnancy supplement aid from \$47 to \$100 (2021–22 Budget).
- A second round of direct financial supports through the Golden State Stimulus program, with additional funds for families with young children and ITIN filers (2021–22 Budget).
- Legal aid funding to help renters and homeowners avoid eviction and foreclosure (2021–22 Budget).

Expand access to voluntary home visit programs.

Progress Made:

- \$69.1 million for CalWORKs Home Visiting (2021–22 Budget).

Ensure digital equity across family serving systems, including access to broadband and the necessary devices that are important in bridging the gap in telehealth and early learning services.

Progress Made:

- \$6 billion to construct broadband infrastructure and improve access to broadband services throughout the state, including \$3.75 billion for "middle-mile" infrastructure in unserved communities (2021–22 Budget).
- Require Caltrans, as part of projects that are located in priority areas, to install broadband conduit capable of supporting fiber optic communication cables (AB 41, Wood).
- Align California law with federal law regarding approval of wireless telecommunications applications and provide additional clarity that will allow applicants to deploy communications technology (AB 537, Quirk).

CHILD HEALTH

Protect children and families' access to health care, and support coordination across health systems to ensure affordable and comprehensive health insurance coverage and services for every child and mother, prenatal through age 5.

Progress Made:

- Extend pandemic related telehealth flexibilities through December 31, 2022 (2021–22 Budget).
- Creation of a Children and Youth Behavioral Health Initiative to reimagine mental and behavioral health supports for individuals ages 0–25 (2021–22 Budget).
- \$800 million to support the addition of dyadic care services as a Medi-Cal benefit (2021–22 Budget).
- Annual funding to add Doula services as a covered benefit in the Medi-Cal program, and to add Community Health Workers to the class of health workers who are able to provide benefits and services to Medi-Cal beneficiaries (2021–22 Budget).
- Improve data collection and research on socioeconomic factors that contribute to negative birth outcomes to close racial disparities in maternal and infant mortality and morbidity and improve perinatal outcomes (SB 65, Skinner).

Support and promote universal developmental, behavioral, and ACEs screenings, linkages to appropriate services, and seamless coordination across systems to improve outcomes for children and families.	<p>Progress Made:</p> <ul style="list-style-type: none"> • \$25 million to support All Children Thrive, a statewide program to mitigate the effects of ACEs on children (2021–22 Budget). • \$25.5 million for public education on ACEs and trauma (2021–22 Budget). • Eliminate the suspension of Proposition 56 supplemental payments, which will continue to support incentive payments to providers for conducting development screens and screenings (2021–22 Budget). • Require health care service plans and health insurance policies that provide coverage for pediatric services and preventive care to include coverage for ACEs screenings (SB 428, Hurtado).
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EARLY LEARNING

Expand access to safe, quality early care and education programs for children ages 0 to 3.	<p>Progress Made:</p> <ul style="list-style-type: none"> • 200,000 new child care spaces in Alternative Payment, General Child Care, Migrant Child Care, and bridge program for foster children program (2021–22 Budget). • Supported legislation requiring Dual Language Learner identification, AB 1363, with partners Early Edge and the Advancement Project informed by DLL Pilot Study findings. Legislation was enacted October 2021.
Support implementation of safe, high-quality universal preschool access for all low-income three- and four-year-old children, and safe, high-quality transitional kindergarten and kindergarten state-wide.	<p>Progress Made:</p> <ul style="list-style-type: none"> • Adopt Universal Transitional Kindergarten as part of a mixed delivery system, phasing in expanded age eligibility to full implementation by 2025–26 (2021–22 Budget).
Define, measure, and achieve school readiness for all California children.	<p>Progress Made:</p> <ul style="list-style-type: none"> • While there were no bills specific to school readiness in 2021, the adoption of Universal Transitional Kindergarten impacts the school readiness conversation. Additionally, \$4.8 million was allocated for planning and initial implementation of a child care data system, and requirements were made for a unique child identifier compatible with the Cradle to Career data system (2021–22 Budget). First 5 CA also continues Quality Counts California implementation to raise the quality of early learning and care and improve school readiness.
Support a healthy, safe, and high-quality early learning workforce through adequate compensation, stability, diversity, health and safety policies and supports, and robust professional development systems.	<p>Progress Made:</p> <ul style="list-style-type: none"> • An increase in provider reimbursement rates to 75 percent of the 2018 regional market rate survey, and funding to bring all providers to 85 percent of the 2018 regional market rate survey for the next two years (2021–22 Budget). • Ratify the Child Care Providers United contracts which include rate increases, provider stipends and supplemental payments, pandemic flexibilities, and mental health supports (2021–22 Budget). • Provide a framework for rate reform policy for all child care programs, which will seek to create set rate targets for a single rate system beginning in 2023 (2021–22 Budget).
Promote statewide access to and participation in quality improvement systems.	<p>Progress Made:</p> <ul style="list-style-type: none"> • \$20 million to improve equity in our quality systems (2021–22 Budget).

REVENUE

Promote inclusion of funding for children ages 0 to 5 and their families in existing and new revenue policy proposals.	<p>Progress Made:</p> <ul style="list-style-type: none"> • Young children and families were included in numerous programs funded with federal CARES Act and American Rescue Plan Act dollars, as well as state stimulus funding and new 0 to 5 investments via the Children and Youth Behavioral Health Initiative, Community Schools, etc. However, there were no significant state revenue proposals during the 2021 legislative year.
Promote regulation of tobacco-related products, including electronic cigarettes, and sustainability of licensing and enforcement programs.	<p>Progress Made:</p> <ul style="list-style-type: none"> • Address the disparity in taxation rates between vape products and traditional tobacco products by levying an additional 12.5 percent tax on vaping products (SB 395, Caballero).
Promote inclusion of funding for prenatal and 0 to 3 two-generation prevention strategies in new tax funding structures.	<p>Progress Made:</p> <ul style="list-style-type: none"> • Create parity between the sale of vape products and traditional tobacco products.



With the year 2021's historic investments in California's young children and families, and momentum in Washington, D.C. for bold reforms and transformative policies, 2022 promises to be another year full of opportunity. First 5 California is committed to supporting children, families, and providers through the COVID-19 pandemic and beyond, while continuing to build on state and federal advocacy achievements. First 5 California will work to strengthen its partnerships with stakeholders and its efforts to build policymakers' knowledge base and investment in shared priorities. Capitalizing on the deep commitment to early childhood wellbeing from state and federal leaders, First 5 California staff and partners will continue to work with the Administration, Legislature, State Superintendent of Public Instruction, Department of Social Services, Department of Education, Early Childhood Policy Council, and others. These entities work together to build and implement a road map for building stronger, integrated, more equitable early childhood systems for all California children, and determine how best to invest scarce resources in this crucial foundation for lifelong success. In doing so, the Commission will build on this year's successes and continue working toward the underlying Strategic Plan, North Star, and Audacious Goal.

COVID-19 PANDEMIC ASSISTANCE

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic with a sustained risk of global spread. In response, the Governor's Proclamation of a State Emergency and Executive Order, N-25-20, was issued on March 12, 2020.

COVID-19 is having a devastating effect on the world, impacting the lives of every community and individual in some way, shape, or form. Governor Newsom was, and continues to be, at the forefront of addressing this pandemic. Despite the Governor's efforts, Californians still struggle with economic, emotional, and physical impacts of the virus.

In particular, children and families are experiencing a once in a generation health crisis that requires extreme caution to help mitigate the spread of the coronavirus and prevent infecting large portions of the population. Child care programs and providers have been especially hard hit by closures and dwindling child care services.

To assess COVID-19's impact, First 5 California worked with the Governor's Office, the First 5 Association, and child care advocates to survey counties regarding what supplies were most needed. Survey results indicated basic necessities such as diapers, baby wipes, and hand soap were in high demand.

In April 2020, the First 5 California Commission took action to address the pandemic and approved \$4 million to provide emergency support to local communities around the state grappling with COVID-19. This effort supplemented other supply acquisition efforts around the state and was coordinated to maximize the various funding sources to support the purchase of emergency supplies and not duplicate efforts. The goal was to identify and support priority populations, including child care providers serving children of essential workers and identified high needs families in local First 5 communities.

To that end, First 5 California began the development of a contract with SupplyBank.org, a 501(3) (c) non-profit organization and systems change agency operating similar to a food bank, but for basic needs. In partnership with SupplyBank.org and the First 5 Association, First 5 California conducted a second assessment to further quantify the needs of child care providers remaining open for the children of essential personnel and the broader community.

The Commission subsequently approved an additional \$1 million during the May 2020 Commission meeting in order to continue supporting the local mitigation efforts to address COVID-19. Beginning in Fiscal Year 2020–21, SupplyBank.org worked directly with each First 5 county commission to develop a county-specific distribution, storage, and delivery plan. This plan included distribution to several local partner agencies.

Local partner types included:

- Family Resource Centers
- Women, Infants, and Children Program
- Homeless and domestic violence shelters
- Local First 5-run centers
- Child care providers
- Other nonprofit and agency partners

Through the efforts of this program, SupplyBank.org and local partners were able to leverage additional emergency supplies through donations and other support to maximize on the original investment from First 5 California. SupplyBank.org and the First 5 Association gathered statewide data to illustrate the full scope of this distribution network. Through Fiscal Year 2020–21, SupplyBank.org collectively distributed the following emergency supplies to every county throughout the state:

- 11 million 3-ply adult and child masks
- 150,000 washable face masks
- 33,940 KN95 masks
- 12 million diapers

- 20.4 million baby wipes
- 20,964 baby formula
- 475,296 feminine hygiene products
- 206,160 units of all-purpose cleaner and disinfectant
- 333,286 units of hand sanitizer and hand soap
- 5 million surgical gloves
- 11,000 Infrared thermometers
- 6,500 digital thermometers
- 63,000 children's books

As the initial investment and contract with SupplyBank.org sunset on February 28, 2021, First 5 California staff went to the Commission in March 2021 to recommend an additional investment of \$2 million to continue pandemic mitigation efforts through emergency supplies distribution. With the approval from the Commission, First 5 California staff began developing another contract with SupplyBank.org and working with the First 5 Association to identify local needs for emergency supply efforts beginning in Fiscal Year 2021–22. Data about the outcomes of the additional investment and who it targeted will be provided in the FY 2021–22 Annual Report.



First 5 County Commission Program Result Areas

FOUR RESULT AREAS

For annual reporting, First 5 California and First 5 county commissions track progress in four result areas to inform evidence-based funding decisions, program planning, and policies:

- Improved Family Functioning
- Improved Child Development
- Improved Child Health
- Improved Systems of Care

These result areas comprise a framework for reporting early childhood investments and provide an overview of the number, type, and cost of services to children and adults. Stakeholders can use this information to assess statewide resource allocation and impact of First 5 county commissions.

Exhibit 1 contains the total numbers of services provided to children ages birth to 5 and adults (including primary caregivers and providers) for Improved Family Functioning, Improved Child Development, and Improved Child Health. During FY 2020–21, First 5 county commissions provided a total of 983,820 child services and 732,917 adult services. The distribution of expenditures in these three result areas totals \$283 million.

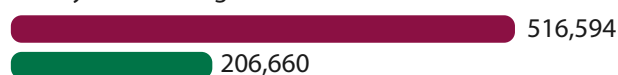
Exhibit 1: Total Number of Services Provided to Children Ages 0 to 5 and Adults* in FY 2020–21 Across Result Areas

● Adults ● Children

Child Health



Family Functioning



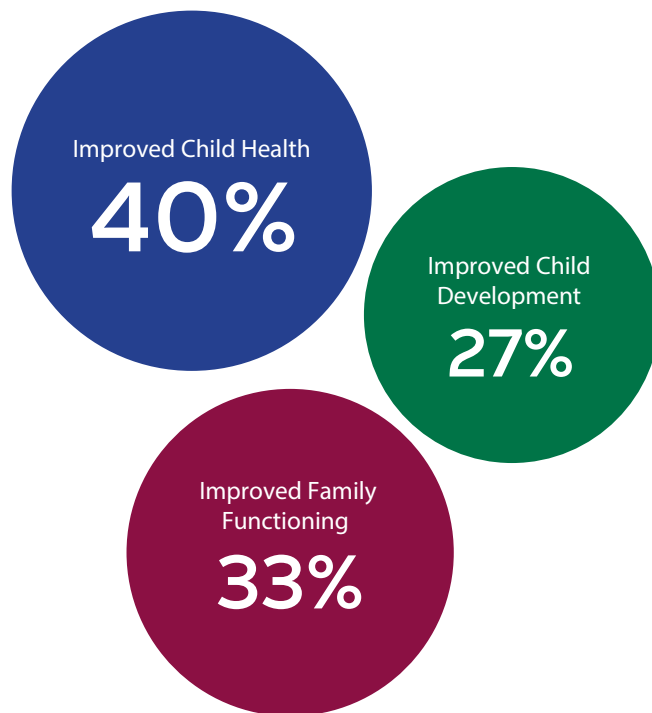
Child Development



* Totals for Adults include both Primary Caregiver and Provider counts

The result area, Improved Systems of Care, with expenditures of \$103 million, differs from the others. It consists of programs and initiatives for system-wide structural supports for efforts within the other three result areas. The four result areas combined show total expenditures of \$386 million.

Exhibit 2: Total Expenditures for Children Ages 0 to 5 and Adults* in FY 2020–21 by Result Area



*Adults include both Primary Caregivers and Providers
Source: County Revenue and Expenditure Summary, December 2021



First 5 county commissions are required to report to First 5 California revenues, expenditures, and fund balances. In collaboration with the First 5 Association, First 5 California annually develops and adopts annual reporting guidelines to standardize data collection. County commission revenues are reported in Appendix A1. For expenditures, county commission fiscal and service data are aggregated to the statewide level under four result areas (Appendix A2) using specific definitions for each result area with service category detail (Appendix B). The four result areas are listed below.

IMPROVED FAMILY FUNCTIONING

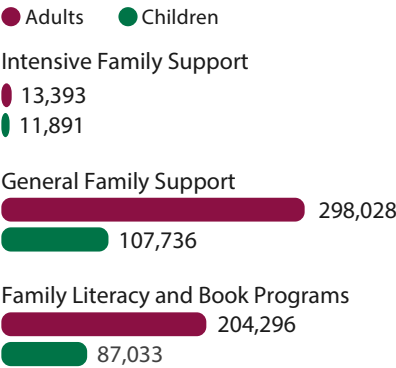
Family Functioning includes the categories Family Literacy and Book Programs, General Family Support, and Intensive Family Support. Services include instruction on general parenting topics, support for basic family needs and case management, parent education and literacy, referrals to community resources, and assistance for parents and families; and support to schools and educational institutions, nonprofit community-based agencies, government agencies, and private institutions.

In FY 2020–21, First 5 county commissions provided a total of 206,660 services to improve family functioning for children ages birth to 5, with 87,033 child services in Family Literacy and Book Programs, 107,736 child services in General Family Support and 11,891 child services in Intensive Family Support.

First 5 county commissions provided a total of 516,594 services to adults (parents, guardians, primary caregivers, relatives, and providers), with 204,296 adult services in Family Literacy and Book Programs, 298,905 adult services in

General Family Support and 13,393 adult services in Intensive Family Support. Exhibit 3 displays the numbers of services provided.

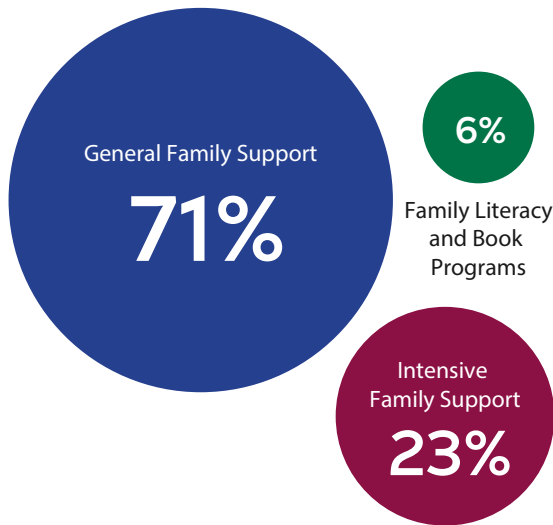
Exhibit 3: Family Functioning—Total Numbers of Services Provided to Children Ages 0 to 5 and Adults* in FY 2020–21 by Service



* Totals for Adults include both Primary Caregiver and Provider counts

First 5 county commissions expended \$94 million to improve Family Functioning, with 6 percent of expenditures in Family Literacy and Book Programs, 71 percent of expenditures in General Family Support, and 23 percent of expenditures in Intensive Family Support. Exhibit 4 shows the distribution of expenditures by service category.

Exhibit 4: Family Functioning—Distribution of Expenditures for Children Ages 0 to 5 and Adults* in FY 2020–21 by Service



*Adults include both Primary Caregivers and Providers
Source: County Revenue and Expenditure Summary, December 2021

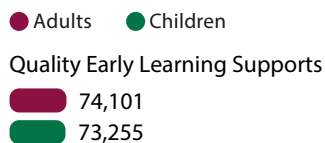
IMPROVED CHILD DEVELOPMENT

Child Development includes the categories Early Learning Program Direct Costs and Quality Early Learning Supports. Programs include professional development for educators, high-quality preschool, services for diverse populations, and school readiness.

In FY 2020–21, First 5 county commissions delivered 589,252 child development services to children ages birth to 5, with 515,997 child services in Early Learning Program Direct Costs and 73,255 child services in Quality Early Learning Supports.

First 5 county commissions provided 80,944 services to adults (parents, guardians, primary caregivers, relatives, and providers), with 6,843 adult services in Early Learning Program Direct Costs and 74,101 adult services in Quality Early Learning Supports. Exhibit 5 displays the numbers of services provided.

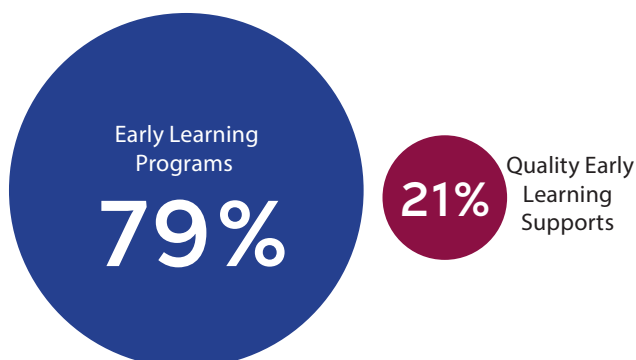
Exhibit 5: Child Development—Total Number of Services Provided to Children Ages 0 to 5 and Adults* in FY 2020–21 By Service



* Totals for Adults include both Primary Caregiver and Provider counts

In FY 2020–21, county commissions expended \$77 million to improve Child Development, with 21 percent of expenditures in Early Learning Program Direct Costs and 79 percent of expenditures in Quality Early Learning Supports.

Exhibit 6: Child Development—Distribution of Expenditures for Children Ages 0 to 5 and Adults* in FY 2020–21 by Service

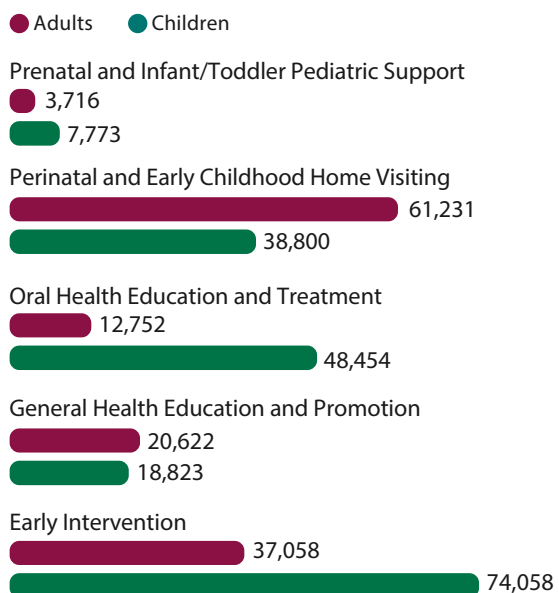


*Adults include both Primary Caregivers and Providers
Source: County Revenue and Expenditure Summary, December 2021

IMPROVED CHILD HEALTH

First 5 county commissions fund a variety of Child Health services promoting identification, treatment, and elimination of risks that threaten health and may cause developmental delays and disabilities. First 5 Child Health services are far-ranging and include the categories Early Intervention, General Health Education and Promotion, Oral Health Education and Treatment, Perinatal and Early Childhood Home Visiting, and Prenatal and Infant/Toddler Pediatric Support.

Exhibit 7: Child Health—Total Number of Services Provided to Children Ages 0 to 5 and Adults* in FY 2020–21 By Service



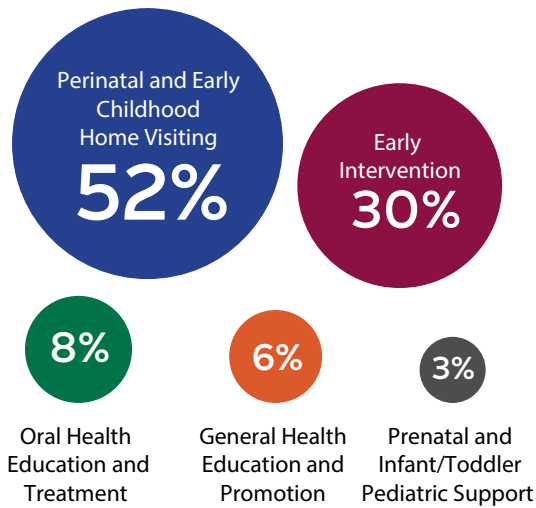
*Adults include both Primary Caregiver and Provider counts

In FY 2020–21, First 5 county commissions provided a total of 187,908 services to children ages birth to 5, with 74,058 child services in Early Intervention, 18,823 child services in General Health Education and Promotion, 48,454 child services in Oral Health Education and Treatment, 38,800 child services in Perinatal and Early Childhood Home Visiting, and 7,773 child services in Prenatal and Infant/Toddler Pediatric Support.

First 5 county commissions provided 135,379 services to adults (parents, guardians, primary caregivers, relatives, and providers), with 37,058 adult services in Early Intervention, 20,622 adult services in General Health Education and Promotion, 12,752 adult services in Oral Health Education and Treatment, 61,231 adult services in Perinatal and Early Childhood Home Visiting, and 3,716 adult services in Prenatal and Infant/Toddler Pediatric Support.

In FY 2020–21, county commissions expended \$112 million to improve Child Health, with 30 percent of expenditures in Early Intervention, 6 percent of expenditures in General Health Education and Promotion, 8 percent of expenditures in Oral Health Education and Treatment, 52 percent of expenditures in Perinatal and Early Childhood Home Visiting, and 3 percent of expenditures in Prenatal and Infant/Toddler Pediatric Support.

Exhibit 8: Child Health— Distribution of Expenditures for Children Ages 0 to 5 and Adults* in FY 2020–21 by Service

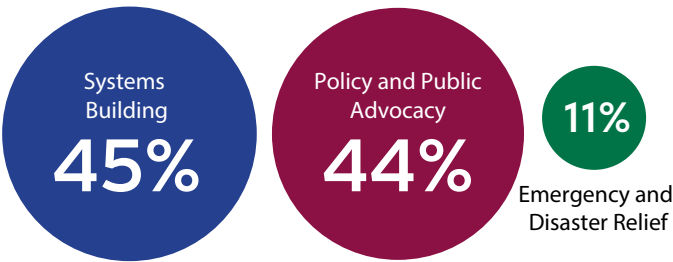


*Adults include both Primary Caregivers and Providers

IMPROVED SYSTEMS OF CARE

Systems of Care addresses system-wide structural supports as county commissions focus efforts within the result areas of Family Functioning, Child Development, and Child Health. For example, interagency collaboration allows coordinated wrap-around efforts from multiple organizations providing focused client services. Since this result is at a systems level, counties do not report numbers of children and adults served. Expenditure data indicate that for FY 2020–21, county commissions expended \$103 million to improve Systems of Care, with 11 percent focused on Emergency and Disaster Relief, 43 percent on Policy and Public Advocacy, and 45 percent of expenditures toward Systems Building.

Exhibit 9: Systems of Care—Distribution of Expenditures in FY 2020–21 by Service



Source: County Revenue and Expenditure Summary, December 2021

POPULATIONS SERVED

County commissions served a diversity of populations by age, race/ethnicity, and language (Appendix C). Statewide, 502,638 children were served by county commission programs. The total of 778,341 adults served included primary caregivers such as parents and other family members (703,802) and service providers (74,539).

By age, 37 percent of children served were under 3 years old, 39 percent were ages 3 through 5 years old, and 24 percent were of unknown age.

By race/ethnicity, children served included Hispanic or Latino as the largest group (41 percent), followed by White (14 percent), Asian (6 percent), Black or African American (4 percent), Other (3 percent), Two or More Races (3 percent), Alaska Native or American Indian (less than 1 percent), Native Hawaiian or Pacific Islander (less than 1 percent) and unknown race/ethnicity (28 percent).

With respect to primary language of children served, the two largest groups served were speakers of English (42 percent) and Spanish (25 percent), followed by speakers of Asian languages (Vietnamese, Cantonese, Mandarin, Korean, 3 percent) and language unknown (27 percent).

Orange

- **Championing Equity:** Dedicated to gaining deeper knowledge/ understanding of race, equity, diversity, and inclusion, First 5 Orange County partnered with CCSP to build staff/consultant skills and confidence addressing issues of racial equity, anti-racism, and parent engagement. First 5 Orange County is also participating in the reStructure program with Orange County Human Relations, a 12-session, 1-year program that unpacks and identifies areas of racial equity needs and strengths within an organizational structure as well as at the individual level. First 5 Orange County is sponsoring participation in the reStructure cohorts for commissioners and staff, as well as community partners and nonprofits so that we are building up champions for equitable outcomes.
- **Family Engagement:** Through its Engaged Neighborhood collaboratives, First 5 Orange County has supported increased family engagement through education opportunities on the Early Development Index, Developmental Milestones, and Advocacy. The Santa Ana Early Learning Initiative engages over 100 parent/caregiver leaders who champion early childhood development at school district/city events; the La Habra Little Learner collaborative engages the Parent Teachers Association on their task force, with parent leaders hosting virtual events to share their learnings; and Garden Grove and Anaheim Engaged Neighborhood collaboratives

have created goals to incorporate family engagement in the coming years.

- **COVID-19 Response:** During the pandemic, First 5 Orange County pushed out hundreds of thousands of dollars of supplies, learning kits, personal protective equipment, and more. Together, with agencies like Early Childhood Orange County, Orange County Department of Education, and the Orange County Child Care and Development Local Planning Council, the Emergency Child Care Task Force provided webinars, stipends, cleaning supplies, guidance for reopening, COVID-19 health and safety trainings, health guidance around cleaning, as well as information around mental health and stress reduction resources for providers. First 5 Orange County also updated its website with specific resources dedicated to mitigating the strain that COVID-19 was causing on the community.

Placer

In Fiscal Year 2020–21, First 5 Placer County implemented the Collaborative Action Plan together with its network to advance the strategic priorities related to children and families. Staff worked with funded partners to develop program logic models, conduct program cost analyses, and draft scopes of work; contracts commenced January 2021.

- As the collective action work proceeds, staff are ensuring each funded partner has an engagement strategy to reach First 5 Placer's priority populations; shared indicators are included across similar program areas; and activities match First 5 Placer strategies, priorities, and funding plan.
- Toward the focus on addressing disparities, seven \$20,000 mini grants were funded to serve targeted communities in furtherance of the aims of the Strategic Plan.
- The Commission also created a Race, Equity, Diversity and Inclusion subcommittee to examine how First 5 Placer can provide funding, evaluate, and support outreach with an equity lens.
- The Commission also advanced its systems improvement work in several ways. One-third of First 5 Placer's revenue was unrelated to tobacco

taxes and included funding to support structure and collaboration, capacity building, and outreach and engagement. These included an expansion of Home Visiting programs and systems work to develop an Adverse Childhood Experiences Network of Care. These set the stage for implementation of an Early Identification and Intervention system in Placer County.

- In response to emerging needs due to the COVID-19 pandemic, First 5 Placer and its funded partners explored opportunities to do their work differently, including virtual program facilitation; tracking data virtually; finding and referring families to high quality, affordable child care; and having to temporarily cancel programs and services. Funded partners were flexible, responsive, and resilient.

Plumas

First 5 Plumas County supports home visiting programs in which trained peer professionals provide regular, voluntary home visits to expectant and new parents and offer guidance, risk assessment, and referrals to other services offered in the community. While the Commission has historically invested in home visiting as its primary strategy in realizing its vision and fulfilling its mission, these services are needed now more than ever. Families are enduring the challenges posed by the COVID-19 global pandemic and recurring wildfires that have decimated large portions of the county.

In the 2020–2021 programming year, home visiting programs adjusted their practices so they could continue to provide a comprehensive service array to families with the youngest children. Services were offered in nontraditional settings (front porch visits and meetings in parks and other open spaces) and home visitors sought to meet families increasing needs for emotional support and basic needs. As a result, 56 families were provided support with a total of 3,517 services rendered. Evaluation results reveal that families receiving these services experienced enhanced protective factors and routinely identified their home visitor as a source of information, comfort, and stability.

In addition to direct service delivery, the Commission also supported efforts to strengthen the family support system through the establishment of a Family



ANNUAL REPORT TO THE FIRST 5 CALIFORNIA COMMISSION

RESULTS OF AUDIT OVERSIGHT OF COUNTY COMMISSIONS

For the Period of July 1, 2019, through June 30, 2020



BETTY T. YEE
California State Controller

November 2021



BETTY T. YEE
California State Controller

November 1, 2021

Camille Maben, Executive Director
First 5 California Commission
2389 Gateway Oaks Drive, Suite 260
Sacramento, CA 95833

Dear Ms. Maben:

I am pleased to submit our annual report to the First 5 California Commission in accordance with Senate Bill 35 (Chapter 243, Statutes of 2005). The State Controller's Office oversight responsibility includes providing audit guidelines, reviewing county commissions' annual audit reports for compliance with applicable auditing standards and guidelines, and following up on findings contained in the audit reports to ensure compliance with policies and practices specified in the California Health and Safety Code.

This report summarizes the results of our review and certification of the independent annual audits of the First 5 county commissions submitted for fiscal year 2019-20. Additionally, this report summarizes our review of the audit findings disclosed in the independent annual auditor's reports on the First 5 county commissions and our follow-up on the status of the corrective actions.

I hope that our report will be useful to you in assessing the county commissions' activities and compiling your annual report to the California State Legislature. Please direct any comments regarding the content of the report to Joel James, Chief of the Controller's Financial Audits Bureau, at jjames@sco.ca.gov or (916) 323-1573.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

Attachment

cc: Marcia Thomas, Director
Fiscal Services Office
First 5 California Commission

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Executive Summary

The California Children and Families Act was created in 1998 by the passage of Proposition 10. The California Children and Families Act was amended in 2005, giving the State Controller's Office (SCO) oversight responsibility for audits of the First 5 county commissions. The objective of the amendment was to provide the First 5 California Commission with independently verified fiscal and state compliance information obtained from audits performed in accordance with applicable standards and requirements.

SCO oversight responsibilities include:

- Providing audit guidelines;
- Reviewing county commissions' annual audit reports for compliance with applicable auditing standards and guidelines; and
- Following up on findings contained in the audit reports to ensure compliance with policies and practices specified in the California Health and Safety Code.

SCO approves and makes substantive changes to the audit guide as necessary after consultation with an audit guide committee composed of representatives from the First 5 California Commission and county commissions. Our review of the county commissions' independent audit reports for fiscal year (FY) 2019-20 identified the following:

- Of the 58 independent audit reports, 53 (91%) independent auditors complied with audit guide requirements and/or audit standards. In comparison, compliance was 81% in FY 2018-19 and 90% in FY 2017-18.
- Of the 58 counties, 39 (67%) submitted the required audit reports by the November 1 deadline. In comparison, 71% of the audits in FY 2018-19 and 72% of the audits in FY 2017-18 were submitted by the deadline.

In addition to the observations we made during our review of the reports, the independent auditors identified a total of eight internal control audit findings at six county commissions. For this reporting period, there were no state compliance audit findings. In comparison, nine of the FY 2018-19 audit reports contained a total of 14 audit findings (11 internal control and three state compliance), and four of the FY 2017-18 audit reports contained a total of six audit findings (five internal control and one state compliance).

We also noted that the independent auditors for one of the 58 county commissions issued a qualified opinion on the local commissions' Governmental Activities.¹ One local commission did not comply with the Governmental Activities reporting requirements. During the review cycle for FY 2018-19, two local commissions' independent auditors issued qualified opinions. In FY 2017-18, the independent auditors for two local commissions issued a qualified opinion.

For FY 2019-20, SCO did not recommend withholding funding allocations from any commission for failure to correct—or provide a viable plan to correct—audit findings.

¹ The auditor expresses a qualified opinion when either: 1) the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements; or 2) the auditor is unable to obtain sufficient appropriate audit evidence on which to base an opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Introduction

Overview

First 5 California distributes funds to local communities through the state's 58 counties, all of which have a local First 5 county commission. SCO's Division of Audits is responsible for performing the oversight activities for independent audits of the county commissions. The oversight activities consist of:

- Developing an audit guide based on the Health and Safety Code and applicable auditing standards;
- Verifying (via desk reviews and/or analysis) that independent audit reports, contracted for by the county commissions, complied with auditing standards and the audit guide; and
- Verifying county commission compliance with policies and practices specified in the Health and Safety Code by reviewing and following up on audit findings reported in the independent audits.

Health and Safety Code (HSC) section 130151 (added by Chapter 243, Statutes of 2005) requires SCO to issue guidelines for annual expanded audits.² As part of these expanded audits, independent auditors are required to review county commissions' compliance with policies and practices related to:

- Contracting and procurement
- Administrative costs
- Conflict of interest
- County ordinance(s)
- Long-range financial plans
- Financial condition of the commission
- Program evaluation
- Salaries and benefits policies

HSC section 130151 also requires that SCO:

- Determine, within six months of the state or county commission's response pursuant to subdivision 130151(d), whether the county commission has successfully implemented corrective action in response to the findings contained in its audit report;

²*Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* (the First 5 Audit Guide).

- Recommend that the First 5 California Commission withhold funding allocations for county commissions unable to provide SCO with a viable plan to correct identified audit findings; and
- Submit to the First 5 California Commission, by November 1 of each year, a report summarizing the results of the reviews of the county commissions' audits for the preceding reporting cycle.

Background

First 5 Program

The California Children and Families Act authorized the First 5 program. The California Children and Families Act requires that the First 5 program be funded by surtaxes imposed on the sale and distribution of cigarettes and tobacco products. The California Children and Families Act further requires that the funds be deposited into the California Children and Families Trust Fund for the implementation of comprehensive early childhood and smoking-prevention programs.

SCO Oversight

Senate Bill 35 (Chapter 243, Statutes of 2005) requires SCO oversight and reporting on the independent audits of the First 5 county commissions. HSC section 130151(b) specifies the scope of the independent audits. In accordance with HSC section 130151(b), SCO along with a committee composed of representatives from the First 5 California Commission, county commissions, the Government Finance Officers Association, county auditor-controllers, and independent auditors developed the initial audit guide. This guide is updated as necessary by a committee composed of representatives from SCO, the First 5 California Commission, and the county commissions.

Independent Audit Report Requirements

The Health and Safety Code requires the auditors for county commissions, or county commissions themselves, to submit an independent audit report to both SCO and the First 5 California Commission by November 1 of each year.³

³The submission deadline is based on two statutory codes, one requiring the submission and one specifying the deadline:

- HSC section 130151(c) requires that “the auditor for the state commission or the county commission shall submit each audit report, upon completion, simultaneously to both the Controller and to the state commission or applicable county commission.”
- HSC section 130150(a) requires that “On or before November 1 of each year, each county commission shall submit its audit and report to the state commission.”

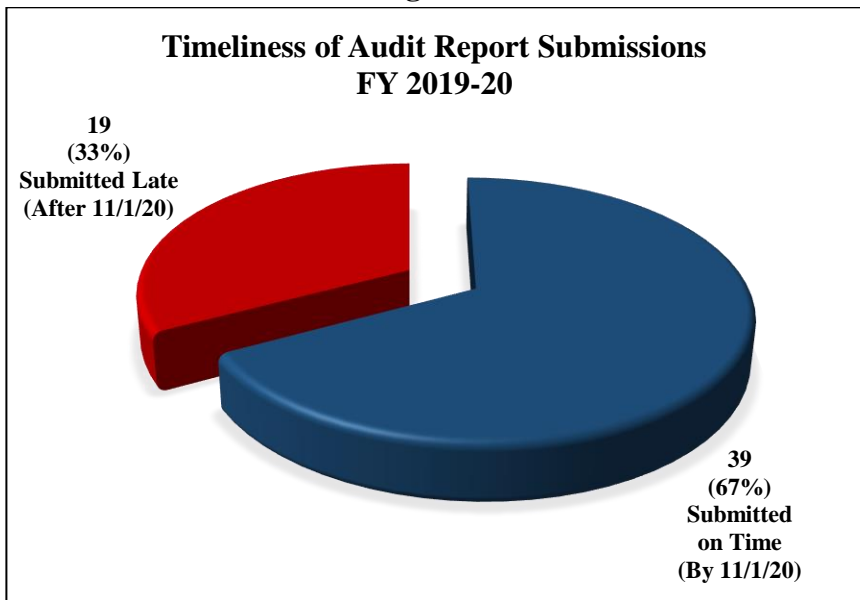
Results of Oversight Activities

Audit Report Submissions

Independent auditors' reports for each county commission for the preceding fiscal year must be submitted to SCO by November 1 of the current fiscal year. As noted in Figure 1, for FY 2019-20, 39 (67%) county commission audit reports were submitted by the required deadline, while 19 (33%) were submitted after the required deadline. Of the 19 reports submitted after the required deadline, 10 (17%) were submitted within 30 days of the deadline, while the remaining nine audit reports (16%) were submitted more than 30 days late.

Three of the nine county commissions stated that their reports were more than 30 days late due to the reporting requirements in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These county commissions experienced delays in obtaining the required financial documentation from the agencies that manage pension benefits. Five of the nine county commissions submitted their reports more than 30 days late due to work restrictions related to COVID-19. The remaining county commission submitted its report more than 30 days late due to a report submission-date oversight.

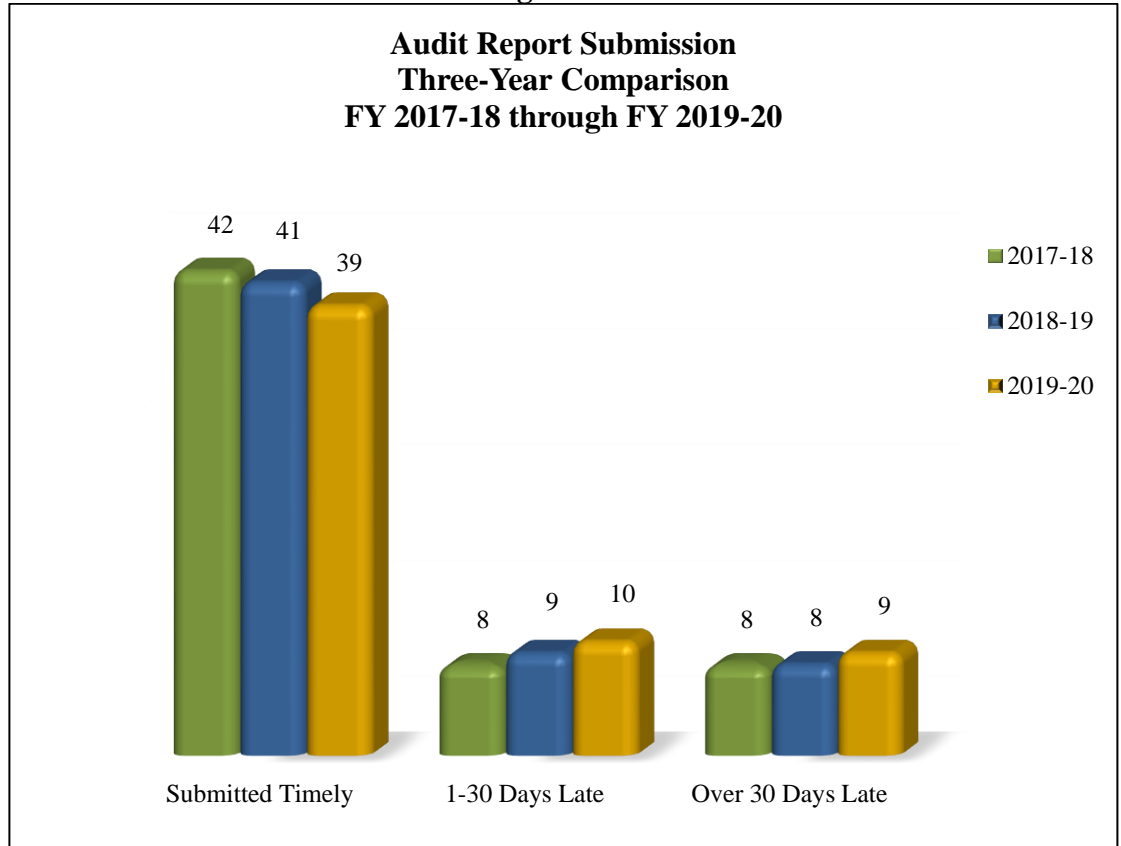
Figure 1



Compared with the FY 2018-19 and FY 2017-18 audit review cycles, in FY 2019-20 there was a decrease in audit reports submitted on time (39). During the FY 2018-19 review cycle, 41 audit reports were submitted on time. For the FY 2017-18 review cycle, 42 audit reports were submitted on time. For the

FY 2019-20 review cycle, nine audit reports were submitted more than 30 days late. See Figure 2 for comparative data on report submissions.

Figure 2



Audit Review and Certification Process

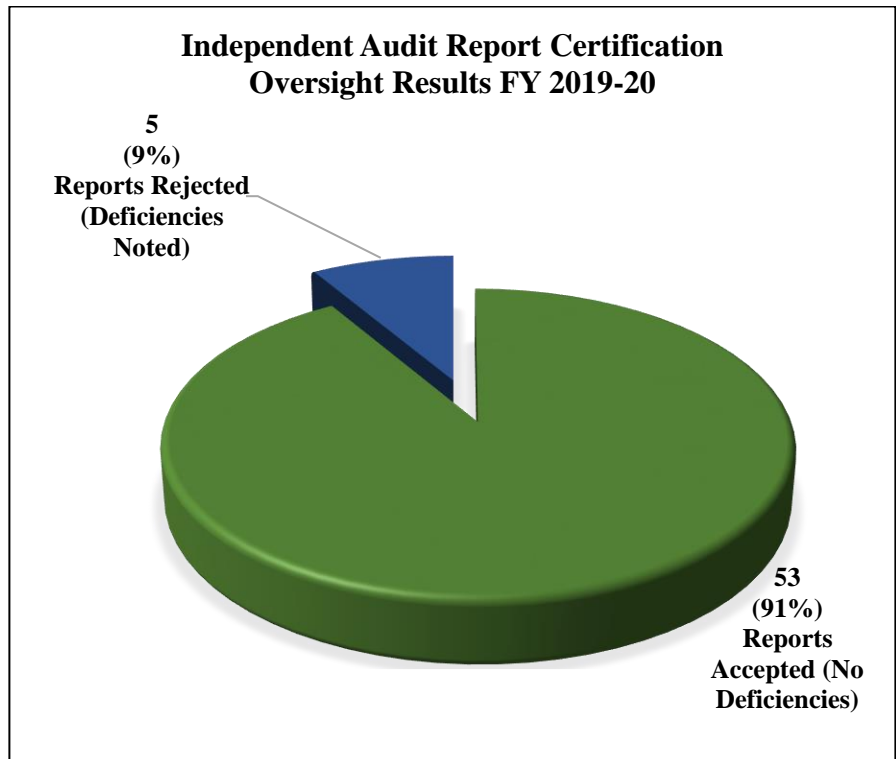
In accordance with HSC section 130151, SCO reviews and certifies the annual independent audit reports issued by the auditors for each county commission for compliance with applicable auditing standards and the audit guidelines set forth in *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* (the First 5 Audit Guide). This report summarizes the instances of non-compliance identified within the independent auditors' reports.

To facilitate the consistent review and certification of each audit report, SCO created a comprehensive desk review checklist that details and categorizes the program requirements specified in the First 5 Audit Guide. The desk review checklist also includes the required components of an audit report based on auditing standards generally accepted in the United States and the standards applicable to financial audits set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States. The desk review checklist is updated annually, in response to changes in auditing standards and program requirements.

Audit Report Deficiencies

A deficiency is an instance of an independent auditor's non-compliance with auditing standards and/or the First 5 Audit Guide issued by SCO. Independent auditors, not county commissions, are responsible for addressing deficiencies in their reports on the county commissions. Based on our desk reviews of the FY 2019-20 county commission audits, five of the 58 independent audits (Figure 3) contained deficiencies. SCO notified each independent auditor and county commission in writing that the audit report required correction(s). The rejection letters identified the deficiency or deficiencies noted during our review, and the criteria used to determine noncompliance.

Figure 3



Notable Audit Report Deficiencies

We identified five deficiencies in five FY 2019-20 rejected reports. The majority of the deficiencies pertained to the Independent Auditor's Report. Specifically, the report did not include the complete statement that the audit was conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Deficiencies that we identified during our review are described in detail in Appendix A-1 and comparatively in Appendix A-2.

Other notable deficiencies that we identified were:

- The Independent Auditor's Report contained erroneous date references to a separate report;

- The Notes to the Financial Statements disclosures on other post-employment benefits (OPEB) plan did not include identification of the plan administrator and the type of OPEB plan; and
- The OPEB disclosures included in the report were outdated, and were not in compliance with GASB Statement No. 75 requirements.

***Comparison of
Independent Audit
Report Deficiencies
by Fiscal Year***

During this review cycle (FY 2019-20), we found five independent audit report deficiencies (see Appendix A-1 for detailed category breakdown). This represents a decrease from the prior year; there were 13 deficiencies in FY 2018-19. In FY 2017-18, we identified nine deficiencies. Of the five independent audit report deficiencies identified for FY 2019-20, three (60%) were related to the auditor's reporting in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States. Two of the five county commissions' independent auditors' reports included deficiencies related to the Notes to the Financial Statements.

During this review cycle, SCO did not identify any independent audit reports that contained recurring deficiencies previously identified during the FY 2018-19 review cycle. For the FY 2018-19 and FY 2017-18 review cycles there were no recurring audit report deficiencies.

Figure 4 provides a breakdown by category of independent audit report deficiencies for the current and previous reporting periods. Appendix A-2 provides additional detail for each category for the three audit fiscal years.

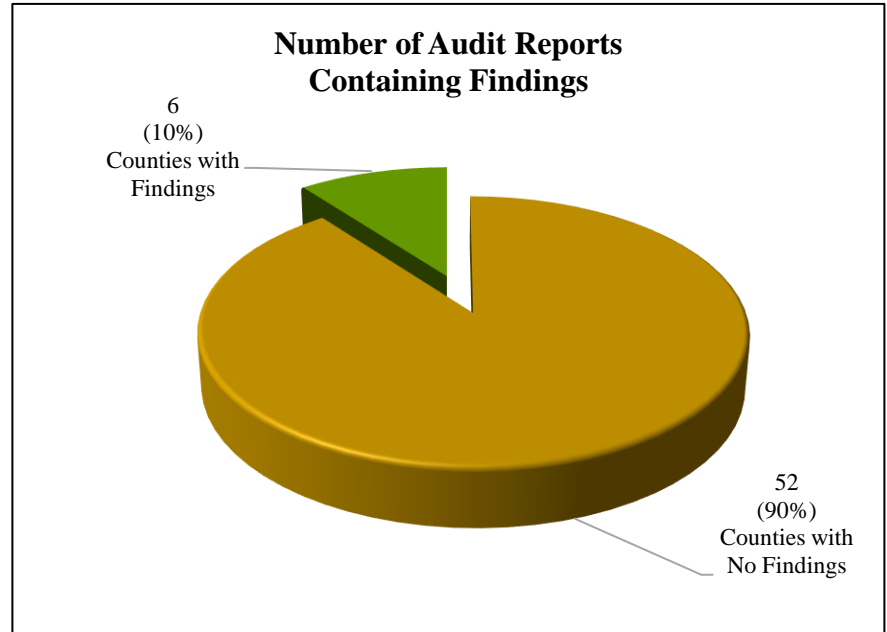
Figure 4

Independent Audit Report Deficiencies – Comparison by Fiscal Year			
Category	Number of Occurrences		
	FY 2019-20	FY 2018-19	FY 2017-18
Independent Auditor's Report	3	1	1
Basic Financial Statements	0	0	1
Required Supplementary Information	0	0	3
Notes to the Financial Statements	2	7	2
Findings and Recommendations Section	0	4	1
State Compliance Report	0	1	0
Other	0	0	1
Total	5	13	9

Findings Reported by the Independent Auditors

The independent auditors for six of the 58 county commissions reported a total of eight audit findings (Figure 5): all eight categorized as internal control, and there were no state compliance audit findings reported for FY 2019-20.

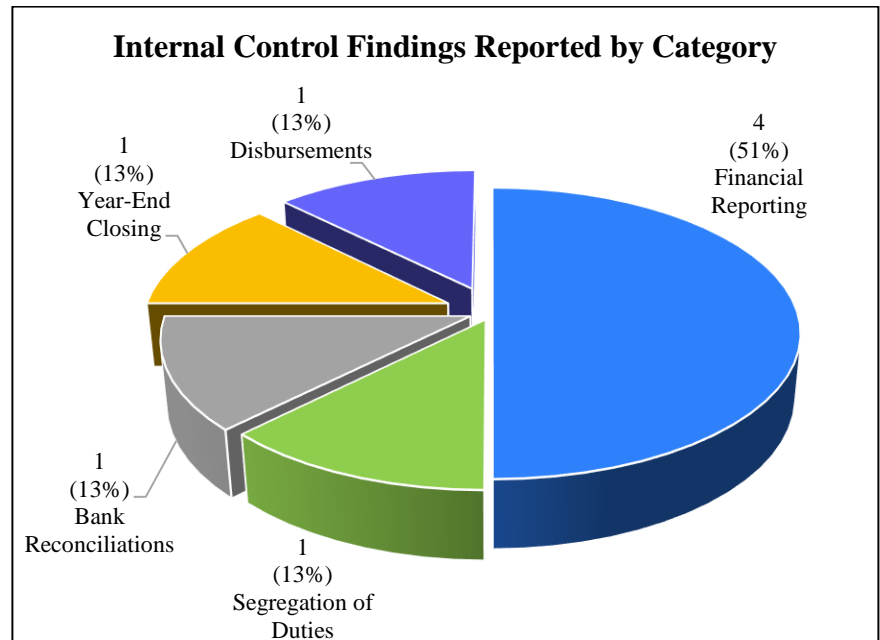
Figure 5



Breakdown of Reported Internal Control Findings

During the FY 2019-20 review cycle, we identified five functional areas in the eight internal control findings reported for FY 2019-20, as summarized in Figure 6.

Figure 6



Four of the eight internal control findings are in the financial reporting category, and one of the eight is related to a recurring situation that is not readily corrected in one reporting cycle. Specifically, this finding addresses the county commission's reliance on its independent auditor to draft financial statements and/or accompanying notes to the financial statements.

Consistent with Clarified Statements on Auditing Standards, section AU-C 200.05, management has acknowledged responsibility for financial statements and accompanying notes. Therefore, when an independent auditor prepares (or significantly assists in preparing) these documents, it must be reported as an internal control finding under auditing standards applicable to FY 2019-20. This finding for the county commission's report indicates that the commission does not find it feasible to hire additional staff, or to hire an additional independent auditor to prepare financial statements and/or accompanying notes.

Based on our follow-up of this audit finding, our review of the corrective action plan included in the commission meeting minutes, and the county commission's response to the audit finding, the county commission has found it cost-prohibitive to hire staff or retain a public accountant to prepare the financial statements. However, the county auditor-controller is assisting the county commission to prepare the financial statements and/or accompanying notes.

Our review of the county commission's board meeting minutes indicated that the county commission apprised its governing commission of attempts to take corrective action or implement mitigating procedures. This issue with the preparation of financial statements is not easily remedied due to a number of factors, including limited resources and options for smaller or remote county commissions. The repeat finding from FY 2018-19 is a result of the county commission's reliance on its auditor to prepare financial statements and accompanying notes.

***Breakdown of
Reported State
Compliance Findings***

For FY 2019-20, there were no state compliance findings. There were three state compliance findings for the FY 2018-19 review cycle and one for the FY 2017-18 review cycle. Fiscal-year comparison by year is summarized in Figure 7.

Figure 7

Comparative Detail of Audit Findings - State Compliance			
	<u>FY 2019-20</u>	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Payroll	0	1	1
Policies and Procedures	0	1	0
Salaries and Benefits	0	1	0
Total Findings	<u>0</u>	<u>3</u>	<u>1</u>

***Qualified Opinion on
Governmental Activities***

For FY 2019-20, the independent auditor for one of the 58 county commissions issued a qualified opinion on the local commission's Governmental Activities. Specifically, the local commission did not comply with the reporting requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Except for the effects of the qualified opinion, the independent auditor issued unmodified opinions on the basic financial statements and the respective financial positions of the local commission's governmental activities. In FY 2018-19 and FY 2017-18, independent auditors for two local commissions issued qualified opinions. For FY 2018-19, one local commission failed to implement GASB Statement No. 68, and another local commission did not comply with the policies and practices specified in the California Health and Safety Code. For FY 2017-18, two local commissions failed to implement GASB Statement No. 68.

**SCO Follow-up of
Reported Audit
Findings**

In addition to performing our desk review of the county commission audits, SCO is required to follow up on findings reported in the county commission audits. Specifically, HSC section 130151(e) requires:

Within six months of the state or county commission's response pursuant to subdivision (d), the Controller shall determine whether a county commission has successfully corrected its practices in response to the findings contained in the audit report. The Controller may, after that determination, recommend to the state commission to withhold the allocation of money that the county commission would otherwise receive from the California Children and Families Trust Fund until the Controller determines that the county commission has a viable plan and the ability to correct the practices identified in the audit.

County commissions are required to submit responses to findings in their audit reports, pursuant to HSC section 130151(d) and *Government Auditing Standards* paragraphs 4.33 through 4.36. The SCO's audit finding follow-up is accomplished in three ways:

- Review of evidence that the county commission has adopted a corrective action plan and/or resolved any findings. Evidence reviewed includes commission minutes, signed commission meeting agenda item documentation, and commission-approved audit finding responses;
- Review of the subsequent financial and compliance audit report, issued after the fiscal year with reported findings. Audit standards require that the independent auditor or auditor-controller determine the status of previously reported audit findings; and

- Onsite visits by SCO staff or telephone conferences between SCO staff and county commissions with audit findings.

For the FY 2019-20 audit review cycle, SCO performed follow-up of audit findings via telephone conference with two of the six county commissions whose independent audit reports contained findings. Our follow-up resulted in a review of 38% of the total reported findings for all six county commissions. The six county commissions provided corrective action plans and other documentation to substantiate resolution of their FY 2019-20 audit findings.

Based on our desk reviews of commission meeting minutes and telephone conference follow-up of audit findings, SCO did not recommend withholding funding allocations from any commission for failure to correct or to provide a viable plan to correct audit findings.

Compliance with Requirement for Public Discussion of Reported Audit Findings

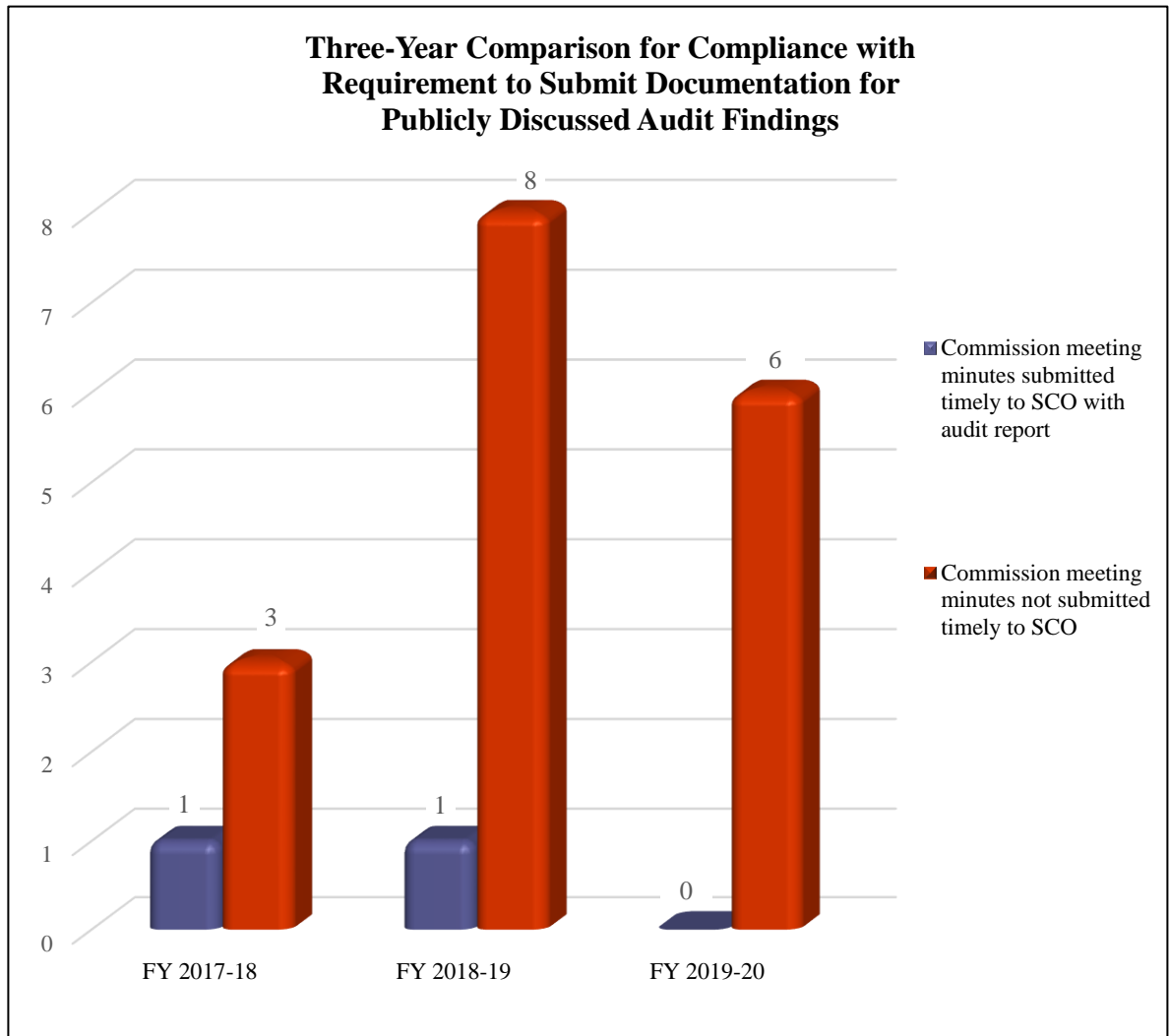
The county commissions are required to discuss their audit findings in a public hearing, and submit to the Controller a response to the audit findings. Specifically, HSC section 130151(d) states, in part, that:

...each respective county commission shall schedule a public hearing within two months of receipt of the audit to discuss findings within the report and any response to the findings. Within two weeks of the public hearing, the state or county commission shall submit to the Controller a response to the audit findings.

In September 2009, SCO issued an advisory requesting that county commissions submit evidence (e.g., commission minutes and signed commission meeting agenda item documentation) of public discussion of audit findings and any related corrective action plans with their independent audit reports. However, for the last 13 review cycles, multiple county commissions failed to submit the required documentation until requested to do so by SCO.

For FY 2019-20, none of the six county commissions whose independent audits contained findings submitted public discussion-related documentation to the SCO within two weeks of the public hearing (Figure 8). Upon request, all six county commissions submitted the required documentation. Based on our review of the documentation submitted, all six county commissions with audit findings held public hearings discussing the findings and related corrective action plans as required by HSC section 130151(d).

Figure 8



Appendix A-1

Summary of Independent Audit Report Deficiencies

Fiscal Year 2019-20

Independent Auditor's Report on the Financial Statements

The report did not include the reference to *Government Auditing Standards* in the statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States. 2

The report contains an inaccurate or inconsistent reference to a separate report. 1

Notes to the Financial Statements

The Notes to the Financial Statements on Other Post-Employment Benefit (OPEB) plan is not in compliance with GASB Statement Number 75. An actuarial valuation or valuation performed by alternative method was not performed as required every two years. 1

The Notes to the Financial Statements did not identify the plan administrator or identify the OPEB plan as single-employer, agent, cost-sharing, or multi-employer. 1

Total 5

Appendix A-2

Summary of Independent Audit Report Deficiencies Three-Year Comparison

Description of Audit Report Deficiency	Number of Occurrences		
	FY 2017-18	FY 2018-19	FY 2019-20
<u>Independent Auditor's Report on the Financial Statements</u>			
The report did not include the reference to the <i>Government Auditing Standards</i> in the statement that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States.	0	0	2
The Independent Auditor's Report included erroneous information, and did not include all of the required elements of the required supplementary information section of the report.	0	1	0
The report contains an inaccurate or inconsistent reference to a separate report.	1	0	1
<u>Basic Financial Statements</u>			
The Governmental Statement of Revenues, Expenditures, and Changes in Fund Balance was not presented properly.	1	0	0
<u>Notes to the Financial Statements</u>			
The Notes to the Financial Statements on Other Post-Employment Benefit (OPEB) plan is not in compliance with GASB 75. An actuarial valuation or valuation performed by alternative method was not performed as required every two years.	0	0	1
The Notes to the Financial Statements did not identify the plan administrator or identify the OPEB plan as single-employer, agent, cost-sharing, or multi-employer.	0	0	1
OPEB note did not include the OPEB plan benefit terms.	0	1	0
The Notes to the Financial Statements did not include the number of employees covered by the benefit terms of the OPEB plan.	1	4	0
The Notes to the Financial Statements did not include the required statement on whether the OPEB plan issues a stand-alone financial report that is available to the public and, if so, how to obtain it.	1	0	0
The Notes to the Financial Statements did not disclose the fiduciary net position of the OPEB plan.	0	1	0
The Notes to the Financial Statements did not include the schedule of changes in the OPEB liability.	0	1	0

Appendix A-2 (continued)

Description of Audit Report Deficiency	Number of Occurrences		
	FY 2017-18	FY 2018-19	FY 2019-20
<u>Required Supplementary Information</u>			
The schedule of budgetary comparison data for the general fund and any major special revenue funds that have legally adopted budgets was not presented properly.	1	0	0
The report did not include the entity's OPEB liability, changes in the net OPEB liability, or entity's proportionate share of the net OPEB liability or a schedule of the entity's OPEB	2	0	0
<u>State Compliance Report</u>			
The list of required audit procedures reported in the State Compliance Report was incomplete.	0	1	0
<u>Findings and Recommendations</u>			
The audit finding did not include the criteria.	0	1	0
The audit finding did not include the recommendation.	0	2	0
The audit finding was not coded with a reference number.	0	1	0
The Schedule of Prior Audit Findings contained inaccurate or inconsistent reference to the current-year audit finding.	1	0	0
One or more of the auditor's reports did not include the manual or printed signature of the auditor's firm, the firm's city and state, and the date of the auditor's report.	1	0	0
Total	9	13	5

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

www.sco.ca.gov

DATE: February 17, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO



ACTION: Conduct Public Hearing and Approve Updated First 5 Orange County Strategic Plan for FY 2021-2022 through FY 2025-2026

SUMMARY:

First 5 Orange County annually conducts a public hearing to adopt its strategic plan. This item recommends approval of the Strategic Plan for Fiscal Year 2021-2022 through Fiscal Year 2025-2026.

DISCUSSION:

The statewide initiative that established First 5 commissions requires that each county commission review its strategic plan on at least an annual basis and revise the plan as necessary. Last April, the Commission approved an updated strategic plan (Attachment 1) with modifications reflecting a more refined approach on achieving First 5 Orange County's vision.

That plan includes:

- First 5 Orange County's vision that all children reach their full potential;
- Four conditions needed for children to thrive and which our strategic plan seeks to positively impact;
- Four strategies we believe will have the most impact on improving the conditions needed for children and families to thrive; and
- Measures of progress toward achieving the conditions and our vision.

At that time, staff identified three areas of focus for the next five years. Additionally, several goals and objectives were outlined within each of the focus areas which are noted below:

Focus Area 1: Well-child visits, screenings, and linkage to services

Focus Area 2: Resilience among children and families

Focus Area 3: Quality infant and toddler child care

Staff have spent the past year developing action plans to make progress in each of these focus areas. There has been significant activity and accomplishments on many of the action plans. At the same time, some of the anticipated action plans have been delayed in development or implementation due to staff bandwidth or the need to coordinate the work with related partner efforts or the legislative cycle. Attachment 2 is a table that shows the current work and action plans by focus area, including a summary of accomplishments and any challenges to date.

The strategic plan includes several indicators to measure progress (see the last page of the Strategic Plan – Attachment 1). Staff recommends that an update to the progress measures occur

on a longer cycle than annually. The data for several of the indicators are from the Early Development Index (EDI) which is updated every three years. New EDI data will be out summer 2022 and then not again until summer 2025. Other data are from school districts, whose data have not been updated due to COVID-19 impacts on data collection and reporting. Further, changes to population-level measures, such as those we are tracking, occur incrementally, and there is unlikely to be significant differences year over year. We recommend reviewing the data at least annually and updating the status of the progress indicators and related public-facing documents every three years beginning April 2023.

Next Steps

For this year, we do not propose changes to the strategic plan. The same focus areas remain priorities, and we are working full speed ahead on implementing the action plans to make a positive impact for young children and families in these focus areas.

Over the next year, we plan to:

- seek feedback and input to ensure the strategic plan reflects family voice;
- review and update the strategic plan to ensure its language is strengths-based; and
- review and update the strategic plan to embed First 5 Orange County's equity principles.

We will bring proposed updates to the strategic plan for your consideration over the next several months, culminating with approval of an updated strategic plan in April of 2023.

STRATEGIC PLAN & FISCAL SUMMARY:

This agenda item does not include a funding request.

PRIOR COMMISSION ACTIONS:

- April 2021 – Approve the updated Strategic Plan for Fiscal Year 2021-2022 through Fiscal Year 2025-2026
- April 2020 – Approve Fiscal Year 2019-2024 Strategic Plan
- April 2019 – Adopt Fiscal Year 2019-2024 Strategic Plan
- February 2019 – Conduct annual planning meeting to review and discuss new Strategic Plan
- April 2018 – Conduct Public Hearing, adopt resolutions and receive the annual review of the Strategic Plan, Fiscal Year 2018/2019 Business Plan, Fiscal Year 2017/2018 Amended Operating Budget and Fiscal Year 2018/2019 Proposed Budget

RECOMMENDED ACTIONS:

1. Conduct public hearing.
2. Adopt resolution (Attachment 3) confirming First 5 Orange County Children and Families Commission's annual review and adoption of the strategic plan.

ATTACHMENTS:

1. First 5 Orange County Strategic Plan
2. 2021-22 Strategic Plan Action Plans, Accomplishments & Challenges
3. Resolution

CONTACT: Lisa Burke

2021-2025 Strategic Plan



OUR VISION

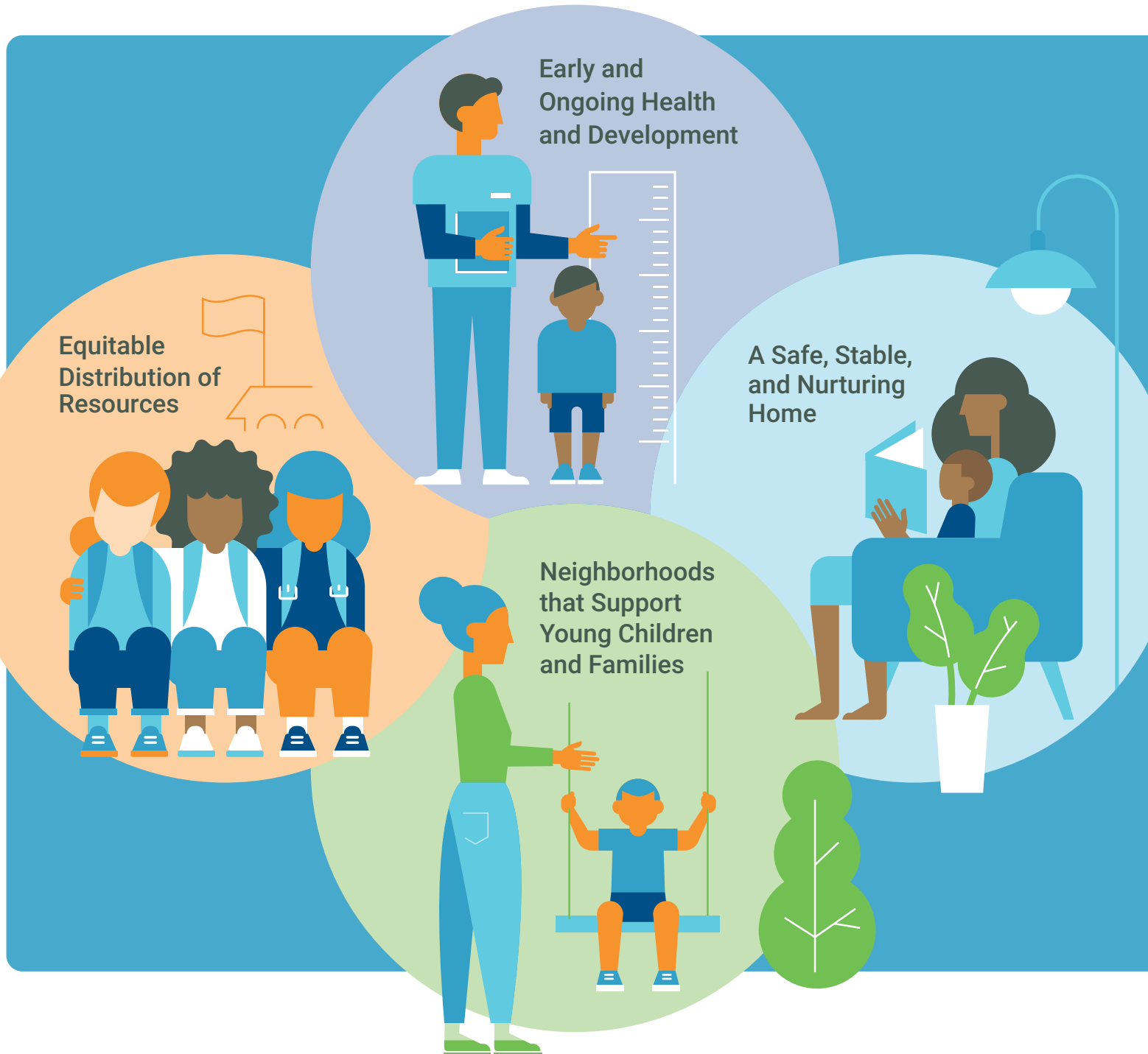
We envision an Orange County in which **“All children reach their full potential.”** The groundwork for this vision to be achieved is set during a child’s earliest years. First 5 Orange County partners with many organizations working towards creating and maintaining an early childhood system that families experience as a seamless network of care.

Each child is unique, and every child’s full potential will look different. We know from years of research that a child’s experiences during their early years establish a foundation that, if strong, sets children up to achieve more in school and life, be physically healthier and more emotionally resilient, and participate more in society.

At First 5 Orange County, we aim to build bridges and remove barriers so children of every culture, color, and condition can thrive. In partnership with health, social service, family support, and education agencies in Orange County, we strive to provide programs and initiatives that build up children and encourage whole family engagement and health.

Conditions for Children to Thrive

For children to thrive, the following set of situational and environmental conditions are needed.



These conditions reflect our conviction that the entities surrounding children (parents, caregivers, communities, and early childhood systems such as health care and child care) directly influence their development and are inextricably linked.

Early and Ongoing Health and Development

Decades of research support the benefits of early intervention for children and the importance of physical and mental healthcare. When met, the health and development condition looks like this: children prenatal to age 5 and their families receive support to optimize children's physical and mental health and cognitive development; and a planned progression of quality services is available at a variety of natural interaction points with systems of care. For example, a mother might receive breastfeeding education, a depression screening, and support if needed for a healthy pregnancy during a prenatal visit. Or a child might receive a developmental screening and their family could be connected with services during a pediatric well visit appointment.

A Safe, Stable, and Nurturing Home

The value of nurturing environments for young children to build resiliency and protective factors is well documented. A child's family is its first and most influential setting, and well-equipped parents and caregivers provide foundational relationships and emotional stability. When the Home condition is met, parents and caregivers have access and capability to attend to their own mental health and can provide positive, responsive parenting to the young children in their care.

Neighborhoods that Support Young Children and Families

Beyond the home, the community surrounding a child also influences their growth and development. Children thrive when they have safe places to play, access to early learning opportunities (such as child care or libraries), and other supports such as family resource centers, nearby healthcare, and access to healthy food. When this condition is met, neighborhoods have the infrastructure to support children and the capacity to sustain healthy social relationships.

Equitable Distribution of Resources

A condition for all children to achieve their full potential is a society where inclusion, diversity, and equity are a value and a priority, and policies and practices are put in place to address the structural barriers that perpetuate equity gaps and racism. When this condition is met, parents and families are put at the center and supported to co-create and advocate for solutions to the pressing issues facing them. First 5 Orange County prioritizes the county's most vulnerable families to reduce disparities in access to equitable, quality services and positive outcomes

We believe these conditions are non-negotiable, minimum standards Orange County must meet for all its families.

Strategies to Make a Positive Change

We believe these four strategies have the most impact on improving the conditions needed for children and families to thrive. These strategies guide us and are the lens through which we prioritize our work:

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.

Elevate Equity

We prioritize the county's most vulnerable families to reduce disparities in access to quality services and outcomes for kids.

Empower Champions

We connect with, strengthen, and support parents, community leaders, public agencies, and community organizations to co-create and advocate for solutions to pressing issues facing young children and families.

Align Systems of Care

We coordinate early childhood systems of care to work together, creating a supportive infrastructure so families can experience seamless connections to quality services.

In summary, this is **First 5 Orange County's** logic for how we achieve change:

Strategies

Agency parameters to guide how we select funded partners, prioritize our work, and interact with our community

Conditions

Situational and environmental truths that must exist for a young child/family to thrive

Vision

All children reach their full potential

Our focus between 2021 and 2025

1 Well-child visits, screenings, and linkage to services

Partner with stakeholders to help families get the most out of well-child visits and screenings:

- Identify and remove barriers to well-child visits, where most needed
- Set a community target for completion of well-child visits
- Promote the importance of medical homes (a regular place for health care) in children's health
- Improve parent and provider messaging about well-child visits and screenings (developmental, behavioral and trauma)
- Promote earliest possible screenings and linkage to services
- Expand use of the OC Children's Screening Registry
- Smooth transition to school-based services
- Advocate to increase compliance with screenings in the medical home

2 Resilience among children and families

Promote services that support Protective Factors¹ for children and families:

- Improve diagnosis of perinatal mood and anxiety disorders and linkage to treatment and dyadic care models
- Expand home visiting through coordination and advocacy
- Expand opportunities for families within Engaged Neighborhoods to access concrete supports, grow parent knowledge, build resilience, increase social connectivity, and strengthen children's social/emotional competencies
- Improve coordination, linkage to, and expansion of services to special populations²
- Support community efforts to increase awareness of and access to financial supports,³ including addressing barriers, streamlining application processes, and identifying advocacy opportunities

¹ Protective Factors include parental resilience, social connections, concrete support in times of need, knowledge of parenting and child development and social and emotional competence of children.

² Special populations include children at risk for abuse and neglect; infants who have been substance-exposed; foster youth who are parenting; families experiencing homelessness.

³ Examples of financial supports are CalFresh, CalWORKs, and WIC.



3

Quality infant and toddler child care

Increase availability and accessibility of quality infant and toddler child care:









- Co-create a policy and advocacy agenda with community partners to increase the quality and amount of infant and toddler child care
- Strengthen and build capacity of infant and toddler child care providers through connections with school districts; technical assistance in the operation of 0-3 services; business resources; and shared learning opportunities
- Streamline access to child care for special populations to ease the burden on families that have unique needs for child care but lack ability/resources to find it
- Engage local community businesses, philanthropists, and the construction industry to assist in the acquisition and development of property that can house infant and toddler programs



Measuring Progress

We use a set of progress indicators to determine whether we are contributing to the achievement of the four conditions needed for children and families to thrive.

Though we understand First 5 Orange County is one of many organizations influencing these metrics, they are critical representations of the reality children and families face and reflect our commitment to definitively contribute to the achievement of each condition in Orange County.

Progress Indicator	Desired Trend	Baseline
Percentage of children on Medi-Cal completing well-child visits in the first 15 months of life		66.7%
Age of children entered in the OC Children's Screening Registry		29% 0 – 11 months 35% 12 – 23 months 27% 24 – 35 months
Children's social and emotional vulnerability (Resilient Families Measure)		9.7%
Gap between the percentage of young children who are eligible for and enrolled in CalFresh (Resilient Families Measure)		29.2%
Availability of infant and toddler child care		5,170 licensed spaces (5% of OC's children ages 0-2)
Proportion of children who are ready for kindergarten		52.9%
Neighborhoods with increasing proportion of children ready for kindergarten		35 neighborhoods (15%)
Gap in children's likelihood of being ready for kindergarten (Disparity Index)		Not yet available

A full set of progress indicators are available on our website. See **"First 5 Orange County Strategic Plan Progress Indicators."**

2021-2022 Strategic Plan Action Plans, Accomplishments & Challenges

Focus Area	
1. Help families get the most out of well-child visits and screenings	
Action Plan	Staff Lead
1.1 Leverage data to prioritize needs and set community targets for the Medi-Cal population, leveraging Detect & Connect OC and its communities	Lisa Burke
1.2 Ensure well-child visits, linkage to health homes, and screenings are included in some form in all First 5-funded partner scopes	Lucy Lin
1.3 Develop comprehensive messaging and outreach about why parents should keep well-child visits and addressing identified barriers	Lisa Burke
1.4 Pilot HealthySteps in three Federally Qualified Health Clinics located in Engaged Neighborhoods to support well-child visits, screenings, and linkage to services for families	Kim Goll
Accomplishments <ul style="list-style-type: none"> The Detect & Connect OC Steering Group agreed to include shared metric exploration in their action plan; also CalOptima was re-engaged in Detect & Connect OC, which is critical for this effort. We gathered input from Detect & Connect OC at the November meeting regarding well visit and screening barriers and questions to ask parents; we kicked off the family focus groups with First 5's Parent Ambassadors in December and four additional family focus groups will be completed by the end of March. All three Federal Qualified Health Centers piloting Healthy Steps have completed training and are implementing the model. Challenges <ul style="list-style-type: none"> Healthy Steps implementation was slower than originally predicted due to staff recruitment challenges. 	
Focus Area	
2. Align systems and expand and promote programmatic offerings to strengthen families	
Action Plan	Staff Lead
2.1 Develop an educational outreach campaign about what are the Protective Factors and why they are important	Lisa Burke
2.2 Refine and continue the strategy of family engagement	Mike Anderson
2.3 Support, refine, and grow Engaged Neighborhoods	Mike Anderson

2.4 Conduct a Father Engagement landscape analysis to identify activities, programs and promising practices that will inform recommendations for a programmatic strategy	Andrew Montejo
2.5 Strengthen the system of care for families at-risk of or involved with child welfare system of care	Kim Goll
2.7 Empower families to advocate for themselves and their children to meet their medical and legal needs (Medical Legal Partnership Boston)	Andrew Montejo
2.8 Establish and support a countywide Home Visiting Collaborative	Kim Goll
2.11 Increase access to financial supports	Lisa Burke
<p>Accomplishments</p> <ul style="list-style-type: none"> • Several activities were completed to onboard Family Ambassadors, including securing the fiscal sponsor for parent stipends; creating a Handbook for Family Ambassadors; recruiting and onboarding six Ambassadors and securing interpreter services. • We also completed several activities related to potential expansion of Engaged Neighborhoods. These include exploring potential connections with the City of Stanton and Families and Communities Together in the city; a meeting with City of Stanton representatives to determine level of interest in Engaged Neighborhood work; and a presentation of First 5's Child Care Landscape at the City of Stanton Collaborative. • For the action plan relating to "empowering families to advocate for themselves and their children to meet their medical and legal needs," we implemented a provider and parent survey about the Medical Legal Partnership Boston training curriculum, and a pilot of that training program began in December to provide feedback to MLPB and future training improvement. • Staff implementing Father Engagement launched a survey to better identify local programs and resources and has been connecting with other First 5s in our SoCal region to learn about what they are investing in as it relates to Father Engagement. • First 5 Consultant is co-leading (with SSA staff) the We Can Collaborative Family Treatment subcommittee working to help with the implementation of the Plans of Safe Care. The group has identified some key strategies for making implementation successful in Orange County, including expansion of Home Visiting and working with hospitals. • The Home Visiting countywide collaborative identified two projects to focus on one clarifying referral pathways into home visiting services and a second project looking at opportunities to build capacity and resilience among service providers. <p>Challenges</p> <ul style="list-style-type: none"> • We continue to work on the issue of stipends to parents for their involvement with First 5. Challenges relate to valuing parents' experience by paying for their time and expertise while not triggering tax-related liabilities. 	

Focus Area	
3.Increase availability and accessibility of quality infant and toddler child care	
Action Plan	Staff Lead
3.1 Establish infant/toddler child care task force	Tiffany Alva
3.2 Align systems to prioritize families experiencing housing insecurity to access child care	Jocelyne Saldana
3.3 Build capacity of non-subsidized providers	Tiffany Alva
3.4 Communication campaign	Lisa Burke
Accomplishments <ul style="list-style-type: none"> We have presented the work from the Child Care Landscape Phases I and II to more than 600 cross sector participants. We held the first cross-sector child care task force meeting with high level representatives from 25 organizations. Jocelyn Saldana, the Master's student who has been supporting First 5 OC, has completed a gaps analysis specific to Orange County's families experiencing homelessness and their child care needs and barriers. Staff has met multiple times with Orange County's Resource and Referral Agency, Orange County Department of Education, and the Local Planning Council to discuss barriers and explore opportunities to strengthen and improve communication, access, and funding opportunities for non-subsidized providers. We completed interviews with other California counties about best practices to support non-subsidized providers, and supported a first-ever convening of the large system organizations supporting non-subsidized child care and families. Challenges <ul style="list-style-type: none"> Given the large number of organizations participating in the child care task force, we are challenged to find a good, recurring time for all to meet. This is not necessarily a challenge, but we want to recognize the fact that systems work, and relationship building, takes time. The virtual aspect of meetings makes relationship-building a challenge. 	

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-22-C&FC

April 6, 2022

**A RESOLUTION OF THE CHILDREN AND FAMILIES
COMMISSION OF ORANGE COUNTY CONFIRMING ITS
ANNUAL REVIEW AND ADOPTION OF THE STRATEGIC
PLAN**

WHEREAS, the Children and Families Act of 1998 requires the Children and Families Commission of Orange County (“Commission”) to annually review and adopt its Strategic Plan in order to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

WHEREAS, the Act requires the Commission to conduct a public hearing with respect to its annual review and adoption of the Strategic Plan; and

WHEREAS, at its meeting of April 6, 2022, the Commission conducted a public hearing and reviewed the following documents prepared and recommended by staff and identified in the staff report for the April 6, 2022 Commission meeting with the Attachment number set forth herein: The Strategic Plan (Attachment 1).

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

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

Section 2 The Commission hereby confirms its annual review and adoption of the Strategic Plan.

Section 3 The Clerk of the Commission shall append to this Resolution a copy of the Strategic Plan set forth in Section 2, as Exhibit A (which shall correspond to Attachment 1 of the April 6, 2022 staff report). Exhibit A is hereby fully incorporated as part of this Resolution by this reference and made a part hereof as though fully set forth herein.

Section 4 **Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this resolution or any part thereof. The Commission Board hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, or invalid, or ineffective.

Section 5 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 April 6, 2022 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: __-22-C&FC

Agenda Date: April 6, 2022

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
STRATEGIC PLAN (FY 2021/22- FY25/26) REVIEW
(attached)**



Agenda Item 7
April 6, 2022

DATE: March 9, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO

A handwritten signature in black ink, appearing to read "Kimberly Goll", is written over the printed name.

ACTION: Receive Financial Plan Update

SUMMARY:

First 5 Orange County developed the Long-Term Financial Plan as a tool to monitor the decline of Proposition 10 tobacco tax funding in relation to program sustainability. This item provides an update on the year-end financial results and future-year revenue projections.

DISCUSSION:

Fiscal Year 2020-2021 Revenue Results

Tobacco tax revenue for the Fiscal Year 2020-2021 ended the year above budget, at \$25.5 million actual compared to \$21.6 million budgeted. The increased revenue is due to a larger than expected backfill distribution related to the \$2.00 per pack tax increase under Proposition 56. It is recommended to follow past practice and allocate the \$3.9 million in revenue above budget to the one-time System-Building fund.

Fiscal Year 2020-2021 Program Expenses

Program expenses ended the year below budget mostly due to the timing of expenditures, including for the Home Visitation Program and the First 5 California IMPACT, HUB, and Dual Language Learners programs. The original appropriations for these programs represent total funds available through each program award, but the programs have unique scheduling and timelines that guide when funds are expended. Other minor unspent amounts have been rolled forward into fund balance to be used for future-year programs.

Fiscal Year 2020-2021 Administrative Expenses

Administrative expenses for Fiscal Year 2020-2021 were also below budget due to vacant staff positions for portions of the year as well as cumulative underspending in professional services, office expenses, travel, and meetings. Expenses that can be appropriately tracked and allocated to a specific program continue to be identified. All expenses are categorized as either program, administrative, or evaluation using the definitions provided in the First 5 California Financial Management Guide.

Revenue Projections

The Long-Term Financial Plan estimates revenues for 10 years; and the current projections have been updated to reflect the latest amounts from the California Department of Finance. 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 later in Fiscal Year 2022-2023. Whether the referendum passes or not will have a significant impact on future-year revenue projections. Projections for the referendum passing and failing will be discussed in the presentation of the financial plan update.

STRATEGIC PLAN & FISCAL SUMMARY:

The fiscal reports and recommended actions presented in this staff report have been reviewed in relation to the Strategic Plan and are consistent with applicable goals and outcomes.

PRIOR COMMISSION ACTIONS:

- December 2021 – Receive the Annual Comprehensive Financial Report
- June 2021 – Approved the Annual Operating Budget for Fiscal Year 2021-2022
- February 2020 – Approved Renewal Funding Actions

RECOMMENDED ACTION:

1. Receive financial plan update and approve directing \$3.9 million revenue above budget to the reserves for System-Building investments.

ATTACHMENT:

1. Long-Term Financial Plan Presentation

CONTACT: Michael Garcell

Long-Term Financial Plan Update

April 6, 2022

Topics for Today's Discussion

Long-Term Financial Plan

- Background
- Policies and Practices
- Actual and Projected Revenues
- Financial Plan Considerations

Next Steps

Background and Purpose

- First 5 Orange County has reviewed and updated its long-term revenue and program projections annually since 2000
- The Long-Term Financial Plan provides:
 - A 10-year outlook of anticipated revenue
 - A forecast of funding capacity to sustain programmatic funding
 - A framework for evaluating annual budget decisions and renewal planning

Policies and Practices

- Policies

- Fund balance is a minimum 25% of current-year operating budget
- Administration is limited to 10% of operating budget

- Practices

- Fund balance is used to supplement decline in revenue
- One-time allocations are not programmed back into the financial plan once the allocation is depleted
- The plan does not authorize any specific funding actions or obligate the total pool of program funding to any specific programs or projects

System-Building Fund

Created in 2012 to build a pool of one-time revenue that could support one-time projects

- Realized revenues above budget are added to an unallocated system-building fund
- These funds are not considered against the 25% minimum fund balance requirement
- The current balance of the System-Building Fund is \$5.7 million
- Today's action would add \$3.9 million from FY 2020-2021 tobacco tax revenues over budget, increasing the System-Building Fund to \$9.6 million

Revenue History

- Revenue has been above budget for the last few years, resulting in higher fund balance reserve levels than anticipated

	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
Tobacco Tax Revenue Received (in millions)	\$26.4	\$25.9	\$25.9	\$24.8	\$21.9	\$23.6	\$25	\$25.5
% Change from Prior Year	-2.3%	-1.7%	-0.3%	-4.2%	-11.8%	+7.8%	+6.0%	+2.0%

Projected Revenue

- November ballot will include an initiative to uphold or reject a ban on flavored tobacco products
- The current long-term financial plan with no flavor ban estimates revenue of \$221 million over the next nine years
- The current estimate of revenues if the flavor ban is upheld is \$183 million (a difference of \$38 million or 17%)

	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
No Flavor Ban (% change from prior year)	\$24.35	\$23.66 -2.8%	\$23.28 -1.6%	\$22.90 -1.6%	\$22.10 -3.5%	\$21.33 -3.5%	\$20.58 -3.5%	\$19.86 -3.5%	\$19.17 -3.5%
With Flavor Ban (% change from prior year)	\$22.25 -4.7%	\$19.93 -10.4%	\$19.07 -4.3%	\$18.22 -4.5%	\$17.43 -4.3%	\$16.69 -4.2%	\$15.97 -4.3%	\$15.28 -4.3%	\$14.62 -4.3%

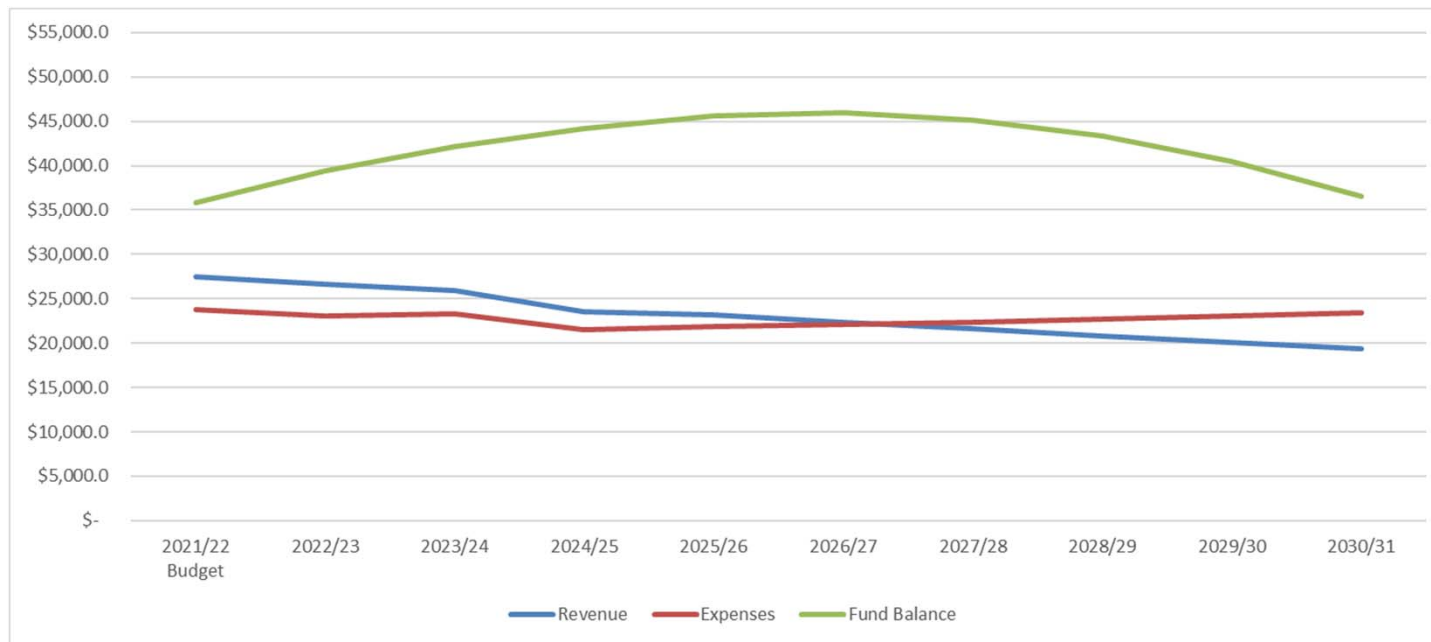
Financial Plan Considerations

- With a baseline of \$16.8 million in program funding for the next fiscal year, \$1.5 million has not been allocated and can be used for new or expanded programs
- If the flavor ban is implemented, the baseline level of funding can be sustained for several years
- Planned reductions could be introduced in future years to align with revenue decline

Current Financial Plan

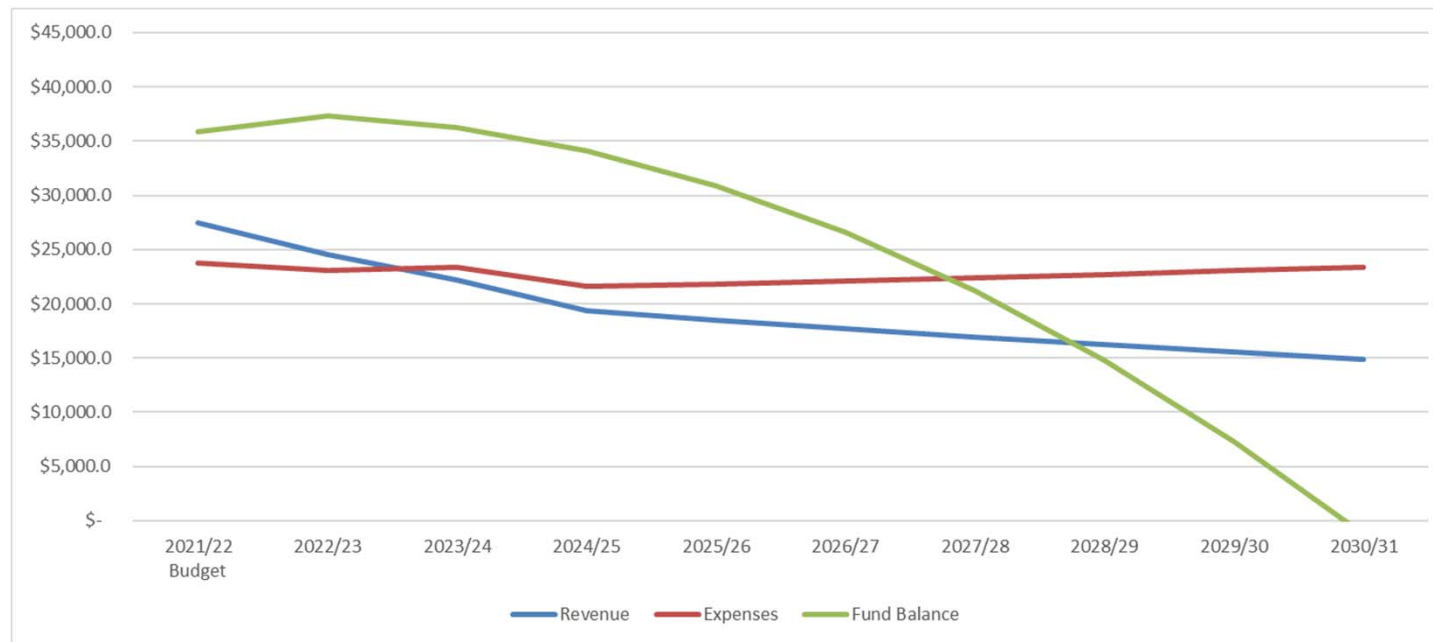
(assumes no flavor ban)

- Updated with most recent year of actual revenue and expenses
- Assumes level program funding for all 10 years
- Fund Balance Reserves remains above policy minimum



For Comparison: Financial Plan with flavor ban

- Revenue reductions begin following implementation of flavor ban in fall 2022
- This example assumes level program funding for all 10 years
- Reserves fall below minimum requirement in final year



Today's Action and Next Steps

- Update plan with current information and return in December with recommendations to address November ballot result on flavor ban
- Allocate \$3.9 million of revenue over budget from Fiscal Year 2020-2021 to the System-Building Fund
- Provide Proposed Fiscal Year 2022-2023 Budget at June Commission meeting



Agenda Item 8
April 6, 2022

DATE: March 25, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO

A handwritten signature in black ink, appearing to read "Kimberly Goll", is written over the printed name.

ACTION: Adopt Resolution Authorizing Agreement with Eide Bailly LLP for Audit Services

SUMMARY:

First 5 Orange County's current contract for audit services expired on December 31, 2021. In January 2022, a formal Request for Proposal (RFP) was released to select a financial audit firm to perform annual audits of the Commission for up to five years beginning with the Fiscal Year 2021-2022. This agenda item includes a summary of the firm selection process and a request to authorize an agreement for audit services.

DISCUSSION:

Each county commission is required under the California Health and Safety Code Section 130150 to submit an annual audit report to First 5 California and the State Controller's Office by November 1st. As recommended by the First 5 Financial Management Guide, First 5 Orange County prepares an Annual Comprehensive Financial Report (ACFR) that includes all required financial statements along with introductory, supplemental, and statistical information.

An independent, external review by an audit firm is required to determine that the financial statements fairly present the financial position of First 5 Orange County in accordance with Generally Accepted Accounting Principles (GAAP). The auditors will base the opinion on the review and testing of financial data and information maintained by the county commission.

In addition to the standard financial audit, commissions are required to go through an expanded audit per Code Section 130151 following the Expanded Audit Guide produced by the State Controller's Office. The same auditor will conduct the expanded audit covering the areas of contracting, procurement, administrative costs, county ordinances, long-range financial planning, program evaluation costs, salary and benefits, and conflict of interest policies.

The Federal Office of Management and Budget published the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This Single Audit requirement applies to any agency expending \$750,000 or more per fiscal year in federal awards. Although First 5 Orange County has not been required to perform a Single Audit in recent years, the RFP included a provision for the Single Audit. The purpose of including the Single Audit provision is to have the scope and funding amount agreed upon in advance in the event a Federal award is received by the Commission within the term of the proposed contract.

Request for Proposal Process

Three audit service proposals were received, and each proposal met all technical qualifications to proceed to the review process by a rating panel. The RFP requested proposals for audit services covering a five-year period. Government Code Section 12410.6(b) requires Commissions to rotate, after six consecutive years, lead or coordinating audit partners who either have primary responsibility or reviewing responsibility over the audit. All proposals complied with this six-year rotation requirement.

The rating panel included First 5 Orange County's Director of Finance, representatives from the Orange County Health Care Agency, and a Finance Director from another county First 5 Commission. Panel rating scores were averaged and provided to an ad-hoc administrative committee of two Commission members. After review, the ad-hoc committee of two volunteer Commissioners agreed with the rating panel's recommendation to contract with Eide Bailly LLP to perform the Commission's financial statement audit beginning with Fiscal Year 2021-2022.

It is recommended that we enter into a contract with the selected firm to perform First 5 Orange County's annual financial audits for five fiscal years, Fiscal Year 2021-2022 through Fiscal Year 2025-2026, with an amount not to exceed \$53,000 per year.

STRATEGIC PLAN & FISCAL SUMMARY:

The proposed action has been reviewed in relation to the Strategic Plan and is consistent with all goal areas. The audit engagement fee for the Fiscal Year 2021-2022 audit, not to exceed \$53,000 per year, is included in the Fiscal Year 2021-2022 budget in the Administrative budget category. Funding for subsequent audits (Fiscal Year 2021-2022 through 2025-2026) is consistent with the Long-Term Financial Plan and will be included in the annual operating budgets for those periods.

PRIOR COMMISSION ACTIONS:

- February 2022 – Received report on the Audit Services Request for Proposal process
- April 2017 – Authorized agreement with the selected firm to perform organization-wide financial audits of the Commission's financial statement for Fiscal Year 2016-2017 through Fiscal Year 2020-2021

RECOMMENDED ACTION:

Adopt resolution (Attachment 1) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate Agreement No. PS-264 with Eide Bailly LLP to perform the Commission's annual financial audits for five fiscal years (Fiscal Year 2021-2022 through Fiscal Year 2025-2026) for the term May 1, 2022 through December 31, 2026 and in an amount not to exceed \$265,000.

ATTACHMENT:

1. Resolution

CONTACT: Michael Garcell

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-22-C&FC

April 6, 2022

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AGREEMENT NO. PS-264 WITH EIDE BAILLY, LLP TO PERFORM THE COMMISSION'S ANNUAL FINANCIAL AUDITS FOR FIVE FISCAL YEARS, FY 2021-22 THROUGH FY 2025-26, AND AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION

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

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

WHEREAS, the President/CEO and Commission Counsel have prepared a standard Professional Services Agreement, which was approved by the Commission; and

WHEREAS, the Commission desires to enter Agreement No. PS-264 ("Agreement") with Eide Bailly, LLP, hereinafter referred to as "Contractor", to perform the Commission's annual financial audits for five fiscal years, FY 2021-22 through FY 2025-26, for the terms and in the amount as specified in the April 6, 2022 staff report; and

WHEREAS, Commission desires to enter into the Agreement with Contractor in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the applicable Agreement; and

WHEREAS, Commission has reviewed the staff report for the April 6, 2022 Commission meeting relating to the scopes of services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement with the Contractor in the amount and for the terms as specified in the April 6, 2022 staff report for this Agenda Item;

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

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

Section 2 Commission authorizes the President/CEO, or designee, and Commission Counsel to prepare and negotiate the Agreement with the Contractor to perform the Commission's annual financial audits for five fiscal years, FY 2021-22 through FY 2025-26, in the amount and for the terms consistent with the April 6, 2022 staff report and scope of services referenced therein.

Section 3 The form of the Agreement 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 Agreement shall be conclusively evidenced by the execution of such Agreement by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Agreement with Contractor as described in the April 6, 2022 staff report for this Agenda Item to perform the Commission's annual financial audits for five fiscal years, FY 2021-22 through FY 2025-26, in the amount and for the terms as specified in the April 6, 2022 staff report for this Agenda Item.

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

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

Section 7 In addition to the authorization of Section 2 above, the President/CEO, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(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 April 6, 2022 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: __-17-C&FC

Agenda Date: April 6, 2022

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 Agreement)



Agenda Item 9
April 6, 2022

DATE: March 18, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO 

ACTION: Adopt Resolution Acknowledging Receipt of the Children and Families Commission of Orange County Investment Policy Statement and Affirm Delegation of Authority to the Orange County Treasurer as the First 5 Orange County Treasurer for Fiscal Year 2022-2023

SUMMARY:

First 5 Orange County annually reviews the Investment Policy Statement and the delegation of the investment authority to the County Treasurer. This item reconfirms the delegated investment authority to the Orange County Treasurer and presents the Children and Families Commission of Orange County Investment Policy Statement for Fiscal Year 2022-2023.

DISCUSSION:

All First 5 Orange County funds are managed as part of the Orange County Investment Pool (OCIP). As approved in May 2012, First 5 Orange County does not operate a separate investment program but delegates authority to the Orange County Treasurer.

Annual Delegation of Investment Authority to First 5 Orange County Treasurer

Pursuant to Government Code Section 53607, First 5 Orange County may delegate the investment authority to a designated Treasurer for a one-year period and must renew the delegation of authority each year. In May 2012, the Orange County Treasurer was first designated to serve as the Commission's Treasurer for the balance of Fiscal Year 2011-2012, and investment authority was delegated to the Orange County Treasurer. The delegation included the authority to manage, deposit and invest First 5 funds not required for immediate needs. Formally reappointing the Orange County Treasurer as the First 5 Orange County Treasurer and delegating authority to manage, deposit and invest First 5 funds for Fiscal Year 2022-2023 in accordance with Government Code Section 53607 is recommended.

Investment Policy Statement

California Government Code contains specific provisions regarding the types of investments and practices permitted after considering the broad requirement of preserving principal and maintaining liquidity before seeking yield. First 5 Orange County, as a local agency, may invest only in those instruments specified by State law.

By statute, consideration of the Children and Families Commission of Orange County Investment Policy Statement is annually required. The Orange County Treasurer has reviewed the Children and Families Commission of Orange County Investment Policy Statement for Fiscal Year 2021-2022 that was adopted in April 2021. The policy statement is designed to be compliant with State

law and provides the flexibility to explore specific investments when directed by First 5 Orange County. Minor revisions are recommended for the Children and Families Commission of Orange County Investment Policy Statement Fiscal Year 2022-2023 (Attachment 2).

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions have been reviewed in relation to the Strategic Plan and are consistent with all goal areas.

PRIOR COMMISSION ACTIONS:

- April 2021 – Received and considered Investment Policy Statement and affirmed delegation of authority to the Orange County Treasurer as the Commission Treasurer for Fiscal Year 2021/2022
- May 2012 – Orange County Treasurer designated to serve as the Commission's Treasurer

RECOMMENDED ACTIONS:

1. Receive and review the Children and Families Commission of Orange County Investment Policy Statement for Fiscal Year 2022/2023.
2. Adopt resolution (Attachment 4) to acknowledge receipt and consideration of the Children and Families Commission of Orange County Investment Policy Statement and affirm delegation of authority to the Orange County Treasurer as the First 5 Orange County Treasurer to manage, deposit, and invest First 5 funds for Fiscal Year 2022/2023 that are not required for the immediate needs of the Commission.
3. Direct the First 5 Orange County Children and Families Commission/Orange County Treasurer to continue to report First 5 investment transactions and activities in the Quarterly Investment Reports.

ATTACHMENTS:

1. Orange County Treasurer-Tax Collector Memorandum: Consideration of Commission Investment Policy and Delegation of Investment Authority
2. Children and Families Commission of Orange County Investment Policy Statement Fiscal Year 2022-2023
3. Children and Families Commission of Orange County Investment Policy Statement Fiscal Year 2022-2023 (redline)
4. Resolution
5. County of Orange Treasury Oversight Committee – Annual Report to the Board of Supervisors for the period January 1, 2021 to December 31, 2021

CONTACT: Michael Garcell

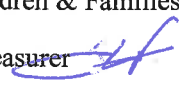


OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, C.P.A.



POST OFFICE BOX 4515
SANTA ANA, CA 92702-4515
octreasurer.com

INTERDEPARTMENTAL COMMUNICATION

Date: March 18, 2022
To: First 5 Orange County, Children & Families Commission
From: Shari Freidenrich, CPA, Treasurer 
Subject: First 5 Orange County, Children & Families Commission Investment Policy and Delegation of Investment Authority

As Treasurer for the First Five Orange County, Children & Families Commission (Commission), I am submitting the Commission Investment Policy Statement (IPS) for Fiscal Year (FY) 2022/2023 that also delegates the investment authority to the Treasurer for approval by the Commission.

Delegation of Investment Authority: The Commission is vested with certain public funds investment authority and may delegate this authority to the Treasurer. If the Commission delegates its investment authority, then the Treasurer shall thereafter assume full responsibility for investing for the Commission's funds, for a period of one year. Approval of this IPS will ensure that the Treasurer will continue to be authorized to do the investing of the Commission's funds.

Compliance with Commission IPS: An Investment Policy will be presented prior to the beginning of each fiscal year to the Commission in accordance with the FY 2021/2022 IPS (Section entitled Policy Review). The IPS provides for investing in the Orange County Investment Pool (OCIP) and also includes other investment types such as U.S. Treasuries and U.S. Government Sponsored Agencies as allowed by California Government Code (CGC).

The Treasurer has reviewed the current IPS and is only proposing several non-substantive wording changes that more closely track the wording in the Government Code Sections 27000.3 et seq and Section 53600 and some minor formatting changes.

As the Commission's current investment is and expected to remain 100% in the OCIP, it is important for the Commission to know that the County Board of Supervisors established a Treasury Oversight Committee (TOC) that causes an annual audit of the County Treasury (all public funds including OCIP) to be conducted to determine the Treasurer's compliance with CGC 27130-17137 and includes limited tests of compliance with laws and regulations. In addition, the Auditor-Controller Internal Audit Division performs regular audits of pooled funds including OCIP as required by CGC 26920(a) and (b) and as required by a TOC Directive. We have also attached a copy of the TOC 2021 Annual Report that the Board of Supervisors approved March 8, 2022, which states that the Treasurer maintained an acceptable level of compliance.

The Treasurer will continue to work with the Commission and the Commission's Executive Director to ensure the annual IPS presented to the board meets the needs of the Commission. The Treasurer and staff are available to meet with the Commission at any subsequent Commission meeting to answer any questions.

Sincerely,



Shari L. Freidenrich, CPA
Treasurer-Tax Collector

Attachments: Commission Investment Policy Statement FY 2022-23
Commission Investment Policy Statement (redlined) FY 2022-23
Treasury Oversight Committee 2021 Annual Report

Mission: Ensure safe and timely receipt, deposit, collection and investment of public funds.

**FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION
INVESTMENT POLICY STATEMENT
FISCAL YEAR 2022/2023**

POLICY

This Statement of Investment Policy outlines the policies for the prudent investment of funds to first safeguard the principal and then to meet the liquidity needs of the First 5 Orange County, Children & Families Commission (Commission). The Treasurer will annually render to the Commission a statement of investment policy in accordance with Code Section 53646. The Commission will annually approve this investment policy.

State law and prudent money management principles and practices guide the investment policy of the funds. The Treasurer shall invest the Commission's funds in a manner that provides the maximum security of principal with a secondary emphasis on adequate liquidity for cash flow needs, while achieving a reasonable rate of return within the parameters of prudent risk management and conforming to all applicable statutes and resolutions governing the investment of public funds.

SCOPE

This policy covers all funds and investment activities under the direct control of the Commission.

PRUDENCE

The Treasurer serves as a fiduciary of public funds and is subject to the "prudent investor" standard per Government Code Sections 27000.3 and Section 53600.3. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the Commission and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Commission and the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and authorized designees shall act in accordance with written procedures and within the intent and scope of the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the Commission in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVE

The objective of the investment portfolio is to safeguard principal, meet the liquidity needs and lastly, achieve a return on the funds of the Commission. The portfolio will be structured to provide Safety of Principal, Liquidity, and provide a reasonable Return on Investments to achieve this objective.

A. Safety of Principal

The safety and preservation of invested principal is the foremost objective of the Commission. The Commission shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

1. Credit Risk: Credit risk, defined as the risk of loss due to failure of an issuer of a security, shall be mitigated by diversifying the investments among issuers and issues so that the failure of any one issuer or issue would not result in a significant loss of income or principal.
2. Market Risk: Defined as the risk of market value fluctuations due to changes in the general level of interest rates. The risk of market value fluctuations shall be reduced by monitoring cash flows and maintaining a liquid component. Also, long term investments with final maturities up to five years or less may be purchased to match cash flow needs.

B. Liquidity

The portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that all funds mature concurrent with anticipated cash demand needs. Furthermore, since all cash demands cannot be anticipated, the portfolio will maintain monies to be used for current operations (over next 6 months) in funds with daily liquidity, such as the Orange County Investment Pool.

C. Return on Investment

Return on investment is the least import objective with priority given to the safety and liquidity objectives described above. The portfolio will provide a rate of return based on the market rates of investments, at the time of purchase. Securities issued by, or backed by, the United States government can result in zero- or negative- interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates, per Government Code Section 53601.6

DELEGATION OF AUTHORITY

The Commission delegates to the Treasurer the authority to invest the funds of the Commission as specified in California Government Code Sections 53607 and 53608. The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed

appropriate. The Commission hereby authorizes the Treasurer and authorized designees, to invest the Commission's funds in accordance with California Government Code Sections 53600 and 53684, et seq. as further limited by this Investment Policy and such investment authority must be renewed annually. Adoption of this policy constitutes delegation of investment authority to the Treasurer for the following year unless revoked in writing. Within the Treasurer's office, the responsibility for the day-to-day investment of the Commission funds will be the Treasurer and/or authorized designees. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

ETHICS AND CONFLICTS OF INTEREST

The Treasurer and authorized designees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. All individuals involved in the investment process shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Commission. The Treasurer and authorized designees are required to file annual disclosure statements as required for "public officials who manage public investments" (as defined and required by the Political Reform Act and related regulations, being Government Code Sections 81000 and the Fair Political Practices Commission.)

AUTHORIZED BROKER DEALERS AND FINANCIAL INSTITUTIONS:

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and depository services and will perform an annual review of the financial condition and require annual audited financial statements to be on file for each company.

AUTHORIZED INVESTMENTS

All investments under this Investment Policy shall be made in accordance with California Government Code Section 53600 et seq. to invest in specific types of securities. Investments not specifically listed below are prohibited. Authorized investment instruments include:

- Certificates of Deposit (insured or collateralized)
- Orange County Investment Pool
- "AAAm" 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 Net Asset Value (NAV) are prohibited.

INVESTMENT POOLS:

The Treasurer will investigate all local government investment pools and Money Market Mutual Funds prior to investing and periodically thereafter. The Orange County Investment Fund, which includes the Orange County Investment Pool is managed by the County Treasurer and is an authorized investment. The County Treasurer distributes a monthly investment report that includes the breakdown of the pooled investment holdings, provides the maturity distribution and market value of the portfolio.

SAFEKEEPING

All security transactions entered into by the Treasurer shall be conducted on delivery-versus-payment (DVP) basis (does not apply to money market funds or investment pools). Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping statements.

PERFORMANCE STANDARDS:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The investment strategy is passive and the benchmark for determining market yields is the 6-month Treasury bill. This benchmark is used solely as a reference tool. The comparison to a benchmark does not permit the Treasurer to add additional risk to the portfolio in order to attain or exceed the benchmark.

DIVERSIFICATION

To reduce overall portfolio risk, the Commission may diversify its investments by security type and institution with no more than the following percentages of total assets:

- Certificates of Deposit (insured or collateralized) (20%)
- Orange County Investment Pool (100%)
- “AAAM” rated Money Market Mutual Funds (20%)
- U.S. Treasury securities (100%)
- U.S. Government Agency securities (100%),

MAXIMUM MATURITIES

The Treasurer will attempt to match its investments with anticipated cash flow requirements to the extent possible. Unless matched to a specific cash flow need or in a laddered portfolio structure, the Treasurer will not invest directly in securities maturing more than three (3) years from the date of purchase. If matched to a specific cash flow need, or in a laddered portfolio structure consisting only of U.S. Treasury or U.S. Government Agency securities, the maximum maturity will be five (5) years or less.

INTERNAL CONTROL

The external auditors shall annually review the investments with respect to the investment policy. This review will provide an internal control by assuring compliance with policies and procedures for the investments that are selected for testing.

DISASTER RECOVERY PROGRAM

The Treasurer's Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. Copies of the Disaster Plan have been distributed to key treasury and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

PROHIBITED TRANSACTIONS

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the Government Code, as may be amended from time to time. No investment prohibited by Government Code shall be permitted herein.

Any investment transaction, credit risk criteria, percentage limitation, or market valuation that are not in compliance with this Investment Policy Statement and cannot be corrected without penalty **at time of purchase** must be documented and approved by the Treasurer in writing as soon as possible. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

The following transactions are prohibited:

- Borrowing for investment purposes ("Leverage").
- Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
- Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment. Simple "floating rate notes," whose periodic coupon adjustment is based on a short-term (one-year or less) rate index

(such as Treasury bills, Federal Funds, Prime Rate, London Interbank Offered Rate or the Secured Overnight Financing Rate) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, or callable securities which otherwise meet the quality, maturity, and percent limitations assigned to their respective security category, are exempt from this section.

- Structured Investment Vehicles (SIV).
- Derivatives (e.g. options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- Money Market Mutual Funds that do not maintain a constant NAV.

REPORTING

The Treasurer shall render a report to the Commission containing detailed information on all securities, investments, and monies of the Commission pursuant to Government Code Section 53646. The report will be provided on a quarterly basis and submitted for inclusion on a Commission Agenda within 30 days following the end of the quarter.

The report will contain the following information:

1. Type of investment, name of the issuer, date of maturity, par and cost of each investment
2. Any investments that are under the management of contracted parties
3. The market value and source of the valuation for all investments, bank accounts and Certificates of Deposits (exempt from market valuation per Government Code)
4. A description of compliance with the statement of investment policy and any exceptions, and
5. A statement denoting the Commission's ability to meet its expenditure requirements for the next six months.
6. Monthly transaction detail for investments.

POLICY REVIEW

This Investment Policy will remain effective throughout the year unless amended by the Commission. An Investment Policy will be rendered annually to the Commission prior to the beginning of each fiscal year.

GLOSSARY

ASK: The price at which securities are offered. (The price at which a firm will sell a security to an investor.)

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

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

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are “delivered” to an investor’s custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together for a commission. He does not take a position.

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

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

COUPON: a). The annual rate of interest that a bond’s issuer promises to pay the bondholder on the bond’s face value. b). A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g. US Treasury Bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

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

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

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by congress and consisting of a seven-member Board of Governors in Washington, D.C.; 12 regional banks and about 5700 commercial banks are member of the system.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

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

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

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

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

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit.

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

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit. Sales have the opposite effect. Open market operations are the Federal Reserve’s most important and most flexible monetary policy tool.

PAR or PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

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

SEC RULE 15C3-1: See “Uniform Net Capital Rule”.

- **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),

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

- **Treasury bills:** non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.
- **Treasury notes:** interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from date of issue.

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

YIELD: The rate of annual income returns on an investment, expressed as a percentage.

- *Income Yield* is obtained by dividing the current dollar income by the current market price for the security.
- *Net Yield or Yield to Maturity* is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

FIRST 5 ORANGE COUNTY, CHILDREN & FAMILIES COMMISSION INVESTMENT POLICY STATEMENT FISCAL YEAR 202~~1~~/202~~2~~3

POLICY

This Statement of Investment Policy ~~is intended to~~ outlines the policies for the prudent investment of funds ~~to first safeguard the principal and then to meet the liquidity needs of~~ for the First 5 Orange County, Children & Families Commission (Commission), ~~hereinafter referred to as (Commission), to meet the short and long term cash flow needs of the Commission. In accordance with Code Section 53646,~~ The Treasurer will annually render to the Commission a statement of investment policy in accordance with Code Section 53646. The Commission will annually approve ~~and such this investment policy will be annually approved by the Commission.~~

State law and prudent money management principles and practices guide ~~the investment policy and practices are based upon prudent money management principles and State laws affecting the investment of the funds.~~ The ~~County~~ Treasurer (~~Treasurer~~) shall invest the Commission's funds in a manner ~~which that will~~ provides the maximum security of principal ~~invested~~ with a secondary emphasis on ~~providing~~ adequate liquidity ~~to meet~~ for cash flow needs, ~~while and to achieve~~ a reasonable rate of return within the parameters of prudent risk management ~~while and~~ conforming to all applicable statutes and resolutions governing the investment of public funds.

SCOPE

This policy covers all funds and investment activities under the direct control of the Commission.

PRUDENCE

~~The Treasurer serves as a fiduciary of public funds and is subject to the "prudent investor" standard per Government Code Sections 27000.3 and Section 53600.3 provides that the "prudent investor" standard is to be used by the Treasurer as a fiduciary of public funds.~~ This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the Commission and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Commission and the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and ~~or~~ authorized designees shall act in accordance with written procedures and within the intent and scope of the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided

deviations from expectations are reported to the Commission in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVE

The objective of the investment portfolio is to ~~meet the safeguard principal, meet the liquidity needs and lastly, achieve a return on the funds~~~~short and long term cash flow demands~~ of the Commission. ~~To achieve this objective, the portfolio will be structured to provide Safety of Principal, and Liquidity, and while providing a reasonable Return on Investments to achieve this objective.~~

A. Safety of Principal

~~The s~~Safety and preservation of invested principal is the foremost objective of the Commission. ~~Investments of the Commission shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.~~ The Commission shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

1. Credit Risk: Credit risk, defined as the risk of loss due to failure of an issuer of a security, shall be mitigated by diversifying the investments among issuers and issuers so that the failure of any one issuer or issuer would not result in a significant loss of income or principal.
2. Market Risk: Defined as the risk of market value fluctuations due to changes in the general level of interest rates. The risk of market value fluctuations shall be reduced by monitoring cash flows and maintaining a liquid component. Also, long term investments with final maturities up to five years or less may be purchased to match cash flow needs.

B. Liquidity

The portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that all funds mature concurrent with anticipated cash demand needs~~to meet anticipated demands~~. Furthermore, since all possible cash demands cannot be anticipated, the portfolio will maintain monies to be used for current operations (over next 6 months) in funds with daily liquidity, such as the Orange County Investment Pool.

C. Return on Investment

Return on investment is ~~of the~~ least important~~ance~~ objective with priority given~~compared~~ to the safety and liquidity objectives described above. The portfolio will provide a rate of return based on the market rates of investments, at the time of purchase. ~~Under Government Code Section 53601.6, s~~Securities issued by, or backed by, the United States government can result in zero- or negative- interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates, ~~per Government Code Section 53601.6-~~

DELEGATION OF AUTHORITY~~;~~

The Commission delegates to the Treasurer the authority to invest ~~and reinvest~~ the funds of the Commission as specified in California Government Code Sections 53607 and 53608. The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed appropriate. The Commission hereby authorizes the Treasurer and ~~or~~ authorized designees, to invest the Commission's funds in accordance with California Government Code Sections 53600 and 53684, et seq. as further limited by this Investment Policy and such investment authority must be renewed annually. Adoption of this policy constitutes delegation of investment authority to the Treasurer for the following year unless revoked in writing. Within the Treasurer's office, the responsibility for the day-to-day investment of the Commission funds will be the Treasurer and/or authorized designees. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

ETHICS AND CONFLICTS OF INTEREST

The Treasurer and ~~or~~ authorized designees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. All individuals involved in the investment process shall disclose any material interest in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Commission. The Treasurer and authorized designees are required to file annual disclosure statements as required for "public officials who manage public investments" (as defined and required by the Political Reform Act and related regulations, being Government Code Sections 81000 and the Fair Political Practices Commission. ~~(FPFC)~~).

AUTHORIZED BROKER DEALERS AND FINANCIAL INSTITUTIONS:

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and depository services and will perform an annual review of the financial condition and require annual audited financial statements to be on file for each company.

AUTHORIZED INVESTMENTS

All investments under this Investment Policy shall be made in accordance with California Government Code Section 53600 et seq. to invest in specific types of securities. Investments not specifically listed below are prohibited. Authorized investment instruments include:

- Certificates of Deposit (insured or collateralized)
- Orange County Investment Pool
- "AAAm" 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 **Net Asset Value** (NAV-~~(Net Asset Value)~~ ~~will be~~ **are** prohibited.

INVESTMENT POOLS:

The Treasurer will investigate all local government investment pools and Money Market Mutual Funds prior to investing and periodically thereafter. The Orange County Investment Fund, which includes the Orange County Investment Pool is managed by the County Treasurer, and is an authorized investment. The County Treasurer distributes a monthly **investment** report that includes the breakdown of the **pooled** investment holdings, provides the maturity distribution and market value of the portfolio.

SAFEKEEPING

All security transactions entered into by the Treasurer shall be conducted on delivery-versus-payment (DVP) basis (does not apply to money market funds or investment pools). Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping statements.

PERFORMANCE STANDARDS:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The investment strategy ~~will be~~ passive and the benchmark for determining market yields ~~will be~~ the 6-month Treasury bill. This **benchmark** ~~is~~ ~~will be~~ used solely as a reference tool. The comparison to a benchmark does not ~~imply that~~ **permit** the Treasurer ~~will to~~ add additional risk to the portfolio in order to attain or exceed the benchmark.

DIVERSIFICATION

To reduce overall portfolio risks, the Commission may diversify its investments by security type and institution with no more than the following percentages of total assets:

- Certificates of Deposit (insured or collateralized) (20%)
- Orange County Investment Pool (100%)

- “AAAm” rated Money Market Mutual Funds (20%)
- U.S. Treasury securities (100%)
- U.S. Government Agency securities (100%),

MAXIMUM MATURITIES

~~To the extent possible, the~~ The Treasurer Commission will attempt to match its investments with anticipated cash flow requirements ~~to the extent possible~~. Unless matched to a specific cash flow need or in a laddered portfolio structure, the ~~Treasurer Commission~~ will not invest directly in securities maturing more than three (3) years from the date of purchase. If matched to a specific cash flow need, or in a laddered portfolio structure consisting only of U.S. Treasury or U.S. Government Agency securities, the maximum maturity will be five (5) years or less.

INTERNAL CONTROL:

The external auditors shall annually review the investments with respect to the investment policy. This review will provide ~~an~~ internal control by assuring compliance with policies and procedures for the investments that are selected for testing.

DISASTER RECOVERY PROGRAM

The Treasurer’s Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. ~~Three e~~Copies of the Disaster Plan ~~for home, office, and car~~ have been distributed to key treasury and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

PROHIBITED TRANSACTIONS

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the Government Code, as may be amended from time to time. No investment prohibited by Government Code shall be permitted herein.

Any investment transactions, credit risk ~~criteria~~~~criteria~~, percentage limitations, or market valuation that are not in compliance with this Investment Policy Statement and cannot be corrected without penalty **at time of purchase** must be documented and approved by the Treasurer in writing as soon as possible. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

-The following transactions are prohibited:

- Borrowing for investment purposes (“Leverage”).

- Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
- Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment. Simple “floating rate notes,” whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, Federal Funds, Prime Rate, London Interbank Offered Rate or the Secured Overnight Financing Rate) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, or callable securities which otherwise meet the quality, maturity, and percent limitations assigned to their respective security category, are exempt from this section.
- Structured Investment Vehicles (SIV).
- Derivatives (e.g. options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- Money Market Mutual Funds that do not maintain a constant ~~Net Asset Value (NAV)~~.

REPORTING

~~Under the provision of Code Section 53646, the~~ The Treasurer shall render a report to the Commission containing detailed information on all securities, investments, and monies of the Commission ~~pursuant to Government Code Section 53646~~. The report will be provided on a quarterly basis and submitted for inclusion on a- Commission Agenda within 30 days following the end of the quarter.

The report will contain the following information:

1. Type of investment, name of the issuer, date of maturity, par and cost of each investment
2. Any investments that are under the management of contracted parties
3. The market value and source of the valuation for all investments, bank accounts and Certificates of Deposits (exempt from market valuation per Government Code)
4. A description of ~~the~~ compliance with the statement of investment policy ~~and any~~, exceptions, ~~if any~~, and
5. A statement denoting the Commission’s ability to meet its expenditure requirements for the next six months.
6. Monthly transaction detail for investments.

POLICY REVIEW

This Investment Policy will remain ~~in~~ effective throughout the year unless amended by the Commission. An Investment Policy will be rendered annually ~~to the Commission~~, prior ~~atto~~ the beginning of each fiscal year, ~~to the Commission~~.

GLOSSARY

ASK: The price at which securities are offered. (The price at which a firm will sell a security to an investor.)

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

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

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are “delivered” to an investor’s custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together for a commission. He does not take a position.

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

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

COUPON: a). The annual rate of interest that a bond’s issuer promises to pay the bondholder on the bond’s face value. b). A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-~~interest-bearing~~ ~~interest-bearing~~ money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g. US Treasury Bills).

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

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

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

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by congress and consisting of a seven-member Board of Governors in Washington, D.C.; 12 regional banks and about 5700 commercial banks are member of the system.

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

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

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

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

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

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Unsecured obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit.

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

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit. Sales have the opposite effect. Open market operations are the Federal Reserve’s most important and most flexible monetary policy tool.

PAR or PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

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YIELD: The rate of annual income ~~return~~ returns on an investment, expressed as a percentage.

- ~~(a)~~ **Income Yield** is obtained by dividing the current dollar income by the current market price for the security.
- ~~(b)~~ **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

CHILDREN AND FAMILIES COMMISSION ORANGE COUNTY

RESOLUTION NO. ____-22-C&FC

April 6, 2022

**A RESOLUTION OF THE CHILDREN AND FAMILIES
COMMISSION OF ORANGE COUNTY RELATIVE TO
INVESTMENT POLICY AND TREASURER FUNCTION; AND
MAKING CERTAIN FINDINGS IN CONNECTION
THEREWITH**

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, pursuant to the Act and Article 25 of the Codified Ordinances of the County of Orange (“County Ordinance”), there is created the Orange County Children and Families Trust Fund (“Trust Fund”), for which the Commission is required to administer the Trust Fund revenues; and

WHEREAS, pursuant to the County Ordinance, the Commission is empowered to enter into contracts with the County of Orange for specific staff purposes; and

WHEREAS, Commission desires to designate the Orange County Treasurer to perform all treasury-related functions of the Commission pursuant to the existing County Support Services Agreement and Section 4.4 of the Administrative Policy Guidelines of the Commission (as amended and approved by the Commission); and

WHEREAS, pursuant to California Government Code Section 53607 and California Government Code Section 53646(a)(2) the Treasurer of the Commission, if any, is authorized to invest or reinvest Commission funds and is directed to make quarterly reports of investment transactions to the legislative body of the Commission and to annually render to the legislative body of the Commission a statement of investment policy, which the legislative body shall consider at a public meeting; and

WHEREAS, Commission has received from the Treasurer her statement of investment policy and has considered it at the public meeting at which this resolution is adopted.

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

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

Section 2 The Commission hereby designates the Orange County Treasurer as the Treasurer of the Commission. The Treasurer shall perform the duties imposed upon the office by law and Section 4.4 of the Administrative Policy Guidelines of the Commission. The Commission acknowledges receipt of and has considered its Treasurer's statement of investment policy. The Commission hereby affirms the delegation of authority to its Treasurer to invest moneys in accordance with the Children and Families Commission Investment Policy and to perform all other treasurer functions, as described in Section 4.4 of the Administrative Policy Guidelines and applicable provisions of California Government Code, including the making of periodic reports to the governing board of the Commission.

Section 3 The Commission specifically determines that excess funds, comprising all the moneys in the Trust Fund, are available for investment pursuant to Government Code Section 53684. The persons that the Commission authorizes to coordinate transactions are the Chief Executive Officer and Director of Finance. The Commission agrees to be bound by the withdrawal provisions of California Government Code Section 27136, and the Commission acknowledges that administrative charges will be deducted as permitted by Government Code Sections 53684(b) and 27013. Investments in the Orange County Investment Pool in accordance with existing Commission practice is ratified and affirmed, and the Chief Executive Officer is authorized and directed to execute any instrument required by the Investment Policy indicating an undertaking of the possible net asset value risk involved as a result of such investment.

Section 4 In addition to the authorization of Sections 2 and 3 above, the Commission Chief Executive Officer (or his or her designee) is hereby authorized, on behalf of the Commission, (i) to sign all documents and to take all other actions reasonably necessary and appropriate to carry out and implement the Agreement or as may be reasonably requested by its Treasurer or other County official relative to the provision of services by the County related to the treasury function, (ii) to cause the issuance of warrants, and (iii) to administer the Commission's obligations, responsibilities and duties to be performed under the Agreement.

Section 5 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 April 6, 2022 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: April 6, 2022

Item No. ____



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

ROBIN STEILER, Clerk of the Commission

By: _____
Deputy

County of Orange Treasury Oversight Committee
Annual Report to the Board of Supervisors
For the Period January 1, 2021 to December 31, 2021

Establishment/Composition of Committee

The Treasury Oversight Committee (TOC) was established by the Board of Supervisors (BOS) on December 19, 1995 by Resolution No. 95-946 in accordance with the California Government Code Article 6 of Division 2 of Title 3, Sections 27130-27137 (Article 6). The TOC structure approved by the BOS consists of seven members: The County Auditor-Controller or designee, the County Executive Officer or designee, the County Superintendent of Schools or designee, and four members of the public. The members of the TOC as of December 31, 2021 are as follows:

<u>Name</u>	<u>Member Type</u>
Alisa Backstrom (Chair)	Public Member
Richard Rohm (Vice Chair)	Public Member
Gary Capata	Public Member
Francine Scinto	Public Member
Frank Kim	County Executive Officer
Al Mijares	County Superintendent of Schools
Frank Davies	Auditor-Controller

Committee Objectives/Activities

During 2021, four TOC meetings were held. All meetings were open to the public and subject to the Ralph M. Brown Act, as required by Government Code section 27132.4, and held on the following dates:

January 27	April 30	July 22	October 28
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As required under Article 6 and Sections V and VI of the TOC Bylaws and Rules of Procedures (Bylaws), in 2021 the TOC has performed the following:

- Rule 31: Reviewed and monitored the annual Investment Policy Statement (IPS) ensuring that it included all items under Rule 31 (a) to (h) in the Bylaws
- Rule 32: Caused an annual audit to determine the Treasurer's compliance with Article 6
- Rule 33: Not directed individual investment decisions, selected advisors, brokers, dealers, or impinged on the day-to-day operations of the Treasurer
- Rule 34: Presented the oral and written calendar year 2020 annual report to the BOS
- Rule 35: Reviewed, discussed and made no changes to the Irregularity Policy and had no irregularities to investigate
- Rule 40: Received a report from the Treasurer that each member has completed the state mandated conflict of interest form (Form 700), signed a Certificate of Compliance, and completed state mandated ethics training every two years
- Rule 44: Reviewed, discussed and made changes to the Bylaws to conform with the Bylaws Template for County Boards, Commissions, and Committees (Bylaws Template)

The major activities during the year included providing the required written calendar year 2020 Annual TOC Report to the BOS. Note that due to COVID-19 and the Governor's Executive Stay-at-Home Order, the Board again approved the waiving of the oral report requirement. Major activities also included reviewing the 2022 IPS, drafted by the Treasurer, approving the revised Bylaws incorporating most of the required items from the Bylaws Template,

except provisions related to designees and length of term. Other significant activities included reviewing and monitoring the TOC Compliance Summary on a quarterly basis, which identifies each audit or review and their report status and the various audit related reports issued in 2021.

Audit/Review Reports: The County's Auditor-Controller Internal Audit Division (A-C IAD) regularly audits compliance with the IPS as required by Government Code 27134 and a TOC directive, respectively. In 2021, there were nine reports issued, three audit reports, three review reports and three compliance monitoring reports. The specific reports completed were the Annual Compliance Audit for the twelve-month periods ended June 30, 2019 and 2020, the Report of the Schedule of Assets Held by the County as of June 30, 2020 (performed by Eide Bailly), the Review of the Statement of Assets Held by the County Treasurer for the periods ended September 30, 2020, December 31, 2020 and March 31, 2021 and the Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarters Ended December 31, 2020, March 31, 2021, and June 30, 2021.

In the nine reports, the auditors only reported one compliance exception that occurred in 2019. They identified that a Voluntary Pool Participant withdrawal had not been approved in writing by the Treasurer prior to the processing of the withdrawal as required by the IPS. In addition, it was noted in two of the audit reports that the annual reconciliation of the investment administrative actual costs versus estimated costs had not been reviewed by the auditor as the annual reconciliation had not yet been completed and was expected to be completed by June 30, 2022. All of these reports were provided to the TOC and the BOS as part of the Treasurer's Monthly Investment Report and discussed at the quarterly TOC meetings.

During 2021, the Treasurer self-reported three compliance exceptions, all related to the exceeding limits in the AAAM rated Government Money Market Mutual Funds:

- In July, 2021, there was one IPS compliance exception. The OCIP (in its short-term pool OCMMF) had 21.33% invested in Money Market Mutual Funds (MMMF), exceeding the IPS limit of 20%. This compliance exception was cured the next day.
- In October, 2021, there were two IPS compliance exceptions. The John Wayne Airport Separate Investment Fund (JWA) had 18.74% invested in a single MMMF and 20.36% invested in all of the MMMFs exceeding the issuer limit of 10% and the total MMMF limit of 20% respectively. These compliance exceptions were cured the next business day.

Management Reports: The A-C IAD also issued two management follow-up reports in 2021 with two internal controls findings that the Treasurer had self-identified. They issued the First and Second Follow-Up Management Letter on the Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019 and the Review of the Statement of Assets Held by the County Treasury as of December 31, 2020. In these management letters respectively, the auditors identified that the one Control Deficiency finding and the one Significant Deficiency finding relating to Treasury operations are still in process and are expected to be completed in February 2022. (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 misstatement on a timely basis. A Significant Deficiency is a combination of control deficiencies that adversely affect the entity's ability to initiate, authorize, process or report financial data reliably in accordance with generally accepted accounting principles.)

Committee Opinion

It is the opinion of the TOC that during the calendar year 2021 the Treasurer maintained an acceptable level of compliance with the statutory requirements contained in Article 6 and as further required by County Resolution No. 95-946, clause 4(c).

Respectively submitted,



Alisa Backstrom, CCMT, CPFIM
Chair – Treasury Oversight Committee

cc: Shari L. Freidenrich, Treasurer-Tax Collector

DATE: March 12, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO



ACTION: Adopt Resolution Approving Amendments to Various Consultant Agreements for Services Related to Neighborhoods that Support Young Children and their Families and Early and Ongoing Health and Development

SUMMARY:

First 5 Orange County approves a list of qualified consultants annually, using consultants on that list throughout the fiscal year to support the work of the organization. This item requests approval of amendments to five existing consultant agreements to increase their maximum obligation for Fiscal Year 2021-2022. These increases are needed to accommodate higher than anticipated workloads described below.

DISCUSSION:

Annually, First 5 OC updates a list of qualified consultants that we can contract with to provide expertise in areas directly related to our strategic plan. Several of the projects supported by consultants have required higher than anticipated workloads this fiscal year. These expanded workloads represent significant progress in two areas of our Strategic Action Plan including Neighborhoods that Support Young Children and Families, and Early and Ongoing Health and Development. To accommodate this additional work, staff recommends amending the agreements with five consulting firms as described below.

Neighborhoods that Support Young Children & their Families

Limor Consulting Inc.: Historically, we have worked with school districts on a rotating basis to collect Early Development Index (EDI) data over a three-year period. This year, for the first time, we are collecting data from all districts simultaneously. This is due in part to the pandemic (school districts did not collect last year) and to a new approach of syncing up data collection to once every three years rather than spread over multiple years. While this will provide us the opportunity to have a complete refresh of the data, it has required more technical assistance from our consultant that trains and supports the districts' collection of the data. Additionally, we are updating the EDI maps with an overlay of community assets, given the impact of the pandemic on resources within each community. Finally, the consultant will also overlay child care centers onto EDI maps to help identify where there may be "child care deserts."

Wallace Wallrod: With the successful release of the Child Care Landscape Phase II, First 5 OC has been asked to further refine the economic impact results at a city level. The additional funding will allow us to pilot the development of five city-level reports.

Cristina Blevins: First 5 OC's Family and Neighborhood engagement strategies have grown this year to include an additional city (Garden Grove) and the creation of First 5's Family Ambassador

program. These two expansion efforts, in addition to turnover within our Engaged Neighborhood lead agency staff have required more time than originally anticipated from the supporting consultant. The work with the Family Ambassadors continues to deepen our shared learnings related to First 5 investments, and communication and outreach strategies.

Muckenthaler & Associates Inc.: Over the past year, there have been several state funding opportunities to support child care including but not limited to COVID relief, California State Preschool program (CPSS) and General Child Care (CCTR), and Universal Prekindergarten/ Universal Transitional Kindergarten. First 5 OC has provided technical assistance to ensure robust participation in these funding opportunities which increased the anticipated consultant hours allocated to this work. Additionally, resulting from the efforts to build public will for child care investments, First 5 OC has been invited to provide technical assistance to other community efforts like the funded partnership with CIELO (entrepreneurial support network), the Small Business Administration, the Orange County Community Foundation and local family child care providers to strengthen their business practices.

Early and Ongoing Health and Development

Hoda Shawky: Piloting HealthySteps, the dyadic care model that First 5 OC funds in three federally qualified health centers, has required more time than planned. The additional hours include ensuring the health centers are operating to model fidelity and providing ongoing technical assistance for new staff support and training. For the last quarter of this fiscal year, work will focus on integrating the HealthySteps program with other First 5 OC-supported work such as Plans of Safe Care, Engaged Neighborhoods, Well Child Visits, and Help Me Grow.

Staff recommends adjustments to the maximum obligations for these five consultants to continue the progress in advancing the work of First 5 OC. Attachment 2 is an updated term sheet which provides a summary of the term, maximum payment obligation, and scope of work for each of these consultants.

PRIOR COMMISSION ACTIONS:

- April 2021 – Adopted resolution authorizing agreements or amendments to agreements with designated individuals and organizations to provide consultant services.

STRATEGIC PLAN & FISCAL SUMMARY:

The proposed action has been specifically reviewed in relation to the Commission's Strategic Plan and is consistent with the Commission's goals. Funding for the proposed action will be included in the Proposed Fiscal Year 2021/2022 Budget.

RECOMMENDED ACTION:

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

ATTACHMENTS:

1. Resolution
2. Consultant Term Sheet

CONTACT: Kim Goll

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-21-C&FC

April 6, 2022

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

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

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

WHEREAS, the Commission previously entered into agreements with certain individuals and/or organizations to provide specified consultant services, hereinafter referred to as the "Contractors," identified in the staff report for the April 6, 2022 Commission meeting for this Agenda Item (hereinafter collectively referred to as the "Agreements").

WHEREAS, the Commission desires to amend the Agreements, at the President/CEO's sole discretion, with each of the Contractors (hereinafter collectively referred to as the "Amendments"). Contractors will provide consultant services for the terms and in the amounts and on the conditions as described in Attachment 2 therein; and

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

WHEREAS, Commission has reviewed the staff report and attachments for the April 6, 2022 Commission meeting relating to the scopes of services to be provided and hereby finds and determines that the proposed Amendments are in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Amendments to the Agreements with each of the Contractors for the terms and in the

amounts and on the conditions as specified in Attachment 2 to the April 6, 2022 staff report for this Agenda Item.

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

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

Section 2 Commission authorizes the President/CEO, or designee, and Commission Counsel to prepare and negotiate Amendments to Agreements with each of the Contractors to provide consultant services for the terms and in the amounts and on the conditions consistent with the April 6, 2022 staff report and Attachment 2 referenced therein; and

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

Section 4 Commission hereby approves the Amendments, at the President/CEO's sole discretion, with each of the Contractors as described in Attachment 2 to the April 6, 2022 staff report for this Agenda Item to provide consultant services for the terms and in the amounts and on the conditions as specified in the April 6, 2022 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 Amendments on behalf of the Commission.

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

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

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

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on April 6, 2022 to wit:

AYES Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

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

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

ROBIN STIELER

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

Resolution No: __-20-C&FC

Agenda Date: April 6, 2022

Item No. __



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

Robin Stieler, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

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

CONSULTANT AGREEMENTS TERM SHEET

Contract Number	Consultant	Term	Original Maximum Payment Obligation	New Maximum Payment Obligation	Scope of Work
C-430	Muckenthaler & Associates, Inc.	7/1/21-6/30/22	\$130,000	\$142,000	Provide individualized support to school districts, child care providers, and other community partners to increase infant and toddler child care expansion opportunities and systems-level improvements. Focused on alignment of investments and collaboration amongst school districts, community early learning programs, Orange County Department of Education (OCDE), Early Childhood OC, Orange County Association for Education of Young Children (OCAEYC), and Head Start.
C-432	Cristina Blevins	7/1/21-6/30/22	\$156,000 ¹	\$163,000	Coordinate and provide technical assistance to the Engaged Neighborhoods program, Parent Engagement efforts, and Quality Early Learning initiative. Provide coordination, technical assistance, and representation on community collaboratives for Engaged Neighborhoods. Lead elevating parent engagement activities amongst funded partners.
C-436	Hoda Shawky	7/1/21-6/30/22	\$100,000	\$130,000	Provide technical assistance to a diverse group of stakeholders and promote early relational health and improve prevention, early detection, intervention and treatment for perinatal mental health, substance use, and recovery. Support the development of parent advocates.
C-437	Limor Consulting, Inc.	7/1/21-6/30/22	\$120,000	\$145,000	Provide support for implementation of the Early Development Index including coordination with school districts and UCLA Center for Healthier Children, Families and Communities; analysis, maps and technical assistance with the EDI for Commission staff and partners; assist with development of related communications materials. Provide support for evaluation projects including First 5 OC's Annual Report, evaluation related to the Strategic Plan and performance measures, and evaluation related to equity/disparity index development.
C-439	Wallace Walrod	7/1/21-6/30/22	\$50,000	\$65,000	Provide additional research and support to develop partnerships with local, regional and statewide business organizations on child care and family friendly policies. Work with First 5 and partners to identify and prioritize opportunities with the business community (OCBC, chambers, employers) and philanthropy to support child care in Orange County.

DATE: February 17, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO



ACTION: Adopt Resolution Authorizing Amendment to Agreement with Children's Home Society for the Neighborhood Resources Network Program

SUMMARY:

In February 2020, First 5 Orange County approved recommendations to provide funding for the Neighborhood Resource Network (NRN) program, a service option for families at highest risk for child maltreatment launched in 2015. The Children's Home Society (CHS) has served as the administrative hub for the NRN program. This item requests approval to amend the current agreement with CHS to add funding and an additional year to the term of the agreement.

DISCUSSION:

The NRN program was developed in 2015 as a partnership between First 5 Orange County, CHS, and the Orange County Social Services Agency (SSA) to reduce future reports of child abuse and neglect in families who have at least one child age 0-5. The current program design for NRN includes receiving weekly referrals from SSA for families that have at least one child 5 years old or under; 2) have not previously had an interaction with SSA; and 3) are not eligible for any other services from SSA. SSA provides an average of 34 referrals to NRN each week.

The NRN program leverages the home visiting component of First 5 OC's Bridge's Program. Home visiting has been shown to improve outcomes for parents and children and is a foundational component for a robust Prenatal-to-3 (PN3) system. CHS, serving as the administrative hub for the NRN program, allocates the referrals to the home visiting providers, tracks uptake of families into voluntary services, and reports outcomes. CHS's current agreement terminates on June 30, 2022. Staff recommends adding one year of funding to the agreement ensuring CHS will continue to serve as the administrative hub for the NRN program.

Authorizing the amendment for one year will allow for the continuity of administrative services for the providers and SSA. Future home visiting funding allocations will be integrated into a comprehensive review of all funding within the Early and Ongoing Health and Development and Safe and Stable Homes funding categories.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions have been reviewed in relation to the Strategic Plan and are consistent with all goal areas. Funding for this item will be included in the Fiscal Year 2022-2023 Budget.

PRIOR COMMISSION ACTIONS:

- April 2021 – Adopted resolution authorizing amendment to agreement with Children's Home Society of California
- February 2020 - Adopted resolution authorizing agreement with Children's Home Society of California to serve as the administrative hub for the Neighborhood Resource Network Program.

RECOMMENDED ACTION:

Adopt resolution (Attachment 1) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate an amendment to Agreement No. FCI-PEI-02 with the Children's Home Society of California to add \$119,000 for a maximum obligation of \$366,476 for the extended term of July 1, 2020 to June 30, 2023.

ATTACHMENT:

1. Resolution

CONTACT: Kimberly Goll

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-21-C&FC

April 6, 2022

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 FCI-PEI-02 WITH CHILDREN'S HOME SOCIETY OF CALIFORNIA FOR THE NEIGHBORHOOD RESOURCE NETWORK 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, Commission previously entered into Agreement No. FCI-PEI-02 (hereinafter referred to as the "Agreement") with the Children's Home Society of California (hereinafter referred to as "Contractor"), which was subsequently amended, for the implementation of the Neighborhood Resource Network program;

WHEREAS, Commission desires to prepare and negotiate a Second Amendment to the Agreement for the terms and in the amount as described in April 6, 2022 staff report for this agenda item ("Amendment"); 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 April 6, 2022 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 April 6, 2022 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 for the implementation of the

Neighborhood Resource Network program for the terms and in the amount consistent with the April 6, 2022 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 Non-Profit 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 the Amendment by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Amendment with Contractor for the implementation of the Neighborhood Resource Network program for the terms and in the amount specified in the April 6, 2022 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 Amendment 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 Agreement, including any Amendment(s); (ii) to cause the issuance of warrants; (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s); and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

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

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on April 6, 2022 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: April 6, 2022

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
April 6, 2022

DATE: March 16, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO 

ACTION: Adopt Resolution Authorizing Agreement with Community Health Initiative of Orange County to Support the Engaged Neighborhoods with Outreach and Enrollment Efforts

SUMMARY:

Community Health Initiative of Orange County (CHIOC) encounters thousands of families and children each year, connecting them to health insurance, well-child visits (including screenings), medical homes, and social services. This item requests approval to enter into a new agreement with CHIOC for Fiscal Year 2022-2023.

DISCUSSION:

First 5 Orange County currently funds CHIOC for its critical role in making healthcare and other concrete resources and supports more accessible to Orange County families with young children. Launched in 2006 as part of a statewide network of children's health initiatives, CHIOC has since expanded to serve not only children, but also families and individuals, with its mission to connect Orange County residents to affordable and quality healthcare and social services.

CHIOC also supports families by improving referrals and connections within and across early childhood systems of care, most specifically to medical homes and well-child visits. Representatives from CHIOC consistently attend First 5's Engaged Neighborhood task force meetings and are currently collaborating with our Medical Legal Partnership – Boston (MLPB) initiative, which aims to empower families to advocate for themselves and their children to meet their medical and legal needs.

The current agreement with CHIOC ends June 30, 2022. This item requests approval to enter into a similar agreement with CHIOC for \$75,000 for one year with a newly developed scope of work, workplan, and budget, thereby aligning their funding timeframe with the Engaged Neighborhood programs whose funding will be reassessed in FY 2022-2023.

The major changes in scope of work will further align with First 5's family engagement initiatives and include supporting more robust parent education by promoting community forums that advance health equity for families. CHIOC will continue to screen and refer eligible families to CalWORKs and relay to its thousands of families opportunities for access to concrete benefits such as CalFresh, Medi-Cal, and WIC, as well as be a referral agency to link families to those benefits as appropriate. CHIOC will also focus their efforts more intentionally in the four Engaged Neighborhood cities, continuing to collaborate with each group while providing training and resources to increase awareness of and referrals to well child-visits, screenings and resources.

CHIOC will also continue building upon its work with school districts, creating MOUs so that when districts enroll families without health insurance, they will refer them to CHIOC for support. CHIOC may also begin serving as the lead agency supporting First 5's work with MLPB in the Engaged Neighborhood cities of Santa Ana, Anaheim, La Habra and Garden Grove. MLPB continues to evolve and create a curriculum, *Building Legal Problem-Solving Capacity in the Early Childhood Sector by Unlocking Access*, to be shared broadly with parents throughout the county. Once the curriculum is finalized, First 5 OC and CHIOC will assess if CHIOC is the right fit to be the lead agency supporting this work.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions have been reviewed in relation to the Strategic Plan and are consistent with all goal areas. Funding for this item will be included in the Fiscal Year 2022-2023 Budget.

RECOMMENDED ACTION:

Adopt resolution authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate Agreement No. FCI-MLP-01 with the Community Health Initiative of Orange County to support the Engaged Neighborhoods with outreach and enrollment efforts for families to access concrete benefits for a \$75,000 maximum obligation for the term of July 1, 2022 to June 30, 2023.

ATTACHMENT:

1. Resolution

CONTACT: Mike Anderson

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ____-22-C&FC

April 6, 2022

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AGREEMENT NO. FCI-MLP-01 WITH COMMUNITY HEALTH INITIATIVE OF ORANGE COUNTY; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION

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

WHEREAS, the Commission desires to prepare and negotiate an Agreement with Community Health Initiative of Orange County, hereinafter referred to as the “Contractor”, identified in the staff report for the April 6, 2022 Commission meeting, for the terms, in the amount and for the scope of services as described therein; and

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

WHEREAS, Commission has reviewed the staff report for the April 6, 2022 Commission meeting relating to the scope of services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreement with Contractor for the term, in the amount, and for the scope of services as specified in the April 6, 2022 staff report for this Agenda Item.

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

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

Section 2 Commission authorizes the President/CEO, or designee, and Commission Counsel to prepare and negotiate the Agreement with Contractor as described in the April 6, 2022 staff report for this Agenda Item for the term, in the amount, and for the scope of services referenced therein.

Section 3 The form of the Agreement with Contractor shall be substantially similar to a standard Non-Profit 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 Agreement shall be conclusively evidenced by the execution of such Agreements by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Agreement with the Contractor as described in the April 6, 2022 staff report for this Agenda Item for the term, in the amount, and for the scope of services as specified therein.

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

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

Section 7 In addition to the authorization of Section 2 above, the President/CEO, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(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 April 6, 2022 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: __-22-C&FC

Agenda Date: April 6, 2022

Item No. __



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

ROBIN STIELER, Clerk of the Commission

By: _____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final executed Agreement)

DATE: March 18, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO



ACTION: Receive Progress Report on Renewal Strategy to Address Family Homelessness

SUMMARY:

In follow up to the February presentation on funding renewal strategies, this item recommends next steps for the category of family homelessness. This includes identifying desired outcomes, ways to achieve those outcomes or address related barriers, and informing solutions that First 5 Orange County is positioned to implement. Also included is a plan for gathering input from key stakeholders.

DISCUSSION:

Background

First 5 Orange County has made a long-term commitment to the development of a robust support system for homeless families with young children. This commitment was expressed in the Commission's initial Strategic Plan and continued financial support over the last 18 years. Our investments have included capital infrastructure, direct service funding to providers, and in 2016, we expanded to support the development of a collaborative of family-focused homeless service providers (now referred to as Family Solutions Collaborative).

During the last renewal cycle, First 5 Orange County invested in a comprehensive evaluation which drove the actions approved by the First 5 board in February 2020. Those actions included investing in two new strategies: 1) "diversion" – diverting families from becoming homeless, and 2) "housing navigation" – accelerating families' access to permanent housing. Additionally, we made a system-related pivot from funding individual providers to funding a backbone agency (Family Solutions Collaborative) that could ensure equal access to resources for families regardless of the provider. For more information on the history of First 5 OC supports, see Attachment 1.

An evaluation of these new strategies has recently begun, spearheaded by the Family Solutions Collaborative (FSC) and using an outside evaluator, The Mark USA. The evaluation will assess whether the funding allocated by First 5 during the last cycle is having the intended results and use best practices to monitor other key indicators of system performance such as length of stay, transitions of families between providers, and return to the system after permanent housing exit.

Given this ongoing work, we recommend allowing FSC/The Mark USA to complete this evaluation to help answer the questions about the effectiveness of First 5's funding strategy and overall system performance and recommendations for further investment. While this evaluation gets

underway, staff recommends engaging a range of stakeholders to identify the desired outcomes of programs to address family homelessness and to inform First 5's future investments.

Stakeholder Engagement Process

First 5 staff recently met with the Technical Advisory Committee (TAC) as one of the stakeholders and a key informant to our countywide systems work in homeless prevention. Staff presented to and facilitated a discussion with TAC members, listing and testing desired outcomes for, and barriers/challenges with the current homelessness system in Orange County. We discussed three things with them to inform the First 5 OC's board's future discussion and related funding strategies:

1. Desired outcomes for addressing family homelessness;
2. Possible barriers and challenges to making progress toward those outcomes; and
3. A stakeholder input session or sessions to deepen the conversation about desired outcomes, barriers/challenges, and potential solutions.

After robust discussion, the TAC agreed to hold an input session, or series of input sessions, to include members of the TAC, experts working in the field of family homelessness, and families that have experience with provided services.

These input sessions are anticipated to generate stakeholder input, test assumptions, uncover other work in this area, and help to clarify what are the most effective tools to make progress. Where we find barriers or challenges for which we are not funding solutions but that First 5 is positioned to address, the TAC and stakeholders can help identify additional investment recommendations. And, in areas where other organizations are addressing or positioned to address barriers, we may identify ways other than direct funding where First 5 can provide support.

Next Steps

Over the next several months, we propose to work with the TAC members to facilitate these input sessions. We will return to the Commission with findings and recommendations after we have gathered stakeholder input. We will also report on the FSC/The Mark USA's evaluation status and come back with a specific timeline for proposed funding renewal.

STRATEGIC PLAN & FISCAL SUMMARY:

The recommended action is consistent with First 5 Orange County's Strategic Plan.

PRIOR COMMISSION ACTIONS:

- February 2022 – Receive Presentation and Discuss Strategies for First 5 Orange County's Next Funding Cycle
- April 2019 – Adoption of the First 5 Orange County Strategic Plan
- February 2017 – Approved Renewal Funding Actions

RECOMMENDED ACTION:

Receive progress report on the renewal strategy to address family homelessness.

ATTACHMENT:

1. History of First 5 Orange County Funding for Homeless Initiatives

CONTACTS: Lisa Burke, Mike Anderson

History of First 5 Orange County Funding for Homeless Initiatives

- **2000 – 2012**
 - First 5 OC had operational agreements with as many as eleven (11) different family-based shelters with a total annual contribution of nearly \$8 million, making the Commission a major investor in the family homeless shelter system.
 - All scopes included priorities on developing long-term shelter sustainability and securing alternative funding sources.
 - Funding for programs provided direct services to homeless families with young children with a strong emphasis on providing for basic needs such as food, shelter, and clothing.
 - Capital Investments during this period included:
 - **2001 – Precious Life Shelter:** Selected as first HomeAid Partnership Project providing 59 additional units and child care
 - **2002 – Casa Teresa:** Funding to provide comprehensive residential care to pregnant women with additional units
 - **2002 – Orange County Rescue Mission:** Hope Family Housing Project - providing 88 units
 - **2005 – Fullerton Interfaith Emergency Services** (now doing business as Pathways of Hope): Expansion of shelter services for families adding 14 beds
 - **2007 – Orange County Rescue Mission:** Transitional housing for homeless families for up to 24 months
 - **2009 – Mercy House Armory:** Cold weather armory shelter provider providing motel vouchers and case management services for families with children 5 and younger seeking shelter at the armory
 - **2010 – Laura's House:** Domestic violence shelter expanding capacity from 25 women and their children to nearly 50 families
 - **2012 – Casa Teresa:** Emergency shelter project with Casa Teresa providing over 20 emergency shelter beds for pregnant and or parenting women.

2012 – Commission financial contribution of \$6.25 million to HomeAid Orange County for capital improvements and operational support to expand the network of emergency shelters specific to the needs of families.

Outcomes

- Five (5) projects developed for Pathways of Hope, Illumination Foundation, Family Assistance Ministries and two projects for Mercy House
- 66 units of housing contributing to more than 400 shelter beds
- Served 264 families annually
- Balance of nearly \$980,000 in unallocated funds

2016 – Commission invests in development of Family Solutions Collaborative (FSC)

2018 – Commission funds evaluation of Orange County Family Response System and Family Shelter Network to understand the nature of the system servicing the family homeless population and provide recommendations.

Evaluation Findings

- Shelter to shelter transitions by families were problematic
- Increase shelter program alignment through shared shelter guidelines
- Identified needs of Housing Navigator Program and Diversion Strategy

2019 – Shared Shelter Guidelines Adopted by FSC and implemented by the 21 member family shelters

Outcomes

- Major reduction in shelter to shelter transitions
- Alignment of shelter practices
- Shared performance outcomes and targets
- Low barrier (families are able to access services easily without having to certain criteria)

2019 – Commission issues RFP soliciting proposals for Housing Navigation Program, Diversion Strategy, and final Operational Shelter Funding

2020 – Commission approves funding for Housing Navigation Program, and Diversion Strategy Plan with the Family Solutions Collaborative and individual Operational Shelter Agreements.

- Housing Navigation Program
 - \$600,000 over three years (\$200,000 annually)
 - Dedicated staff to help identify housing options for homeless families
 - Nationally recognized best practice intended to reduce shelter stay

- Resource for all members of the Family Solutions Collaborative
- Informed by 2018 homeless shelter evaluation that identified specific need of Housing Navigators to strengthen family system
- Operational Shelter Funding
 - \$1,015,000 over three years (amount varies by shelter)
 - Funding for direct services that supports the day to day operations of emergency and transitional shelters,
 - None of the allocations are eligible for funding after this funding cycle.
 - Driven by alignment with strategic plan to pivot away from funding individual providers to focusing on funding system work. This operational shelter funding allowed time for shelters to identify other sources of funding.

2021 – Commission approves Diversion Strategy agreement with the Family Solutions Collaborative. Funding includes a robust system evaluation conducted by an outside evaluation firm of the family homeless system and the impact of the Housing Navigation and Diversion Strategy on the system.

- Diversion Strategy Planning Grant
 - \$100,000 planning grant to develop Diversion strategy
 - Diversion (also known as Problem-Solving or Rapid Resolution) is a short to long-term housing intervention that seeks to assist families to identify an immediate and safe housing alternative within their own network of family, friends and social supports or support into a housing opportunity.
 - Nationally recognized best practice intended to quickly divert a family (when possible) from experiencing homelessness.
 - Informed by 2018 homeless shelter evaluation that identified developing a robust Diversion Strategy as an effective means to prevent families from entering the homeless system.
 - June 2021 – Commission approves two-year Diversion Strategy for \$1,103,765
 - Funding includes evaluation of family homeless system including impact of Diversion Strategy and Housing Navigation program on the system.

2023 - The evaluation is anticipated to be completed in the summer of 2023 and will inform future homeless funding systems work.



Agenda Item 14
April 6, 2022

DATE: March 22, 2022

TO: First 5 Orange County

FROM: Kimberly Goll, President/CEO

ACTION: Receive the President/CEO's Report

Financial Update

Financial highlight reports for the months of January (Attachment 1) and February (Attachment 2) are attached. The reports summarize information regarding year-to-date revenue, expenses, and encumbrances. 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. This Investment Report (Attachment 3) summarizes investment activities for the three-month period from October 1 through December 31, 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). A summary of key OCIP investment information is in Attachment 3.

First 5 OC Advocacy Day

First 5 Orange County Commissioners are invited to participate in the annual First 5 Advocacy event on April 19, 2022. Advocacy Day is an annual event when the 58 First 5 county commissions, First 5 California, and the First 5 Association converge at the State Capitol to discuss early childhood issues and the positive impact of the governor's budget proposal for young children and families. Due to the pandemic, this year's Advocacy Day will be virtual. We anticipate holding multiple meetings with individual legislators. The First 5 Association will hold a kickoff meeting from 9:00 a.m. to 10:00 a.m. and a series of meetings with legislators will follow between 11:00 a.m. and 5:00 p.m. First 5 OC staff is working with our Policy Ad Hoc Committee to develop the agenda, strategic messaging, and participants. Please contact Tiffany Alva at Tiffany.alva@cfcoc.ocgov.com if you are interested in attending the kickoff meeting or legislative briefings.

Refugee Support

First 5 California released an application for funding to support refugee resettlement on March 23rd with responses due April 4th. The application guidance encourages counties to submit joint applications, focuses the use of funding for system navigation and emergency child care, and limits housing support to a maximum of 25% of the total grant allocation. First 5 California contractual requirements would also require the recipient to conduct a competitive application to regrant funding to subcontractors. Given the use restrictions and the administrative requirements, it is unlikely we will choose to pursue this opportunity. Alternatively, there is an opportunity to provide direct support to local refugee-supporting organizations as part of a local collaborative of funders. With the support of Charitable Ventures and OC Grantmakers, a small group of

interested funders is investigating the opportunity to pool dollars to provide expanded funding to the nonprofit agencies serving refugees in Orange County. This group, of which First 5 OC is a part, will begin by gathering 12 agencies that have been verified as serving refugees for a focus-group-type discussion to identify the unmet needs of the families they are serving. A support model that includes funding from non-age-restricted funders allows for more flexibility and responsiveness. First 5 OC participated in a similar model for COVID relief in 2020 which allowed us to meet our funding requirements and was nimble enough to accommodate the needs of recipient agencies.

ATTACHMENTS:

1. January Financial Update
2. February Financial Update
3. Investment Report



Financial Highlights as of January 31, 2022

Comparison of Budget vs. Actual Fiscal Year 2021-2022 Unaudited Period Ending 1/31/22

	<u>FY 2021-22 Amended Budget</u>	<u>FY 2021-22 Actuals</u>	
Financing Sources			
Tobacco Tax Revenue	\$23,354,480	\$10,489,531	44.9%
Interest Earnings	100,000	150,901	150.9%
Other Revenue	<u>4,105,234</u>	<u>8,726,468</u>	
Revenue Total	\$27,559,714	\$19,366,900	
Expenses*			
Prenatal-to-Three*	\$10,424,567	\$3,143,742	30.2%
School Readiness Initiative	8,913,740	2,000,148	22.4%
Homeless Prevention	1,049,000	162,487	15.5%
Children's Dental*	1,400,000	128,250	9.2%
Systems Building	1,092,750	537,239	49.2%
Performance Evaluation	<u>1,036,125</u>	<u>372,824</u>	36.0%
Program Services	\$23,916,182	\$6,344,689	
Admin. Functions**	<u>1,534,090</u>	<u>607,382</u>	39.6%
Total Operating Exp.	\$25,450,272	\$6,952,071	

*Including One-Time System Expenses (previously called Catalytic)

**Administrative costs and functions are defined by State Commission guidelines (Fiscal Memo No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenses of \$607,382 and encumbrances of \$435,744 were 4.1% of the Fiscal Year 2021-2022 Budget of \$25.5 million. Final administrative expenses are projected to be 7% at year-end.

Total Encumbrances as of January 31, 2022 including multi-year contracts through Fiscal Year 2022-2023

Prenatal-to-Three	\$21,899,298
School Readiness Initiative	\$14,281,988
Homeless Prevention	\$949,996
Children's Dental	\$4,807,839
System Building	\$1,126,419
Performance Evaluation	\$739,780
Admin. Functions	\$435,744

Revenue and Cash Balance Update

Tobacco Tax Revenue has been received through December 2021. Current year revenue (July 2021 – December 2021) as reported by First 5 California is \$15 million including the annual backfill amount of \$6 and revenue through December.

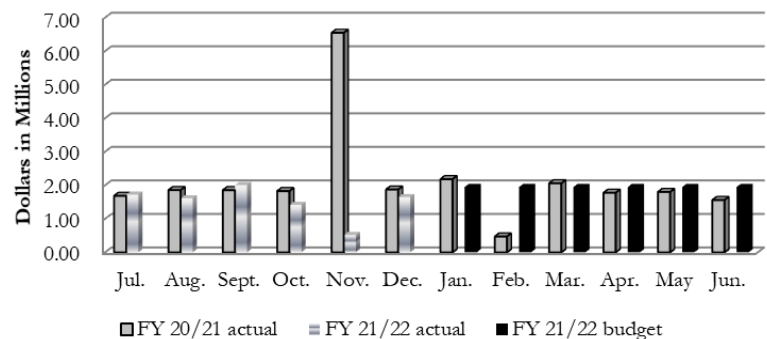
Interest earnings for July 2021 through January 2022 are \$150,901.

System Funding Update

\$44,834,199 in One-Time System Funding was expensed from Fiscal Year 2012-2013 through Fiscal Year 2020-2021.

As of January 31, 2022, \$7.9 million was encumbered for one-time System Building programs. \$3.4 million is encumbered for Children's Dental and \$4.5 million for Prenatal to Three Services.

Fiscal Year 2020-2021 & 2021-2022 Tobacco Monthly Revenues



Fiscal Year 2020-2021 Ending Fund Balance From Commission Long Term Financial Plan

Beginning Fund Balance, July 1, 2020	\$43,325,669
Total Revenue	40,021,048
Total Program Expenses	(26,308,485)
Fund Balance for System Building Projects	<u>(21,065,801)</u>

June 30, 2021 Fund Balance \$35,972,431*

*Based on Commission action through December 2020 and financial results through June 30, 2021. Final fund balance does not include One-time System Building Projects. For financial planning purposes, One-time System Building Projects have been designated by Commission action and removed from available fund balance.



Financial Highlights as of February 28, 2022

Comparison of Budget vs. Actual Fiscal Year 2021-2022 Unaudited Period Ending 2/28/22

	<u>FY 2021-22 Amended Budget</u>	<u>FY 2021-22 Actuals</u>	
Financing Sources			
Tobacco Tax Revenue	\$23,354,480	\$16,537,168	70.8%
Interest Earnings	100,000	171,210	171.2%
Other Revenue	<u>4,105,234</u>	<u>9,085,678</u>	
Revenue Total	\$27,559,714	\$25,794,057	
Expenses*			
Prenatal-to-Three*	\$10,424,567	\$3,786,175	36.3%
School Readiness Initiative	8,913,740	3,019,903	33.9%
Homeless Prevention	1,049,000	162,487	15.5%
Children's Dental*	1,400,000	128,250	9.2%
Systems Building	1,092,750	578,212	52.9%
Performance Evaluation	<u>1,036,125</u>	<u>399,097</u>	38.5%
Program Services	\$23,916,182	\$8,074,123	
Admin. Functions**	<u>1,534,090</u>	<u>664,643</u>	43.3%
Total Operating Exp.	\$25,450,272	\$8,738,766	

*Including One-Time System Expenses (previously called Catalytic)

**Administrative costs and functions are defined by State Commission guidelines (Fiscal Memo No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenses of \$664,643 and encumbrances of \$430,139 were 4.3% of the Fiscal Year 2021-2022 Budget of \$25.5 million. Final administrative expenses are projected to be 7% at year-end.

Total Encumbrances as of February 28, 2022 including multi-year contracts through Fiscal Year 2022/2023

Prenatal-to-Three	\$21,641,034
School Readiness Initiative	\$13,280,526
Homeless Prevention	\$949,996
Children's Dental	\$4,807,839
System Building	\$1,094,342
Performance Evaluation	\$732,506
Admin. Functions	\$430,139

Revenue and Cash Balance Update

Tobacco Tax Revenue has been received through January 2022. Current year revenue (July 2021 – January 2022) as reported by First 5 California is \$16.8 million including the annual backfill amount of \$6 and revenue through January.

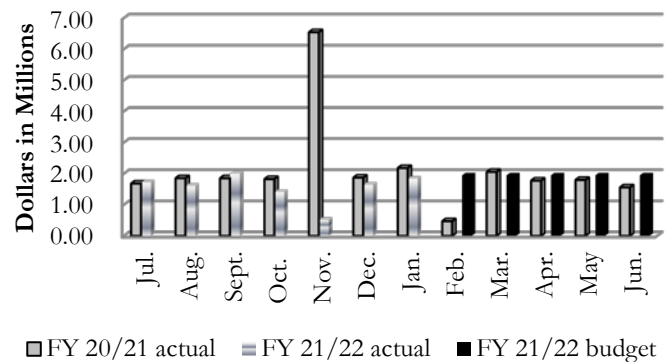
Interest earnings for July 2021 through February 2022 are \$171,210.

Systems Funding Update

\$44,834,199 in One-Time System Funding was expensed from Fiscal Year 2012-2013 through Fiscal Year 2020-2021.

As of February 28, 2022, \$7.9 million was encumbered for one-time System Building programs. \$3.4 million is encumbered for Children's Dental and \$4.5 million for Prenatal to Three Services

Fiscal Year 2020-2021 & 2021-2022 Tobacco Monthly Revenues



Fiscal Year 2020-2021 Ending Fund Balance From Commission Long Term Financial Plan

Beginning Fund Balance, July 1, 2020	\$43,325,669
Total Revenue	40,021,048
Total Program Expenses	(26,308,485)
Fund Balance for System Building Projects	<u>(21,065,801)</u>

June 30, 2021 Fund Balance **\$35,972,431***

*Based on Commission action through December 2020 and financial results through June 30, 2021. Final fund balance does not include One-time System Building Projects. For financial planning purposes, One-time System Building Projects have been designated by Commission action and removed from available fund balance.

First 5 Orange County, Children & Families Commission
Quarterly Investment Report
October 1, 2021 through December 31, 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 October 1 through December 31, 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 December 31, 2021, these totaled \$59,215,333.37. 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 October, November and December 2021. The net year-to-date yield for fiscal year 2021/2022 is 0.460%, net of the estimated investment administrative fee of 5.8 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
October	\$56,736,025.89	0.514%	\$5,639,683,373	\$5,642,145,760	380 days	1.00	1.05
November	\$58,927,400.76	0.515%	\$5,781,308,496	\$5,787,530,697	388 days	1.00	1.07
December	\$59,215,333.37	0.396%	\$6,188,116,076	\$6,199,174,761	356 days	1.00	0.99

ECONOMIC UPDATE

The job market added 648,000 (revised) jobs in October, added 249,000 (revised) jobs in November and added 199,000 jobs in December, lower than the survey number of 444,000. The unemployment rate decreased to 4.6% in October from 4.7% (revised) in September, then decreased to 4.2% in November and further decreased to 3.9% in December, lower than the survey number of 4.1%. The U.S. Gross Domestic Product third quarter of 2021 rate decreased to 2.3% (revised) from the second quarter's rate of 6.7% (revised). The index for pending home sales on a year-over-year basis decreased by 7.3% (revised) in September, decreased by 4.7% in October and increased by 0.2% in November. In December, the Federal Open Market Committee met and maintained the federal funds rate in a target range of 0 to ¼ percent. They also reduced purchases of Treasuries and mortgage-backed securities to \$30 billion a month, putting it on track to conclude the program in early 2022, earlier than planned.

U.S. Treasury Yield Curve: Yields on the 3-month, 2-year and 5-year Treasury increased, yield on the 10-year Treasury was unchanged and yield on 30-year Treasury decreased during the quarter ended December 31, 2021.

	Quarter Ended September 30, 2021	Quarter Ended December 31, 2021
3 - Month	0.04%	0.06%
2 - Year	0.28%	0.73%
5 - Year	0.98%	1.26%
10 - Year	1.52%	1.52%
30 - Year	2.08%	1.90%

COMPLIANCE MONITORING

As of December 31, 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 December 31, 2021.

The County Treasurer's investments are audited regularly by the County Auditor-Controller Internal Division (ACID). The ACID 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, 2020.

In the report issued on October 12, 2021, Eide Bailly reported no exceptions but also stated that the annual reconciliation of the investment administrative actual costs vs. estimated costs for year ended June 30, 2020 was not reviewed by the auditor as the annual reconciliation had not been completed yet. The County Treasurer plans to complete this reconciliation by June 30, 2022.

Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended June 30, 2021.

In the report issued on November 1, 2021, the Auditor-Controller stated no compliance exceptions were identified.

Second Follow-up Audit: Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019.

On November 30, 2021, the Auditor Controller issued the Second Follow-Up Audit stating that Treasurer is in the process of implementing the one outstanding recommendation and anticipates completing the process by February 28, 2022.

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 October, November and December 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 December 31, 2021, OCIP has a total market value of \$118 million in County of Orange debt, which represents approximately 2% of total OCIP assets.

STATEMENT OF ACTIVITY

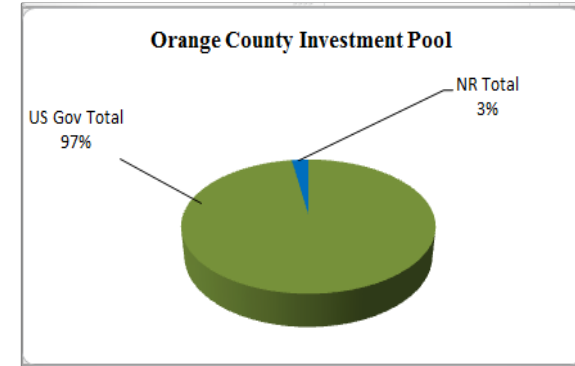
We have attached the Statement of Activity for the months of October, November and December 2021. (Attachment C). These Statements report the beginning and ending balances of the Commission's funds invested in the OCIP.

Attachments:

- A. Orange County Investment Pool Summary
- B. Investment Policy and Treasury Oversight Committee Compliance Summary for October, November and December 2021.
- C. Statement of Activity for the months of October, November and December 2021.
- D. Agreed Upon Procedures Related to Investment Compliance Fiscal Year Ended June 30, 2020.
- E. Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended June 30, 2021.
- F. Second Follow-up Audit: Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019.

**ORANGE COUNTY TREASURER-TAX COLLECTOR
ORANGE COUNTY INVESTMENT POOL
INVESTMENT POOL SUMMARY
AT December 31, 2021**

Security Type	OCIP PORTFOLIO COMPOSITION			
	Market Value	% of Market Value	Book Value	Unrealized Gain (Loss)
U.S. TREASURIES	\$ 2,998,182,675	48.45%	\$ 3,010,595,759	\$ (12,413,084)
U.S. GOVERNMENT AGENCIES	2,377,689,168	38.42%	2,376,334,769	1,354,399
MONEY MARKET MUTUAL FUNDS	657,217,458	10.62%	657,217,458	-
MUNICIPAL DEBT	118,698,159	1.92%	118,698,159	-
LOCAL AGENCY INVESTMENT FUND	36,328,616	0.59%	36,328,616	-
TOTAL	\$ 6,188,116,076	100.00%	\$ 6,199,174,761	\$ (11,058,685)



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**

	DECEMBER 2021	NOVEMBER 2021	INCREASE (DECREASE)	NET CHANGE %	DECEMBER 2020	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ^{1,2}	\$ 6,188,116,076	\$ 5,781,308,496	\$ 406,807,580	7.04%	\$5,496,853,516	\$ 691,262,560	12.58%
End Of Month Book Value ²	\$ 6,199,174,761	\$ 5,787,530,697	\$ 411,644,064	7.11%	\$5,471,362,174	\$ 727,812,587	13.30%
Monthly Average Balance	\$ 6,913,018,256	\$ 5,752,712,568	\$ 1,160,305,688	20.17%	\$6,401,432,470	\$ 511,585,786	7.99%
Year-To-Date Average Balance	\$ 5,543,054,862	\$ 5,269,062,184	\$ 273,992,679	5.20%	\$5,088,152,087	\$ 454,902,775	8.94%
Monthly Accrued Earnings ³	\$ 2,416,877	\$ 2,483,873	\$ (66,996)	-2.70%	\$4,278,266	\$ (1,861,389)	-43.51%
Monthly Net Yield ³	0.338%	0.457%	-0.119%	-26.04%	0.708%	-0.370%	-52.26%
Year-To-Date Net Yield ³	0.460%	0.493%	-0.033%	-6.69%	0.932%	-0.472%	-50.64%
Annual Estimated Gross Yield ³	0.360%	0.360%	0.000%	0.00%	0.802%	-0.442%	-55.11%
Weighted Average Maturity (WAM) ⁴	356	388	(32)	-8.25%	227	129	56.83%

¹ Market values provided by Bloomberg and Northern Trust.

² Market value for OCIP is lower than the book value. Short-term rates have risen slightly causing the market values on these pools to drop slightly. The OCIP has sufficient liquidity to meet projected cash flow needs. The OCIP End Of Month Market and End Of Month Book Values were higher than the prior year and the Monthly Average Balance was higher than the prior month both due to the receipt of more property taxes in early December and a later distribution of property taxes to local agencies.

³ The OCIP Monthly Net Yield was lower than the previous month primarily due to short-term investments purchases to fund the local property tax disbursements. The OCIP 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 Annual Estimated Gross Yield for December 2020 is reported at the actual annual adjusted gross yields for FY 20-21.

⁴ 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
October 31, 2021**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2020 completed.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2021 and September 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)	September 30, 2021 in progress.
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	As of October 31, 2021 three compliance exceptions have been identified for FY 21/22, one in July 2021 and two in October 2021.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed Bylaws changes at the October 28, 2021 meeting and approved the Bylaw changes. BOS approval scheduled for December 14, 2021.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2021 meeting and provided input on the proposed IPS changes. BOS approval scheduled for December 14, 2021.
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, 2021.
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 and the two leaving office filings have been received.

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
November 30, 2021**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2020 completed.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2021 completed. September 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)	September 30, 2021 in progress.
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	As of November 30, 2021 three compliance exceptions have been identified for FY 21/22, one in July 2021 and two in October 2021.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed Bylaws changes at the October 28, 2021 meeting and approved the Bylaw changes. BOS approval scheduled for December 14, 2021.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2021 meeting and provided input on the proposed IPS changes. BOS approval scheduled for December 14, 2021.
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, 2021.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2020.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 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
December 31, 2021**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	June 30, 2020 completed.
Quarterly Compliance Monitoring	TOC	TOC Directive	June 30, 2021 completed. September 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)	September 30, 2021 in progress.
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	As of December 31, 2021 three compliance exceptions have been identified for FY 21/22, one in July 2021 and two in October 2021.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed Bylaws changes at the October 28, 2021 meeting and approved the Bylaw changes. BOS approved on December 14, 2021.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 28, 2021 meeting and provided input on the proposed IPS changes. BOS approved on December 14, 2021.
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, 2021.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2021.
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



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

October 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

OCTOBER 2021 STATEMENT

INVESTMENT BALANCE IN OCIP

Transactions

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
10/01/2021	September 2021 Investment Admin Fee	\$ (2,714.08)
10/27/2021	July 2021 Interest Paid	\$ 27,151.28

Summary

Total Deposit:	\$ 2,594,820.42	Beginning Balance:	\$ 55,636,017.40
Total Withdrawal:	\$ (1,494,811.93)	Ending Balance:	\$ 56,736,025.89

ACCRUED INVESTMENT INCOME

Description

Amount

August 2021 Interest Accrued	\$ 28,009.81
September 2021 Interest Accrued	\$ 26,291.76
Total	<u>\$ 54,301.57</u>
 October 2021 Interest to be accrued in November 2021	 \$ 24,341.09



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

November 30, 2021

FIRST 5 ORANGE COUNTY

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

Fund Number : 225

NOVEMBER 2021 STATEMENT

INVESTMENT BALANCE IN OCIP

Transactions

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
11/01/2021	October 2021 Investment Admin Fee	\$ (2,746.48)
11/29/2021	August 2021 Interest Paid	\$ 28,009.81

Summary

Total Deposit:	\$ 4,147,439.90	Beginning Balance:	\$ 56,736,025.89
Total Withdrawal:	\$ (1,956,065.03)	Ending Balance:	\$ 58,927,400.76

ACCRUED INVESTMENT INCOME

<u>Description</u>	<u>Amount</u>
September 2021 Interest Accrued	\$ 26,291.76
October 2021 Interest Accrued	\$ 24,341.09
Total	<u>\$ 50,632.85</u>
 November 2021 Interest to be accrued in December 2021	 \$ 25,166.04



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

December 31, 2021

FIRST 5 ORANGE COUNTY

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

Fund Number : 225

DECEMBER 2021 STATEMENT

INVESTMENT BALANCE IN OCIP

Transactions

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
12/01/2021	November 2021 Investment Admin Fee	\$ (2,836.19)
12/29/2021	September 2021 Interest Paid	\$ 26,291.76

Summary

Total Deposit:	\$ 1,591,772.73	Beginning Balance:	\$ 58,927,400.76
Total Withdrawal:	\$ (1,303,840.12)	Ending Balance:	\$ 59,215,333.37

ACCRUED INVESTMENT INCOME

Description

Amount

October 2021 Interest Accrued	\$ 24,341.09
November 2021 Interest Accrued	\$ 25,166.04
Total	<u>\$ 49,507.13</u>

December 2021 Interest to be accrued in January 2022	\$ 19,940.84
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Agreed-Upon Procedures
Related to Investment Compliance
Fiscal Year Ended June 30, 2020
County of Orange, California

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Table of Contents

June 30, 2020

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, 2020. 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, 2020, 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.



Laguna Hills, California
October 12, 2021

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Procedures and Findings

Fiscal Year Ended June 30, 2020

Attachment A

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, 2020:
 - (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, 2020.

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, 2020.

Finding – No exceptions were found as a result of our procedures.

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Procedures and Findings

Fiscal Year Ended June 30, 2020

Attachment A

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, 2020.

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, 2020.

Finding – No exceptions were found as a result of our procedures.

6. Review TOC minutes for the fiscal year ended June 30, 2020, 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, 2020.

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, 2020, 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, 2020, 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.

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Procedures and Findings

Fiscal Year Ended June 30, 2020

Attachment A

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, 2019.

Finding – We obtained and inspected the Agreed-Upon Procedures Report dated September 23, 2021, in which procedures were performed over compliance requirements specified in CGC Sections 27130-27137 for the fiscal year ended June 30, 2019.

10. Obtain and review the Annual Review of Investment Administrative Costs vs. Revenue Analysis for the fiscal year ended June 30, 2020, 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, 2020 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, 2020, 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 – No exceptions were found as a result of our procedures.

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, 2020.

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, 2020, per CGC Section 53646(a).

Finding – No exceptions were found as a result of our procedures.

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Procedures and Findings

Fiscal Year Ended June 30, 2020

Attachment A

2. Select one (1) day per month of transactions which include purchases and/or sales/maturities for the fiscal year ended June 30, 2020 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, 2020, as follows:

- | | |
|----------------------|---------------------|
| 1. July 23, 2019 | 7. January 6, 2020 |
| 2. August 27, 2019 | 8. February 3, 2020 |
| 3. September 5, 2019 | 9. March 3, 2020 |
| 4. October 3, 2019 | 10. April 10, 2020 |
| 5. November 14, 2019 | 11. May 22, 2020 |
| 6. December 30, 2019 | 12. June 3, 2020 |

No exceptions were found as a result of our procedures.

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Procedures and Findings

Fiscal Year Ended June 30, 2020

Attachment A

3. Obtain Form 700 Statement of Economic Interests for 2020 covering the period January 1, 2020 through December 31, 2020, 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, 2020 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, 2020, 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, 2020 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, 2020, 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.

County of Orange, California

Agreed Upon Procedures Related to Investment Compliance

Procedures and Findings

Fiscal Year Ended June 30, 2020

Attachment A

- 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 July 2019, October 2019, March 2020, and May 2020 reports for the fiscal year ended June 30, 2020. 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 June 30, 2021

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

Audit Number 2102
Report Date: November 1, 2021



OFFICE OF THE
ORANGE COUNTY AUDITOR-CONTROLLER

FRANK DAVIES, CPA
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2102

November 1, 2021

TO: Members, Treasury Oversight Committee

SUBJECT: Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended June 30, 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 June 30, 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".

Frank Davies, CPA
Auditor-Controller

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Frank Kim, County Executive Officer
- Shari Freidenrich, Treasurer-Tax Collector
- James Kim, Assistant Treasurer-Tax Collector
- Brian Winn, Accounting/Compliance Manager
- Salvador Lopez, Chief Deputy Auditor-Controller
- Michael Steinhaus, Audit Manager
- 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 June 30, 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.

Frank Davies, CPA
Auditor-Controller
November 1, 2021



Frank Davies, CPA

Orange County Auditor-Controller



Internal Audit

Second Follow-up Audit: Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019

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

Audit Number 2110-A
Report Date: November 30, 2021



OFFICE OF THE
ORANGE COUNTY AUDITOR-CONTROLLER

FRANK DAVIES, CPA
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2110-A

November 30, 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 Bartlett, Fifth District

SUBJECT: Second Follow-Up Audit: Management Letter on Review of the Schedule of
Assets Held by the County Treasury as of September 30, 2019, Original Audit
No. 1906, Issued March 16, 2020

We have completed our second follow-up audit of Management Letter on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019. Our final report is attached for your review.

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
Frank Kim, County Executive Officer
Shari Freidenrich, Treasurer-Tax Collector
James Kim, Assistant Treasurer-Tax Collector
Brian Winn, Accounting/Compliance Manager, Treasurer-Tax Collector
Salvador Lopez, Chief Deputy Auditor-Controller
Michael Steinhaus, Audit Manager
Foreperson, Grand Jury
Robin Stieler, Clerk of the Board of Supervisors
Eide Bailly LLP, County External Auditor



Internal Auditor's Report

The Honorable Board of Supervisors
County of Orange, California

SCOPE

We have completed a follow-up audit of the Management Letter on Review the of Schedule of Assets Held by the County Treasury as of September 30, 2019. Our audit was limited to reviewing actions taken as of September 30, 2021, to implement one outstanding recommendation from the management letter issued on March 16, 2020.

BACKGROUND

We completed a review of the Schedule of Assets held by the County Treasury as of September 30, 2019; the related management letter identified one control deficiency.

RESULTS

Our follow-up audit found that the Treasurer-Tax Collector is in the process of implementing our recommendation from the management letter. The following are the details of the recommendation:

Finding No. 1 – Bank Demand Accounts Not Recorded in Quantum (Control Deficiency)

Recommendation No. 1: We recommend that T-TC management ensure that all accounts in its Schedule of Assets are recorded in Quantum.

Status: In process. We found that the Treasurer-Tax Collector (T-TC) had gone live with its upgraded version of Quantum, but had not started recording the applicable accounts in Quantum because Phase 1 post go-live work had not started yet. T-TC management expects to get the accounts into Quantum by February 28, 2022.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during our follow-up audit. If you have any questions, please contact Michael Steinhaus, Audit Manager, at (714) 834-6106.

Frank Davies, CPA
Auditor-Controller
November 30, 2021



Internal Auditor's Report

ATTACHMENT A: Follow-Up Audit Implementation Status

For purposes of reporting the implementation status of our audit recommendations, we utilize four distinct categories:

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.