

# SUMMARY ACTION MINUTES

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

*Wednesday, December 6, 2023, 9:00 A.M.*

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

**RAMIN BASCHSHI, MD**  
Chair

**DOUG CHAFFEE**  
Vice Chair

**JACKIE FILBECK**  
Commissioner

**YVETTE LAVERY, MPA, MBE**  
Commissioner

**SUSAN MCCLINTIC**  
Commissioner

**SOLEDAD L. RIVERA**  
Commissioner

**ANGIE ROWE**  
Commissioner

**AN TRAN**  
Commissioner

**MINDY WINTERSWYK, DPT, PCS**  
Commissioner

ATTENDANCE: Commissioners Baschshi, Chafee, Filbeck, Lavery, McClintic, Rivera, Rowe, Winterswyk and Rodriguez (Alternate for Tran)

EXCUSED: Commissioner Tran

PRESENT: PRESIDENT/CEO  
COMMISSION COUNSEL  
CLERK OF THE COMMISSION

Kimberly Goll  
Cassie Trapesonian  
Jamie Ross, Deputy

### **PLEDGE OF ALLEGIANCE**

Pledge of Allegiance was led by Commission Counsel Cassie Trapesonian

### **PRESENTATIONS:** (Item 1)

1. Receive presentation on Orange County's Prenatal-to-Three System of Care  
**RECEIVED**

## SUMMARY ACTION MINUTES

### **CONSENT CALENDAR:** (Items 2 – 5)

421356789 10 **APPROVED AS RECOMMENDED**

x

2. Adopt Fiscal Year 2024-2025 Employer and Employee Retirement Contribution Rates as established and adopted by the Orange County Employees Retirement System
3. Review updates to First 5 Orange County Organizational Chart
4. Approve a maximum indirect cost rate of 10 percent for all First 5 OC funded agreements
5. Approve First 5 Orange County meeting calendar for 2024

### **PUBLIC HEARING:** (Item 6)

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

C.O. **CLOSED PUBLIC HEARING**

241356789 10 **APPROVED AS RECOMMENDED**

x

### **REGULAR ITEMS:** (Items 7 – 10)

7. Adopt resolution authorizing annual membership payment to the First 5 Association of California and receive list of professional association memberships and sponsorships

351246789 10 **APPROVED AS RECOMMENDED**

x

*RESO: 23-034 C&FC*

8. Adopt resolution authorizing agreements with designated School Districts to provide Early Learning services

471235689 10 **MOTION TO AMEND TERM TO TWO YEARS FAILED TO CARRY**

NNAN NXN N

*(Commissioner Filbeck abstained from discussion and vote on this matter and declared her affiliation with Anaheim Elementary School District)*

251346789 10 **APPROVED AS RECOMMENDED**

A x

*RESO: 23-035 C&FC*

*(Commissioner Filbeck abstained from discussion and vote on this matter and declared her affiliation with Anaheim Elementary School District)*

9. Authorize an agreement with the County of Orange Health Care Agency to accept funding to implement a Black Infant Health Program

561234789 10 **APPROVED AS RECOMMENDED**

x x

*RESO: 23-036 C&FC*

10. Approve updated roster of qualified consultants including newly qualified consultants to provide translation services

561234789 10 **APPROVED AS RECOMMENDED**

x x

# SUMMARY ACTION MINUTES

## **PRESIDENT/CEO REPORT:** (Item 11)

11. Receive the President/Chief Executive Officers Report
  - a. First 5 Association Advocacy Day
  - b. Onboarding new Family Ambassadors
  - c. Equity Commitment Accountability Plan
  - d. Technical Advisory Committee (TAC) Summit
  - e. Action Plan Update
  - f. Financial Report Update

**RECEIVED**

## **PUBLIC & COMMISSION COMMENTS:**

**PUBLIC COMMENTS:** None

**COMMISSION COMMENTS:**

Commissioner Lavery – Oral Re.: Thanked those who attended “Unseen” event.

Commissioner Filbeck – Oral Re.: Wished everyone a happy holiday season.

Chair Baschshi – Oral Re.: Next meeting Friday, February 9, 2024, at 1:00 p.m.

**ADJOURNED:** 10:24 A.M.

\*\*\* KEY \*\*\*

### *Left Margin Notes*

1 Ramin Baschshi, MD	A = Abstained
2 Doug Chaffee	X = Excused
3 Jackie Filbeck	N = No
4 Yvette Lavery, MPA, MBE	C.O. = Commission Order
5 Susan McClintic	
6 Soledad L. Rivera	
7 Angie Rowe	Reso = Resolution
8 An Tran	Ord = Ordinance
9 Mindy Winterswyk, DPT, PCS	
10 Veronica Rodriguez (Alternate)	

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

/s/

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RAMIN BASCHSHI, MD  
Chair

/s/

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Jamie Ross, Deputy  
Clerk of the Commission



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Santa Ana, CA 92705  
714-834-5310 first5oc.org


**Commissioners:**

Ramin Baschshi, M.D., Chair  
Doug Chaffee, Vice Chair, Jackie Filbeck, Yvette Lavery  
Susan McClintic, Soledad Rivera, Angie Rowe,  
An Tran, Mindy Winterswyk  
**CEO/President:** Kimberly Goll

**PRESENTATION  
Agenda Item 1  
December 6, 2023**

**DATE:** November 3, 2023

**TO:** First 5 Orange County

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

**ACTION:** Receive Presentation on Orange County's Prenatal-to-Three System of Care

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First 5 Orange County's Strategic Plan identifies a safe, stable, and nurturing home as one of the conditions that support the optimal development of children. Over the last year, staff has been involved in learning, designing, and investing in prenatal strategies that enable engagement with prenatal families as early as possible.

Our focus on the prenatal period has revealed gaps in services to prenatal families and elevated the need to support a comprehensive prenatal-to-three (PN3) service continuum. Our goal is to move to an integrated system of care which is prevention-focused and provides family-centered offerings in targeted communities. Community offerings would prioritize prenatal education, support positive birth outcomes, foster father engagement, and assist with access and linkage to community supports. We will use First 5 Orange County's systems change approach that includes Will Building, Practice Change, and Policy Change to help anchor and develop an integrated prenatal system of care.

Sara Brown, Vice President of Health Systems and Family Resilience, will provide the presentation that highlights our recent learnings, details service level expansion, and reviews objectives and next steps for the PN3 system of care.

**ATTACHMENT:**

1. Presentation

**CONTACT:** Sara Brown

# Orange County's Prenatal-to-Three System of Care

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December 6, 2023



# Overview

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- Rationale for Prenatal Focus
- Informing our Prenatal Work
  - Home Visiting Collaborative
  - Vital Village
- Building an Integrated Prenatal System of Care
- Anticipated Outcomes
- Next Steps

# Why a Prenatal Focus?

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- Earliest possible point of engagement for First 5 OC
  - Focused on healthy and positive pregnancy and childbirth
  - Promotes optimal parenting experiences from the start
- Opportunity to build a prevention strategy
  - Promotes resilience building activities such as early relational health
  - Early identification of needs
  - Linkage to services and supports improving outcomes for families post birth
- Allows for earlier triaging, coordination, and outreach
- Opportunity to introduce systems of support when family may be most open to new learnings



# Informing Our Work: Home Visiting Collaborative

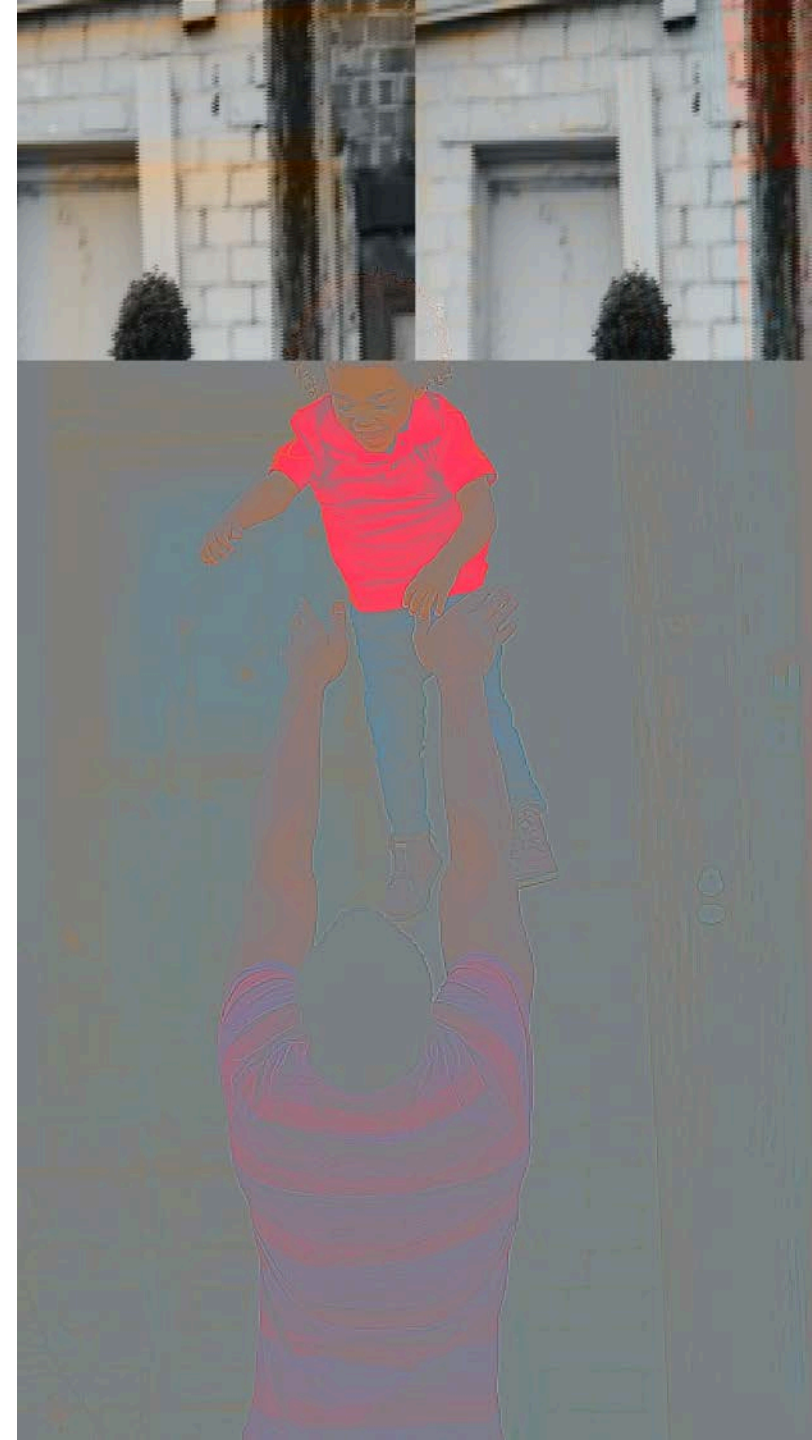
- Bi-directional learning from countywide stakeholders
- Coordinated entry discussions on PN3 system
- What we identified:
  - Gap in Services – 10,000 families that could benefit from connection
  - System lacks coordinated outreach, referral and engagement
  - Home visiting is one of the most expensive services
  - Existing landscape of PN3 services has a **heavy** postnatal focus



# Informing Our Work: Vital Village

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- Pilot focused on learnings with pregnant families
  - Families were identified and recruited by Engaged Neighborhoods and community partners
- Cohort of 12 families participated in monthly gatherings for a year
- Meetings were family-centered and responsive to their needs
- Families revealed:
  - Need for social connection during pregnancy
  - Lack of knowledge about community resources and access
  - Limited offerings of free prenatal classes



# Our Learnings: Vital Village Emerging Themes



## COMMUNICATION

- Preference for text communication
- Consistent messaging increased engagement
- Worked for follow up and building connections



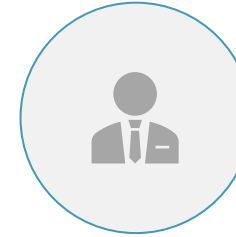
## BASIC NEEDS

- Ongoing need for diapers and formula
- Gift cards helped offset reduction in WIC benefits
- Resources regularly provided on basic needs



## LEGAL NEEDS

- Variety of legal needs expressed
- Immigration, tenant rights, worker's rights
- Linkage to resources facilitated during gatherings



## EMPLOYMENT

- Families prioritized returning to work after 6 weeks
- Interest in entrepreneurial opportunities
- Linkage to resources



## TRANSPORTATION

- Remained a constant need
- Bus vouchers not ideal for perinatal families
- Uber services are more convenient

# Building an Integrated Prenatal System of Care



# Linkage to Service Continuum: Targeted Prenatal Group Series

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- Existing service providers with knowledge of services and communities  
Padres Unidos, MOMS Orange County, and Help Me Grow
- Series includes:
  - Standard information for all participants
    - Prenatal education
    - Healthy relationships
    - Perinatal mental health
  - Tailored approach
    - Baseline surveys to participants that identify highest needs
    - Ability to tailor prenatal series to the needs of the group with identified specific topics

# Referral Pathways to Countywide Services

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**Fatherhood:** Incorporating a new fatherhood bootcamp curriculum and a curated resource guide for fatherhood engagement

**Doulas:** Opportunities for families to learn and connect to doula services

**Family Wellness Plans (also known as Plans of Safe Care):** Prenatal development of Family Wellness Plan through provider outreach, destigmatization, coordination of care

**Healthy Steps:** Benefits of Federally Qualified Health Clinics shared with prenatal families

**Engaged Neighborhoods:** A community connector to maintain social connections embedded in neighborhoods and positioned to inform families to local resources/supports

**Resource Hub (Help Me Grow):** An augmented resource inventory encompassing increased prenatal resources and supports that address Vital Village learnings

# Anticipated Benefits

# Systems Outcomes

- Practice Change

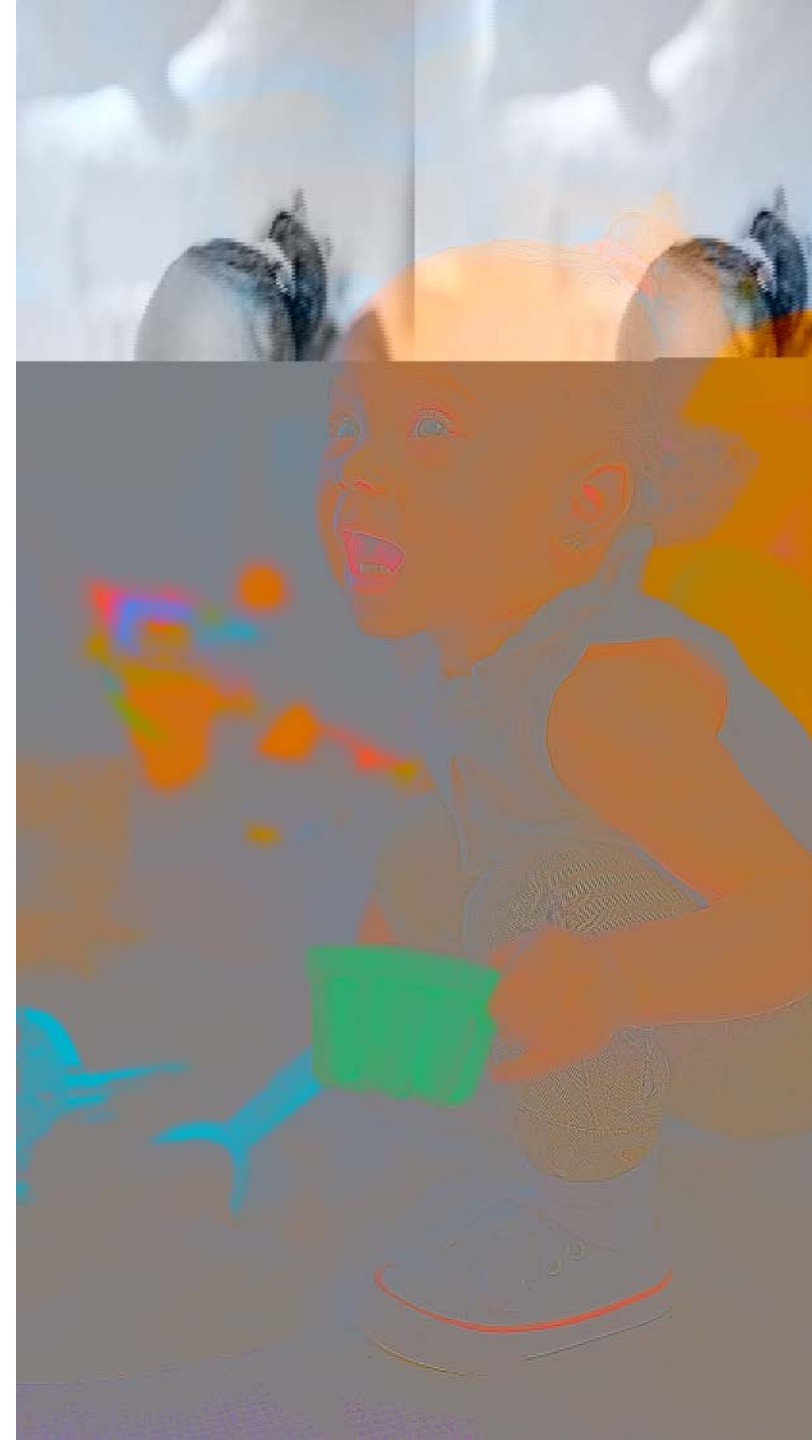
- Emphasis on prevention and strengths
- Resource connection and alignment

- Will Building

- Emphasizes family-centered support services and education
- Increased service for prenatal families

- Policy Change

- Identifying barriers limiting full use of CalAIM tools to address health disparities
- Leveraging CalAIM to sustain and expand prenatal outreach





# What We Anticipate

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- Increased connection for prenatal families
- Increased parent knowledge of child's well-being and concrete supports
- Improved levels of social connection throughout the perinatal period
- Increased referrals into and out of the prenatal system of care



# Next Steps

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- Identify system service level expansion
- Coordinate and align with other First 5 OC initiatives
- Conduct an evaluation
- Align service delivery with CalAIM Community Health Worker benefit


Thank You!  
Questions?



## Agenda Item 2 December 6, 2023

**DATE:** November 2, 2023

**TO:** First 5 Orange County

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

**ACTION:** Adopt Fiscal Year 2024-2025 Employer and Employee Retirement Contribution Rates as Established and Adopted by the Orange County Employees Retirement System

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### SUMMARY:

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

### DISCUSSION:

On June 19, 2023, the OCERS Board of Trustees adopted new employer and employee retirement contribution rates for Fiscal Year 2024-2025, including for First 5 Orange County. These rates are based on a comprehensive actuarial study of the Retirement System performed by The Segal Company. The December 31, 2022 Actuarial Valuation Report presents the OCERS funding requirements for Fiscal Year 2024-2025 and is located on the OCERS website at [www.ocers.org](http://www.ocers.org).

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

### Employer Contribution

The newly adopted employer contribution rates for Plans J and U (provided on Attachment 1) consist of two components: the Normal Retirement Rate which covers retirement costs going forward; and the Unfunded Accrued Actuarial Liability (UAAL) rate which covers retroactive retirement costs.

Normal Retirement Rate: The Fiscal Year 2024-2025 employer Normal Rate for Plan J members of 14.57% represents a slight decrease from 14.67%. Employer rates for Plan U members will increase to 9.24% from the previous rate of 8.27%. Rate changes are due to the actual contributions and other experience factored into the December 31, 2022 actuarial valuation.

Unfunded Accrued Actuarial Liability Rate: First 5 Orange County paid off its current UAAL on November 15, 2017, and the Fiscal Year 2024-2025 rates reflect that payment. The UAAL rate without the payoff adjustment would have been close to 25% instead of the current proposed rate of 4.8%.

**Employee Contribution**

The employee Normal Rate (also provided on Attachment 1) is determined by employee age at entry to OCERS and will experience a decrease of 0.02% for Fiscal Year 2024-2025 for Plan J members and an increase of 0.54% for Plan U members, based on the average entry age of 28.

Staff recommends that the First 5 OC Board adopt the employer and employee retirement contribution rates as recommended and adopted by OCERS for Fiscal Year 2024-2025.

The necessary steps for First 5 Orange County to participate in the early payment discount for Fiscal Year 2024-2025 are being implemented. Since net fixed income returns on First 5 Orange County investments with the County Treasurer are projected to earn 4% for Fiscal Year 2023-2024, securing a 7% discount by early payment is a prudent budgeting decision that will not impact required cash flow nor interest earnings.

**STRATEGIC PLAN & FISCAL SUMMARY:**

The Fiscal Year 2024-2025 retirement contribution rate schedule recommended and adopted by OCERS has been reviewed in relation to the Strategic Plan and is consistent with prior practice and supports all goal areas of the Strategic Plan. The Fiscal Year 2024-2025 retirement contribution rates will be incorporated into the Fiscal Year 2024-2025 budget.

**PRIOR COMMISSION ACTIONS:**

- December 2022 – Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2023/2024
- December 2021 – Adopted implementation of employer and employee retirement contribution rates as recommended and adopted by OCERS for FY 2022/2023
- October 2017 – Authorized payment of the Children and Families Commission of Orange County's Unfunded Actuarial Accrued Liability to OCERS in an amount not to exceed \$1,800,000.

**RECOMMENDED ACTION:**

Adopt implementation of Fiscal Year 2024-2025 employer and employee retirement contribution rates as established and adopted by the Orange County Employees Retirement System (OCERS) on June 19, 2023.

**ATTACHMENT:**

1. Fiscal Year 2024-2025 Orange County Employees Retirement System (OCERS) Employee Contribution Rates

**CONTACT:** Michael Garcell

**Orange County Children and Families Commission  
Employer / Employee Contribution Rates  
Effective Pay Period 15, June 28, 2024**

<u>Employer Contribution Rates</u>			
Rate Group	Plan	Rate	
#2	J (General)	Normal	14.57%
		UAAL	4.79%
		Total	19.36%
#2	U – PEPRA	Normal	9.24%
		UAAL	4.79%
		Total	14.03%

**\*Reverse Pickups:**

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

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

<u>Employee Contribution Rates</u>		
Entry Age	Plan J (2.7% @ 55)	PEPRA
		Plan U (2.5% @ 67)
15	9.96%	7.50%
16	9.96%	7.50%
17	10.14%	7.17%
18	10.31%	6.82%
19	10.50%	6.94%
20	10.68%	7.07%
21	10.87%	7.20%
22	11.06%	7.32%
23	11.25%	7.46%
24	11.45%	7.59%
25	11.65%	7.72%
26	11.86%	7.86%
27	12.07%	8.00%
28	12.28%	8.14%
29	12.50%	8.29%
30	12.72%	8.43%
31	12.95%	8.58%
32	13.19%	8.73%
33	13.43%	8.89%
34	13.67%	9.04%
35	13.93%	9.20%
36	14.19%	9.37%
37	14.45%	9.53%
38	14.71%	9.70%



**Orange County Children and Families Commission**  
**Employer / Employee Contribution Rates**  
**Effective Pay Period 15, June 28, 2024**  
 (continued)

**Employee Contribution Rates**

**(continued)**


<b>Entry Age</b>	<b>Plan J (2.7% @ 55)</b>	<b>PEPRA</b>
		<b>Plan U (2.5% @ 67)</b>
39	14.96%	9.88%
40	15.20%	10.05%
41	15.44%	10.23%
42	15.69%	10.42%
43	15.94%	10.60%
44	16.20%	10.80%
45	16.44%	11.00%
46	16.65%	11.20%
47	16.80%	11.41%
48	16.89%	11.63%
49	16.88%	11.85%
50	16.77%	12.06%
51	16.53%	12.27%
52	16.17%	12.48%
53	16.70%	12.68%
54	17.25%	12.89%
55	17.25%	13.10%
56	17.25%	13.33%
57	17.25%	13.54%
58	17.25%	13.73%
59	17.25%	13.87%
60	17.25%	13.96%
61	17.25%	13.99%
62	17.25%	13.93%
63	17.25%	13.80%
64	17.25%	13.59%
65	17.25%	14.03%
66 and thereafter	17.25%	14.49%

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

<b>Rate Group</b>	<b>Plan</b>	<b>Discounted Percentage</b>	<b>Average Entry Age</b>
#2	Plan J (General)	99.06%	28



## Agenda Item 3 December 6, 2023

**DATE:** November 16, 2023  
**TO:** First 5 Orange County  
**FROM:** Kimberly Goll, President/CEO   
**ACTION:** Review Updates to First 5 Orange County Organizational Chart

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### SUMMARY:

First 5 OC staff ensure that once annually, or after changes are made to the organizational structure, an updated organizational chart is presented to the First 5 OC Board for review.

### DISCUSSION:

Attachment 1 is an updated organizational chart that reflects two changes that have been made since June 2023, the last time it was filed with the board. The last organizational chart included a Director of Early Learning and Engagement and a Manager of Early Learning. The updated organizational chart transitions those two positions to two equal positions: an Early Learning Senior Program Officer and a Community and Family Engagement Senior Program Officer. This change was made to reflect the separate and discrete scopes of work for each of these positions and the opportunity for each position to report directly to the VP of Learning and Community Engagement. Cristina Blevins transitioned from the Manager of Early Learning to the Senior Program Officer for Early Learning. Staff has kicked off the recruitment for the Senior Program Officer of Community and Family Engagement.

The second change reflected in the updated organizational chart is the addition of a temporary part time staff person to assist with community outreach events. Over the last year, First 5 OC staff have increased our presence at community events such as health fairs and other community focused events. Additionally, we have hosted our own events to support the launch of Kid Builders. This work has increased to such a point where it is necessary to add additional support.

### STRATEGIC PLAN & FISCAL SUMMARY:

The recommended actions have been reviewed in relation to the Strategic Plan and are consistent with all goal areas. There is no specific funding action proposed for this item. All salary and benefits are included in the Proposed Fiscal Year Budget presented to the First 5 OC Board each year.

### PRIOR COMMISSION ACTIONS:

- June 2023 – Approve updated Policy and Procedures

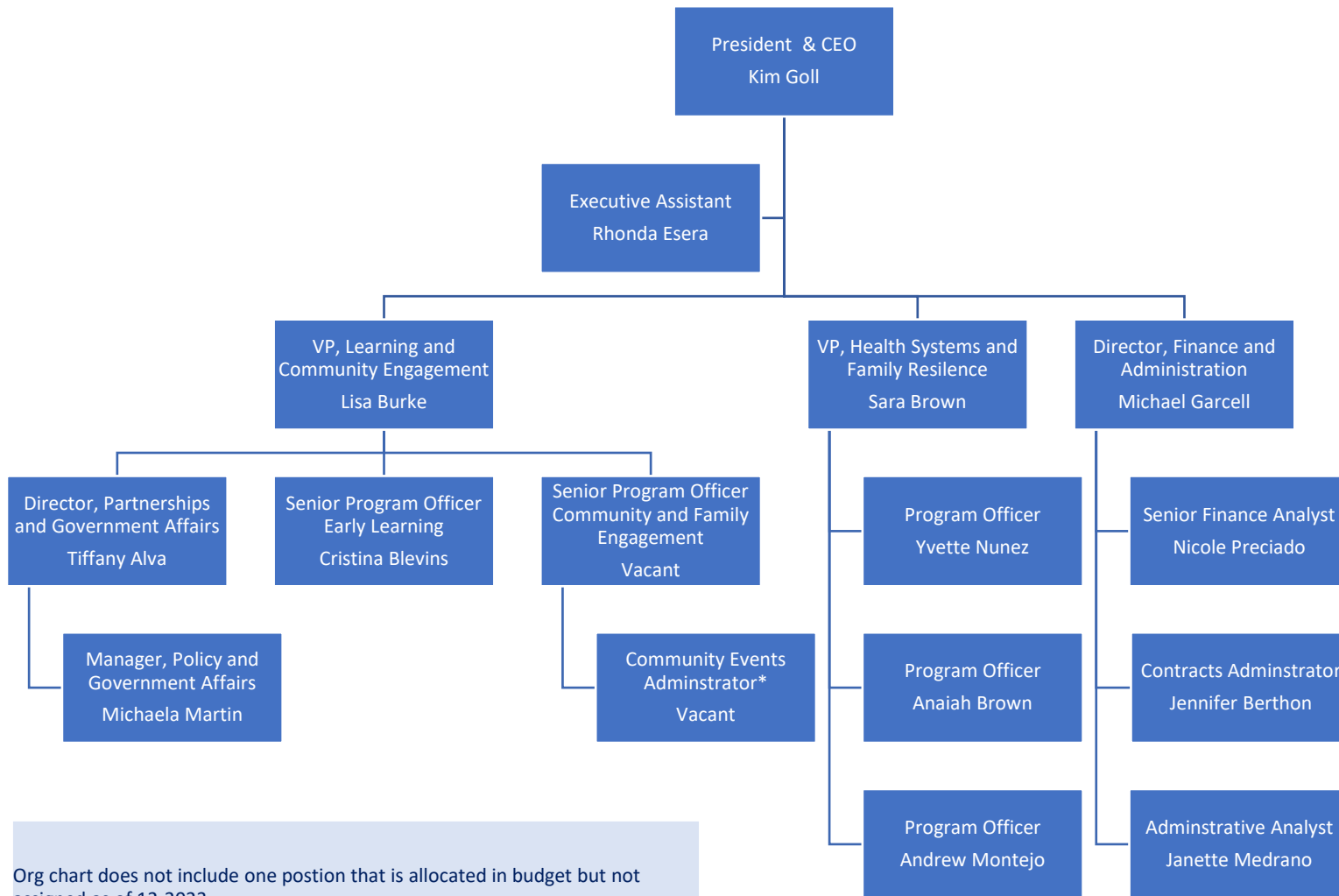
### RECOMMENDED ACTION:

Receive update organizational chart.

### ATTACHMENT:

1. Organizational Chart

**CONTACT:** Kim Goll



Org chart does not include one position that is allocated in budget but not assigned as of 12-2023

\* Position is a part time extra help/not permanent position



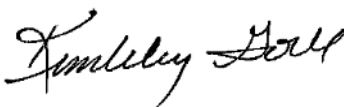


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**Commissioners:**

Ramin Baschshi, M.D., Chair  
Doug Chaffee, Vice Chair, Jackie Filbeck, Yvette Lavery  
Susan McClintic, Soledad Rivera, Angie Rowe,  
An Tran, Mindy Winterswyk  
**CEO/President:** Kimberly Goll

**Agenda Item 4  
December 6, 2023**

**DATE:** November 16, 2023  
**TO:** First 5 Orange County  
**FROM:** Kimberly Goll, President/CEO   
**ACTION:** Approve a Maximum Indirect Cost Rate of 10 Percent for All First 5 OC Funded Agreements

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**SUMMARY:**

This agenda item recommends approval of a maximum indirect cost rate of 10 percent for First 5 Orange County funded agreements, including programmatic, professional services and consultant agreements.

**DISCUSSION:**

First 5 Orange County's boilerplate agreement for programmatic funded partners includes language limiting the indirect cost rate to 10 percent of the applicable funding under the agreement. Historically, the 10 percent rate has been used to remain consistent with the administrative rate cap approved by the Commission for the annual agency budget and to align with the federal de minimis rate. For professional services and consultant agreements, the funded partners typically use a fully loaded hourly rate rather than charging separately for indirect costs. However, occasionally, a professional or consultant may use an indirect rate. Staff recommends that the Board approve an indirect cost rate up to a maximum of 10 percent for all First 5 OC funded agreements.

**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 and outcomes. There is no funding associated with this item.

**PRIOR COMMISSION ACTIONS:**

None.

**RECOMMENDED ACTION:**

Approve a maximum indirect rate of 10 percent for all First 5 OC funded agreements.

**ATTACHMENTS:**

None

**CONTACT:** Michael Garcell



**Agenda Item 5  
December 6, 2023**

**DATE:** November 3, 2023

**TO:** First 5 Orange County

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

**ACTION:** Approve First 5 Orange County Meeting Calendar for 2024

**SUMMARY:**

First 5 Orange County conducts regularly scheduled meetings throughout the year. This item recommends approval of meeting dates for calendar year 2024.

**DISCUSSION:**

First 5 Orange County Board Members are appointed by the Orange County Board of Supervisors to direct the policy, funding, and business to improve outcomes for children, prenatally through age five. Approval is recommended for the First 5 Orange County Board to continue to meet during the same day, months and location with an update to the meeting day and time for the February Meeting. This is due to a scheduling conflict with the First 5 Association Advocacy Day which Board members are encouraged to attend.

2024 proposed meeting dates/times/location are listed below:

<b>Date</b>	<b>Time</b>	<b>Location</b>
Friday, February 9, 2024	1:00pm	OCTA Conference Center
Wednesday, April 3, 2024	9:00am	OCTA Conference Center
Wednesday, June 5, 2024	9:00am	OCTA Conference Center
Wednesday, August 7, 2024	9:00am	OCTA Conference Center
Wednesday, October 2, 2024	9:00am	OCTA Conference Center
Wednesday, December 4, 2024	9:00am	OCTA Conference Center

First 5 OC Board member attendance requirements are set by Article 25 Section 1-2-337 of the County of Orange Ordinances, establishing the Children and Families Commission (First 5 Orange County). The ordinance mandates that failure of a Board member to attend four (4) consecutive meetings or a total of six (6) meetings within a 12-month period results in automatic removal from the First 5 OC Board. This is regardless of the meeting type – regular, special, study session, etc. The Clerk of the Board is required to certify the vacancy to the Board of Supervisors within five days of the missed meeting. The 12-month period runs continuously and is not based on the calendar year. To avoid any vacancies in office, please note the calendar of meetings attached so that you can accommodate the attendance requirements.

**STRATEGIC PLAN & FISCAL SUMMARY:**

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

**PRIOR COMMISSION ACTIONS:**

- December 2022 - Approve the 2023 First 5 Orange County Meeting Calendar
- December 2021 – Approved First 5 Orange County Children and Families Commission and Technical Advisory Committee Meeting Calendar for 2022
- December 2020 – Approved the Updated 2021 First 5 Orange County Children and Families Commission and Technical Advisory Committee meeting calendar
- December 2019 – Approved 2020 and 2021 meeting calendars for the Children and Families Commission of Orange County and Technical Advisory Committee
- December 2018 – Approved the 2019 meeting calendars for the Children and Families Commission of Orange County and Pediatric Health Services Committee

**RECOMMENDED ACTION:**

Approve the 2024 First 5 Orange County meeting calendar.

**ATTACHMENTS:**

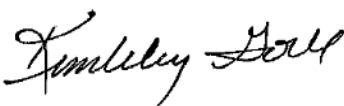
None

**CONTACT:**

Rhonda Esera



**Agenda Item 6  
December 6, 2023**

**DATE:** November 17, 2023  
**TO:** First 5 Orange County  
**FROM:** Kimberly Goll, President/CEO   
**ACTION:** Conduct Public Hearing and Authorize President/CEO to Submit the Annual Comprehensive Financial Report to First 5 California and the State Controller's Office

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**SUMMARY:**

First 5 Orange County is required to conduct a public hearing to approve the annual audit before submittal to First 5 California and the State Controller's Office. This item presents the annual independent audit report conducted by Eide Bailly LLP. The fiscal year results reported in the financial statements will be summarized and presented with the update of the Long-Term Financial Plan at a future First 5 Orange County board meeting.

**DISCUSSION:**

The California Children and Families Act of 1998 (Health and Safety Code Sections 130140 & 130150) requires that each county commission complete an annual audit and program report of the preceding fiscal year, conduct a public hearing on the audit and program reports, and submit both to the First 5 California Commission and the audit report to the State Controller's Office on or before November 1st of each year. The annual program report was provided and approved at the October 2023 meeting.

Due to circumstances beyond the control of First 5 Orange County, an extension was requested and granted by the California State Controller's Office until December 7, 2023, for the submission of the annual audit report for Fiscal Year 2022-2023. As a participant in the County of Orange Retiree Medical Plan, the Commission is required to report in the financial statements and required supplementary information specific financial details related to other post-employment benefits. County of Orange auditors had to first verify all information in the report detailing the Retiree Medical Plan before it could be provided to the plan sponsors. This process created the delay, and the deadline to submit the annual audit to the California State Controller's Office and First 5 California was extended. The audit of the Retiree Medical Plan has since been completed, and the Annual Comprehensive Financial Report is submitted as Attachment 1.

**Annual Comprehensive Financial Report**

Eide Bailly LLP performed an independent annual audit of Commission financial statements for Fiscal Year 2022-2023 that included the expanded audit compliance requirements mandated by statute. The auditors conducted their work in accordance with all standards applicable to financial audits including generally accepted auditing standards, standards and procedures issued by the California State Controller's Office, and Government Auditing Standards issued by the Comptroller General of the United States. The Comprehensive Annual Financial Report for the Year Ended June 30, 2023 (Attachment 1) was prepared in compliance with the most up to date guidelines issued by the State Controller.

The independent auditors found no instances of noncompliance with state or federal laws and regulations concerning financial matters. The auditors found no significant deficiencies, material weaknesses involving internal controls over financial reporting, or audit adjustments, and rendered an unmodified opinion on the Commission's Comprehensive Annual Financial Report for Year End June 30, 2023. Eide Bailly states these same results in the following reports:

Independent Auditor's Report: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Commission, as of June 30, 2023, and the respective changes in financial position thereof and budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America."

Auditors' Report on State Compliance: "In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2023."

### **Proposition 31 - Referendum on 2020 Law that Would Prohibit the Retail Sale of Certain Flavored Tobacco Products**

A ballot initiative to uphold a ban on the sale of flavored tobacco products was passed by voters on November 8, 2022. In April 2023, after considering different scenarios, the updated long-term financial plan was approved by the Commission to reflect the decline in revenue resulting from the flavor ban. This past year, tobacco tax revenue decreased nearly 12.5%. This result was slightly above the anticipated amount as budgeted and was in line with the financial plan.

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

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

### **PRIOR COMMISSION ACTIONS:**

- October 2023 – Conducted Public Hearing on Fiscal Year 2022-2023 Annual Report
- December 2022 – Conducted Public Hearing and authorized the President/CEO to submit the Annual Financial Report to First 5 California and the State Controller's Office
- October 2022 – Conducted Public Hearing on Fiscal Year 2021-2022 Annual Report

### **RECOMMENDED ACTIONS:**

1. Conduct public hearing.
2. Receive the Annual Comprehensive Financial Report for Year Ended June 30, 2023, including State Compliance Report (Attachment 1) and authorize the President/CEO to submit the Annual Financial Audit Report, along with any supporting materials, to First 5 California and the State Controller's Office.

### **ATTACHMENTS:**

1. Annual Comprehensive Financial Report for Year Ended June 30, 2023
2. Audit Conclusion Communication Letter

**CONTACT:** Michael Garcell

**CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY**

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Year Ended June 30, 2023

**Prepared by:**

**Michael Garcell, CPA (inactive)**

**Director of Finance**

**CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY  
FOR THE YEAR ENDED JUNE 30, 2023**

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November 17, 2023

Board of Commissioners  
First 5 Orange County  
Children and Families Commission of Orange County  
1505 East 17<sup>th</sup> Street, Suite 230  
Santa Ana, CA 92705

Dear Commissioners,

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

The ACFR has been audited by the independent certified public accounting firm of Eide Bailly, LLP. The goal of the independent audit was to provide reasonable assurance about whether the basic financial statements of the Commission for the year ended June 30, 2023, are free of material misstatement. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the Commission's financial statements as of and for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

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

### **Profile of the Commission**

The Commission was established by the Orange County Board of Supervisors in September 1999 following the passage of Proposition 10, through which California voters made an unprecedented investment in early childhood development. The Commission's activities have been built to develop, adopt, promote and implement programs to support early childhood development. Since inception, the Commission has made a lasting positive impact in Orange County through its expenditures of approximately \$858 million toward grants, programs and operations that improve the well-being of young children and families in Orange County.

## **Relevant Financial Policies**

### Financial Plan

In April 2023, the Board of Commissioners confirmed the updated Long-Term Financial Plan (LTFP). The LTFP, which is reviewed annually to incorporate the prior year-end financials as well as updated revenue projections and continues to anticipate annual decreases in Proposition 10 tobacco tax collections. Since its peak in 2000, the Commission has had an overall reduction of over 50% in revenue, and tobacco revenue is projected to continue to decline at a rate of 3% to 4% annually. Above and beyond the expected annual decline in tobacco tax revenue was the passage of the sale of flavored tobacco products in November 2023. The ban on the sale of these products had an immediate impact on the tax revenue received in Fiscal Year 2022-2023 and is expected to further decrease revenue in Fiscal Year 2023-2024 before settling back into the previous pattern of 3% - 4% annual decline.

The overall decrease in tobacco tax revenues was the focus of discussions around the LTFP. Reduced future year expenditure targets were incorporated into the plan along with some remaining set asides for future anticipated one-time systems building funding. The annual budget reductions will be supplemented with funding reserves to align with future, expected tobacco tax revenue and the Strategic Plan.

### Strategic Plan

In April 2021, First 5 OC updated its Strategic Plan envisioning an Orange County in which “All children reach their full potential.” The updated Plan was reviewed again in April 2022. The groundwork for this vision to be achieved is set during a child’s earliest years. First 5 OC partners with many organizations working towards creating and maintaining an early childhood system that families experience as a seamless network of care. The conditions needed for children to thrive are:

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

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

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

## **Other Financial Information**

### Internal Control

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

### Budgetary Control

The objective of budgetary control is to ensure that spending is limited to the total amount authorized by the Board of Commissioners. The initial budget for Fiscal Year 2022-2023 was adopted on June 1, 2022. The President/CEO has the discretion to adjust the budget as defined within the budget policy of the Board of Commissioners. Monthly financial highlights are provided to the Board of Commissioners.

### Risk Management

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

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the tenth consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Commission must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both accounting principles generally accepted in the United State of America and applicable legal requirements.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly Goll", written in a cursive style.

Kimberly Goll  
President/CEO

CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY  
BOARD OF COMMISSIONERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

COMMISSION BOARD MEMBERS (9)

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

**An Tran** (M)  
*Social Services Agency*

**Jackie Filbeck** (A)

**Susan McClintic** (A)

**Angie Rowe** (A)

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

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

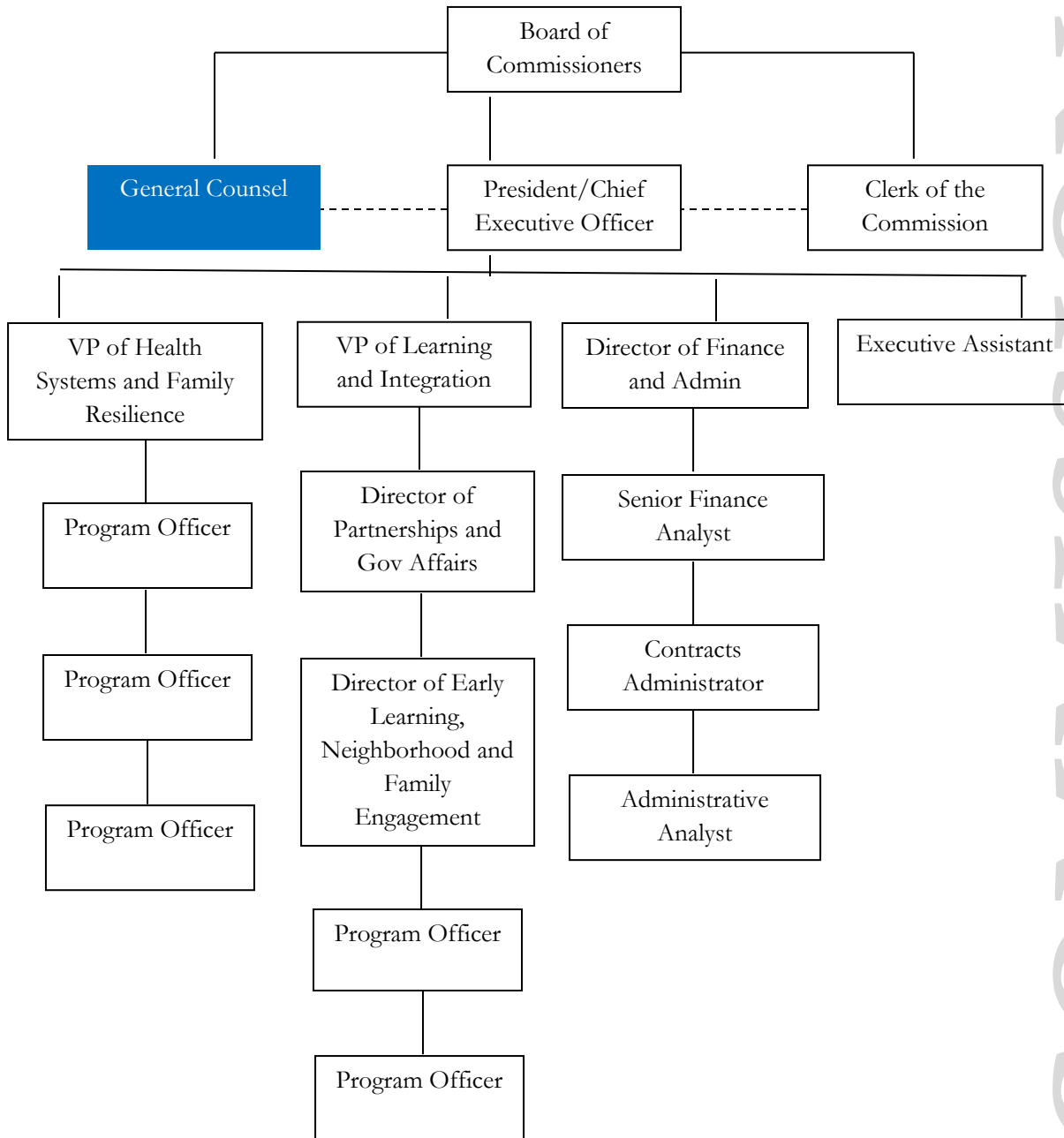
**Yvette Lavery** (A)

**Soledad Rivera** (A)

(M) Mandatory members  
(A) At-large members

COMMISSION

**CHILDREN AND FAMILIES COMMISSION  
OF ORANGE COUNTY  
ORGANIZATION CHART  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities and the general fund of the Children and Families Commission of Orange County (the Commission), a component unit of the County of Orange, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Commission, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of First 5 California Funding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of First 5 California Funding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

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

Laguna Hills, California  
November 17, 2023

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

As management of the Children and Families Commission of Orange County (Commission), we offer readers of the Commission's Annual Comprehensive Financial Report this overview and analysis of the financial activities for the fiscal year ended June 30, 2023. Please read in conjunction with the Commission's basic financial statements and accompanying notes.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Commission as reported on the Statement of Net Position exceeded its liabilities and deferred inflows of resources by \$66.8 million at the end of the current fiscal year, an increase of \$2.8 million (4.4%) from the prior fiscal year. The increase in Net Position is primarily due to program reimbursement revenues and planned decreases in overall program spending.
- As of June 30, 2023, the Commission's governmental fund statements reported an ending fund balance totaling \$65.6 million, an increase of \$2.3 million (3.6%).
- The total ending fund balance of \$65.6 million was classified into the following categories: \$0.8 million as non-spendable, \$12 million as committed, \$25.5 million as assigned, and \$27.4 million as unassigned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable*

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2023**

*resources available at the end of the year.* Such information may be useful in evaluating the Commission's near-term financing requirements.

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

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

#### **Notes to the Financial Statements**

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

### **ANALYSIS OF THE COMMISSION'S GOVERNMENT-WIDE FINANCIAL STATEMENTS**

#### **Net Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, net position was approximately \$66.8 million at the end of the current fiscal year, an increase of 4.4% from the prior fiscal year's net position. The increase is due to increased revenue from investments and planned reductions in ongoing programs costs to align with the long-term financial plan. Following is a summary of the government-wide Statement of Net Position comparing balances at June 30, 2023 and June 30, 2022.

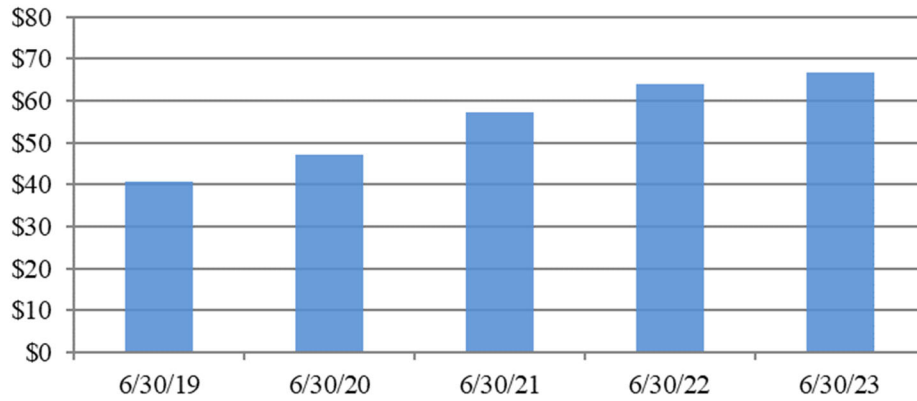
Most of the Commission's net position as of June 30, 2023 is considered unrestricted because their use is not for a purpose narrower than the Commission's purpose and were comprised of the following:

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2023**

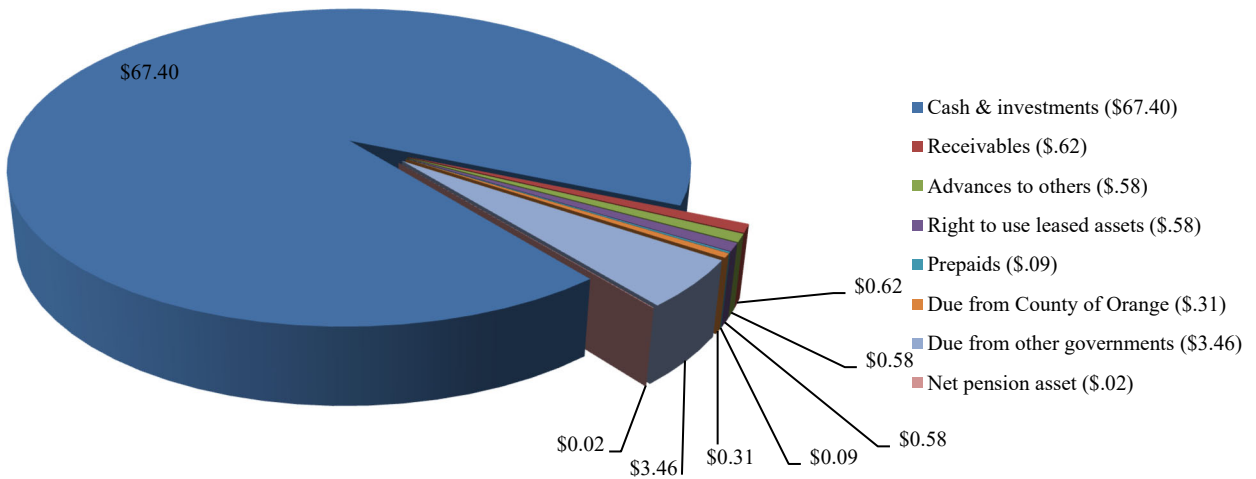
	FY 2022-23	FY 2021-22	Percent Increase (Decrease)
<b>Assets:</b>			
Cash and investments	\$ 67,389,655	\$ 65,347,677	3.1%
Imprest cash	10,000	10,000	-
Interest receivable	620,439	105,400	488.7%
Due from County of Orange	309,971	449,768	-31.1%
Due from other governments	3,464,279	2,127,405	62.8%
Prepays	94,779	106,675	-11.2%
Advances to others	581,843	2,122,468	-72.6%
Net pension asset	21,849	811,951	-97.3%
Capital assets - right-to-use lease assets, net of amortization	521,429	101,206	415.2%
Total assets	<u>73,014,244</u>	<u>71,182,550</u>	2.6%
<b>Deferred Outflows of Resources:</b>			
Pension related amounts	1,355,246	791,016	71.3%
OPEB related amounts	116,000	96,000	20.8%
Total deferred outflows of resources	<u>1,471,246</u>	<u>887,016</u>	65.9%
<b>Liabilities:</b>			
Accounts payable	2,090,514	2,125,922	-1.7%
Due to County of Orange	317,042	1,442	
Due to other governments	2,392,306	3,442,946	-30.5%
Retentions payable	1,195,485	790,668	51.2%
Accrued wages and benefits	94,980	57,568	65.0%
Non-Current liabilities:			
Due Within One Year			
Compensated absences	91,669	74,116	23.7%
Lease payables	57,873	77,555	-25.4%
Due in More than One Year			
Compensated absences	16,490	22,444	-26.5%
Lease payables	465,651	25,759	1,707.7%
Net OPEB Liability	269,000	231,000	16.5%
Total liabilities	<u>6,991,010</u>	<u>6,849,420</u>	2.1%
<b>Deferred Inflows of Resources:</b>			
Pension related amounts	689,028	1,203,511	-42.7%
OPEB related amounts	41,000	87,000	-52.9%
Total deferred inflows of resources	<u>730,028</u>	<u>1,290,511</u>	-43.4%
<b>Net Position:</b>			
Net Investment in Capital Assets	(2,095)	(2,108)	-0.6%
Unrestricted	66,766,547	63,931,743	4.4%
Total net position	<u>\$ 66,764,452</u>	<u>\$ 63,929,635</u>	4.4%

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2023**

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



**Assets**  
**As of June 30, 2023**  
(\$ in millions)



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2023**

**Assets, Current and Other**

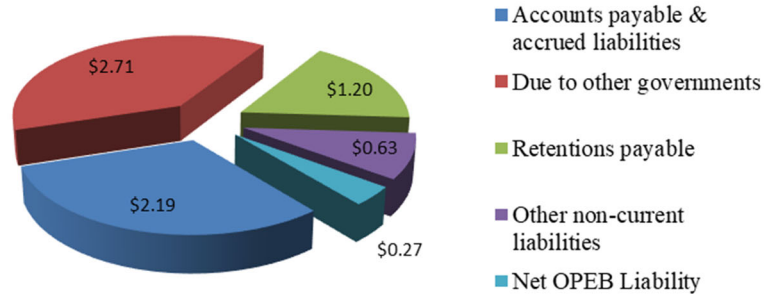
- Cash and investments totaled \$67.4 million. All \$67.4 million was invested in the Orange County Investment Pool (OCIP), except for a small petty cash fund held at the Commission. The investments in OCIP are managed by the County Treasurer and reviewed for compliance with the Commission's Annual Investment Policy. Cash and investments increased by 3.1% due to a lower baseline of program expenditures compared to revenue receipts. This approach has been intentional to build a fund balance to supplement future-year revenue declines.
- Due from other governments totaled \$3.5 million. Of this amount, \$2.75 million is Prop 10 tobacco tax revenue due from the State of California for the May and June 2023 allocations as well as California Electronic Cigarette Excise Tax (CECET) revenue for the fiscal year.
- Advances to others totaled \$581,843 million and represents funds advanced to contractors for services not provided by June 30, 2023. Approximately \$0.5 million was remaining as an advance to expand and improve the quality of developmental screenings countywide. The advances cover future periods up to Fiscal Year 2030.
- Prepays represents early payments made to the Orange County Employee's Retirement System for employer contributions that will be applied towards contributions after the next measurement date of December 31, 2023.
- Intangible right-to-use assets, net of amortization totaled \$521,429 for the Commission's office space lease and copier lease. The increase from the amount reported in the prior year is due to a seven-year lease extension agreed upon during the fiscal year. Note 9 to the Commission financial statements provides further detail on the Commission's leases.
- Net pension asset of \$21,849 is reported compared to a net pension asset of \$811,951 million in the prior year. Several factors contributed to the change in the net pension asset. The most significant factor is the recognition new deferred flows specifically due to the difference between employer contributions and proportionate share of contributions.

**Deferred Outflows of Resources**

- The Commission participates in a cost-sharing multiple-employer pension plan, the Orange County Employees Retirement System, and the cost-sharing multiple-employer County of Orange Retiree Benefit Plan. As a participant, the Commission is required to report its proportionate share of deferred outflows of resources related to pensions and other post-employment benefits.
- Deferred outflows of resources include \$1,355,246 which represents pension related amounts for measurement period ending December 31, 2022. Also included are total deferred outflows related to OPEB of \$116,000 as of measurement period ending December 31, 2022.
- Note 8 and 12 to the Commission financial statements provides further detail of all deferred outflows of resources reported in Fiscal Year 2022-2023.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

**Liabilities  
As of June 30, 2023**



**Liabilities**

- Accounts payable and due to other governments total \$4.8 million. These payables are for funded program services not yet billed at June 30, 2023 are based on established contract terms. The current balance represents a decrease from the prior year because several Commission funded programs had smaller budgets compared to the prior year and timelier submittal of invoices from program partners.
- Retentions payable total \$1.2 million. Retentions payable are held until end of contract audits are completed and received by the Commission to ensure compliance with contract terms.
- Other liabilities total \$94,980 consisting of accrued wages and benefits.
- Non-current liabilities assets total \$900,683 consisting of amount due for compensated absences, leases, and OPEB liabilities. The increase from the prior year is due to the seven-year extension of the office lease.

**Deferred Inflows of Resources**

- The Commission participates in a cost-sharing multiple-employer pension plan, the Orange County Employees Retirement System, and the cost-sharing multiple-employer County of Orange Retiree Benefit Plan. As a participant, the Commission is required to report its proportionate share of deferred inflows of resources related to pensions and other post-employment benefits.
- Total deferred inflows of resources of \$0.7 million is the result of the differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on plan investments, and changes in the Commission's proportionate share occurring over the measurement period ending December 31, 2022.
- Note 8 and 13 to the Commission financial statements provides further detail of all deferred inflows of resources recognized in Fiscal Year 2022-2023.



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED JUNE 30, 2023**

**Changes in Net Position**

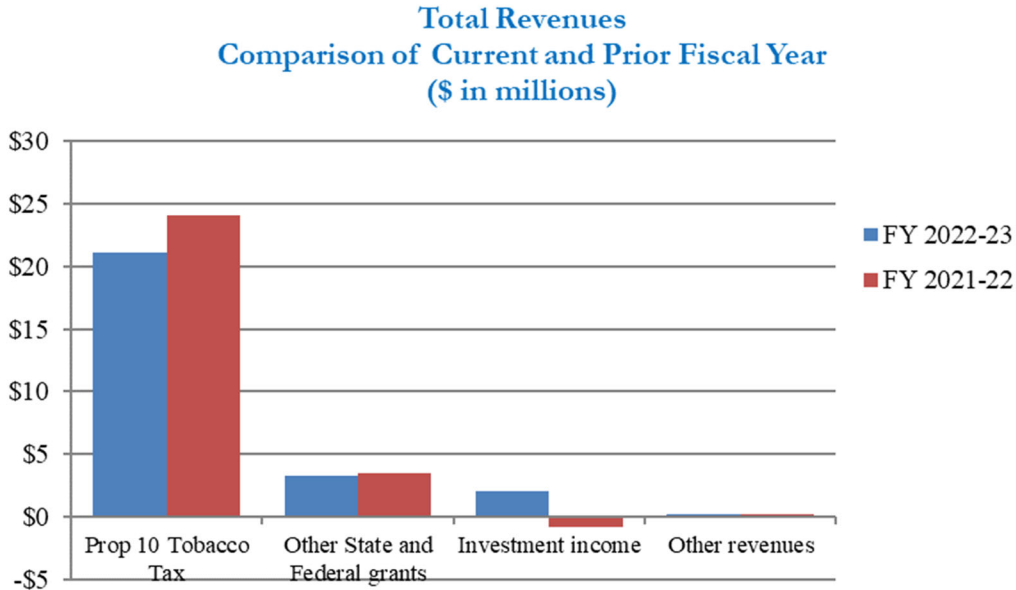
For the year ended June 30, 2023, current year operations increased the Commission's net position by \$2.8 million. The increase is due to both the timing of revenues from outside program funding, increased tobacco tax revenue, and the overall planned reduction of program expenditures. The following is a summary of the Commission's Statement of Activities comparing revenues, expenses and changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	<b>FY 2022-23</b>	<b>FY 2021-22</b>	<b>Percent Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues</b>			
Tobacco taxes	\$ 21,069,393	\$ 24,080,410	-12.50%
Other State and Federal operating grants and contributions	3,281,694	3,522,697	-6.84%
Interest income earned on tobacco taxes at the State	77,855	11,467	578.95%
Total program revenues	<u>24,428,943</u>	<u>27,614,574</u>	-11.54%
<b>General Revenues</b>			
Investment income net of decrease in fair value	2,014,113	-787,916	-355.63%
Miscellaneous revenues	180,737	171,583	5.33%
Total general revenues	<u>2,194,849</u>	<u>-616,333</u>	-456.11%
Total revenues	<u>26,623,792</u>	<u>26,998,241</u>	-1.39%
<b>Expenses:</b>			
0-5 Child development programs	21,921,125	19,218,830	14.06%
Salaries and benefits	1,867,850	1,074,187	73.88%
Total expenses	<u>23,788,975</u>	<u>20,293,017</u>	17.23%
<b>Change in net position:</b>	<b>2,834,817</b>	<b>6,705,224</b>	
Net position – July 1	63,929,635	57,224,411	11.72%
Net position – June 30	<u>\$ 66,764,452</u>	<u>\$ 63,929,635</u>	4.43%

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

**Total revenues**

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



- Program revenues*

The Commission's program revenues totaled \$24.4 million in Fiscal Year 2023. This represented a decrease of \$3.2 million (-11.5%) from Fiscal Year 2021-2022 program revenues. The decrease is due to lower tobacco tax revenue from a decline in statewide tobacco product sales.

- Tobacco Tax revenue includes revenues from taxes levied on tobacco products by the State of California and distributed amongst all counties based on the percentage of county birthrates as established in Proposition 10. This revenue decreased by \$3 million from the prior fiscal year. The lower tax revenues are a result of the statewide ban on the sale flavored tobacco products that became effective in November 2022. Beginning July 1, 2022, retailers of electronic cigarettes (in-state or out-of-state) are required to collect from the purchaser at the time of sale the California Electronic Cigarette Excise Tax (CECET) at the rate of 12.5 percent (12.50%) of the retail selling price of electronic cigarettes containing or sold with nicotine. A portion of CECET collected was allocated to First 5 CA and county First 5 Commissions. \$.38 million of CECET revenue was recognized by the Commission in Fiscal-Year 2022-2023.

- Other State and Federal operating grants and contributions for Fiscal Year 2022-2023 includes revenue from the state-wide IMPACT and Home Visiting program reimbursements that are variable from year to year and based on actual expenses. Of the total operating grants and contributions, \$1.5 million was for the state-wide IMPACT program and \$1.5 was for the CalWORKS Home Visiting Program.

- General revenues*

The Commission's general revenues totaled \$2.2 million in Fiscal Year 2022-2023. General revenues include all revenues that do not qualify as program revenues, such as investment income and other miscellaneous revenue reimbursements.

- Investment income increased significantly from the prior fiscal year. The increase in investment income from the Orange County Investment Pool (OCIP), which is administered by the County Treasurer, is due

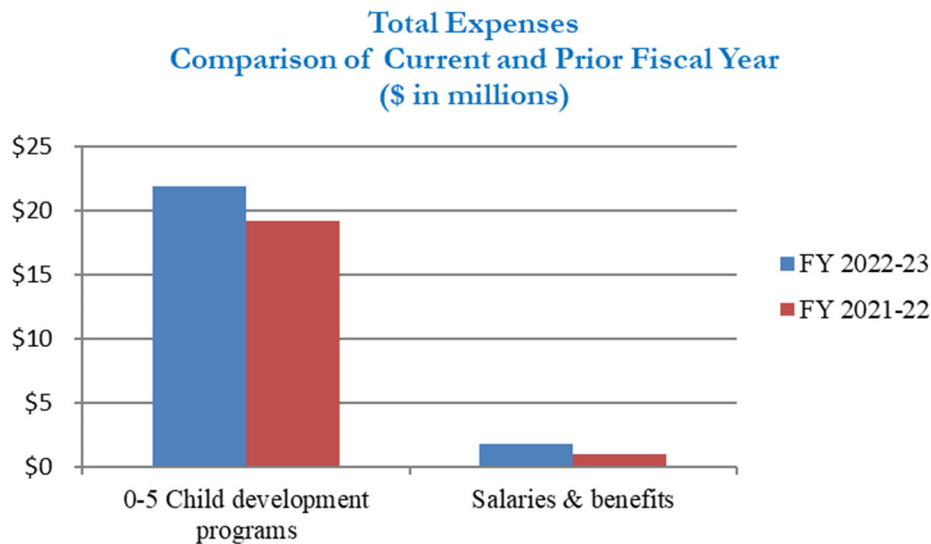
**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

higher investment returns and the reversal of the prior year fair value adjustment. The Commission is required to record changes in the fair value of investments, and the prior year negative fair value adjustment was reported against revenue in the operating statement last year.

- Miscellaneous revenue increased slightly (5.3%) due to partnering with new community organizations to fund events and projects.

**Governmental Activities Expenses**

Total expenses increased by \$3.5 million (17%) from the prior fiscal year. The increase is due mostly to the timing of one-time systems building costs specifically for Children's Dental programs. Expenses for staff salaries and benefits also increased from the prior year due to the addition of staff.



- Zero-to-five child development programs increased by \$2.7 million (14.1%) from the prior fiscal year to fund programs serving children and families within the Commission's strategic goal areas of Prenatal-to-Three, School Readiness Initiative, and Systems Building. The increase is due to the previously mentioned timing of one-time systems building costs specifically for Children's Dental programs.
- Salaries and benefits increased by \$793,663 (74%) from the prior fiscal year due partly to the addition of staff and partly to the recognition of pension related expenses following GASB 68.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

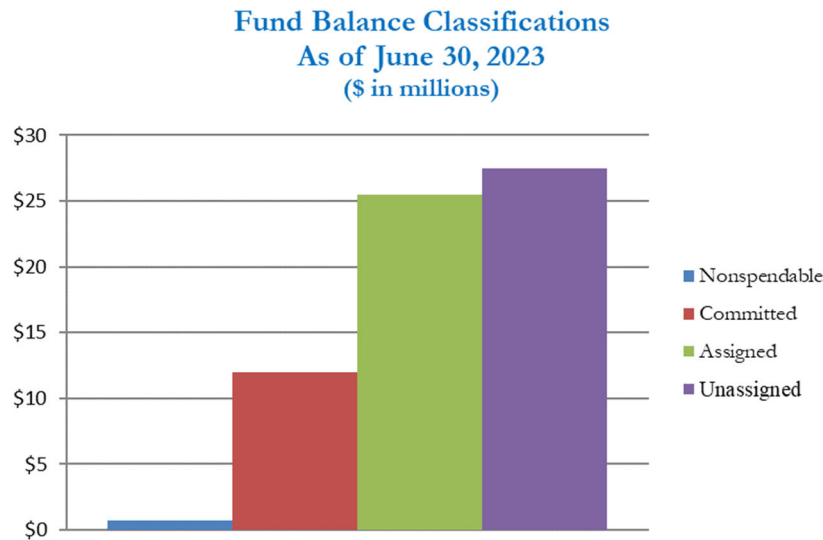
**ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND STATEMENTS**

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

**Governmental Funds**

The activities are contained in the general fund of the Commission. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources, both committed and available for future operational needs. Program revenues of approximately \$0.86 million were not received within the Commission's period of availability and, as such, are recorded as deferred inflows on the Governmental Fund Balance Sheet.

As of the end of the current fiscal year, the Commission's general fund reported total ending fund balance of \$65.6 million, an increase of \$2.3 million (3.6%) in comparison with the prior fiscal year. The increase is due to increased revenue from investments and planned reductions in ongoing programs costs to align with the long-term financial plan



**Budget Amendments**

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

- Total budgeted revenues were decreased by \$3.9 million. The amendment was based on the passage of a ban on the sale of flavored tobacco products reducing the amount of tax collected and distributed to First 5 Commissions.
- Total budgeted appropriations were increased by \$3.6 million in the 0-5 child development program expenditures and for one-time system building programs. The increases are due mostly to the addition of expenses related to distributions for one-time system building programs for Early Childhood Health and Children's Dental Services.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

**Budget to Actual Comparisons**

This section contains an explanation of the significant differences between the Commission's Final Budget amounts and actual amounts recorded for revenues and expenditures for Fiscal Year 2022-2023 as detailed on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.

- Total actual revenues were above budgeted revenues in Fiscal Year 2022-2023 by \$2.3 million. Total revenues were over the amended budget amounts mostly due to larger than expected investment returns along with the reversal of the prior year negative fair value adjustment.
- Total budgeted appropriations exceeded actual expenditures in Fiscal Year 2022-2023 by \$3.1 million due to program funds spent under Zero to Five Programs for Home Visitation Services, the timing of distributions of one-time Catalytic funds, and vacant staff positions.
  - 0-5 child development program expenditures were less than budgeted appropriations by \$2 million. This was due mostly to underspending for the Home Visitation Program and the IMPACT programs. The original appropriations for these programs represent total funds available through each program award, but each program has unique scheduling and timelines that guide when funds are expended.
  - Salaries and benefits actual expenditures were less than budgeted appropriations by approximately \$399,000 due to staff positions that were vacant for portions of the year.
  - Catalytic/Systems Building expenditures were less than budgeted appropriations by approximately \$698,000. Fiscal Year 2022-2023 was the tenth year of Round 1 and 2 catalytic funding. The total funding amount of approximately \$61.9 million was approved by the Commission as detailed below. Expenditures are recognized as services are provided and deliverables met for each separate Catalytic/Systems Building program. At budget adoption, the timing of Fiscal Year 2022-2023 distributions and expense recognition were not known. Each Catalytic/Systems Building program has a unique scope and budget. Final payment terms are included in the contracts approved by the Commission for each Catalytic/Systems Building program. Remaining funding will be included in future year budgets as defined in the related Catalytic/System Building contract payment and deliverable schedules.

Commission Catalytic/Systems Building funding

Round 1:

Children's Dental Programs	\$20,000,000
Early Developmental Services / Autism Program	7,000,000
Year-Round Emergency Shelter	7,000,000
Early Literacy and Math	5,000,000
Healthy Child Development	5,582,500
VISTA / AmeriCorps transition feasibility	25,000
	\$44,607,500

Round 2:

Capacity Building	\$3,250,000
Partnership for Children's Health	6,023,474
Prevention Services	500,000
Nutrition and Fitness	365,000
Pediatric Vision Services	1,500,000
Healthy Steps	850,000
Catalytic Unallocated and Matching Funds	4,804,026
	\$17,292,500

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2023**

**CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

On November 8, 2022, Proposition 31 passed which upheld a statewide ban on the sale of flavored tobacco products. As a result, projections for future tobacco tax revenues will decline below previous estimates. The flavor began impacting revenue receipts and projections beginning in Fiscal Year 2022-2023.

The Commission's financial plan has historically been conservative when estimating future-year revenues and maintains a fund balance in anticipation of future-year declining revenues. The assumptions used to project annual expenses/program funding throughout the ten-year financial plan will be adjusted to align with updated revenue projections from the California Department of Finance.

**REQUESTS FOR FINANCIAL INFORMATION**

This annual comprehensive financial report is intended to provide the public with an overview of the Commission's financial operations and condition for the fiscal year ended June 30, 2023. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President/CEO, Children & Families Commission of Orange County, 1505 East 17th Street, Suite 230, Santa Ana, California 92705

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and investments in County Treasury	\$ 67,389,655
Imprest cash	10,000
Interest receivable	620,439
Due from County of Orange	309,971
Due from other governments	3,464,280
Prepays	94,779
Advances to others	581,843
Net pension asset	21,849
Capital assets - right to use lease assets, net of amortization	521,429
Total Assets	<u>73,014,244</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related amounts	1,355,246
Other postemployment benefits related amounts	116,000
Total Deferred Outflows of Resources	<u>1,471,246</u>
<b>LIABILITIES</b>	
Accounts payable	2,090,514
Due to County of Orange	317,042
Due to other governments	2,392,306
Retentions payable	1,195,485
Accrued wages and benefits	94,980
Non-Current liabilities:	
Due Within One Year	
Compensated absences	91,669
Leases	57,873
Due in More than One Year	
Compensated absences	16,490
Leases	465,651
Net OPEB liability	269,000
Total Liabilities	<u>6,991,010</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related amounts	689,028
Other postemployment benefits related amounts	41,000
Total Deferred Inflows of Resources	<u>730,028</u>
<b>NET POSITION</b>	
Net investment in capital assets	(2,095)
Unrestricted	<u>66,766,547</u>
Total Net Position	<u>\$ 66,764,452</u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Operating Grants And Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:			
Child development	\$ 23,788,975	\$ 24,428,943	\$ 639,968
General Revenues:			
Investment income			2,014,113
Miscellaneous			180,736
			<u>2,194,849</u>
			2,834,817
			<u>63,929,635</u>
			<u>\$ 66,764,452</u>

See accompanying notes to the basic financial statements.



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**JUNE 30, 2023**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and investments in County Treasury	\$ 67,389,655
Imprest cash	10,000
Interest receivable	620,439
Due from County of Orange	309,971
Due from other governments	3,464,279
Prepaid items	194,580
Advances to others	581,843
Total Assets	<u><u>\$ 72,570,767</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,090,514
Due to County of Orange	317,042
Due to other governments	2,392,306
Retentions payable	1,195,485
Accrued wages and benefits	94,980
Total Liabilities	<u>6,090,327</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - unavailable revenue	<u>855,015</u>
Total Deferred Inflows of Resources	<u>855,015</u>
<b>FUND BALANCES</b>	
Nonspendable fund balance	776,423
Committed fund balance	12,023,100
Assigned fund balance	25,454,748
Unassigned fund balance	<u>27,371,154</u>
Total Fund Balances	<u>65,625,425</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 72,570,767</u></u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Fund balances of governmental funds	\$	65,625,425
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Amounts reported for governmental activities in the Statement of  
Net Position are different because:

Prepaid items included as a deferred outflow on the accrual basis used in the government-wide statements		(99,801)
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Right to use lease assets used in governmental activities are not  
financial resources and therefore are not reported in the funds

Right to use assets	597,387	
Accumulated amortization	(75,958)	521,429

Deferred outflows of resources:

Pension related amounts		1,355,246
Other postemployment benefits related amounts		116,000

Long term assets/(liabilities) are not included in the governmental  
funds

Net pension asset		21,849
Compensated employee absences		(108,159)
Lease liability		(523,524)
Net OPEB liability		(269,000)

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year- end. However, the revenues are included on the accrual basis used in the government-wide statements.		855,015
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Deferred inflows of resources:

Pension related amounts		(689,028)
Other postemployment benefits related amounts		(41,000)

Net Position of governmental activities	\$	66,764,452
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See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
Revenues	
Prop 10 Tobacco Tax	\$ 20,975,393
Other State operating grants and contributions	1,366,384
CalWORKS Home Visiting Program	1,474,084
Medi-Cal Administrative Activities	350,126
Investment income	2,014,113
Other revenue	177,342
Total Revenues	<u>26,357,442</u>
Expenditures	
Current	
Salaries and benefits	2,173,148
Expenditures related to the "Zero to Five" Programs	18,359,405
Catalytic Round 1 and 2 Program Funding	3,482,136
Debt Service	
Principal retirement	75,972
Interest	3,625
Capital Outlay	496,181
Total Expenditures	<u>24,590,467</u>
Excess of revenues over expenditures	1,766,975
Other Financing Sources	
Leases	496,181
Net Change in Fund Balance	2,263,156
FUND BALANCE, July 1	<u>63,362,269</u>
FUND BALANCE, June 30	<u><u>\$ 65,625,425</u></u>

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Net changes in fund balance - total governmental funds	\$	2,263,156
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Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balance differs from the amounts reported in the statement of activities because:

Principal retirement expenditures reported in Governmental Funds and not reported in the Statement of Activities		75,972
--	--	--------

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as amortization expense.

Capital outlay		496,181
Amortization expense		(75,958)

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

Pension related amounts		308,897
Other postemployment benefits related amounts		8,000

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in the compensated absences liability.		(11,599)
--	--	----------

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements.		266,349
--	--	---------

The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the statement of activities.

Lease proceeds		(496,181)
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Change in net position of governmental activities	\$	2,834,817
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See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Prop 10 Tobacco Tax	\$ 24,350,000	\$ 20,486,321	\$ 20,975,393	\$ 489,072
Other State operating grants and contributions	1,000,000	1,000,000	1,366,384	366,384
CalWORKS Home Visiting Program	2,000,000	2,000,000	1,474,084	(525,916)
Medi-Cal Administrative Activities	250,000	250,000	350,126	100,126
Investment income	100,000	100,000	2,014,113	1,914,113
Other revenue	232,700	232,700	177,342	(55,358)
Total Revenues	27,932,700	24,069,021	26,357,442	2,288,421
Expenditures				
Current				
Salaries and benefits	2,572,879	2,572,879	2,173,148	399,731
Expenditures related to the "Zero to Five" Program	20,383,153	20,383,153	18,359,405	2,023,747
Catalytic Round 1 and 2 Program Funding	600,000	4,180,000	3,482,136	697,864
Debt Service				
Principal retirement	59,192	59,192	75,972	(16,780)
Interest	1,345	1,345	3,625	(2,280)
Capital Outlay	-	-	496,181	(496,181)
Total Expenditures	23,616,569	27,196,569	24,590,467	2,606,101
Excess of revenues over expenditures	4,316,131	(3,127,548)	1,766,975	(317,680)
Other Financing Sources				
Leases	-	-	496,181	(496,181)
Net Change in Fund Balance	4,316,131	(3,127,548)	2,263,156	5,390,704
FUND BALANCE, July 1	63,362,269	63,362,269	63,362,269	-
FUND BALANCE, June 30	\$ 67,678,400	\$ 60,234,721	\$ 65,625,425	\$ 5,390,704

See accompanying notes to the basic financial statements.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

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

**Basis of Accounting and Measurement Focus**

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

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

**Government-Wide Financial Statements**

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

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

Government-Wide Financial Statements, (Continued)

Unrestricted – This category represents neither restrictions nor right to use assets and may be used by the Commission for any purpose though they may not be necessarily liquid.

Net Invested in Capital Assets – This category includes the Commission’s office lease that is amortized over the life of the lease period.

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

Fund Financial Statements

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

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

Fair Value Measurement

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

Deferred Outflows and Inflows of Resources

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

Capital assets, net of accumulated depreciation/amortization

Capital assets, including right to use lease assets, are not considered to be a financial resource and therefore, is not reported as an asset in the fund financial statements. Capital assets are capitalized and reported at cost, net of accumulated depreciation/amortization in the government-wide financial statements. The one addition to capital assets for the year was a seven-year office lease extension reported in the right-to-use lease assets.

Capital assets are recorded at historical cost. The Commission capitalizes assets with cost in excess of \$5,000 for equipment and \$150,000 for other assets, following the County of Orange schedule of asset definitions, and a useful life greater than one year. The Commission depreciates/amortizes capital assets using a straight-line method over the estimated useful life of each asset. The estimated useful life of equipment, ranges from 5 to 10 years.

**Adjustments Between Fund Financial Statements and Government-Wide Financial Statements**

Prepaid Items

Prepaid pension contributions are reported as a prepaid item in the fund financial statements and in the Statement of Net Position. The prepaid pension contributions, at the fund level, pertain to the contributions required for the related payroll periods of July 1, 2023 to June 30, 2024. A balance of \$194,580 is reported as of June 30, 2023 after any remaining contributions for the fiscal year were deducted from the prepaid account. Because the next actuarial valuation to determine the Commission's net pension liability will occur on December 31, 2023, the prepaid contributions are recognized as a deferred outflow of resources on the government wide statements to account for the portion that will be applied to the calculation of net pension liability.

Compensated absences

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



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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

Leases

The Commission is a lessee for noncancelable lease of office space and equipment. The Commission recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the Commission initially measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses the County of Orange incremental borrowing rate as the discount for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Pensions

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

In general, the Commission recognizes a net pension liability/asset, which represents the Commission's proportionate share of the excess of the total pension liability/asset over the fiduciary net position reflected in the actuarial report provided by the Orange County Employees Retirement System (OCERS). The net pension liability/asset is measured as of OCERS' prior fiscal year end December 31, 2022 and is reported on the same basis as they are reported by OCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Changes in the net pension are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

Other Postemployment Benefits (“OPEB”)

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

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2021
Measurement Date	December 31, 2022
Measurement Period	January 1, 2022 to December 31, 2022

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

**Due to other governments**

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

**Retentions payable**

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

**Use of Estimates**

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Budget and Budget Reporting**

The Commission is required by Orange County ordinance to prepare a budget each year based on estimates of revenues and expected expenditures. The Commission's Board of Commissioners adopted an annual budget of expenditures for the year ended June 30, 2023, which is prepared on the modified accrual basis of accounting. The accompanying statement of revenues, expenditures and changes in fund balance – budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year. The legal level of budgetary control is at the total fund level.

**Fund Balance**

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Commission established the following classifications and definitions of fund balance for the year ended June 30, 2023:

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

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

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

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

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

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

**Encumbrances**

The Commission utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Encumbrances of \$23.8 million represent Board-approved future year contracts for Catalytic Programs (\$6.1 million) and annual programs and operations (\$17.7 million). The two most significant Catalytic Program encumbrance are for Children's Dental (\$.8 million) and Developmental Screenings (\$4.5 million). The two largest program encumbrance balances are for the Bridges: Maternal Child Health Network (\$6.5 million) and School District Partnerships (\$6.6 million). Encumbrances for Catalytic Programs are reported in Committed fund balance and encumbrances for other programs are reported in Assigned fund balance.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**Effect of New Governmental Accounting Standards Board (GASB) Pronouncements**

Effective This Fiscal Year

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Commission has determined that there was no material impact on the Commission's financial statements.

Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Commission implemented this statement effective July 1, 2022 and determined that there was no material impact on the Commission's financial statements.

Statement No. 99, "Omnibus 2022." The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

**GASB has issued the following pronouncements prior to June 30, 2023, that have effective dates which may impact future financial statement presentation. The effect of these statements is currently under review by the Commission:**

Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62." The requirements of this Statement will take effect for Commission financial statements starting with the fiscal year that ends June 30, 2024.

Statement No. 101, "Compensated Absences." The requirements of this Statement will take effect for Commission financial statements starting with the fiscal year that ends June 30, 2025.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS**

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

Cash and investments in County Treasury	\$ 67,389,655
Imprest Cash	<u>10,000</u>
Total Cash and Investments	<u>\$ 67,399,655</u>

Cash and investments consisted of the following at June 30, 2023:

Orange County Investment Pool:	
Equity in pooled Money Market fund	\$ 67,389,655
Imprest Cash	<u>10,000</u>
Total Cash and Investments	<u>\$ 67,399,655</u>

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

Authorized investment instruments include:

- Certificates of Deposit (insured or collateralized)
- Orange County Investment Pool
- “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 NAV (Net Asset Value) will be prohibited.

The Commission is a participant in the County Treasurer’s Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP at June 30, 2023, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Annual Comprehensive Financial Report.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2023, the Commission held no individual investments. All funds are invested in OCIP.

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

Deposits and withdrawals in the OCIP are made based on \$1 and not fair value. Accordingly, the Commission's proportionate share of investments in the OCIP at June 30, 2023 of \$67,389,655 is measured based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

The due from other governments account represents amounts due to the Commission from the California Children and Families Commission ("State Commission") for Prop 10 and California Electronic Cigarette Excise Tax (CECET) related revenues and other governmental agencies. The amounts due to the Commission at June 30, 2023, were as follows:

Due from State Commission:

Prop 10 / CECET revenue for:

May 2023	\$1,004,107
June 2023 (includes CECET Q1 -Q3)	1,647,185
CECET Q4	94,000
Surplus Money Investment Fund Allocations	77,856
First 5 IMPACT Program	633,322
First 5 Home Visiting Coordination	7,809
Total Due from Other Governments	<u>\$3,464,279</u>

**NOTE 4 – DUE TO OTHER GOVERNMENTS**

The due to other governments account represents amounts due to the Regents of the University of California, Orange County school districts, and other local governmental agencies. The amounts due to the other governments at June 30, 2023, were as follows:

FY 2022-2023 Contract Payment Accruals	<u>\$ 2,392,306</u>
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**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 5 – LONG-TERM LIABILITIES**

Changes in long-term liabilities during the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Leases	\$ 103,314	\$ 496,181	\$ 75,971	\$ 523,524	\$ 57,873
Compensated absences	96,562	159,263	147,666	108,159	91,669
Total	<u>\$ 199,876</u>	<u>\$ 655,444</u>	<u>\$ 223,637</u>	<u>\$ 631,683</u>	<u>\$ 149,542</u>

**NOTE 6 – FUND BALANCE**

Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance as of June 30, 2023 consists of the following:

Nonspendable:	
Prepays and Advances	\$776,423
Committed for:	
Catalytic Round 1 and 2 programs	12,023,100
Assigned for:	
Approved contracts	25,454,748
Unassigned	<u>27,371,154</u>
Total fund balance	<u>\$65,625,425</u>

Fund Balance Category Descriptions

Nonspendable – consists of prepaid retirement contributions for Fiscal Year 2023-2024 that were paid during the fiscal year. Refer to Note 8 for further details. Included in Nonspendable are Catalytic funding amounts advanced to grantees for project scopes not completed by June 30, 2023.

Committed for contractual obligations – consists of contract amounts approved by Commission action as of June 30, 2023 for Fiscal Years 2023-2024 and future years of one-time Catalytic/Systems Building funding.

Assigned for approved contracts – consists of Fiscal Year 2023-2024 programs that were approved by Commission action and included in the Fiscal Year 2023-2024 Operating Budget.

**NOTE 7 – CONTINGENCIES**

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



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

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

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

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

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

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

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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

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

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

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

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

**Contributions.** The Commission contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from OCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for the first six months of calendar year 2022 or the second half of fiscal year 2021-2022 (based on the December 31, 2019 valuation) was 41.49% of compensation. The average employer contribution rate for the last six months of calendar year 2022 or the first half of fiscal year 2022-2023 (based on the December 31, 2020 valuation) was 41.16% of compensation. Contributions recognized by the plan for the fiscal year ended June 30, 2023, were \$200,172.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

All members are required to make contributions to OCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate for the first six months of calendar year 2022 or the second half of fiscal year 2021-2022 (based on the December 31, 2019 valuation) was 12.31% of compensation. The average member contribution rate for the last six months of calendar year 2022 or the first half of fiscal year 2022-2023 (based on the December 31, 2020 valuation) was 12.16% of compensation.

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

At June 30, 2023, the Commission reported a net pension asset of (\$21,846) for its proportionate share of the net pension liability (NPL)/(asset). The NPL/(asset) was measured as of December 31, 2022. Plan Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuation as of December 31, 2021. At December 31, 2022, the Commission's proportion was -0.0% percent allocated based on the actual employer contributions within the Commission's rate group. This represents a decrease from 0.040%, from the proportionate share measured as of December 31, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of (\$111,896). As of June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$3,498
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$1,255,317	684,632
Changes of assumptions or other inputs		565
Difference between expected and actual experience	128	333
Commission contributions subsequent to the measurement date	99,801	
Total	<u>\$1,355,246</u>	<u>\$689,028</u>

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

Amounts reported as contributions made subsequent to the measurement date of \$99,801 will be recorded as an addition to net pension asset in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$	(30,153)
2025		51,885
2026		208,523
2027		227,274
2028		108,888
	<u>\$</u>	<u>566,417</u>

**Actuarial assumptions.** For the measurement period ended December 31, 2022 (the measurement date), total pension liability (TPL) was determined by rolling forward the December 31, 2021 (the valuation date) total pension liability. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2017 through December 31, 2019.

Net investment return: 7.00%

Inflation 2.50%

Salary Increases General: 4.00% to 11.00%, varying by service, including inflation

Cost of Living Adjustments 2.75% of retirement income

Post – Retirement Mortality Rates:

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

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

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

The long-term expected rate of return on pension plan investments was determined in 2020 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2022 and 2021 actuarial valuation. This information will change every three years based on the actual experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA – Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	<u>2.50%</u>	<u>2.50%</u>
Total	100.00%	5.67%

**Discount rate.** The discount rate used to measure the TPL was 7.00% as of December 31, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2022 and 2021.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	845,275	(\$21,849)	(\$729,130)

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

**NOTE 9 – CAPITAL ASSETS**

Increases and decreases in the Commission’s capital assets for governmental activities during the fiscal year were as follows:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>June 30, 2023</u>
Governmental Activities:					
Right-to-Use Assets					
Leased Office Space	\$ 173,129	\$496,181	\$ --	\$ --	\$ 669,310
Leased Equipment	4,758	--	--	--	4,758
Total Right-to-Use Assets	<u>177,887</u>	<u>496,181</u>	<u>--</u>	<u>--</u>	<u>674,068</u>
Less Accumulated Amortization For:					
Leased Office Space	(74,198)	(73,683)	--	--	(147,881)
Leased Equipment	<u>(2,483)</u>	<u>(2,275)</u>	<u>--</u>	<u>--</u>	<u>(4,758)</u>
Total Accumulated Amortization	<u>(76,681)</u>	<u>(75,958)</u>	<u>--</u>	<u>--</u>	<u>(152,639)</u>
Total Capital Assets, Amortizable (Net)	<u>\$ 101,206</u>	<u>\$420,223</u>	<u>--</u>	<u>--</u>	<u>\$ 521,429</u>

**NOTE 10 – LEASES**

Office Lease

The Commission approved an amendment to the agreement to lease office space adding seven years to the lease term. The amended lease terminates October 2030. Under the terms of the lease, the Commission pays a monthly base fee based on a pre-determined schedule. A security deposit of \$7,400 is currently held by the lessor. The lease was valued using a discount rate of 4% (County incremental borrowing rate).

<u>Lease Year</u>	<u>Monthly Base Rate</u>	<u>Lease Year</u>	<u>Monthly Base Rate</u>
11/1/22 – 10/31/23	\$6,480.00	11/01/26 – 10/31/27	\$6,860.70
11/1/23 – 10/31/24	\$6,480.00	11/01/27 – 10/31/28	\$7,072.45
11/1/24 – 10/31/25	\$6,606.60	10/01/28 – 10/31/29	\$7,284.20
11/1/25 – 10/31/26	\$6,733.65	10/01/29 – 10/31/30	\$7,411.25

At June 30, 2023, the Commission has recognized a right-to-use asset of \$521,429 and a lease liability of \$523,524 related to this agreement. During the fiscal year, the Commission recorded \$73,683 in amortization expense. The payments for the lease included \$73,662 in principal payments and \$3,590 in interest for the right to use the office space.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 10 – LEASES (Continued)**

Remaining obligations associated with this lease are as follows:

Fiscal Year Ended June 30	<u>Principal</u>	<u>Interest</u>
2024	\$57,872	\$19,888
2025	61,255	17,518
2026	65,302	14,994
2027	69,515	12,305
2028	74,585	9,437
2029 - 2031	194,995	9,640
Total	<u>\$523,524</u>	<u>\$83,782</u>

Equipment Lease

The Commission entered into an agreement to lease a copier beginning June 2017. The current amended lease Terminated on May 31, 2023. Under the terms of the lease, the Commission paid a pre-determined monthly base fee of \$213 for the copier unit.

At June 30, 2023, the Commission had no remaining right-to-use asset for the leased equipment and no related lease liability. During the fiscal year, the Commission recorded \$2,275 in amortization expense. The payments for the lease included \$2,310 in principal payments and \$35 in interest for the right to use the copier. The Commission used a discount rate of 3% representing the Commission's incremental borrowing rate.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

The Commission contracts with the County to provide accounting, banking and investment, purchasing, human resources, risk management and other administrative services. The Commission participates in the County's risk management programs (commercial and self-insurance programs) for general and automobile liability insurance, public official liability, rental interruption, personal property, worker's compensation, group health indemnified plans, group salary continuance plan, group dental plan and unemployment benefit plan. The Commission records its portion of related insurance premiums charged by the County as an expense. Insurance expense for the year ended June 30, 2023 was \$40,180. The Commission incurred expenses totaling \$274,821 for all other County services provided during the year ended June 30, 2023. The amount owed to the County for program services funded through the Health Care Agency at June 30, 2023 was \$317,042. Amounts owed to the Commission from the County of Orange are \$309,971.

The Commission paid \$1,103,458 of service provider grants to organizations represented by a member of the Board of Commissioners, although all members abstain from all votes regarding funding to the organization represented. The Commission incurred a total of \$1,634,186 in expenses paid to the County for program services delivered by the Health Care Agency and Social Services Agency.

**NOTE 12 – PROGRAM EVALUATION**

In accordance with the Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program, issued by the California State Controller, the Commission is required to disclose the amounts expended during the fiscal year on program evaluation. Program evaluation costs pertain to those activities undertaken to support the collection, production, analysis and presentation of evaluation information for Commission management, Commissioners and other interested parties. For the year ended June 30, 2023, the Commission expended \$723,177 for program evaluation.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN**

**Plan Description.** In accordance with the Commission's participation agreement entered into in July 2007, the Commission is a participant in the County of Orange Retiree Medical Plan (the Plan). The Plan is a cost-sharing multiple employer defined benefit retiree medical plan. The Plan provides a grant for medical benefits to eligible retirees and their dependents and lump-sum payments for employees separating from employment prior to being eligible for the grant. The County Board of Supervisors maintains the authority to establish and amend the Plan's benefit provisions. The financial statements and required supplementary information of the Plan are included in the County of Orange's fiscal year 2022-2023 Annual Comprehensive Financial Report. The Commission is reported in the County's Annual Comprehensive Financial Report as a discretely presented component unit. That report may be obtained by contacting the County of Orange, Auditor Controller, 12 Civic Center Plaza, Room 200, Santa Ana, California 92702.

**Eligibility.** An employee who is credited with at least ten years of service at the time the employee becomes a retiree and elected to remain in the grant program shall be eligible to receive a grant in accordance with the County of Orange Retiree Medical Plan. This election is a change to the plan approved by the County Board of Supervisor's on December 20, 2022 and is explained further in the actuarial assumptions. An employee who becomes a retiree eligible for the grant and does not immediately begin to receive a retirement allowance from OCERS is not eligible to participate in the plan until the employee's retirement allowance commences. In order to be eligible to receive the grant, a participant must be covered under a Qualified Health Plan and/or Medicare. Coverage in a Qualified Health Plan must be elected within 30 days of the commencement of retirement allowance from OCERS. A covered retiree or surviving dependent who is age 65 or older must be enrolled in Medicare Part A (if eligible for coverage without a premium) and Part B in order to be eligible for the grant. A Qualified Health Plan is defined as a health insurance plan made available to employees and/or retirees, including a County Health Plan or a plan administered by an Employee Organization that the County of Orange has agreed shall be a Qualified Health Plan. A lump sum payment is available under limited circumstances as defined in the plan for an employee whose employment terminates prior to becoming eligible for a grant.

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

**Contribution.** The Commission makes contributions to the plan equal to the actuarially determined contribution. The percentage contributions are established by a Participation Agreement with the County of Orange. All contributions are employer contributions and are made through the County of Orange payroll system. For the fiscal year ended June 30, 2023, the Commission's contributions were \$49,000.



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN**  
**(continued)**

At June 30, 2023, the Commission reported a liability of \$269,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The Commission's proportion of the net OPEB liability was based on a projection of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating member agencies, actuarially determined. At December 31, 2022, the Commission's proportion was 0.090 percent, no change from the prior measurement date.

For the fiscal year ended June 30, 2023, the Commission recognized OPEB expense of \$21,000. For the fiscal year ended June 30, 2023, the Commission reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to the measurement date	\$29,000	
Differences between expected and actual experience		\$32,000
Changes of assumptions	6,000	8,000
Net difference between projected and actual earnings on plan investments	22,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,000	1,000
<b>Total</b>	<u>\$116,000</u>	<u>\$41,000</u>

The \$29,000 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Year ended June 30:	
2024	\$ 1,000
2025	6,000
2026	9,000
2027	19,000
2028	5,000
2029+	6,000
	<u>\$ 46,000</u>

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN**  
**(continued)**

**Actuarial Assumptions:** The total OPEB liability in the June 30, 2021 valuation date was determined using the following significant actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding Policy	Employer contributes the ADC for the Grant and lump sum benefits and pays the blended rates benefit on a pay-as-you-go basis
Discount rate	7.00%
Long-Term Expected Rate of Return on Investments	7.00%, net of investment expenses
General Inflation	2.50% annually
Salary Increases	Aggregate – 3.00% annually Merit – OCERS 2017-2019 Experience Study
Grant Increase Rate	AFSCME – lesser of 5% and Medical Trend Non-AFSCME – lesser of 3% and Medical Trend
Mortality, Disability, Termination, Retirement	OCERS 2017-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2019
Medical Trend	- Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) – 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 - Medicare (Kaiser) – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Spouse Participation at Retirement	- New retirees in County medical plans – 35% - New retirees in AOCDS medical plans – 65%
Changes of assumptions	None, other than participation assumptions used for valuing the change in benefit terms for applicable General employee groups.
Changes of benefit terms and method and assumptions for applicable General employee groups	- OPEB changes approved by Board on 12/20/22. Grant frozen as of June 16, 2023, no COLA, no Grant age adjustment - One time election to opt out of Grant program and receive cash value transfer to a HRA - County provided actual opt out elections for rounds 1 and 2 of plan change roll-out - Active and pre-65 retiree premiums will be pooled as of January 1, 2024 with pre-65 retiree rates set 20% higher than active rates - Those staying in the Grant program were assumed to take Grant at retirement. 50% of those opting out were assumed to participate in County medical plans at retirement even though not receiving a Grant. - One time total HRA transfer for opt-outs was subtracted from the 12/31/22 FNP as an accrued payable amount (after adjusting for timing difference between measurement date and actual HRA contributions)

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN**  
**(continued)**

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

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

-Assumed Long-Term Rate of Inflation – 2.50%

-Expected Long-Term Net Rate of Return – 7.00%

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<b>Net OPEB Liability</b>	\$325,000	\$269,000	\$220,000

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB) - RETIREE MEDICAL PLAN  
(continued)**

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

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
<b>Net OPEB Liability</b>	\$253,000	\$269,000	\$287,000

**NOTE 14 – FIRST 5 CALIFORNIA IMPACT PROGRAM AND REGIONAL HUB**

First 5 California funded a statewide program to implement the California Quality Rating and Improvement System (QRIS). The QRIS is a systemic approach to assess, improve, and communicate the level of quality in early education programs. The Commission received First 5 IMPACT funds that were contracted to the Orange County Department of Education (OCDE) as the local organization with expertise for implementing early education quality programs. First 5 California funding for IMPACT is \$3,263,424 for a three-year period that began July 1, 2020. Funds claimed for the period ending June 30, 2023 totaled \$1,441,584, and all IMPACT funds require a two to one program partner match of two dollars of First 5 CA funding to every dollar of local funding.

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

**NOTE 15 – ADVANCES TO OTHERS**

Advances to others as of June 30, 2023 were \$581,843. Advances to others include Catalytic Round 1 and 2 funds advanced to service providers. The Commission invested in Catalytic programs expanding the service capacity of service providers in Child Development, Early Learning, and Homeless Prevention. In February 2012, the Commission approved funding of \$5,500,000 to Pretend City Children's Museum for a permanent and expanded Healthy Child Development platform. Of the total \$5,500,000 approved, \$500,000 has been advanced to Pretend City, and \$81,843 for miscellaneous deposits with funded partners. The advanced funds are expensed as services are provided.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)**  
**LAST 10 YEARS\***

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Proportion of the net pension liability/(asset)	0.078%	0.071%	0.061%	0.019%	0.010%	(0.013%)	(0.015%)	(0.040%)	(0.000%)
Proportionate share of the net pension liability/(asset)	\$3,957,426	\$4,066,522	\$3,158,290	\$962,203	\$630,611	(\$646,472)	(\$612,417)	(\$811,951)	(\$21,846)
Covered payroll	\$1,043,030	\$1,042,786	\$925,031	\$849,266	\$966,061	\$1,061,044	\$1,167,468	\$1,304,766	\$1,209,958
Proportionate share of the net pension liability/(asset) as a percentage of covered payroll	379.42%	389.97%	341.43%	113.30%	65.28%	(60.93%)	(52.46%)	(62.23%)	(1.18%)
Plan fiduciary net position as a percentage of the total plan pension liability	67.15%	64.73%	71.16%	74.93%	70.03%	76.67%	81.69%	91.45%	78.51%
Measurement date	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022

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

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

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Contractually required contribution (actuarially determined)	\$319,651	\$333,800	\$245,077	\$266,614	\$90,445	\$117,300	\$152,265	\$167,768	\$200,172
Contributions in relation to the actuarially determined contributions	(319,651)	(333,800)	(245,077)	(266,614)	(90,445)	(117,300)	(152,265)	(167,768)	(200,172)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	\$1,005,475	\$1,001,202	\$821,497	\$864,802	\$1,050,566	\$1,208,381	\$1,221,222	\$1,203,464	\$1,638,314
Contributions as a percentage of covered payroll	31.79%	33.34%	29.83%	30.83%	8.61%	9.71%	12.47%	13.94%	12.22%

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

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

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Commission's proportion of the net OPEB liability	\$276,000	\$290,000	\$245,000	\$271,000	\$231,000	\$269,000
Commission's proportionate share of the net OPEB liability	0.0689%	0.0698%	0.0688%	0.081%	0.090%	0.090%
Commission's covered payroll	\$819,000	\$930,000	\$975,000	\$1,088,000	\$1,292,000	\$1,195,000
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	33.70%	31.18%	25.13%	24.91%	17.88%	22.51%
Plan fiduciary net position as a percentage of the total OPEB liability	42.30%	42.56%	51.02%	55.38%	65.43%	56.74%
Measurement Date	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022

\* Fiscal Year 2017-2018 was the first year of implementation, therefore, less than ten years are shown from the information available.



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

Fiscal Year Ended June 30	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (ADC)	\$34,000	\$39,000	\$41,000	\$38,000	\$42,000	\$49,000
Contribution in relation to the ADC	(34,000)	(39,000)	(41,000)	(38,000)	(42,000)	(49,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$877,000	\$975,000	\$1,091,000	\$1,154,000	\$1,189,000	\$1,490,000
Contributions as a percentage of covered payroll	3.90%	4.00%	3.76%	3.29%	3.53%	3.29%

\* Fiscal Year 2017-2018 was the first year of implementation, therefore, less than ten years are shown from the information available.

## **SUPPLEMENTARY INFORMATION**

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FIRST 5 CALIFORNIA FUNDING**  
**YEAR ENDED JUNE 30, 2023**

**First 5 California Funding**

		Beginning			Ending Program
	Funding	Program Balance	Revenue*		Balance
<u>Program Title</u>	<u>Source</u>	<u>(As of July 1)</u>	<u>F5CA Funds</u>	<u>Expenditures</u>	<u>(As of June 30)</u>
IMPACT	F5CA Program Funds	\$1,515,495	\$1,441,584	\$1,441,584	\$73,911
	County, Local Funds			\$1,184,097	
Home Visiting Coordination	F5CA Program Funds	\$178,146	\$16,682	\$16,682	\$161,464

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\* For the purpose of this schedule, the revenue and expenditures reported, in amount of \$1,441,584 for IMPACT and \$16,682 for Home Visiting Coordination represents the amount claimed by the Commission. For governmental fund or modified accrual financial reporting purposes, a total of \$641,131 was identified as unavailable revenue as it was not received within the Commission's period of availability to recognize revenue as described in Note 1.

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

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

	<i>Page(s)</i>
<b>Financial Trends</b>	<b>55</b>
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time. (Schedules 1 -4)	
<b>Revenue Capacity</b>	<b>63</b>
These schedules contain trend information to help the reader assess the Commission's most significant revenue base. (Schedules 5 -7)	
<b>Debt Capacity</b>	<b>67</b>
This schedule contains trend information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future. (Schedule 8)	
<b>Demographic Information</b>	<b>68</b>
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs. (Schedules 9 -11)	
<b>Operating Information</b>	<b>72</b>
This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs. (Schedules 12 -14)	

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

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

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

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2023	2022*	2021	2020
Net investment in capital assets	\$ (2,095)	\$ (2,108)	\$ -	\$ -
Unrestricted	<u>66,766,547</u>	<u>63,931,743</u>	<u>57,224,411</u>	<u>47,128,853</u>
Total net position	<u>\$ 66,764,452</u>	<u>\$ 63,929,635</u>	<u>\$ 57,224,411</u>	<u>\$ 47,128,853</u>

\* First year of implementation for GASB No. 87

\*\* First year of implementation for GASB No. 75

\*\*\* First year of implementation for GASB No. 68

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



Fiscal Year					
2019	2018**	2017	2016	2015***	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40,695,150	37,446,530	44,034,865	51,621,511	54,471,707	64,690,535
<u>\$ 40,695,150</u>	<u>\$ 37,446,530</u>	<u>\$ 44,034,865</u>	<u>\$ 51,621,511</u>	<u>\$ 54,471,707</u>	<u>\$ 64,690,535</u>

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

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2023	2022	2021	2020
Expenses:				
Governmental activities:				
Salaries and benefits	\$ 1,867,850	\$ 1,074,187	\$ 1,105,824	\$ 854,804
Child development	21,921,125	19,218,830	24,581,349	29,826,480
Total expenses	<u>\$ 23,788,975</u>	<u>\$ 20,293,017</u>	<u>\$ 25,687,173</u>	<u>\$ 30,681,284</u>
Revenues:				
Governmental activities:				
Operating grants and contributions				
Prop 10 Tobacco taxes	\$ 21,069,393	\$ 24,080,410	\$ 25,496,594	\$ 24,991,179
First 5 CARES Plus				
First 5 Child Signature Program				
First 5 IMPACT and Hubs, DDL, HV	1,457,485	1,347,166	1,407,032	4,124,541
CalWORKS Home Visiting	1,474,084	1,643,966	2,277,595	
Other State operating grants and				
Federal operating grants	350,126	531,566	379,171	6,599,710
Investment income earned on tobacco	77,855	11,467	15,412	86,655
taxes at the State Level (SMIF)				
General revenues				
Investment income, net of fair value	2,014,113	(787,916)	131,764	1,021,339
Miscellaneous revenue	180,736	171,583	6,075,163	302,616
Total revenues	<u>\$ 26,623,792</u>	<u>\$ 26,998,241</u>	<u>\$ 35,782,731</u>	<u>\$ 37,126,040</u>
Change in Net Position	<u>\$ 2,834,817</u>	<u>\$ 6,705,224</u>	<u>\$ 10,095,558</u>	<u>\$ 6,444,756</u>

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Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 961,012 26,092,909	\$ 1,149,377 32,076,788	\$ 1,215,649 33,178,190	\$ 1,727,197 30,870,890	\$ 1,689,772 34,608,366	\$ 1,747,564 36,672,235
<u>\$ 27,053,921</u>	<u>\$ 33,226,165</u>	<u>\$ 34,393,839</u>	<u>\$ 32,598,087</u>	<u>\$ 36,298,138</u>	<u>\$ 38,419,799</u>
\$ 23,573,280	\$ 21,867,232	\$ 24,790,836	\$ 25,879,036	\$ 25,943,624	\$ 26,395,725
			246,281	575,300	269,033
			2,042,528	3,350,818	2,719,243
2,120,578	2,745,724	976,964			
3,009,855	1,628,595	445,121	696,686	260,297	902,242
64,514	31,875	20,192	12,315	8,082	7,071
1,188,495	431,764	343,403	441,810	206,029	349,366
345,819	191,640	230,677	429,235	151,086	56,520
<u>\$ 30,302,541</u>	<u>\$ 26,896,830</u>	<u>\$ 26,807,193</u>	<u>\$ 29,747,891</u>	<u>\$ 30,495,236</u>	<u>\$ 30,699,200</u>
<u>\$ 3,248,620</u>	<u>\$ (6,329,335)</u>	<u>\$ (7,586,646)</u>	<u>\$ (2,850,196)</u>	<u>\$ (5,802,902)</u>	<u>\$ (7,720,599)</u>



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

**FUND BALANCES - GENERAL FUND**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2023	2022	2021	2020
FUND BALANCES				
Nonspendable fund balance	\$ 776,423	\$ 2,329,229	\$ 2,385,722	\$ 3,958,321
Committed fund balance	12,023,100	18,239,879	15,241,303	13,237,942
Assigned fund balance	25,454,748	23,016,569	37,229,072	26,129,406
Unassigned fund balance	27,371,154	19,776,592	2,182,135	
Total fund balances	<u>\$ 65,625,425</u>	<u>\$ 63,362,269</u>	<u>\$ 57,038,232</u>	<u>\$ 43,325,669</u>

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


Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 3,889,032	\$ 4,542,478	\$ 5,566,849	\$ 7,277,958	\$ 9,340,291	\$ 10,782,162
14,472,082	18,596,717	21,769,602	26,486,583	30,112,816	34,561,184
18,932,072	14,001,862	19,957,923	20,866,371	15,589,112	16,374,998
<u>\$ 37,293,186</u>	<u>\$ 37,141,057</u>	<u>\$ 47,294,374</u>	<u>\$ 54,630,912</u>	<u>\$ 55,042,219</u>	<u>\$ 61,718,344</u>

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

**CHANGES IN FUND BALANCES - GENERAL FUND**

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2023	2022*	2021	2020
<b>Revenues:</b>				
Prop 10 Tobacco taxes	\$ 20,975,393	\$ 24,080,410	\$ 25,496,594	\$ 28,541,094
First 5 CARES Plus				
First 5 Child Signature Program				
Other State operating grants and contributions	1,366,384	1,615,672	4,713,034	1,238,020
CalWORKS Home Visiting	1,474,084	1,643,966	2,277,595	
Investment income earned on tobacco taxes at the State Level (SMIF)		11,467	15,412	151,169
Medi-Cal Administrative Activities	350,126	531,566	379,171	193,505
Investment income	2,014,113	324,488	131,764	1,021,339
Net decrease in fair value of investments		(1,112,404)		
Other revenue	177,342	171,597	7,007,478	6,259,051
Total revenues	<u>26,357,442</u>	<u>27,266,762</u>	<u>40,021,048</u>	<u>37,404,178</u>
<b>Expenditures:</b>				
Current				
Salaries and benefits	2,173,148	1,726,003	1,724,112	1,545,217
Expenditures related to "Zero to Five" Program	18,359,405	18,146,011	22,943,993	26,470,166
Catalytic Round 1 and 2 Program Funding	3,482,136	992,258	1,640,380	3,356,314
Debt Service				
Principal Retirement	75,972	74,572		
Interest	3,625	3,881		
Capital Outlay	496,181			
Total expenditures	<u>24,590,467</u>	<u>20,942,725</u>	<u>26,308,485</u>	<u>31,371,697</u>
Excess (deficiency) or revenues over (under) expenditures	<u>1,766,975</u>	<u>6,324,037</u>	<u>13,712,563</u>	<u>6,032,481</u>
<b>Other Financing Sources:</b>				
Leases	496,181			
Total changes in fund balance	<u>\$ 2,263,156</u>	<u>\$ 6,324,037</u>	<u>\$ 13,712,563</u>	<u>\$ 6,032,481</u>

\* First year of implementation for GASB No. 87

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

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 20,023,365	\$ 21,867,232	\$ 24,790,836	\$ 25,879,036	\$ 25,943,624	\$ 26,395,725
			320,200	272,815	306,465
			4,451,854	2,666,529	117,853
2,755,797	977,176	1,419,176			
	31,875	20,192	12,315	8,082	7,071
674,988	519,989	445,121	696,686	420,247	741,798
1,188,495	431,764	343,403	441,810	206,029	349,365
3,031,938	1,300,246	230,677	429,236	151,086	282,705
27,674,583	25,128,282	27,249,405	32,231,137	29,668,412	28,200,982
1,429,545	3,204,810	1,407,753	1,771,554	1,736,171	1,774,802
21,571,504	26,410,285	26,146,461	24,621,958	28,193,233	31,347,721
4,521,405	5,666,504	7,031,729	6,248,932	6,415,133	5,324,514
27,522,454	35,281,599	34,585,943	32,642,444	36,344,537	38,447,037
152,129	(10,153,317)	(7,336,538)	(411,307)	(6,676,125)	(10,246,055)
\$ 152,129	\$ (10,153,317)	\$ (7,336,538)	\$ (411,307)	\$ (6,676,125)	\$ (10,246,055)

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

**FIRST 5 CALIFORNIA COUNTY TAX REVENUE CAPACITY**

	Orange County	State Total
<b>Actual Tobacco Tax Revenues Received (1)</b>		
2009/2010	\$29,706,126	\$381,995,574
2010/2011	\$28,809,921	\$374,284,018
2011/2012	\$28,988,350	\$377,690,133
2012/2013	\$27,024,505	\$360,434,399
2013/2014	\$26,395,725	\$347,802,124
2014/2015	\$25,943,624	\$342,274,305
2015/2016	\$25,879,036	\$341,825,349
2016/2017	\$24,790,836	\$322,951,561
2017/2018	\$21,867,232	\$285,852,695
2018/2019	\$23,573,280	\$302,205,278
2019/2020	\$24,991,179	\$315,315,235
2020/2021	\$25,496,594	\$324,935,472
2021/2022	\$24,080,410	\$308,031,131
2022/2023	\$20,975,393	\$269,574,902
<hr/>		
<b>Projected Tobacco Tax Revenues</b>		
2023/2024*	\$17,299,308	\$237,422,654
2024/2025**	\$16,693,832	\$229,112,861
2025/2026**	\$16,109,548	\$221,093,911
2026/2027**	\$15,545,714	\$213,355,624
2027/2028**	\$15,001,614	\$205,888,177

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

\* Source: First 5 California County Tax Revenue Projections for 2023/24  
(Updated 8/3/23 utilizing DOF May Revise 2023 Tobacco Tax Projections  
and DOF Birth Projections for California State and Counties 1990-2040)

\*\* Future year projections are no longer provided by First 5 CA and DOF.  
A 3.5% dedine is assumed for the final four years of projections.

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

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

FY 1959-60 TO 2021-22

Cigarette tax					Other tobacco products surtax	
Fiscal year	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate (%)
2021-22	1,552,563,789	4,611,767	1,557,175,556	847,881	288,996,313	63.49%
2020-21	1,700,943,000	5,053,000	1,705,996,000	335,000	266,694,000	56.93%
2019-20	1,708,597,000	5,075,000	1,713,672,000	1,191,000	258,560,000	59.27%
2018-19	1,786,074,000	5,305,000	1,791,379,000	3,659,000	271,772,000	62.78%
2017-18	1,882,025,000	5,590,000	1,887,615,000	1,033,000	211,440,000	65.08%
2016-17	950,676,000	6,091,000	956,768,000	1,185,000	95,330,000	27.30%
2015-16	741,937,000	6,360,000	748,297,000	1,262,000	101,427,000	28.13%
2014-15	748,022,000	6,413,000	754,434,000	837,000	86,949,000	28.95%
2013-14	751,513,000	6,443,000	757,956,000	600,000	86,424,000	29.82%
2012-13	782,115,000	6,705,000	788,820,000	498,000	82,548,000	30.68%
2011-12	820,322,000	7,032,000	827,355,000	1,017,000	80,424,000	31.73%
2010-11	828,831,000	7,105,000	835,937,000	1,308,000	77,016,000	33.02%
2009-10	838,709,000	7,187,000	845,896,000	1,583,000	84,617,000	41.11%
2008-09	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13%
2007-08	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13%
2006-07	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76%
2005-06	1,026,497,000	8,795,000	1,035,293,000	1,707,000	67,348,000	46.76%
2004-05	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76%
2003-04	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76%
2002-03	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89%
2001-02	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65%
2000-01	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89%
1999-00	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50%
1998-99	841,911,000	7,206,000	849,117,000	6,808,000	42,137,000	61.53%
1997-98	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37%
1996-97	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38%
1995-96	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20%
1994-95	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20%
1993-94	647,993,000	5,553,000	653,546,000	8,353,000	19,773,000	23.03%
1992-93	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82%
1991-92	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35%
1990-91	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17%
1989-90	770,042,000	6,581,000	776,623,000	11,615,000	24,956,000	37.47%
1988-89	499,712,000	4,273,000	503,984,000	4,968,000	9,994,000	41.67%
1987-88	254,869,000	2,180,000	257,049,000	2,970,000		
1986-87	257,337,000	2,202,000	259,539,000	2,661,000		
1985-86	260,960,000	2,231,000	263,190,000	2,834,000		
1984-85	265,070,000	2,267,000	267,337,000	2,390,000		
1983-84	265,265,000	2,267,000	267,532,000	2,756,000		
1982-83	273,748,000	2,336,000	276,084,000	2,060,000		
1981-82	278,667,000	2,383,000	281,050,000	1,843,000		
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		

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

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

Source: CDTFA Open Data Portal: Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2021-22

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

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

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

STATE OF CALIFORNIA - CIGARETTE DISTRIBUTIONS AND PER CAPITA CONSUMPTION, 1959-60 TO 2021-22

Fiscal year	Reported distributions (Millions of packages)			Apparent per capita consumption (a.) (In packages)
	Total	Tax paid	Tax exempt	
1	2	3	4	5
2021-22	549	549	7	14.0
2020-21	601	594	7	15.2
2019-20	628	597	31	15.8
2018-19	635	624	11	15.9
2017-18	665	651	14	16.7
2016-17	818	805	14	20.7
2015-16	875	860	15	22.3
2014-15	881	867	14	22.8
2013-14	889	871	18	23.2
2012-13	930	907	23	24.5
2011-12	972	951	21	25.8
2010-11	989	961	28	26.4
2009-10	1,002	972	30	26.9
2008-09	1,090	1,058	32	28.5
2007-08	1,131	1,107	24	29.9
2006-07	1,177	1,158	20	31.3
2005-06	1,209	1,190	19	32.5
2004-05	1,224	1,187	37	33.3
2003-04	1,234	1,184	50	34.0
2002-03	1,227	1,196	31	34.5
2001-02	1,271	1,237	34	36.3
2000-01	1,324	1,288	37	38.5
1999-00	1,390	1,353	38	41.2
1998-99	1,568	1,523	45	47.3
1997-98	1,717	1,668	48	52.6
1996-97	1,777	1,716	61	55.2
1995-96	1,811	1,742	69	56.9
1994-95	1,871	1,791	80	59.2
1993-94	1,903	1,824	79	60.6
1992-93	2,010	1,923	86	64.5
1991-92	2,144	2,050	94	69.8
1990-91	2,196	2,102	93	72.8
1989-90	2,311	2,219	92	78.2
1988-89	2,431	2,353	78	84.7
1987-88	2,657	2,570	87	94.9
1986-87	2,690	2,595	95	98.4
1985-86	2,730	2,632	98	102.3
1984-85	2,781	2,673	108	106.7
1983-84	2,792	2,675	117	109.9
1982-83	2,889	2,761	128	115.8
1981-82	2,947	2,811	136	120.4
1980-81	2,966	2,825	141	123.6
1979-80	2,892	2,744	148	122.9
1978-79	2,887	2,730	157	125.1
1977-78	2,940	2,774	166	130.0
1976-77	2,900	2,728	172	130.9
1975-76	2,909	2,722	187	133.7
1974-75	2,857	2,664	193	133.7
1973-74	2,827	2,620	207	134.4
1972-73	2,762	2,553	209	133.2
1971-72	2,720	2,505	215	132.9
1970-71	2,635	2,424	211	130.5
1969-70	2,594	2,393	201	130.2
1968-69	2,616	2,409	207	133.0
1967-68	2,596	2,383	213	134.0
1966-67	2,737	2,573	164	143.8
1965-66	2,706	2,547	159	144.9
1964-65	2,679	2,534	145	146.7
1963-64	2,564	2,433	131	144.3
1962-63	2,545	2,409	136	147.9
1961-62	2,450	2,320	130	147.3
1960-61	2,382	2,258	124	147.8
1959-60	2,190	2,085	105	139.7

Source: CDTFA Open Data Portal: Table 30B - Cigarette Distributions and Per Capita Consumption, 1959-60 to 2021-22

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

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



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
DEBT CAPACITY  
SCHEDULE 8**

<b>RATIOS OF OUTSTANDING DEBT BY TYPE</b>					
<b>LAST TEN FISCAL YEARS</b>					

Fiscal Year	Governmental Lease Liability <sup>1</sup>	Total Outstanding	Percentage of Personal Income <sup>2</sup>	Population <sup>3</sup>	Debt per Capita <sup>4</sup>
2022	\$103,314	\$103,314	**	**	**
2023	\$523,524	\$523,524	**	**	**

\* Fiscal Year 2022 was the first year of Right of use Lease debt (The only debt for the Commission); therefore, only two years of debt is shown.

\*\* Data is unavailable

Sources:

1. Lease Liability for Commission office space and equipment
2. Personal Incomes are not included in the Commission's report but are taken from the County of Orange Demographic and Economic Statistics table
3. California Department of Finance, Demographic Research Unit, most current information available is 2021
4. Debt per Capital is Total Outstanding Debt divided by Population

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

**ORANGE COUNTY DEMOGRAPHIC DATA**

Calendar Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Population	3,149,004	3,163,851	3,187,189	3,195,197	3,195,455	3,188,779	3,169,925	3,154,363	3,132,650	3,110,857
White	1,215,070	1,220,796	1,229,812	1,332,715	1,337,681	1,343,625	1,344,555	1,346,706	1,346,692	1,346,584
Black	54,183	54,431	54,832	48,709	48,461	48,291	47,967	47,666	47,378	46,861
American Indian or Alaska Native	6,154	6,172	6,223	6,814	6,803	6,757	6,694	6,646	6,616	6,567
Asian	703,313	706,633	711,841	582,038	582,939	578,861	572,878	568,260	562,210	556,929
Native Hawaiian or Pacific Islander	8,692	8,752	8,809	9,214	9,229	9,179	9,118	9,062	8,976	8,907
Multiracial	91,588	92,018	92,698	83,019	81,798	80,332	78,567	76,945	75,229	73,659
Hispanic (any race)	1,070,004	1,075,049	1,082,974	1,132,688	1,128,544	1,121,734	1,110,146	1,099,078	1,085,549	1,071,350
Female	1,587,947	1,595,167	1,605,910	1,603,925	1,604,432	1,601,624	1,592,776	1,586,166	1,576,358	1,566,605
Male	1,561,057	1,568,684	1,581,279	1,591,272	1,591,023	1,587,155	1,577,149	1,568,197	1,556,292	1,544,252
Under 5 years	173,337	179,427	185,569	186,052	189,077	190,548	190,418	191,761	190,781	190,673
5-9 years	197,090	195,304	195,950	194,249	195,181	197,550	199,511	200,327	201,722	202,687
10-14 years	197,587	198,793	199,710	205,066	207,164	207,123	206,040	206,963	207,959	208,771
15-19 years	201,939	203,393	207,113	223,102	224,592	225,606	229,594	231,068	232,205	233,344
20-24 years	220,859	231,632	239,811	234,883	238,125	242,422	241,899	237,404	232,533	226,620
25-34 years	420,197	418,146	417,984	385,438	388,463	390,626	393,549	399,655	405,611	409,265
35-44 years	380,478	383,180	387,158	408,397	409,018	408,554	409,183	413,829	420,177	427,246
45-54 years	395,873	404,507	413,325	449,860	457,322	462,522	462,357	461,678	458,394	454,950
55-59 years	203,018	207,088	212,475	219,708	218,745	217,212	214,016	209,792	203,586	198,210
60-64 years	204,053	204,598	203,993	192,323	188,312	182,801	176,306	169,450	163,416	158,957
65-74 years	311,342	306,398	298,658	281,321	273,042	264,872	254,836	245,537	234,506	223,007
75-84 years	172,418	162,581	157,475	150,379	144,546	138,024	132,651	129,015	125,221	122,220
85+	70,813	68,804	67,968	64,419	61,868	60,919	59,565	57,884	56,539	54,907

Sources:

California Department of Finance. Demographic Research Unit. Report P-2A, P-2B, P-2C, P-2D: Population Projections, California Counties, 2020-2060 (Baseline 2019 Population Projections; Vintage 2023 Release). Sacramento: California. July 2023.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**DEMOGRAPHIC INFORMATION**  
**LIVE BIRTHS**  
**SCHEDULE 10**

**LIVE BIRTHS, CALIFORNIA COUNTIES, 2013-2022(By Place of Residence)\***

COUNTY	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>CALIFORNIA</b>	<b>419,802</b>	<b>419,271</b>	<b>421,636</b>	<b>446,548</b>	<b>454,244</b>	<b>471,806</b>	<b>488,925</b>	<b>491,789</b>	<b>502,973</b>	<b>494,392</b>
ALAMEDA	16,935	17,298	16,054	18,197	18,225	18,896	19,576	19,442	19,657	19,248
ALPINE	66	8	8	17	10	7	7	3	6	5
AMADOR	355	270	339	314	305	303	307	305	291	261
BUTTE	2,065	1,975	2,220	2,149	2,419	2,389	2,491	2,442	2,482	2,415
CALAVERAS	387	361	392	401	375	421	374	380	348	337
COLUSA	295	273	252	249	267	293	316	298	285	313
CONTRA COSTA	11,950	11,735	12,343	11,811	11,995	12,186	12,344	12,599	12,560	12,149
DEL NORTE	219	225	311	281	269	269	310	300	324	315
EL DORADO	1,554	1,478	1,571	1,531	1,678	1,572	1,602	1,596	1,618	1,533
FRESNO	13884	13,663	14,781	14,051	14,413	14,546	15,134	15,363	15,796	15,735
GLENN	347	359	385	398	365	378	379	376	416	399
HUMBOLDT	1275	1,256	1,306	1,406	1,365	1,372	1,491	1,445	1,474	1,531
IMPERIAL	2,395	2,423	2,669	2,618	2,628	2,924	2,990	3,217	3,270	3,068
INYO	165	172	185	191	176	212	182	203	226	230
KERN	12,480	12,459	12,025	12,772	12,874	13,330	13,733	13,769	14,199	14,145
KINGS	2,164	2,239	2,060	2,101	2,256	2,375	2,248	2,275	2,342	2,394
LAKE	656	703	844	732	714	750	749	724	748	758
LASSEN	252	243	211	284	307	301	306	294	326	294
LOS ANGELES	95,478	97,153	94,646	106,987	110,167	116,850	122,940	124,438	130,150	128,523
MADERA	2,056	2,102	2,477	2,066	2,076	2,121	2,355	2,225	2,313	2,314
MARIN	2,390	1,994	1,994	2,083	2,122	2,238	2,255	2,288	2,403	2,320
MARIPOSA	171	125	156	132	154	141	148	166	138	134
MENDOCINO	900	911	941	926	896	992	1,024	1,052	1,020	1,014
MERCED	3,922	3,768	4,432	3,851	3,870	4,202	4,117	4,105	4,158	4,161
MODOC	21	14	51	89	100	88	97	80	90	63
MONO	103	106	99	128	129	147	131	152	149	150
MONTEREY	5,420	5,642	5,424	5,882	5,887	5,813	6,222	6,426	6,458	6,547
NAPA	1,196	1,187	1,215	1,294	1,206	1,291	1,407	1,456	1,478	1,449
NEVADA	789	766	786	812	772	797	783	876	817	816
ORANGE	30,588	30,759	33,744	34,909	35,643	37,395	38,121	37,622	38,610	37,256
PLACER	3,826	3,504	3,992	3,660	3,664	3,691	3,733	3,748	3,644	3,684
PLUMAS	141	146	186	162	168	173	169	163	147	152
RIVERSIDE	27,780	27,108	27,241	28,255	28,684	29,880	30,682	30,510	30,271	29,930
SACRAMENTO	18,232	18,105	18,850	18,988	19,052	19,206	19,592	19,430	19,886	19,367
SAN BENITO	819	688	833	791	772	735	777	720	697	752
SAN BERNARDINO	26,751	26,767	27,680	28,688	28,964	29,708	31,114	30,619	31,306	30,201
SAN DIEGO	37,567	37,695	34,708	38,645	40,008	41,251	42,741	43,961	44,596	43,627
SAN FRANCISCO	7,455	7,860	7,192	8,396	8,690	8,950	9,061	8,972	9,102	8,807
SAN JOAQUIN	9,818	9,715	10,405	10,076	9,811	9,929	10,269	9,986	10,095	9,799
SAN LUIS OBISPO	2,435	2,345	2,827	2,464	2,433	2,551	2,582	2,668	2,595	2,650
SAN MATEO	7,566	7,647	7,191	8,253	8,326	8,586	8,961	9,040	9,098	8,821
SANTA BARBARA	5,520	5,327	5,165	5,512	5,256	5,533	5,501	5,673	5,829	5,753
SANTA CLARA	18,805	19,717	19,191	21,100	21,267	22,137	23,044	23,393	23,759	23,296
SANTA CRUZ	2,229	2,172	2,402	2,395	2,447	2,661	2,803	2,841	3,047	2,867
SHASTA	1,835	1,832	1,969	1,876	1,961	2,008	2,048	2,074	2,083	2,140
SIERRA	21	16	29	24	26	32	32	31	21	14
SISKIYOU	311	310	414	434	438	446	462	466	451	443
SOLANO	4,968	4,907	5,027	5,053	5,039	5,133	5,262	5,132	5,251	5,255
SONOMA	4,555	4,278	3,990	4,377	4,525	4,645	4,964	5,016	5,075	4,982
STANISLAUS	7,293	7,064	7,595	7,295	7,339	7,443	7,867	7,700	7,521	7,579
SUTTER	1,323	1,140	1,430	1,255	1,266	1,263	1,368	1,302	1,317	1,285
TEHAMA	750	732	838	788	731	743	789	828	787	753
TRINITY	110	99	119	94	113	126	109	102	112	100
TULARE	6,819	6,689	6,361	6,763	6,900	7,131	7,146	7,412	7,618	7,651
TUOLUMNE	452	400	468	466	450	470	456	466	454	475
VENTURA	8,771	8,305	8,112	8,829	9,025	9,321	9,592	10,062	10,471	10,441
YOLO	1,958	1,975	2,272	2,080	2,127	2,271	2,423	2,402	2,395	2,491
YUBA	1,214	1,061	1,228	1,167	1,099	1,184	1,239	1,155	1,193	1,200

California Department of Finance. Demographic Research Unit. P-Births: Historical and Projected Fertility Rates and Births, Calendar Year 1990-2040 (Baseline 2019 Population Projections; Vintage 2023 Release). Sacramento: California, July 2023.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
DEMOGRAPHIC INFORMATION  
CHILDREN'S SCORECARD  
SCHEDULE 11**

**CHILDREN'S SCORECARD ORANGE COUNTY TRENDS, 2012-2021**

	2021	2020
<b><u>GOOD HEALTH</u></b>		
Total percentage of women who received early prenatal care*	**	88.20%
Newborns with low birth weight (less than 2,500 grams)*	**	1,900
Percent of Infants with low birth weight*	**	6.3%
Infants taken into protective custody due to positive testing for alcohol/drug exposure at birth* (FY)	190	197
Children adequately immunized at Kindergarten entry*	96.3%	94.7%
Infant Mortality Rate (per 1,000 live births)*	**	2.8
Number of Teen Births and Teen Birth Rates per 1,000 females*	**	6.9
Breastfeeding Percentages (any)*	**	94.3%
Breastfeeding Percentages (exclusive)*	**	67.6%
<b><u>ECONOMIC WELL-BEING</u></b>		
Children receiving financial assistance through CalWORKS* (FY)	24,795	25,098
Percent of children receiving CalWORKS of total population under 18* (FY)	3.5%	3.5%
Percentage of students eligible for free and reduced lunch* (FY)	49.1%	48.6%
Number of participants served by the WIC program* (FY)	58,807	52,995
Total number of child support cases* (FY)	59,271	62,851
Total child support collections \$ (in millions)* (FY)	189.1	199.1
<b><u>EDUCATIONAL ACHIEVEMENT</u></b>		
Total public school enrollment* (FY)	456,028	473,066
Number of English learner students* (FY)	92,765	102,141
Average \$ expenditure per pupil for grades K-12* (FY)	13,257	12,600
Total number of students K-12 receiving special education* (FY)	**	**
<b><u>SAFE HOMES AND COMMUNITIES</u></b>		
Average monthly number of children in out-of-home care* (FY)	2,137	2,178
Average monthly number of dependents of the court* (FY)	3,098	3,082
Total juvenile arrests for youth 10 to 17 years of age*	**	**
Total number of juveniles referred to probation, 10 to 18 years*	**	2,543

\* The 28th Annual Report on the Condition of Children in Orange County 2021 presents dates through calendar year 2021. Data through FY 2022-23 not yet available.

\*\* Not yet available

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**DEMOGRAPHIC INFORMATION**  
**CHILDREN'S SCORECARD**  
**SCHEDULE 11 (CONTINUED)**

2019	2018	2017	2016	2015	2014	2013	2012
87.00%	88.40%	86.90%	84.40%	85.20%	86.10%	88.30%	88.6%
2,374	2,227	2,222	2,397	2,360	2,433	2,330	2,401
6.8%	6.3%	5.8%	6.3%	6.3%	6.3%	6.3%	6.3%
234	180	190	178	121	110	98	82
95.5%	95.7%	95.7%	95.5%	92.5%	90.1%	88.7%	89.3%
2.9	2.6	2.9	2.7	2.5	3.0	3.3	3.4
7.5	8.3	9.9	10.9	12.0	14.8	16.7	19.2
93.9%	94.3%	94.8%	95.0%	95.1%	94.8%	94.0%	93.2%
66.0%	67.0%	65.8%	66.1%	67.1%	64.6%	62.7%	62.1%
26,545	30,816	34,485	38,982	42,345	42,877	43,916	45,950
3.7%	4.3%	4.7%	5.5%	6.0%	6.0%	6.1%	6.2%
48.6%	49.1%	47.7%	49.1%	49.0%	50.0%	47.9%	46.4%
27,666	57,874	61,406	71,367	78,856	87,408	92,303	98,219
68,878	66,296	70,403	68,117	67,732	68,635	70,608	77,582
185.3	184.3	184.0	182.3	178.8	177.9	178.6	180.1
478,149	485,099	489,791	492,886	497,116	500,487	501,801	502,195
105,441	113,938	119,315	123,001	129,390	130,570	123,390	130,076
12,200	11,420	10,926	9,105	9,128	8,274	7,950	7,952
**	57,141	55,908	54,231	53,512	53,005	52,216	51,905
2,003	1,872	1,816	1,774	1,825	1,945	2,012	2,085
2,819	2,677	2,587	2,499	2,561	2,685	2,850	2,938
**	2,729	3,770	4,521	4,829	6,580	6,892	8,566
3,417	4,250	5,098	5,617	5,808	7,156	7,821	8,882

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
OPERATING INFORMATION  
CAPITAL ASSETS STATISTICS  
SCHEDULE 12**

**CAPITAL ASSETS STATISTICS**

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

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**  
**OPERATING INFORMATION**  
**PRINCIPLE EMPLOYERS**  
**SCHEDULE 13**

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

<b>2022*</b>
--------------

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
University of California, Irvine	26,182	1	1.63%
The Walt Disney Co.	25,000	2	1.56%
County of Orange	18,388	3	1.15%
Providence	13,079	4	0.82%
Kaiser Permanente	8,800	5	0.55%
Albertsons Southern California Division	7,853	6	0.49%
Hoag Memorial Hospital Presbyterian	7,051	7	0.44%
Walmart Inc.	6,300	8	0.39%
Target Corporation	6,000	9	0.37%
MemorialCare	5,490	10	0.34%

<b>2013**</b>
---------------

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Walt Disney Co.	25,000	1	1.53%
University of California, Irvine	21,800	2	1.34%
County of Orange	17,632	3	1.08%
St. Joseph Health System	11,679	4	0.72%
Boeing Co.	6,873	5	0.42%
Kaiser Permanente	6,300	6	0.39%
Bank of America Corp.	6,000	7	0.37%
Memorial Care Health System	5,545	8	0.34%
Target Corp.	5,400	9	0.33%
Cedar Fair LP	5,200	10	0.32%

\* Source: Orange County Business Journal, Book of Lists 2022

\*\* Source: Orange County Business Journal, Book of Lists 2013

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY  
OPERATING INFORMATION  
EMPLOYEES BY FUNCTION  
SCHEDULE 14**

<b>EMPLOYEES BY FUNCTION</b>
<b>LAST TEN FISCAL YEARS</b>

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of Employees by Function										
General Administration	2	2	2	2	3	3	3	3	3	3
Finance	2	2	2	2	2	2	2	2	2	2
Contracts Administration	1	2	2	2	2	2	3	3	4	4
Program Management & Evaluation	10	7	7	6	5	5	4	4	4	4
Total Employees	<u>15</u>	<u>13</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>

\* Table presents Regular and Limited-Term Employees





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Children and Families Commission of Orange County (Commission), a component unit of the County of Orange, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 17, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Laguna Hills, California  
November 17, 2023



## Independent Auditor's Report on State Compliance

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

### Report on Compliance

#### ***Opinion***

We have audited the Children and Families Commission of Orange County's (Commission), a component unit of the County of Orange, California, compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2023.

In our opinion, the Commission complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2023.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the California Children and Families Program.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the California Children and Families Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Laguna Hills, California  
November 17, 2023

November 17, 2023

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

We have audited the financial statements of the Children and Families Commission of Orange County (Commission), a component unit of the County of Orange, California as of and for the year ended June 30, 2023, and have issued our report thereon dated November 17, 2023. Professional standards require that we advise you of the following matters relating to our audit.

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

As communicated in our letter dated July 17, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 17, 2023.

**Planned Scope and Timing of the Audit**

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

## **Compliance with All Ethics Requirements Regarding Independence**

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

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

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

### *Significant Accounting Estimates*

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

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the Commission's net pension asset, net OPEB liability, the related deferred inflows and outflows of resources, and their related disclosures are based on actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Commission's financial statements relate to the Commission's net pension asset and net OPEB liability. The valuation of the net pension asset, net OPEB liability, and the related deferred outflows (inflows) of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return, discount rate, and the Commission's proportionate share of each of the plans' liability/asset. As disclosed in Note 8 and Note 13, a 1% increase or decrease in the discount rate has a significant effect on the Commission's net pension asset and net OPEB liability respectively. Also, as disclosed in Note 13, a 1% increase or decrease in the healthcare cost trend rate has a significant effect on the Commission's net OPEB liability.

## **Significant Difficulties Encountered during the Audit**

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

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

## **Disagreements with Management**

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

## **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

## **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated November 17, 2023.

## **Management's Consultations with Other Accountants**

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

## **Other Significant Matters, Findings, or Issues**

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



## **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Commission's annual report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information to consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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

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

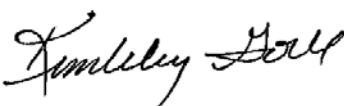
Laguna Hills, California



## Agenda Item 7 December 6, 2023

**DATE:** November 2, 2023

**TO:** First 5 Orange County

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

**ACTION:** Adopt Resolution Authorizing Annual Membership Payment to the First 5 Association of California and Receive List of Professional Association Memberships and Sponsorships

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### SUMMARY:

First 5 Orange County is a member of statewide and local organizations that support our vision that all children reach their full potential. This item requests approval to continue memberships and sponsorship with professional associations.

### DISCUSSION:

First 5 Orange County is a member of professional organizations that require annual membership dues. Memberships in both state and local organizations offer opportunities for partnership development, professional learning, and networking. Following are brief descriptions of the membership organizations that enhance and support First 5 Orange County's work.

#### First 5 Association of California

The First 5 Association is a membership organization of the 58 First 5/Children and Families Commissions in California. Association members meet at least three times each year. Given the significant statewide focus on early childhood and as First 5 Orange County engages more extensively in systems work, membership with the First 5 Association provides an important, collective voice on young children's issues. The value of membership includes information sharing and communication among the county commissions, resources and assistance that promote the effective implementation of child development programs, and a statewide hub for initiatives and collaboration. Membership dues are based on the Department of Finance birth rate numbers. Payment of membership dues, not to exceed \$75,000, is recommended to support the coordinated structure to align shared goals, advocate in the policy space, and implement an impactful communications approach.

Additionally, the 58 First 5 Children and Families Commissions are divided into six regions throughout the state. Orange County is part of the southern California region, which is home to the majority of young children in the state. Members of the southern California region meet regularly throughout the year to collaborate on common issues and programs, and to collectively communicate the regional and statewide impact of First 5 investments. Approval to participate in the southern California regional meetings and to host one of the meetings is recommended.

#### Professional and Community Associations

First 5 Orange County's Strategic Plan emphasizes the importance of building leaders in the community who believe that a focus on early childhood is imperative – not only for each child, but

also for the region's economic vitality and quality of life. Cultivating strategic community partnerships is an important strategy for developing a network of professional contacts and building committed leadership in the county.

The following memberships, sponsorships, and fees are recommended, consistent with prior years. A policy approved in May 2013 authorized the President/CEO to approve memberships and sponsorships within the funding authority of \$50,000, an amount previously established by the First 5 OC Board. Memberships or sponsorships listed in the following table that are below \$50,000 will be paid using the President/CEO's authority but are included for informational purposes.

<b>Organization</b>	<b>Membership Fee</b>
First 5 Association of California	\$75,000
Orange County Grantmakers Equity Report Sponsorship	\$15,000
Orange County Community Indicators Report Sponsorship	\$5,000
Orange County Business Council	\$5,000
Orange County Grantmakers	\$5,000
Orange County Association for the Education of Young Children Sponsorship	\$5,000
Child and Adult Care Food Program (CACFP) Roundtable Sponsorship	\$5,000
Advance OC Community Health Worker Conference Sponsorship	\$5,000
Health Insurance Portability and Accountability Act Watchdog	\$3,500
Orange County Hispanic Chamber of Commerce	\$1,500
Orange County Forum	\$1,000
EveryChild California	\$625
California Work & Family Coalition	\$400
National Association for the Education of Young Children	\$260
Zero to Three	\$360
Orange County Public Affairs Association	\$200
Government Financial Officers Association	\$180
California Society of Municipal Finance Officers	\$160

#### **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 all memberships and sponsorships will be included in the Proposed Budget for Fiscal Year 2024-2025.

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

- February 2023 – Adopted resolution authorizing payment for annual membership dues, professional association memberships, and regional meeting expenses.
- February 2022 – Adopted resolution authorizing payment for annual membership dues, professional association memberships, and regional meeting expenses.

- April 2021 – Adopted resolution authorizing payment for annual membership dues, professional association memberships, and regional meeting expenses.

**RECOMMENDED ACTIONS:**

1. Adopt resolution authorizing payment to the First 5 Association of California for annual membership dues in an amount not to exceed \$75,000.
2. Receive list of professional association memberships and sponsorships that fall under the previously established President/CEO funding authority limit.

**ATTACHMENT:**

1. Resolution

**CONTACT:** Michael Garcell, Tiffany Alva



**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_\_-23-C&FC**

**December 7, 2023**

**A RESOLUTION OF THE CHILDREN AND FAMILIES  
COMMISSION OF ORANGE COUNTY AUTHORIZING PAYMENT  
TO FIRST 5 ASSOCIATION OF CALIFORNIA FOR ANNUAL  
MEMBERSHIP DUES**

**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**, Commission desires to participate and benefit from membership in First 5 Association of California (“First 5 Association”); and

**WHEREAS**, Membership dues for First 5 Association exceed the President/Chief Executive Officer’s funding authority to approve memberships; and

**WHEREAS**, Commission desires to benefit from the membership in the First 5 Association in furtherance of the purposes of the Act and the Strategic Plan; and

**WHEREAS**, Commission has reviewed the staff report for the December 7, 2023 Commission meeting relating to the benefits of First 5 Association membership and hereby finds and determines that the proposed membership is in furtherance of and consistent with the Commission’s Strategic Plan; and

**WHEREAS**, Commission desires to authorize the President/Chief Executive Officer, or designee, to fund the First 5 Association membership dues as described in the December 7, 2023 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/Chief Executive Officer, or designee, to fund First 5 Association membership dues as described in the December 7, 2023 staff report for this Agenda Item in the amounts and for the terms therein.

**Section 3** Commission hereby approves First 5 Association membership dues set forth in the December 7, 2023 staff report for this Agenda Item.

**Section 4** The President/Chief Executive Officer, or designee, is hereby authorized to execute First 5 Association membership payments on behalf of the Commission.

**Section 5** In addition to the authorization of Section 2 above, the President/Chief Executive Officer, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to attain and maintain the professional association memberships, and (ii) to cause the issuance of warrants, and (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such memberships.

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

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on December 7, 2023 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: \_\_-23-C&FC

Agenda Date: December 7, 2023

Item No. \_\_



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

ROBIN STIELER, Clerk of the Commission

By: \_\_\_\_\_  
Deputy








**Agenda Item 8  
December 6, 2023**

**DATE:** October 30, 2023

**TO:** First 5 Orange County

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

**ACTION:** Adopt Resolution Authorizing Agreements with Designated School Districts to Provide Early Learning Services as Specified in Attachment 1 for the Terms and Amounts as Specified in Attachment 3

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**SUMMARY:**

This agenda item recommends approval of funding to continue support for early learning at the 25 school districts in Orange County with a kindergarten population. The proposed scope of work and related funding is reduced from previous funding cycles to help address First 5 OC's revenue decline while continuing to invest in system improvements and community outreach to strengthen kindergarten readiness. This agenda item includes recommended funding levels and scopes of work developed for each district.

**DISCUSSION:**

Since 2000, First 5 Orange County has invested in early learning, funding positions related to kindergarten readiness at each of Orange County's 25 school districts. This is one of our longest and largest investments, totaling more than \$196,000,000 over 20+ years. It has resulted in the creation of significant and effective infrastructure allowing First 5 OC and our funded partners to reach most children and families with important services, resources and messages for kindergarten readiness. Our long-term investment supported districts to enhance or create early learning programs and foster the commitment among school district leadership that engaging and supporting the young children and families in their district is critical to their mission.

First 5 OC's current agreements with school districts end June 30, 2024. Working with an Ad Hoc committee of the First 5 OC board, staff developed a proposed scope of work for school districts to be implemented over the three-year period from 2024-25 through 2026-27. The scope of work includes three components which are described in greater detail in Attachment 1. They include:

1. Leadership support for early childhood within the school district system
2. Community and parent engagement
3. Participation in the collection of and use of data to support children and families

This scope of work is strategically scaled back from previous scopes of work to accommodate a commensurate reduction in funding. As you know, First 5 OC is facing a significant reduction in revenue, which is accelerated because of the flavor ban on tobacco products sold in California. To help meet the needed budget cuts, ensure continuity of Early Development Index data collection, and consider how to support Orange County neighborhoods that are furthest from opportunity, staff and the Ad Hoc committee recommend the following funding strategy:

- Each district will receive an allocation of funds based on the size of their kindergarten population. School districts are grouped as small, medium, or large districts based on their historic data.
- Each district will receive a 35% decrease in funding compared to the previous three-year allocation.
- Funding for Early Development Index (EDI) data collection is not included in the 35% reduction. In other words, each district will receive funding to collect EDI data, which is the actual cost of their kindergarten teacher time spent collecting EDI data on every enrolled child.
- Funds will be added to districts with census tracts further from opportunity, as identified by First 5 OC's analysis of the EDI and other indicators including the California Strong Start Index, the Family Financial Stability Index, the Healthy Places Index, and Child Neglect and Abuse Reports.

On a regular basis, First 5 OC reviews the EDI and other indicators noted above to identify potential neighborhoods where we can make a significant impact by focusing additional resources to those communities. Based on how they score on a composite of these indicators, neighborhoods with the highest priority are called Tier 1 neighborhoods, followed by high priority Tier 2 neighborhoods. Attachment 2 describes the methodology used to identify Tier 1 and Tier 2 neighborhoods and includes a map of their location. This is a similar approach to the analysis of funding for Engaged Neighborhoods and is intended to better address the needs of Tier I and II communities.

Considering this analysis, the Ad Hoc committee and staff recommend providing additional funds to school districts that have a census tract with a Tier 1 or Tier 2 ranking; 19 of the 25 districts meet this threshold.

- A district with one to four Tier 1 and 2 census tracts will receive additional funds totaling \$5,000 over three-years;
- A district with five to nine Tier 1 and 2 census tracts will receive additional funds totaling \$12,500 over three-years; and
- A district with 20 or more Tier 1 and 2 census tracts will receive additional funds totaling \$45,000 over three-years. (There are no districts with 10 to 19 Tier 1 or Tier 2 census tracts.)

It is important to note that all school districts have reviewed the scope of work and proposed reduction of funds. All 25 districts attended a focus group meeting in August where they were initially introduced to the concepts of a modified scope and budget. These focus groups were followed by one-on-one meetings held between our consultant, Jennifer Shepard, and executive leadership at each district.

Attachment 3 is a term sheet with proposed funding for each district for July 1, 2024 through June 30, 2027. After the First 5 OC Board approves a scope of work and related term sheet, school districts will take these through their local processes for approval and execution of agreements. The new agreements and scopes of work would begin July 1, 2024.

#### **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 and outcomes. Funding for this item will be included in the FY 2024-2025, FY 2025-2026, and FY 2026-2027 budgets.

**PRIOR COMMISSION ACTION:**

- October 2022 – Adopt resolution authorizing amendments with designated school districts to provide early learning services
- February 2020 – Approve school district contracts for term of Fiscal Year 2020-2023
- October 2021 – Receive Presentation on School District Progress on Updated Goals and Realigned Scopes of Work
- August 2022 – Provide direction to return in October '22 with an extension of all school district agreements for one year

**RECOMMENDED ACTION:**

Adopt resolution (Attachment 4) authorizing the President/CEO, or designee, and Commission Counsel to prepare and negotiate agreements, at President/CEO's sole discretion, with designated organizations to provide services as specified in Attachment 1 and for the terms and amounts as specified in Attachment 3.

**ATTACHMENTS:**

1. School District Scope of Work for 2024-2025 to 2026-2027
2. Tier 1 and Tier 2 Analysis
3. School District Term Sheet
4. Resolution
5. PowerPoint Slides

**CONTACT:** Cristina Blevins



**First 5 Orange County  
School District Proposed Scope of Work  
FY 2024-2027**

<p style="text-align: center;"><b><u>Overall Goal Areas Aligned to F5 OC Strategic Plan</u></b></p> <div style="display: flex; justify-content: space-between;"> <div> <p>#1 Early and Ongoing Health and Development</p> <p>#2 A Safe, Stable and Nurturing Home</p> </div> <div> <p>#3 Neighborhoods that Support Young Children and Families</p> <p>#4 Equitable Distribution of Resources</p> </div> </div>		
<p><b><u>Goal #1: Leadership Support for Early Childhood within the School District System</u></b></p> <p><i>Build community leadership knowledge and action related to early childhood by developing an internal and external leadership voice.</i></p> <p>One of the markers of a well-functioning early childhood system is that leaders throughout the community understand the importance of early childhood and are engaged in efforts to make the community more supportive of young children and their families. This support can translate directly into improved outcomes. Thus, cultivating this support is a key strategy for First 5 Orange County that builds on our foundational positions to strategically leverage community strengths and resources to the benefit of young children and their families.</p>		
SOW Indicator	Strat Plan Alignment	Rationale
<b>G1 - Indicator #1: Maintain an active Early Childhood Leadership Team (ECLT) that meets regularly to update and implement the Early Childhood Accountability Plan (ECAP).</b>	#1, 3	Connected leadership is essential to the First 5 OC platform. Evidence has been shown that ongoing and regular communication with a Leadership team has strengthened the overall early learning programs and benefitted children and families.
<p><b>SYSTEMS CHANGE:</b> ECE department is integrated into school district systems including school district administrative staff, school site personnel, and support departments are included in discussions and integral to decision making which has a qualitative impact on ECE services.</p>		
SOW Indicator	Strat Plan Alignment	Rationale
<b>G1 - Indicator #2: Include an early childhood presence on the District website, social media, and communications materials. Engage in one-time activities such as the annual Read for the Record, periodic surveys, focus group invitations, or requests for information such as population data to be collected from school districts.</b>	#1, 3	Continue to ensure visibility of early learning and access from the community to learn and be aware of school readiness offerings and resources.
<p><b>SYSTEMS CHANGE:</b> ECE materials are jointly developed, incorporated into school district materials, updated regularly and communicated through all district media platforms and shared within the community.</p>		

**First 5 Orange County  
School District Proposed Scope of Work  
FY 2024-2027**

**Goal #2: Participate in the Collection of and Use of Data to Support Children and Families**

*Use data to increase awareness and engage neighborhoods in improving outcomes for their young children.*

An early childhood system can make an important contribution to ensuring that all young children and their families have what they need to be successful, recognizing that not everyone starts in the same place, has the same experiences, or has the same needs. A system can also improve services and outcomes when they engage parents in the early childhood system of care and better understand the needs and assets of the individuals they serve. This strategy uses data, such as the EDI and other information, to give communities information on how their young children are faring and couples it with cultivating community leaders and empowering them to act on behalf of their young children. Additionally, the OC Children's Screening Registry serves as a resource to house screening data and share it among registered providers (with authorized parent consent) to better connect children and their families to quality referral services and resources.

SOW Indicator	Strat Plan Alignment	Rationale
<b><u>G2 - Indicator #1: Implementation of the EDI:</u></b> 1) EDI implementation (data collection) 2) Leadership engagement 3) District Wide dissemination and action planning	#1, 3, 4	Participation in EDI is essential to have county level data representing every school in each school district with a Kindergarten class. A multi-year effort (between data collections) to share and make actionable EDI data is needed to make an impact in support of children's readiness.
<b>SYSTEMS CHANGE:</b> Key stakeholder groups (internal within the school district and external within the broad community area) are actively engaged, demonstrate knowledge and utilization of the EDI data. Mechanisms are in place to exchange information, work collaboratively together and duplicative efforts are identified, discussed, and/or eliminated where possible.		
SOW Indicator	Strat Plan Alignment	Rationale
<b><u>G2 - Indicator #2: Develop and implement a plan to link developmental screenings with the OC Children's Screening Registry by June 30, 2027.</u></b>	#1	The Registry provides a platform for securely housing data on multiple assessments that connect providers and support referrals when serving a child, as well as reducing redundancy or duplication of efforts in conducting assessments by the school district and other users.
<b>SYSTEMS CHANGE:</b> School district is linked to the OC Children's Screening Registry and developmental screening data is utilized on a regular basis.		

**First 5 Orange County  
School District Proposed Scope of Work  
FY 2024-2027**

**Goal #3: Community and Parent Engagement**

*Use the Early Development Index (EDI) to increase awareness and engage neighborhoods in improving outcomes for their young children.*

An early childhood system can make an important contribution to ensuring that all young children and their families have what they need to be successful, recognizing that not everyone starts in the same place, has the same experiences, or has the same needs. A system can also improve services and outcomes when they engage parents in the early childhood system of care and better understand the needs and assets of the individuals they serve. This strategy uses a powerful tool –the Early Development Index (EDI) –to give communities information on how their young children are faring and couples it with cultivating community leaders and empowering them to act on behalf of their young children.

SOW Indicator	Strat Plan Alignment	Rationale
<b>G3 - Indicator #1: Identify and engage parents in an effort to empower families.</b>	#1, 2, 3, 4	There is a strong benefit for the school district to identify and integrate resources and services from within the community to strengthen programs, family practices, and early development.
<b>SYSTEMS CHANGE:</b> District leaders champion the inclusion of family voices in the policies and practices, especially those family's experiencing adversity or disparities in care.		
SOW Indicator	Strat Plan Alignment	Rationale
<b>G3 - Indicator #2: Increase community engagement by partnering with agencies and childcare providers outside the school district programs being offered who support children 0-5 and their families, with emphasis on 0-3 connections.</b>	#1, 2, 3, 4	Building and maintaining relationships, and sharing of resources and supports, with local early care providers will strengthen readiness for all children entering the school district learning programs.
<b>SYSTEMS CHANGE:</b> Community early care and education providers (private, faith-based, family, friend and neighbor providers and alternative community settings with greater emphasis on those serving 0-3) are actively engaged and knowledgeable of data-informed (EDI and other) approaches and strategies. Community groups are aware of their own assets that can be utilized to support and strengthen interactions with school districts, children, and families as well as other community providers. Mechanisms are in place to exchange information, work collaboratively together and duplicative efforts are identified and discussed, and/or eliminated where possible		





## IDENTIFYING POTENTIAL FOCUS COMMUNITIES IN ORANGE COUNTY SCHOOL DISTRICTS, 2023

### METHODOLOGY:

1. Identified five measures (components) to use in identification process:

Component/Metric	Years Available / Used	Scoring	Notes
Early Development Index (EDI): % Ready for Kindergarten	Annual, 2015 on 2022 data used	Identify and include scores in lowest Quintiles 1 and 2	Remapped 2020 EDI Census Tracts (CTs) to reflect old CTs (2010)
California Strong Start Index	2016-2020 birth data	Identify and include scores in lowest Quintiles 1 and 2	Includes 2010 CTs
Family Financial Stability Index	Annual, 2012-2020 2020 vintage used	Include the following: Least stable=1 Unstable=2	FFSI scores range from 1-10: 1/2: Least stable=1 3/4: Unstable=2 5/6: Moderately stable=no score 7/8: Stable=no score 9/10: Most stable=no score
Healthy Places Index	2018; 2022 data used	Identify and include scores in lowest Quintiles 1 and 2	Includes 2010 CTs
Child Neglect and Abuse Reports (rate per 1,000 children 0-18)	Annual (by request) 2022 data used	Identify and include rates in lowest Quintiles 1 and 2	Includes 2010 CTs

2. Created new variables for each of the five components, identifying those census tracts that were in 1<sup>st</sup> (lowest) or 2<sup>nd</sup> (second lowest) quintiles:

- Early Development Index
- California Strong Start Index
- Family Financial Stability Index
- Healthy Places Index
- Child Neglect and Abuse Rates

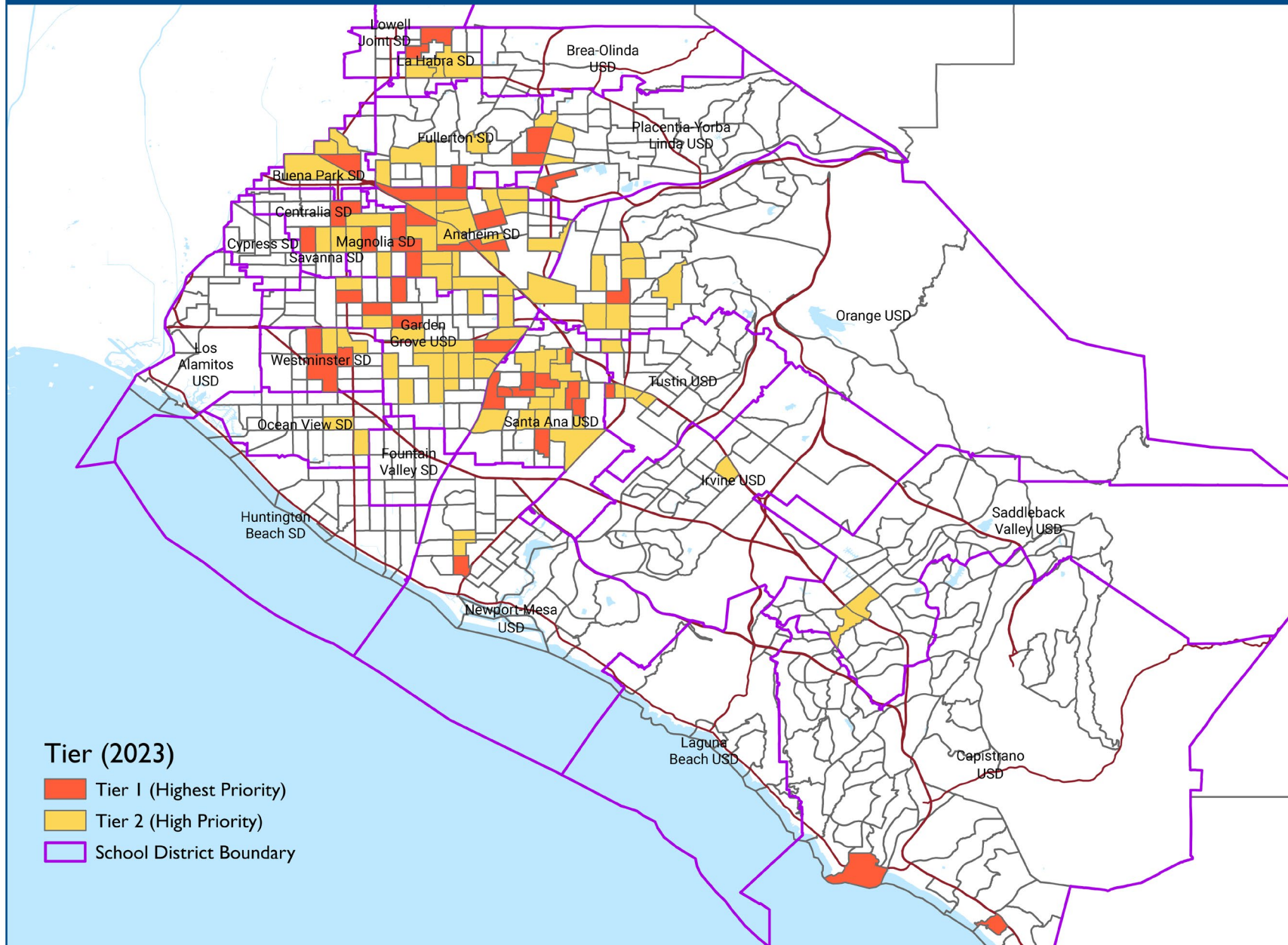
3. Created new variable (SCORE1AND2) to identify how many components each census tract had that was either in lowest or second lowest quintile/area. SCORE1AND2 had a range from a low of:
  - 0= low priority (census tract did not score in 1<sup>st</sup>/2<sup>nd</sup> quintile in any of the 5 components), through a high of
  - 5= high priority (census tract scored in 1<sup>st</sup>/2<sup>nd</sup> quintile in each of the 5 components)
4. Developed map with updated potential focus areas. Census tracts that scored “5” on SCORE1AND2 (were in 1<sup>st</sup> or 2<sup>nd</sup> quintile on each component) are identified as Tier 1 (Highest Priority); census tracts that scored 4 (were in 1<sup>st</sup> or 2<sup>nd</sup> quintile on four of the five components) are identified as Tier 2 (High Priority).



FIRST5  
ORANGE COUNTY

## Identifying Potential Focus Areas, 2023

Orange County, CA



## TIER 1 AND 2 CENSUS TRACTS (CT), BY SCHOOL DISTRICT (2023)\*

School District	Tier 1 (Highest Priority)	Tier 2 (High Priority)	Total # Tier 1 and 2 CTs	Total # of CTs in School District	% CTs in Tier 1	% CT in Tier 2	% of CTs in Tiers 1 or 2
Anaheim Elementary SD	7	16	23	33	21%	48%	70%
Santa Ana USD	9	13	22	42	21%	31%	52%
Garden Grove USD	5	16	21	55	9%	29%	38%
Orange USD	1	8	9	41	2%	20%	22%
Magnolia SD	3	3	6	11	27%	27%	55%
La Habra SD	2	3	5	13	15%	23%	38%
Westminster SD	3	2	5	14	21%	14%	36%
Tustin USD	1	4	5	22	5%	18%	23%
Fullerton SD	2	3	5	24	8%	13%	21%
Placentia-Yorba Linda USD	2	3	5	35	6%	9%	14%
Buena Park SD	1	3	4	7	14%	43%	57%
Savanna SD	1	2	3	6	17%	33%	50%
Newport Mesa USD	1	2	3	43	2%	5%	7%
Ocean View SD	0	2	2	21	0%	10%	10%
Saddleback Valley USD	0	2	2	41	0%	5%	5%
Capistrano USD	2	0	2	66	3%	0%	3%
Centralia SD	1	0	1	8	13%	0%	13%
Irvine USD	0	1	1	34	0%	3%	3%
Brea-Olinda USD	0	0	0	7	0%	0%	0%
Cypress SD	0	0	0	10	0%	0%	0%
Fountain Valley SD	0	0	0	12	0%	0%	0%
Huntington Beach SD	0	0	0	19	0%	0%	0%
Laguna Beach USD	0	0	0	5	0%	0%	0%
Los Alamitos USD	0	0	0	13	0%	0%	0%
Lowell Joint SD	0	0	0	3**	0%	0%	0%
<b>Total Census Tracts (CTs) in School Districts</b>	<b>41</b>	<b>83</b>	<b>124</b>	<b>585</b>	<b>7%</b>	<b>14%</b>	<b>21%</b>

\*Note: Census Tracts often cross school district boundaries. In those cases, the census tract was assigned to the school district with the largest proportion of land. If the census tract was situated between two school districts equally, discretion was used to assign it to just one school district.

\*\* Census Tracts for Lowell Joint only include those that are inside Orange County boundaries.

## **ADDITIONAL DETAILS ABOUT THE COMPONENTS**

The **Early Development Index** (EDI) is a checklist that teachers fill out on all children in kindergarten and includes five key developmental areas and 16 sub-areas. The EDI is used to produce holistic, community-level measures of childhood development during the kindergarten year. Percentage of children ready for kindergarten defined as on track on all valid domains.

The **California Strong Start Index** uses information collected at birth to understand the conditions under which California's babies are born in any given neighborhood (census tract), county, city, or region. The index focuses on resources that promote resilience and shows wide variability in access to these resources among the half a million babies born in California each year.

The **Family Financial Stability Index** (FFSI) measures the financial stability of families with children under 18 by census tract and is a composite of three metrics: *family income* (% of families with incomes <185% of federal poverty level); *employment status* (% of families with one or more unemployed adults seeking employment); and housing (% of families paying 50% or more of income on rent).

The **Healthy Places Index** (HPI) is an index structured to highlight the community conditions shaping health outcomes in neighborhoods across California. It is designed to showcase data that frames and recognizes equity issues communities are experiencing. The HPI applies an asset-based frame for community conditions that influence health. The methodology of the HPI score has eight Policy Action Areas containing 25 individual indicators that are weighted to maximize the overall score's association with life expectancy at birth.

**Child Neglect and Abuse Reports** (rate per 1,000 children ages 0-18). Orange County's Social Services Agency provides data, at the census tract level or higher, for the number of children with substantiated abuse or neglect reports. Rates are then developed using the American Community Survey population of children 18 and younger living in Orange County, by census tract.

## APPENDIX: NATIONAL NEIGHBORHOOD EQUITY INDEX (NNEI)

### What is the National Neighborhood Equity Index (NNEI)?

The NNEI is a composite measure of 11 census indicators of equity challenges within neighborhoods, which can be associated with higher levels of developmental vulnerability in children. The variables included represent a mixture of positive and negative indicators, and describe social, educational, and economic conditions. The 11 variables included in the NNEI are the percentage of...

#### Positive Indicators:

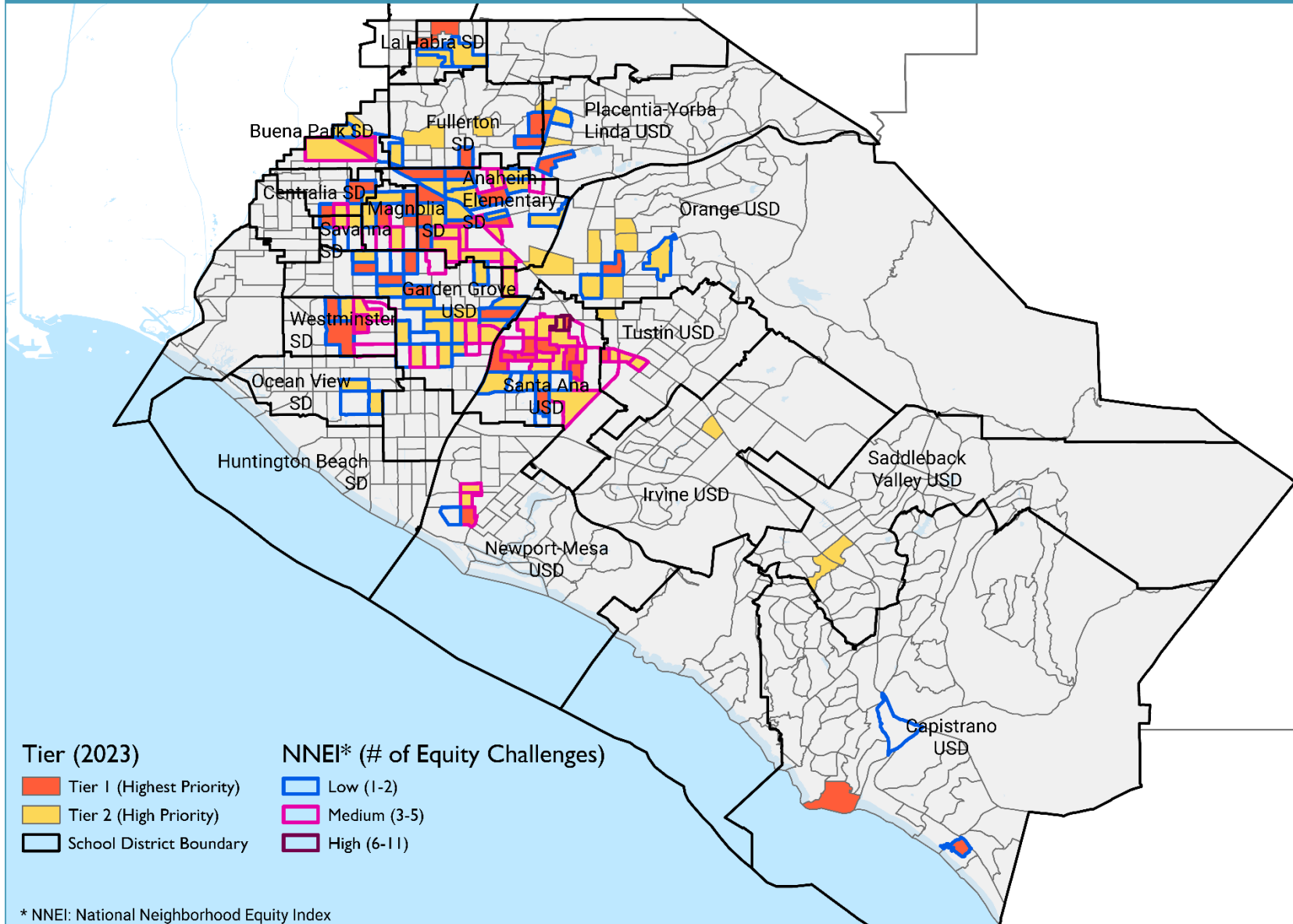
- Population 25 and older with a college degree
- Owner-occupied housing
- Households with interest, rent, or dividend income
- Children enrolled in preschool/nursery school
- Households with wage income

#### Negative Indicators:

- Single parent family households
- Limited English-speaking households
- Disconnected youth (16-19YO, unemployed & not in school)
- Population 25 and older without a high school diploma
- Families with children in poverty
- Households with public assistance income

NNEI data were overlayed (using different border colors) onto the Tiers 1 and 2 map (below). Only census tracts that had low, medium, or high NNEI challenges were included (i.e., did not include the vast majority of census tracts with zero NNEI challenges). Almost all of the census tracts identified in Tier 1 and Tier 2 also have equity challenges on the NNEI.

Note: the NNEI data file used included the updated 2020 census tract boundaries. The 2020 census tracts were first converted to the 2010 census tract boundaries in order to better align with the Tiers and 2 mapping.





# Early Learning Services Term Sheet

School District	Contract Number	Term	3-year Term FY 2024-2027	EDI Allocation FY 2024-25	Focused Communities (Tier 1 and 2 Neighborhoods) 1-4=\$5,000, 5-9=\$12,500, Over 20=\$45,000	Maximum Payment Obligation	Scope of Work
Anaheim Elementary School District	FCI-SD5-01	7/1/24-6/30/27	\$658,320	\$50,231	\$45,000	\$753,551	School districts will reach thier most vulnerable children ages 0-5 by continuing the focus on early learning leadership within the school district system, collection and use of data (Early Development Index and other) to make impact in the community, and strengthening community and parent engagement, including local agencies and child care providers with a particular emphasis on 0-3 connections.
Brea Olinda Unified School District	FCI-SD5-02	7/1/24-6/30/27	\$164,580	\$7,969	\$0	\$172,549	
Buena Park School District	FCI-SD5-03	7/1/24-6/30/27	\$241,410	\$7,763	\$5,000	\$254,173	
Capistrano Unified School District	FCI-SD5-04	7/1/24-6/30/27	\$658,320	\$42,314	\$5,000	\$705,634	
Centralia School District	FCI-SD5-05	7/1/24-6/30/27	\$241,410	\$11,845	\$5,000	\$258,255	
Cypress School District	FCI-SD5-06	7/1/24-6/30/27	\$164,580	\$9,336	\$0	\$173,916	
Fountain Valley School District	FCI-SD5-07	7/1/24-6/30/27	\$252,330	\$9,623	\$0	\$261,953	
Fullerton School District	FCI-SD5-08	7/1/24-6/30/27	\$423,410	\$28,352	\$12,500	\$464,262	
Garden Grove Unified School District	FCI-SD5-09	7/1/24-6/30/27	\$658,320	\$69,564	\$45,000	\$772,884	
Huntington Beach City School District	FCI-SD5-10	7/1/24-6/30/27	\$329,160	\$9,858	\$0	\$339,018	
Irvine Unified School District	FCI-SD5-11	7/1/24-6/30/27	\$581,490	\$42,321	\$5,000	\$628,811	
Laguna Beach Unified School District	FCI-SD5-12	7/1/24-6/30/27	\$164,580	\$3,515	\$0	\$168,095	
La Habra City School District	FCI-SD5-13	7/1/24-6/30/27	\$405,015	\$10,794	\$12,500	\$428,309	
Los Alamitos Unified School District	FCI-SD5-14	7/1/24-6/30/27	\$252,330	\$8,604	\$0	\$260,934	
Lowell Joint School District	FCI-SD5-15	7/1/24-6/30/27	\$164,580	\$5,029	\$0	\$169,609	
Magnolia School District	FCI-SD5-16	7/1/24-6/30/27	\$329,160	\$12,365	\$12,500	\$354,025	
Newport-Mesa Unified School District	FCI-SD5-17	7/1/24-6/30/27	\$416,910	\$25,869	\$5,000	\$447,779	
Ocean View School District	FCI-SD5-18	7/1/24-6/30/27	\$329,160	\$11,599	\$5,000	\$345,759	
Orange Unified School District	FCI-SD5-19	7/1/24-6/30/27	\$570,570	\$40,076	\$12,500	\$623,146	
Placentia-Yorba Linda Unified School Dist	FCI-SD5-20	7/1/24-6/30/27	\$416,910	\$17,400	\$12,500	\$446,810	
Saddleback Valley Unified School District	FCI-SD5-21	7/1/24-6/30/27	\$570,551	\$32,904	\$5,000	\$608,455	
Santa Ana Unified School District	FCI-SD5-22	7/1/24-6/30/27	\$746,070	\$85,262	\$45,000	\$876,332	
Savanna School District	FCI-SD5-23	7/1/24-6/30/27	\$164,905	\$4,399	\$5,000	\$174,304	
Tustin Unified School District	FCI-SD5-24	7/1/24-6/30/27	\$416,910	\$26,039	\$12,500	\$455,449	
Westminster School District	FCI-SD5-25	7/1/24-6/30/27	\$416,910	\$19,241	\$12,500	\$448,651	
<b>TOTAL</b>			<b>\$9,737,891</b>	<b>\$592,272</b>	<b>\$262,500</b>	<b>\$10,592,663</b>	



rec. 12-6-23  
handout Commissioner  
Lavery

Written Discussion Comments of Yvette Lavery, Commissioner, First 5 Orange County Children & Families Commission, on Proposed Resolution Authorizing Agreements with Designated School Districts to Provide Early Learning Services (AGENDA ITEM 8)

December 6, 2023

First, I'd like to thank my fellow Commissioners and the committee that worked on this proposal. It is never easy to cut funding to community programs.

Second, I'd like to acknowledge the partnership with the school districts for over 20 years and thank them for their work. They have been key partners in our EDI work and collecting our EDI data, which is important for documenting and assessing programmatic and funding needs.

I believe that this partnership has been a huge success because it has advanced Early Education as a priority at the state level and paved the way for the universal TK and state investment into subsidized preschool and the drop in learning link programs that are now found at almost ALL the school districts in Orange County. Now, all school districts in the state will have access to state support for early childhood education.

When First 5 OC started this investment, less than a handful of districts had access to this type of state support and funding. So, I applaud the years of work and effort that First 5 OC and all county First 5s along with local school districts invested to accomplish the feat of universal access to state funded TK and preschool.

With that being said, I feel the need to circle back to the looming crisis that we have been dealing with for the last few months of the declining First 5 OC revenue due the "Flavor Ban".

With the California Department of Education dedicating additional resources to expand preschool for all children, I feel I need to address the fact that there are huge gaps in services for the 0-5 population that are **underfunded or totally unfunded** that do not have the same access to state funding as the school districts. Again, to all of the First 5s' and school districts' credit, preschool and TK are now state priorities and receiving state funding and will continue to receive state funding. So, my question is, does that need to be First 5's priority now, when we face declining revenue and so many unmet needs in the 0-5 population we serve – particularly in the 0-3 population?

We have a documented shortage of services in the prenatal through 3 year old age range, which is not an age range the school district focuses on. Just in our priority programs and areas alone, here are just a few examples of priorities that we have identified and committed to in our Strategic Plan that are underfunded:

- **Infant and toddler childcare:** There are huge gaps in infant and toddler childcare services, which neither the state nor the County and local communities have been able to address adequately to meet the demand—particularly for families needing

subsidized or no- or low-cost childcare solutions. I would like to highlight First 5's commitment to **Infant and toddler childcare workforce training is \$275,000.** Considering that this is one of our community's greatest needs, this expenditure is grossly underfunded.

- **Prenatal Safety Net:** There are documented shortages of services in outreach and engagement into the system of care for pregnant families (including but not limited to food assistance programs, Cal works, etc.);
- **Home visiting:** There is a 10,000 family gap in the home visiting program, as well as gaps in the prenatal and postnatal support area (identified through the home visiting landscape analysis that looked at the Strong Start index which documents assets or lack of assets at time of birth and then indicates risk).

**For reference and comparison, here are other budget numbers for FY 2023/24 expenditures:**

- Hospital screening annual funding: **\$1,451 million**
- Home Visiting: **\$3.5 million** annually (doesn't include cal works- SSA funding)
- Doula support: **\$70,000**
- Community Based Prenatal services: **\$365,000** annually
- Infant and toddler childcare workforce training: **\$275,000**
- Engaged Neighborhoods: **\$667,000**
- Kid Builders is \$0 (funding is spread across the communications budget and offset with PNC bank, but staff is still tasked with seeking funding for Kid Builders)

**School district funding annually:**

Proposed 3-year school district funding is about **\$3.245 million annually (over 10 million total for three years, as proposed);** which would total over **200 million** by the completion of the program.

Committing to three years of funding today doesn't take into consideration the uncertainty and possibility of additional unmet needs that could come in the next few years. Therefore, considering the 0-5 landscape I have outlined, and to allow for funding flexibility to address the most critical unmet needs, I would like to discuss amending the recommended action to reduce the term of funding for school districts to one or two years, and take the next few months to see if additional cuts may be made or if funding should be continued at the proposed \$3.245 million level.

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_\_-23-C&FC**

**December 6, 2023**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AUTHORIZING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AGREEMENTS, AT THE PRESIDENT/CEO'S SOLE DISCRETION, WITH DESIGNATED SCHOOL DISTRICTS FOR EARLY LEARNING SERVICES; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENTS ON BEHALF OF THE COMMISSION**

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

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

**WHEREAS**, the Commission desires to enter into agreements for Early Learning Services (hereinafter collectively referred to as the "Agreements") with various school districts (hereinafter referred to as the "Contractors"), at the President/CEO's sole discretion, for the terms, in the amounts, and on the conditions as described in in the staff report, and any attachments, for this December 6, 2023 Agenda Item (hereinafter referred to as the "Agenda Item"); and

**WHEREAS**, each Contractor desires to enter into its respective 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 Agreement; and

**WHEREAS**, Commission has reviewed the Agenda Item relating to the scopes of services to be provided and hereby finds and determines that the proposed Agreements are in furtherance of and consistent with the Commission's Strategic Plan; and

**WHEREAS**, Commission desires to authorize the Commission Chair and Commission Clerk to execute the Agreements with each of the Contractors for the terms, in the amounts, and on the conditions as specified in the 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 Agreements with each of the Contractors for the terms, in the amounts, and on the conditions consistent with the Agenda Item; and

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

**Section 4** Commission hereby approves the Agreements, which will be authorized at the President/CEO's sole discretion, with each of the Contractors for the terms, in the amounts, and on the conditions as specified in the Agenda Item.

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

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

**Section 7** In addition to the authorization of Section 2 above, the President/CEO, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement(s), 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 December 6, 2023 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: \_\_-23-C&FC

Agenda Date: December 6, 2023

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)



# Kindergarten Readiness Initiative

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December 6, 2023





# First 5 OC's Kindergarten Readiness Initiative

- Began in 2000
- Includes all 25 school districts with a kindergarten
- F5 OC has invested more than \$196,000,000 over 20+ years
- Provides a platform to reach most young children and families in OC
- Most recent cycle of funding ends June 30, 2024



# Proposed Funding Approach

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- Funding allocation is based on districts' historic kindergarten population
- All school districts receive a 35% decrease in funding compared to previous 3-year allocation
- Early Development Index data collection remains funded
- Funds are added to districts with census tracts that have a Tier 1 or Tier 2 priority ranking (19 districts)
- Total proposed funding over the 3-year cycle is \$10, 592,663
- This equates to total savings of approximately \$4.5 million over the 3-year funding cycle

# Timeline

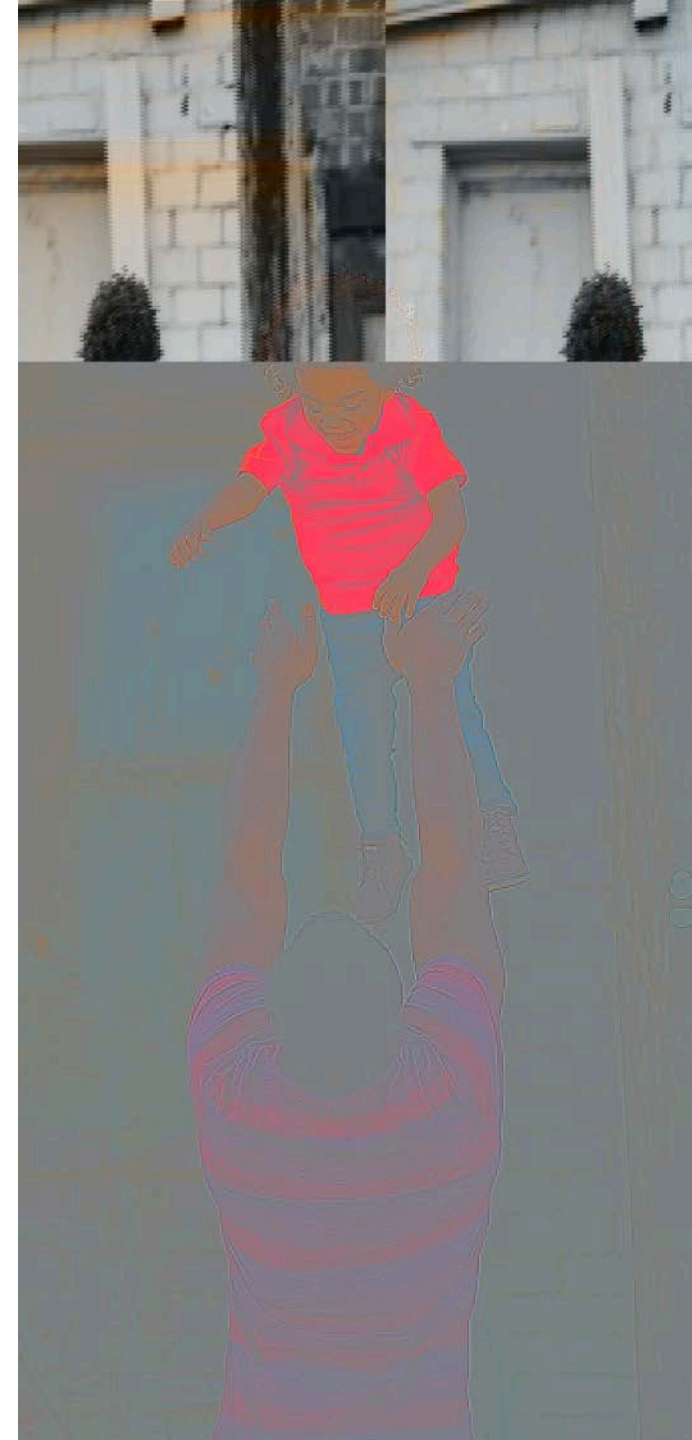
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- Jan-June: First 5 staff & consultants identified alternative scope and funding options to be responsive to First 5 OC funding reductions
- July-Aug: First 5 OC Ad-Hoc committee meetings held to review and recommend scope and funding approach
- August: Three focus groups conducted with Early Learning Specialists & interested leaders
- Sept-Nov: In-person meetings held with each of the 25 School District executive leadership representatives

# Proposed Scope of Work

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- **Early Childhood Leadership Support**
  - Maintain an active Early Childhood Leadership team who understand the importance of early childhood and are engaged in efforts to make the community more supportive of young children and their families
  - Include early childhood presence on the district's website, social media, and communication materials



# Proposed Scope of Work

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- **Community & Parent Engagement**

- Districts use Tier 1 and 2 priority funds for targeted new or supplemental programming to address equity gaps
- Districts identify and engage parents to empower families, including how to access the range of continuum of child care options in the Universal PreK landscape
- District leaders include family voices in their policies and practices
- Districts partner with agencies and child care providers outside the district's programs to promote Universal PreK (UPK)

# Proposed Scope of Work

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- Collection & Use of Data

- School districts collect and use EDI data
- District leadership use data to allocate resources and target partnerships
- District-wide dissemination of data and action planning
- Participation in the OC Children's Screening Registry







# Early Childhood Accountability Plan and Program Guidance Tool

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- Used for planning and measurement of school district actions
  - Tasks the school district with setting a vision, planning and executing that vision, and monitoring the progress toward attainment of the vision
  - First 5 OC consultant provides ongoing technical assistance to early learning staff



# Next Steps

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- **January to June 2024**
  - Local school district process for approval and execution of agreements
  - First 5 OC continues to engage school districts and attends board meetings as appropriate
- **July 1, 2024**
  - New agreements begin

Questions?





## Agenda Item 9 December 6, 2023

DATE: November 11, 2023  
TO: First 5 Orange County  
FROM: Kimberly Goll, President/CEO

ACTION: Authorize an Agreement with the County of Orange Health Care Agency to  
Accept Funding to Implement a Black Infant Health Program

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### SUMMARY:

First 5 Orange County and the County of Orange Health Care Agency collaborated on a Request for Supplemental Information (RSI) to the State of California Department of Public Health for Black Infant Health (BIH) funding. This agenda item recommends entering into an agreement with the County of Orange Health Care Agency (HCA) to support the implementation of the Black Infant Health Program.

### DISCUSSION:

In June, First 5 Orange County received an invitation from HCA to co-create a response to the California Department of Public Health (CA DPH) and solidify Orange County's interest in implementing BIH interventions. Our RSI submission received a positive response from CA DPH and HCA was notified of the intent to award funds for the Black Infant Health Program in Orange County.

The intent of the BIH program is to address the large and persistent disparities in Black maternal and infant health. The program draws on evidence-based research and interventions to provide complementary services delivered by a team of professionals including Family Health Advocates, Group Facilitators, Public Health Nurses, and Social Workers. According to the Centers for Disease Control, Black mothers and infants face disproportionately higher rates of adverse health outcomes compared to their counterparts. Data from the California Department Health reveals that in Orange County, Black mothers experience significantly higher rates of preterm births, low birth weights, and maternal mortality when compared to other racial groups.

The BIH model is designed to achieve intermediate health outcomes such as enhanced life skills, improved strategies to reduce stress, personal empowerment, and building social support. These intermediary health milestones align with the long-term goal of ending health inequities and achieving healthy birth outcomes for Black women and birthing people.

As part of Orange County's ongoing countywide home visiting coordination, BIH subcontractors will be integrated into the existing referral pathways and closed-loop referral systems currently in progress. This strategic integration will ensure that BIH becomes part of the comprehensive network, and reinforces First 5's commitment to early intervention as a critical driver for enhancing life outcomes for children ages 0-5. In parallel, we will use our infrastructure, including the newly

designed prenatal support programs and the deployment of hospital-based screening initiatives, to help identify and engage eligible individuals for the BIH program.

First 5 Orange County has a robust referral network built in part through our collaborative partnerships with organizations such as the CalWORKs Home Visiting Program, the Orange County Perinatal Council's sub coalition (SEEDS), and services in alignment with the Mental Health Services Act. These well-established relationships will help to foster a comprehensive and efficient outreach strategy and continuous support for program participants. Through these collaborative efforts, we are dedicated to maximizing the impact of our programs within our Orange County communities.

Staff recommends that the First 5 OC Board authorize entering into an agreement with the Health Care Agency of Orange County to accept BIH funding. As part of our strategy, we aim to collaborate with nonprofit organizations that have a history of supporting Black families in Orange County. We will return to the Board for further approval once suitable subcontractors have been identified and the collaborative framework is established.

**STRATEGIC PLAN & FISCAL SUMMARY:**

The proposed actions have been reviewed in relation to First 5 Orange County's Strategic Plan and are consistent with its goals. Revenue and expenditures related to this item will be included in the Amended Fiscal Year 2023-2024 Budget.

**PRIOR COMMISSION ACTIONS:**

None

**RECOMMENDED ACTION:**

Adopt resolution (Attachment 1) authorizing the President/CEO, or designee, and Commission Counsel to execute an agreement with the County of Orange Health Care Agency to accept up to \$850,000 annually or \$2,550,000 in total for the three-year agreement to facilitate a Black Infant Health Program.

**ATTACHMENTS:**

1. Resolution

**CONTACT:** Sara Brown

**CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY**

**RESOLUTION NO. \_\_\_\_-23-C&FC**

**December 6, 2023**

**A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE PRESIDENT/CEO AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE AN AGREEMENT WITH THE COUNTY OF ORANGE HEALTH CARE AGENCY TO SUPPORT THE BLACK INFANT HEALTH PROGRAM; 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 desires to prepare and negotiate an Agreement with the Orange County Health Care Agency, hereinafter referred to as the “Agency,” to support the Black Infant Health Program as described in the staff report and attachments for the December 6, 2023 Commission Meeting (hereinafter referred to as the “Agenda Item”); and

**WHEREAS**, Agency desires to enter into agreement in furtherance of the purposes of the Act and the Strategic Plan; and

**WHEREAS**, Commission has reviewed the Agenda Item for the December 6, 2023 Commission meeting and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission’s Strategic Plan; and

**WHEREAS**, Commission authorizes the Commission Chair and Commission Clerk to execute the Agreement with Agency as specified in the 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 enter into the Agreement with Agency as described in the Agenda Item.

**Section 3** The form of the Agreement with Agency may be on a template provided by Agency and 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 Agency for the terms and conditions as specified in the 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), 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 December 6, 2023 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: \_\_-23-C&FC

Agenda Date: December 6, 2023

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)



**Commissioners:**

Ramin Baschshi, M.D., Chair  
Doug Chaffee, Vice Chair, Jackie Filbeck, Yvette Lavery  
Susan McClintic, Soledad Rivera, Angie Rowe,  
An Tran, Mindy Winterswyk  
CEO/President: Kimberly Goll

**Agenda Item 10  
December 6, 2023**

**DATE:** November 9, 2023  
**TO:** First 5 Orange County  
**FROM:** Kimberly Goll, President/CEO   
**ACTION:** Approve Updated Roster of Qualified Consultants Including Newly Qualified Consultants to Provide Translation Services

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**SUMMARY:**

This item requests approval of an updated roster of consultants to provide translation support for First 5 Orange County family engagement and programmatic initiatives.

**DISCUSSION:**

Periodically, First 5 Orange County releases a Request for Qualifications (RFQ) to invite applicants interested in providing consultant services to ensure that we have the most comprehensive pool of qualified consulting applicants. Most recently, we updated our roster of qualified consultants in June of 2023.

We have found that as we expand community and family engagement across our various work efforts ranging from Kid Builders to child care workforce development, we need additional support in translation services. We released a Request for Qualifications for individuals or organizations to provide written and verbal translation services on October 6, 2023. Prior applicants who have an existing agreement with First 5 OC for translation services were not required to resubmit.

Four individuals/organizations submitted their qualifications to provide translation services including the following languages: Vietnamese, Korean, Chinese, and a firm that has capability to translate more than 200 languages. Attachment 1, Roster of Qualified Applicants, lists these new qualified applicants, along with the organizations with prior agreements. Staff recommends approval of the updated roster. Placing qualifying applicants on this roster does not obligate us to utilize their services, and no commitment is made to issue contracts to them or engage their services in any way. Staff will develop specific agreements for translation services with consultants on an as needed basis using President/CEO authority, as each agreement will not exceed the \$50,000 funding authority limit.

**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 and outcomes. Funding for this item is included in the FY 2023-2024 budget.

**PRIOR COMMISSION ACTIONS:**

- June 2023 – Adopted resolution authorizing agreements or amendments to agreements with designated individuals and organizations to provide consultant services.
- June 2022 – Adopted resolution authorizing agreements or amendments to agreements with designated individuals and organizations to provide consultant services.
- April 2021 – Adopted resolution authorizing agreements or amendments to agreements with designated individuals and organizations to provide consultant services.

**RECOMMENDED ACTION:**

1. Approve updated roster (Attachment 1) of qualified applicants.

**ATTACHMENT:**

1. Updated Roster of Qualified Applicants

**CONTACT:** Lisa Burke



**UPDATED ROSTER OF QUALIFIED APPLICANTS  
BY SUBJECT MATTER EXPERTISE**

<b>Early and Ongoing Health and Development</b>	<ul style="list-style-type: none"> <li>* American Academy of Pediatrics- Orange County Chapter 4</li> <li>* Ariel Knox</li> <li>* Banafshe Sharifian-Attar</li> <li>* Breastfeeding Task Force of Greater Los Angeles</li> <li>* Children and Family Futures</li> <li>* Children's Data Network (USC)</li> <li>* Community Partners FBO: Maternal Mental Health NOW</li> </ul>	<ul style="list-style-type: none"> <li>* Community Partners FBO: Maternal Mental Health NOW</li> <li>* Debra Mathias</li> <li>* Dianna Daly</li> <li>* Health Management Associates, Inc.</li> <li>* Hoda Shawky</li> <li>* Jaqueline Tran Nakasone</li> <li>* Kaylie Holke</li> <li>* Luisa Estanga (Abrazar)</li> </ul>	<ul style="list-style-type: none"> <li>* Mia Hemstad</li> <li>* MK Consulting Syndicate, Inc.</li> <li>* Parsons Consulting, Inc.</li> <li>* San Diego Strategy Group, LLC dba NP Strategies</li> <li>* Sandra E. Gonzalez</li> <li>* Social Impact Advising Group</li> <li>* Sudario and Associates, Inc.</li> </ul>
<b>Safe, Stable and Nurturing Homes</b>	<ul style="list-style-type: none"> <li>* Anila Neumeister</li> <li>* Banafshe Sharifian</li> <li>* Brandon Lavin Consulting</li> <li>* Breastfeeding Task Force of Greater Los Angeles</li> <li>* BRICK (Building Resilience In Communities and Kids)</li> <li>* Children and Families Futures</li> <li>* Children's Data Network (USC)</li> </ul>	<ul style="list-style-type: none"> <li>* Chris Becerra Consulting</li> <li>* Community Partners FBO: Maternal Mental Health NOW</li> <li>* Deborah McBee</li> <li>* Dianna Daly</li> <li>* Health Management Associates, Inc.</li> <li>* Hoda Shawky</li> <li>* Margarita McCullough</li> <li>* Mia Hemstad</li> </ul>	<ul style="list-style-type: none"> <li>* MK Consulting Syndicate, Inc.</li> <li>* My Team Effort</li> <li>* Nicolas Mazzeo</li> <li>* Parsons Consulting, Inc.</li> <li>* Principal Strategic Advisors</li> <li>* Sandra E. Gonzalez</li> <li>* Sudario and Associates, Inc.</li> <li>* Susanna Diaz</li> <li>* Won't She Do It LLC</li> </ul>
<b>Neighborhoods that Support Young Children and Families</b>	<ul style="list-style-type: none"> <li>* American Academy of Pediatrics- Orange County Chapter 4</li> <li>* Ana Page</li> <li>* Banafshe Sharifian</li> <li>* BRICK (Building Resilience In Communities and Kids)</li> <li>* Charitable Ventures</li> <li>* Children and Families Futures</li> <li>* Chris Becerra Consulting</li> <li>* Christian Ponce</li> <li>* Deborah McBee</li> <li>* Fractal Strategies</li> </ul>	<ul style="list-style-type: none"> <li>* Garrett Maxwell Agency</li> <li>* Jacqueline Tran Nakasone</li> <li>* Jennifer Shepard</li> <li>* Looking Ahead</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> <li>* M &amp; I Educational Consultants</li> <li>* Mia Hemstad</li> <li>* MK Consulting Syndicate, Inc.</li> <li>* Muckenthaler and Associates</li> <li>* Parsons Consulting, Inc.</li> <li>* Prisma Communications LLC</li> </ul>	<ul style="list-style-type: none"> <li>* San Diego Strategy Group LLC DBA NP Strategies</li> <li>* Sandra Bandettini</li> <li>* Sandra E. Gonzalez</li> <li>* Social Impact Advising Group</li> <li>* Sudario and Associates, Inc.</li> <li>* Susanna Diaz</li> <li>* The Center for the Study of Social Policy (CSSP)</li> <li>* Tina Ali</li> <li>* Won't She Do It LLC</li> </ul>
<b>Equitable Distribution of Resources</b>	<ul style="list-style-type: none"> <li>* Ana Page</li> <li>* Banafshe Sharifian-Attar</li> <li>* Charitable Ventures</li> <li>* Children and Families Futures</li> <li>* Children's Data Network</li> </ul>	<ul style="list-style-type: none"> <li>* Hoda Shawky</li> <li>* Jacqueline Tran Nakasone</li> <li>* Kaylie Holke</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> </ul>	<ul style="list-style-type: none"> <li>* Sandra E. Gonzalez</li> <li>* Sudario and Associates, Inc.</li> <li>* Susanna Diaz</li> <li>* The Center for the Study of Social Policy (CSSP)</li> </ul>

**UPDATED ROSTER OF QUALIFIED APPLICANTS  
BY SUBJECT MATTER EXPERTISE**

	<ul style="list-style-type: none"> <li>* Chris Becerra Consulting</li> <li>* Erikson Institute</li> <li>* Fractal Strategies</li> <li>* Garrett Maxwell Agency</li> <li>* Health Management Associates, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>* Mia Hemstad</li> <li>* MK Consulting Syndicate, Inc.</li> <li>* Muckenthaler and Associates</li> <li>* Parsons Consulting, Inc.</li> <li>* Prisma Communications LLC</li> </ul>	<ul style="list-style-type: none"> <li>* Tina Ali</li> <li>* Virginia Carmelo</li> <li>* Won't She Do It LLC</li> </ul>
<b>Data Analysis, Evaluation, and Focus groups</b>	<ul style="list-style-type: none"> <li>* Ariel Knox</li> <li>* Banafshe Sharifian-Attar</li> <li>* Charitable Ventures</li> <li>* Children and Families Futures</li> <li>* Children's Data Network</li> <li>* Chris Becerra Consulting</li> <li>* Erikson Institute</li> <li>* Ersoylu Consulting</li> <li>* EVALCORP</li> <li>* Fractal Strategies</li> </ul>	<ul style="list-style-type: none"> <li>* Garrett Maxwell Agency</li> <li>* Harder +Company Community Research</li> <li>* Health Management Associates, Inc.</li> <li>* Jacqueline Tran Nakasone</li> <li>* Limor Consulting, Inc.</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> <li>* M &amp; I Educational Consultants</li> <li>* Measurement Resources Company</li> </ul>	<ul style="list-style-type: none"> <li>* MK Consulting Syndicate, Inc.</li> <li>* Parsons Consulting, Inc.</li> <li>* San Diego Strategy Group, LLC dba NP Strategies</li> <li>* Sandra E. Gonzalez</li> <li>* Simran Sahny</li> <li>* Social Impact Advising Group</li> <li>* Wallace Walrod</li> <li>* Tina Ali</li> </ul>
<b>Project Management</b>	<ul style="list-style-type: none"> <li>* American Academy of Pediatrics- Orange County Chapter 4</li> <li>* Ana Page</li> <li>* Anila Neumeister</li> <li>* Ariel Knox</li> <li>* Banafshe Sharifian-Attar</li> <li>* Career MatchPro</li> <li>* Charitable Ventures</li> <li>* Chris Becerra Consulting</li> <li>* Debra Mathias</li> <li>* Deborah McBee</li> <li>* Dianna Daly</li> <li>* Fractal Strategies</li> </ul>	<ul style="list-style-type: none"> <li>* Garrett Maxwell Agency</li> <li>* Health Management Associates, Inc.</li> <li>* Hoda Shawky</li> <li>* Jaqueline Tran Nakasone</li> <li>* Jennifer Shepard</li> <li>* Kissy C. Martinez</li> <li>* Looking Ahead</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> <li>* Margarita McCullough</li> <li>* MK Consulting Syndicate, Inc.</li> <li>* Muckenthaler and Associates</li> <li>* Parsons Consulting, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>* Principal Strategic Advisors</li> <li>* San Diego Strategy Group, LLC dba NP Strategies</li> <li>* Sandra Bandettini</li> <li>* Sandra E. Gonzalez</li> <li>* Simran Sahny</li> <li>* Social Impact Advising Group</li> <li>* Sudario and Associates, Inc.</li> <li>* Susanna Diaz</li> <li>* Tabitha Pitzer</li> <li>* Wallace Walrod</li> <li>* Tina Ali</li> </ul>
<b>Strategic Communications</b>	<ul style="list-style-type: none"> <li>* AdGyld</li> <li>* Ana Page</li> <li>* Anthony Chase In Winter</li> <li>* Ariel Knox</li> <li>* Charitable Ventures</li> <li>* Cornerstone Communications</li> <li>* Curt Pringles &amp; Associates</li> <li>* Fractal Strategies</li> </ul>	<ul style="list-style-type: none"> <li>* Growth Mindset Communications</li> <li>* Kissy C. Martinez</li> <li>* Looking Ahead</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> <li>* Luis Alvarado Designs</li> <li>* Mia Hemstad</li> <li>* Principal Strategic Advisors</li> </ul>	<ul style="list-style-type: none"> <li>* Prisma Communications LLC</li> <li>* Sandra E. Gonzalez</li> <li>* Tabitha Pitzer</li> <li>* Tina Ali</li> <li>* Wallace Walrod</li> <li>* Won't She Do It LLC</li> </ul>

**UPDATED ROSTER OF QUALIFIED APPLICANTS  
BY SUBJECT MATTER EXPERTISE**

<b>Contract Compliance and Audit</b>	<ul style="list-style-type: none"> <li>* Anila Neumeister</li> <li>* Charitable Ventures</li> <li>* Conrad, LLP</li> <li>* Fractal Strategies</li> </ul>	<ul style="list-style-type: none"> <li>* Health Management Associates, Inc.</li> <li>* Kissy C. Martinez</li> <li>* KNL Support Services</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> </ul>	<ul style="list-style-type: none"> <li>* Sandra E. Gonzalez</li> <li>* Sherry Gilbey</li> </ul>
<b>Organizational &amp; Professional Development</b>	<ul style="list-style-type: none"> <li>* Ana Page</li> <li>* Ariel Knox</li> <li>* Buxser Consulting, LLC</li> <li>* Charitable Ventures</li> <li>* Chris Becerra Consulting</li> <li>* Deborah McBee</li> <li>* Fractal Strategies</li> <li>* Garrett Maxwell Consulting</li> <li>* Health Management Associates, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>* Jennifer Shepard</li> <li>* Kaylie Holke</li> <li>* Los Angeles Universal Preschool DBA Child 360</li> <li>* Mk Consulting Syndicate, Inc.</li> <li>* Muckenthaler and Associates</li> <li>* PeakePotential, Inc</li> <li>* Principal Strategic Advisors</li> <li>* San Diego Strategy Group, LLC dba NP Strategies</li> </ul>	<ul style="list-style-type: none"> <li>* Sandra Bandettini</li> <li>* Sandra E. Gonzalez</li> <li>* Simply Support for ECE</li> <li>* Social Impact Advising Group</li> <li>* Tabitha Pitzer</li> <li>* The Center for the Study of Social Policy (CSSP)</li> <li>* The Relevant You</li> <li>* Tina Ali</li> <li>* Won't She Do It LLC</li> </ul>
<b>Language Translation</b>	<ul style="list-style-type: none"> <li>* Alicia Ramirez</li> <li>* Ana Anaya</li> <li>* Ana Page</li> <li>* <b><i>Asian American Senior Citizens Service Center</i></b></li> <li>* Banafshe Sharifian-Attar</li> <li>* Charitable Ventures</li> </ul>	<ul style="list-style-type: none"> <li>* Cristina Belvins</li> <li>* Ivonne Velasquez Borja</li> <li>* Kissy C. Martinez</li> <li>* <b><i>Korean American Center</i></b></li> <li>* Los Angeles Universal Preschool DBA Child 360</li> </ul>	<ul style="list-style-type: none"> <li>* <b><i>Mimi Thuong, PhD</i></b></li> <li>* Prisma Communications LLC</li> <li>* Sandra E. Gonzalez</li> <li>* Simran Sahny</li> <li>* Tabitha Pitzer</li> <li>* <b><i>TransLinguist</i></b></li> </ul>

Note: Newly qualified translation firms bolded and italicized.



**Agenda Item 11  
December 6, 2023**

**DATE:** November 28, 2023

**TO:** First 5 Orange County

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

**ACTION:** Receive the President/Chief Executive Officers Report

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**First 5 Association Advocacy Day**

The annual First 5 Association Advocacy Day is scheduled for February 7, 2024. We are pleased that this year's Advocacy Day will be held in person in Sacramento. The 58 First 5 county commissions, First 5 California, and the First 5 Association will meet with their respective legislative delegation to discuss early childhood issues. First 5 OC's Government Affairs team developed a calendar to prepare staff and board members for meetings with Orange County legislative offices as part of Advocacy Day. If you are interested in participating, please RSVP to Tiffany Alva at [Tiffanyalva@cfcoc.ocgoc.com](mailto:Tiffanyalva@cfcoc.ocgoc.com) by December 17, 2023, so that we can arrange flights and hotel rooms the week of December 18, 2023. Then, on January 25, 2024, we will conduct advocacy training for First 5 OC representatives who will be attending Advocacy Day. We look forward to you joining us.

**Onboarding New Family Ambassadors**

First 5 OC continues to focus on becoming a more equitable and inclusive organization while including parents in the process of decision-making and supporting them as leaders. The family engagement team has onboarded nine new family ambassadors representing various backgrounds, cities, and lived experiences. Five of our previous ambassadors will continue the work from their strategic action plan as well as mentoring the new ambassadors. The onboarding process includes orientation, understanding of their role as a family ambassador, and learning about the Early Development Index, Engaged Neighborhoods, and the First 5 OC Strategic Plan. Once onboarded, the ambassadors will serve various committees such as the OC Fatherhood Coalition, SEEDs, Plans of Safe Care, CHOC WoW Mobile, and supporting the Family Engagement work. The Family Ambassadors and their work group committees are:

1. Tyler Choi - Fatherhood Coalition
2. Gaurav Jain - Civic Empowerment
3. Tan Zhiewen - Fatherhood Coalition
4. Nekoda Mattox-Hall - SEEDs
5. Wendy Lemus - CHOC WoW
6. Chloe Gutierrez - Family Centered Resource Fair Committee
7. Sydney Reese - Plans of Safe Care
8. Vanessa Castaneda - Plans of Safe Care
9. Sophia Mercado - Child Care
10. Maria Sanchez - Family Centered Resource Fair Committee (returning ambassador)
11. Maritza Bermudez – Equity (returning ambassador)

12. Sara Ursenbach - Civic Empowerment (returning ambassador)
13. Ben Juarez - Outreach and mentor fathers (returning ambassador)
14. Yohana Rojas – Equity (returning ambassador)

### **Equity Commitment Accountability Plan**

In April 2023, the First 5 OC Board approved the Equity Commitment ([https://first5oc.org/wp-content/uploads/2023/04/F5OC\\_Equity-Commitment.v6.pdf](https://first5oc.org/wp-content/uploads/2023/04/F5OC_Equity-Commitment.v6.pdf)) outlining our commitment to support equity in our many roles including as a partner, funder, convener, service provider and policy advocate. Our Equity Commitment was developed by a workgroup that included staff, Family Ambassadors, and consultants. The draft was shared with stakeholders and feedback incorporated, including from the First 5 OC Board. In April, we outlined a process to develop an Accountability Plan, defining how we will hold ourselves and our organization accountable to the Equity Commitment. The proposed schedule anticipated returning to the First 5 OC Board in October with a final Accountability Plan.

The development of the Accountability Plan is not moving as quickly as anticipated. It took longer than we planned to establish the workgroup and schedule meetings. A new workgroup has now convened to help guide the work, and our initial meeting occurred earlier this month. At this meeting, we discussed markers for equity – not just the concept of equity but what are the resources, tools, and structures that need to be present so that gaps in equity can be bridged? At our next two meetings in December, we will continue this discussion and prioritize the equity markers we identify as a group. At our three January meetings, we will develop actions based on those priorities as well as metrics and a schedule for implementation. We anticipate having a draft plan by the end of February, for presentation to the First 5 OC Board at its April 2024 meeting.

### **Technical Advisory Committee (TAC) Summit**

At the First 5 OC Board meeting in August, we shared the TAC's proposal to hold a Community Summit on systems improvement work. The concept is for a half-day event that will showcase the systems improvement work of the collaboratives focused on three topics: Well-Child Visits and Developmental Screens, Infant and Toddler Child Care, and Home Visiting. The TAC envisions the summit including a panel of speakers as well as a gallery walk. We have confirmed a location for the event (Orange Coast College) and a potential date of Thursday, February 29, 2024. TAC Chair, Susan McClintic, has appointed two Ad Hoc committees to assist in the planning of the summit: one focusing on the health-related collaboratives, and one on early care and education systems work. We will share further updates through weekly updates prior to the February event.

### **Action Plan Update**

Attachment 1 provides a summary matrix with an overarching view of our Action Plans, staff leads, and current progress status. A more detailed summary of accomplishments and challenges for each Action Plan is provided as Attachment 2. Below are few notable highlights from our work over the past two months.

- Continued Kid Builders promotion has included community events, ads with Grocery TV, and a social media contest.
- In preparation for the school district funding renewal and updated scope of work, we have met with early learning staff and executive leadership from all 25 school districts.
- All three of the PN3 partners have onboarded staff and anticipate service rollout in early 2024, and five PN3 team members are enrolled and attending the Community Health Worker certification through Orange Coast College.
- A two-day summit on Plans of Safe Care in Orange County was held on October 16 & 17<sup>th</sup>, with over 100 participants representing more than 30 organizations.

- We selected and are onboarding nine new Family Ambassadors.

**Financial Report Update**

Pursuant to First 5 Orange County's Fiscal Year 2023-2024 Investment Policy Statement, the Orange County Treasurer submits Quarterly Investment Reports to the Commission. The Investment Report (Attachment 3) summarizes investment activities for the three-month period of July 1 through September 30, 2023. 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).

**Attachments:**

1. Summary of First 5 Orange County Action Plans for 2023-2024
2. Summary of Progress on Strategic Plan Action Plans
3. Investment Report

### Summary of First 5 Orange County Action Plans for 2023-2024

Action Plan	Staff Lead	Status
1. Increase awareness and use of Kid Builders in Orange County	Lisa Burke	On Track
2. Build universal school district support for a realignment of work focused on connection to child care, family engagement, and linkage to health systems and services	Cristina Blevins	On Track
3. Implement home visiting regional work plans for state funded program management and technical assistance	Andrew Montejo	On Track
4. Implement Orange County's home visiting work plan for state funded program management and technical assistance	Yvette Nuñez	On Track
5. Develop a performance management reporting structure for Prenatal to Three reporting agencies	Yvette Nuñez	Delayed but Making Progress
6. Assess feasibility and if feasible develop strategy to the Community Health Worker benefit to support sustainability for Prenatal to Three services	Sara Brown	On Track
7. Expand First 5 OC-funded services to prenatal families	Sara Brown	On Track
8. Increase use of and integrate plans of safe care in Orange County	Yvette Nuñez	On Track
9. Increase stakeholder commitment to advance policy for early childhood	Tiffany Alva	On Track
10. Increase access to quality infant and toddler child care	Cristina Blevins	On Track
11. Develop an accountability plan for First 5's Equity Commitment	Lisa Burke	Delayed but Making Progress
12. Develop countywide vision and action plan for continuum of care for Early Relational Health	Anaiah Brown	Delayed but Making Progress
13. Increase Well-Child Visits, developmental screens, and linkage to service	Lisa Burke, Sara Brown	On Track
14. Assist doulas in utilizing the Doula Benefit in Orange County	Anaiah Brown	Delayed but Making Progress
15. Increase number of communities and families that are empowered changemakers and have access to resources	Cristina Blevins	On Track

# First 5 Orange County Action Plans 2023-2024

## 1. Increase awareness and use of Kid Builders in Orange County

**Accomplishments:** The Kid Builders website now includes English, Vietnamese and Spanish downloads for every activity. These PDFs were developed after website users requested the ability to easily print Kid Builder activities.

We have continued with regular social media posts promoting Kid Builders events and activities to increase awareness of the Kid Builders resource. Our communications team created a Kid Builders informational 1-pager and several graphics to be used by others on social to promote Kid Builders. This month, we launched the first of two social media contests around Kid Builders. First 5 OC followers have begun submitting content in hopes of winning the prize - a family photo shoot. The contest ends November 22<sup>nd</sup>.

Also, using visual assets built out from Kid Builder events, we developed three 15-second ads that were used by Grocery TV in October. We are awaiting the results from this advertising effort, which had the potential for thousands of views at grocery store checkouts throughout Orange County.

First 5 Orange County representatives have attended at least one event monthly since the new Kid Builders launch, sharing the resource with organizations and families countywide. The next large-scale event is scheduled for Dec. 2<sup>nd</sup> in Supervisor Do's district.

We have seen a steady increase in traffic to the website since Kid Builders launched.

**Challenges:** The social media contest is a learning experience for us. Not as many people are entering the contest as we hoped, and we are working to identify if the “ask” of posting a video of their child doing a Kid Builder activity is too high of a bar for contest entry. In response, we expanded the contest to include photos in place of or in addition to a video and extended the deadline to Nov. 22 to allow more time for people to enter.

## 2. Build universal school district support for a realignment of work focused on connection to child care, family engagement, and linkage to health systems and services

**Accomplishments:** In preparation for the December Board meeting, in person meetings were held with each of the 25 school districts between September 1<sup>st</sup> and November 15<sup>th</sup>. We shared the proposed scope of work and budget for the next 3-year funding cycle, which is scheduled for First 5 Board consideration at the December meeting. Districts understand First 5 OC's declining



## Attachment 2

### Summary of Progress on Strategic Plan Action Plans

December 2023

revenue and the need to reduce funding and are appreciative of both historic and continued First 5 OC investment in early learning. We are looking forward to continued partnership with school districts in ensuring children's kindergarten readiness.

**Challenges:** N/A

### 3. Implement home visiting regional work plans for state funded program management and technical assistance

**Accomplishments:** First 5 OC is the lead for the regional home visiting work. Region 9 representatives have been meeting and making progress on workplan elements, with the current focus being on data collection and establishing workforce training.

**Challenges:** N/A

### 4. Implement Orange County's home visiting work plan for state funded program management and technical assistance

**Accomplishments:** We have established a cadence of meetings with countywide stakeholders. Workgroups are advancing work around prenatal and postnatal referral pathways, along with supporting coordinated entry and co-creating universal family friendly language around home visiting.

**Challenges:** Maintaining and building trust among countywide partners.

### 5. Develop a performance management reporting structure for Prenatal to Three reporting agencies

**Accomplishments:** We have established a plan to reach out to other F5 Home Visiting providers and are conducting research to collect learnings from other performance management structures.

**Challenges:** While this work has been delayed as we are coordinating meeting times with other F5 Home Visiting Providers, we are making some progress.

### 6. Assess feasibility and if feasible develop strategy to the Community Health Worker benefit to support sustainability for Prenatal to Three services

**Accomplishments:** As part of our ongoing work to secure an agreement with CalOptima, staff has continued work with Centers for Medicare and Medicaid Services and the National Plan and

## Attachment 2

### Summary of Progress on Strategic Plan Action Plans

December 2023

Provider Enumeration System (NPES), leading to approval of a National Provider Identifier (NPI) number for First 5 Orange County that will ultimately allow us to contract with CalOptima and be a provider of Community Health Worker (CHW) services. As part of the ongoing action plan to build the CalOptima partnership specific to the utilization of the CHW, First 5 OC staff have identified CalOptima staff most closely working with the CHW benefit and expressed our interest in setting up a cadence of meetings to share information as our CHW pilot unfolds and to set First 5 up as a supervising provider. We have also raised to CalOptima's attention the upcoming Department of Health Care Services requirement for MOUs between First 5s and Managed Care Plans.

**Challenges:** N/A

### 7. Expand First 5 OC-funded services to prenatal families

**Accomplishments:** We have established routine check-in meetings with partners. The prenatal group series curriculum is advancing, and we are completing Vital Village learnings. All three of the PN3 partners have onboarded staff and anticipate service rollout in early 2024. Additionally, five PN3 team members are enrolled and attending the Community Health Worker certification through Orange Coast College.

**Challenges:** There are currently different projected start dates for the various partner prenatal group series, and we may need to address coordination.

### 8. Increase use of and integrate plans of safe care in Orange County

**Accomplishments:** A public campaign for Orange County around plans of safe is one of three deliverables of the Reducing Stigma and Discrimination Workgroup. A two-day summit was held on October 16 & 17<sup>th</sup>, with over 100 participants representing more than 30 organizations. Many attendees signed up to join the task force and/or one of the workgroups. Workforce education and training was prioritized as the highest need during the Summit, so the focus will be on education and training for the next several months.

**Challenges:** We continue to work to maintain interest and engagement of new organizations. Additionally, there have been competing priorities, and at the Summit the consensus was to prioritize developing a provider toolkit.

### 9. Increase stakeholder commitment to advance policy for early childhood

**Accomplishments:** Staff has been attending CalOptima Board Meetings and Committee meetings. The Government Affairs team is also holding meetings with our internal Health Systems

## Attachment 2

### Summary of Progress on Strategic Plan Action Plans

December 2023

and Family Resilience team to review the All-Plan Letters and learn about the work we are doing at First 5 that aligns with the All-Plan letter topics.

**Challenges:** N/A

#### 10. Increase access to quality infant and toddler child care

**Accomplishments:** We are making progress towards adding 100 infant and toddler slots. Four new family child care providers have been granted licenses since May 2023, and THINK Together has been awarded 50 new Family Child Care Infant/Toddler slots. Additionally, we are currently working with a program in the City of Orange that wants to open a licensed 0-3 program in September 2024 and we are also assisting them with opening a 0-5 Co-Op program in January 2024.

The new IMPACT-funded partners, including Orange County Department of Education, CIELO, OCAEYC, Rancho Santiago Community College District and Workforce Development consultant had their first meeting this quarter. We anticipate that in the next quarter, we will initiate a new referral form with these agencies as well as Children's Home Society and the Small Business Development Centers to ensure needs of future or current providers are being met in the area of access to quality infant/toddler care.

The Child Care Cross-sector Task Force has agreed on the audience for at least one toolkit to help increase access to quality infant/toddler care. The group would like to create a Toolkit for Cities, modeled after a toolkit developed by the Los Angeles County Department of Public Health and the Los Angeles Office for the Advancement of Early Care and Education. The Affordable Housing Work Group, led by F5OC consultant Wallace Walrod, is moving this work forward.

**Challenges:** N/A

#### 11. Develop an accountability plan for First 5's Equity Commitment

**Accomplishments:** A workgroup to help guide the creation of an accountability plan has been established, including staff, Family Ambassadors, and consultants. At our initial meeting in November, we discussed markers for equity including what resources, tools, and structures need to be present so that gaps in equity can be bridged. At our next two meetings in December, we will continue this discussion and prioritize the equity markers we identify as a group.

**Challenges:** In April, we outlined a process to develop the Accountability Plan, and anticipated returning to the First 5 OC Board in October with a final Accountability Plan. We had difficulty pulling the workgroup together and scheduling meetings, so we are behind schedule for development of the plan. We have now scheduled a series of five meetings in December and January to move the work forward with a new target date of the end of February for the completion of the plan.

**Attachment 2**  
**Summary of Progress on Strategic Plan Action Plans**  
**December 2023**

## 12. Develop countywide vision and action plan for continuum of care for Early Relational Health

**Accomplishments:** Since our last report to the Board, we brought together childhood relational health leaders throughout the county and developed a Request for Proposals (RFP) to identify a consultant to assist in building out the county's continuum of care. We are currently in the process of contracting with the consultant selected through the RFP.

**Challenges:** It has taken longer than scheduled to contract with the selected consultant. This is because we are amplifying all the voices at the table so that the work being done is thorough and meets the county's needs.

## 13. Increase Well-Child Visits, developmental screens and linkage to service

**Accomplishments:** The three Detect & Connect OC work groups have met multiple times over the past two months, continuing collective work. First 5 OC staff participate in the Steering Group as well as all three work groups. In the shared messaging work group, using information from focus groups, we developed a three-phase messaging campaign which is scheduled to launch in January with themes of addressing transportation and language barriers, the ability to change doctors to find a fit for your child, and the need for developmental screenings at 9, 18 and 24 or 30 months. The data work group is developing a dashboard to track key countywide metrics for well child visits and developmental screenings. The system of care work group is tackling access to speech and language services for young children and is working on both long- and short-term goals. The long-term system work is focused on addressing long waitlists for children with MediCal including the topics of workforce capacity, reimbursement disparities, and inequities between private pay and MediCal. The short-term goals focus on providing resources to families to help with navigation and activities parents can do with their child while they are on wait lists for services. At the November Steering Group meeting, we received updates from the work groups and the Steering Group is really engaged around the access to services and working on finding solutions to systemic barriers.

All of the HealthySteps clinics are conducting well child visits and developmental screenings in accordance with the HealthySteps program requirements. The clinics are also doing an excellent job screening for maternal depression and Social Determinants of Health. From a sustainability perspective, UCI and Share Our Selves had revenues in excess of expenses this quarter. Both Friends of Family (FOF) and Families Together of Orange County (FTOC) experienced small losses for the quarter. Over the next 1-2 months, First 5 OC consultants will meet with the FQHC leadership team to go over their strategy to bill for dyadic services. This additional revenue should help both FOF and FTOC break even by the end of the fiscal year.

**Challenges:** N/A

**Attachment 2**  
**Summary of Progress on Strategic Plan Action Plans**  
**December 2023**

## 14. Assist doulas in utilizing the Doula Benefit in Orange County

**Accomplishments:** The Doula Stipend Program is launching. The creation of this program has taken a lot of community, stakeholder, and doula support.

**Challenges:** N/A

## 15. Increase number of communities and families that are empowered changemakers and have access to resources

**Accomplishments:** As reported in October, we had a great response to our call for new Family Ambassadors, with 60 parents applying including several fathers. After screening and interviewing applicants, we selected nine new Family Ambassadors who are being onboarded and gearing up to join a variety of committees and workgroups to support First 5 OC's work. We expect to add three more Family Ambassadors over the next month, for a total of 12 new ambassadors. Five of the first cohort of ambassadors will stay on to mentor the new participants. We are excited to have parents from different geographic areas and backgrounds/perspectives. With a high level of interest from families, we are creating a new process for regular communication including a newsletter and sign-ups for things like focus groups or feedback sessions.

Engaged Neighborhood work continues with a focus on implementing the Impact Plans they developed for FY 2023-24. Santa Ana Early Learning Initiative (SAELI) has convened parent leaders to co-design training for the year and re-configured their Steering Committee to ensure representation from all schools in Santa Ana that are interested. We also made a presentation to SAELI on the childcare landscape and there is great interest in family friend and neighbor care and participation in upcoming SBDC trainings. La Habra Little Learners have come together to plan activities. They are focused on gross and fine motor skills, based on EDI data, through their various outreach and engagement activities including Readiness on the Road. They will start with resident leadership training in November 2023. We created Spotlights highlighting the Santa Ana and La Habra Engaged Neighborhoods, which we shared out to our email list. We are working on Spotlights for the remaining two Engaged Neighborhoods in Anaheim and Garden Grove.

Progress is being made on the development and creation of the legal problem-solving script, videos, and documentation for the online modules. The project is on track for a launch in early 2024.

In December, the Orange County Fatherhood Coalition will hold their first countywide free training presentation for service providers and their staff members titled "Why Father Inclusion is Important." The presentation is designed for staff interested in learning more about the importance of outreach and inclusion of dads to strengthen families. Areas of discussion will include the impact fathers have on their children, the different parenting techniques between mothers and fathers, and barriers to father involvement. Presenters include staff from First 5, Social Services Agency, Child Support Services, and OCDE.

## Attachment 2

### Summary of Progress on Strategic Plan Action Plans

December 2023

Andrew Montejo submitted a workshop proposal for the National Father's and Families Conference in April 2024, and was accepted. The workshop will focus on our recruitment and learnings of having paid Fatherhood Ambassadors supporting First 5 and the OC Fatherhood Coalition. The recruitment of the Fatherhood Ambassadors was completed in November.

**Challenges:** For the Family Ambassadors, there will be a transition challenge of finding times for our new ambassadors to meet and modifying the time of meetings with an evening timeframe.

For Engaged Neighborhoods, Grow Up Garden Grove is a bit behind the other Engaged Neighborhoods in terms of implementing their Impact Plan, as we just executed the agreement. However, they have met collaboratively and are engaging partners with EDI data and Kid Builders. Network Anaheim had staff turnover and a staff member on medical leave who just returned in October. The group had a large collaborative meeting and highlighted Kid Builder opportunities and received the child care landscape presentation. We will now be diving into the work in the coming months.

**First 5 Orange County, Children & Families Commission**  
**Quarterly Investment Report**  
**July 1, 2023 through September 30, 2023**

## **OVERVIEW**

Pursuant to the First 5 Orange County, Children & Families Commission (Commission) fiscal year 2023/2024 Investment Policy Statement (IPS), the Treasurer submits this Quarterly Investment Report to the Commission. This Investment Report summarizes investment activities for the Commission for the three-month period from July 1 through September 30, 2023.

## **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 Treasurer's Pool (OCTP). As of September 30, 2023, these totaled \$66,314,192.61. All funds are managed by the Office of the Orange County Treasurer. We have attached a summary of key OCTP investment information (Attachment A).

## **ORANGE COUNTY TREASURE'S POOL**

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

## **PORTFOLIO PERFORMANCE SUMMARY – QUARTERLY**

The following table presents an overview of the Commission's investments for the months of July, August, and September 2023. The net year-to-date yield for fiscal year 2023/2024 is 3.870%, net of the estimated investment administrative fee of 5.0 basis points. The forecast for the OCTP gross and net yields for fiscal year 2023/2024 are 4.05% and 4.00% respectively. The OCTP has a Net Asset Value of 0.99 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	OCTP Market Value	OCTP Book Value	Weighted Average Maturity	Net Asset Value	Duration
July	\$69,018,336.99	3.806%	\$14,078,322,992	\$14,208,647,160	236 days	0.99	0.63
August	\$67,933,589.01	3.893%	\$13,748,679,275	\$13,853,218,305	252 days	0.99	0.66
September	\$66,314,192.61	4.074%	\$13,479,133,175	\$13,575,141,436	269 days	0.99	0.71

During the third quarter, short-term rates continued to rise causing the OCTP market value to remain below book value (see the narrative on U.S. Treasury rates below). The OCTP maintains sufficient liquidity to meet projected cash flow needs. The OCTP market value is sensitive to changes of interest rates as it invests 100% in fixed income investments. With a month end balance of \$66.3 million and duration of 0.71, every 1% increase in short term interest rates would have an additional estimated \$470,831 decrease in the value below book value.

## **ECONOMIC UPDATE**

The U.S. economy had strong employment gains, but remained high in the third quarter of 2023. Employment gains averaged 266,000 per month, higher than the previous quarter's 201,000 per month average. Headline inflation increased to 3.7% year over year, higher than the previous quarter's 3.1%. Core inflation, which excludes food and energy, decreased to 4.1% from a year ago. The Federal Open Market Committee (FOMC) raised the Fed Funds Rate (Rate) 0.25% to a range of 5.25-5.50% on July 26 and did not change rates at their meetings on September 20 and November 1, 2023. Some U.S. economic releases covering the third quarter of 2023:

- The unemployment rate increased to 3.8% (survey: 3.7%) at the end of the third quarter, up 0.2% from the prior quarter.
- The Empire State Manufacturing Index decreased to 1.9 (survey: -10.1) from 6.6 in the third quarter while the Philadelphia Fed Index rose slightly to -13.5 (survey: -1.4) from -13.7 at the end of the second quarter. The Federal Reserve uses these indexes as regional economic gauges with a positive reading signaling economic expansion.

The Treasury yield curve remained inverted during the third quarter. The 90-day Treasury Bill yield increased to 5.45% from 5.30%. The 2-year Treasury Note yield rose to 5.05% from 4.90% while the 10-year Treasury Bond yield increased to 4.57% from 3.80%.

#### **COMPLIANCE MONITORING**

As of September 30, 2023, 100% of the holdings of the Commission were in compliance with the Commission's IPS. The investment portfolios had no compliance exceptions in the quarter ended September 30, 2023.

The County Treasurer's investments are audited regularly by the County Auditor-Controller, Internal Division (ACID). The ACID issued one report (Attachment D) during the quarter ended September 30, 2023, as follows:

First Follow-Up Review of the Management Letter on Review of the Schedule of Assets as of March 31, 2022 (Attachment D).

On September 26, 2023, the Auditor-Controller issued the First Follow-Up Review of the Management Letter on Review of the Schedule of Assets as of March 31, 2022. This Follow-Up Management Letter stated that the status of one finding, as of January 31, 2023, was not implemented, as bank accounts were not yet set up in Quantum. The stand-alone bank accounts properly included in the County Treasury as reconciling items have been closed, and the recommendation is no longer applicable.

We have attached the Investment Policy (IPS) and Treasury Oversight Committee Compliance Summary as reported in the Treasurer's Monthly Report for the months of July, August, and September 2023 (Attachment B). This summary tracks compliance in a variety of areas.

#### **STATEMENT OF ACTIVITY**

We have attached the Statement of Activity for the months of July, August, September 2023. (Attachment C). These Statements report the beginning and ending balances of the Commission's funds invested in the OCTP.

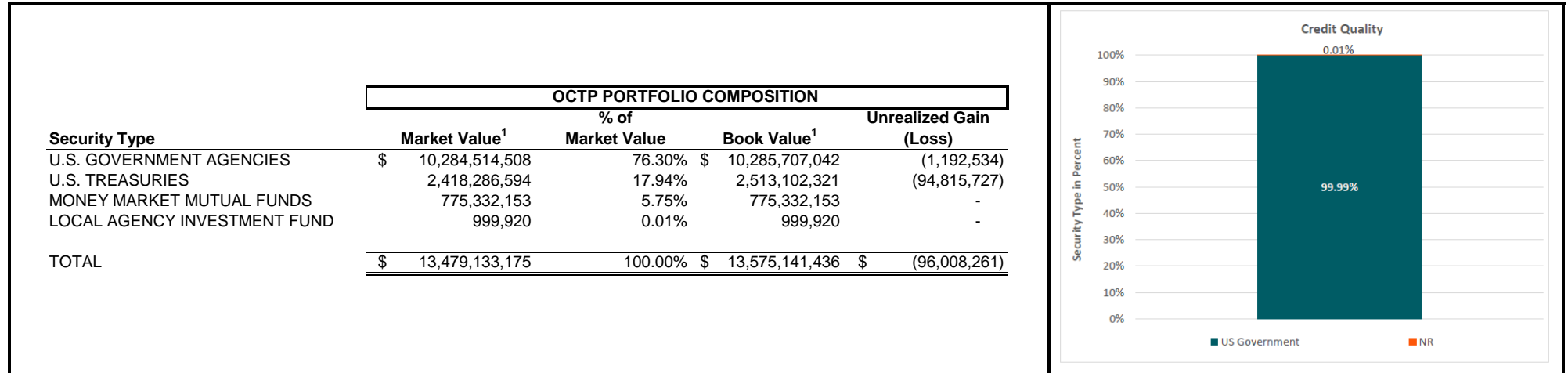
#### **Attachments:**

- A. OCTP Summary.
- B. Investment Policy and Treasury Oversight Committee Compliance Summary for July, August, and September 2023 and the OCTP Compliance Summary for September (new).
- C. Statement of Activity for the months of July, August, and September 2023.
- D. First Follow-up Review of the Management Letter on Review of the Schedule of Assets as of March 31, 2022.



**ORANGE COUNTY TREASURER-TAX COLLECTOR  
ORANGE COUNTY TREASURER'S POOL  
INVESTMENT POOL SUMMARY  
AT SEPTEMBER 30, 2023**

Attachment A



SUMMARY OF INVESTMENT DATA INVESTMENT TRENDS OCTP								
	SEPTEMBER 2023	AUGUST 2023	INCREASE (DECREASE)	NET CHANGE %	SEPTEMBER 2022	INCREASE (DECREASE)	NET CHANGE %	
<b>Orange County Treasurer's Pool (OCTP)</b>								
End Of Month Market Value <sup>1,2</sup>	\$ 13,479,133,175	\$ 13,748,679,275	\$ (269,546,100)	-1.96%	\$ 11,553,651,821	\$ 1,925,481,354	16.67%	
End Of Month Book Value <sup>1,2</sup>	\$ 13,575,141,436	\$ 13,853,218,305	\$ (278,076,869)	-2.01%	\$ 11,814,227,852	\$ 1,760,913,584	14.91%	
Monthly Average Balance <sup>2</sup>	\$ 13,453,914,041	\$ 13,772,491,582	\$ (318,577,541)	-2.31%	\$ 11,463,280,259	\$ 1,990,633,782	17.37%	
Year-To-Date Average Balance <sup>2</sup>	\$ 13,832,165,802	\$ 14,021,291,683	\$ (189,125,881)	-1.35%	\$ 11,798,972,108	\$ 2,033,193,694	17.23%	
Monthly Accrued Earnings <sup>3</sup>	\$ 45,492,057	\$ 45,992,591	\$ (500,534)	-1.09%	\$ 12,353,939	\$ 33,138,118	268.24%	
Monthly Net Yield <sup>3</sup>	4.024%	3.843%	0.181%	4.71%	1.228%	2.796%	227.80%	
Year-To-Date Net Yield <sup>3</sup>	3.870%	3.799%	0.071%	1.88%	0.999%	2.872%	287.58%	
Annual Estimated Gross Yield <sup>4</sup>	4.050%	4.050%	0.000%	0.00%	2.615%	1.435%	54.86%	
Weighted Average Maturity (WAM)	269	252	17	6.58%	255	13	5.25%	

<sup>1</sup> Market values provided by Bloomberg and Northern Trust. Market value for OCIP is lower than book value. Short-term rates rose sharply in FY 2022-2023 while the increase this fiscal year is less, the market values on these pools remain below book values. The OCTP has sufficient liquidity to meet projected cash flow needs.

<sup>2</sup> The OCTP End of Month Market Value, End of Month Book Value, Monthly Average Balance and Year-To-Date Average Balance are higher than the prior year primarily due to funding for new OC Department of Education programs by federal and state governments.

<sup>2</sup> The OCTP Monthly Accrued Earnings, Monthly Net Yield and Year-To-Date Net Yield are higher than prior year due to higher interest rates with the FOMC raising short-term rates by 3.75% since July 1, 2022.

<sup>3</sup> The OCTP Annual Estimated Gross Yield is higher than the prior year due to continued higher yields from short-term rate increases. The OCTP Annual Estimated Gross Yield for September 2022 is reported at the actual annual gross yields for FY 22-23.

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY  
July 31, 2023**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	Annual Compliance Audit as of June 30, 2023 not yet started and RFP for procurement of audit is in process.
Quarterly Compliance Monitoring	TOC	TOC Directive	December 31, 2022, March 31, 2023 and June 30, 2023 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2022 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	December 31, 2022 and March 31, 2023 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013 and IPS Section XVI.	FY 22/23 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2022 completed.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2023 IPS certifications received from all approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 23/24 identified zero compliance incidents as of July 31, 2023.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 19, 2022 meeting. No BOS approval required.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 19, 2022 meeting and provided input on the proposed IPS changes. BOS approved on December 20, 2022.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2022 Annual Report was approved by TOC on January 25, 2023 and received by the BOS on May 9, 2023.
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 19, 2022.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2023.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2022.
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 2022, and one designated employee has not filed their leaving office Form 700 in 2023.

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

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY  
August 31, 2023**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	Annual Compliance Audit as of June 30, 2023 not yet started and RFP for procurement of audit is in process.
Quarterly Compliance Monitoring	TOC	TOC Directive	December 31, 2022, March 31, 2023 and June 30, 2023 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2022 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	December 31, 2022 and March 31, 2023 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013 and IPS Section XVI.	FY 22/23 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2022 completed.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2023 IPS certifications received from all approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 23/24 identified zero compliance incidents as of August 31, 2023.
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Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2022.
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 2022, and one designated employee has not filed their leaving office Form 700 in 2023.

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

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY  
September 30, 2023**

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	Annual Compliance Audit as of June 30, 2023 not yet started and RFP for procurement of audit is in process.
Quarterly Compliance Monitoring	TOC	TOC Directive	December 31, 2022, March 31, 2023 and June 30, 2023 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2022 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	December 31, 2022 and March 31, 2023 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013 and IPS Section XVI.	FY 22/23 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2022 completed.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	2023 IPS certifications received from all approved brokers for OCTP, Specific Investment Accounts and the CCCD Bond Proceeds Accounts
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 23/24 identified zero compliance incidents as of September 30, 2023.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made no changes at the October 19, 2022 meeting. No BOS approval required.
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LEGEND	
Auditor-Controller	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**OCTP INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY<sup>(1)</sup>**  
**September 30, 2023**

Investment Type	IPS Diversification Limit	Market Value of Investments <sup>(2)</sup>	Percent of Portfolio
U.S. Government Agency Securities	100%	\$ 10,284,514,507	76.30%
U.S. Treasury Securities	100%	2,418,286,594	17.94%
Municipal Debt	20%	-	-
Medium-Term Notes	20%	-	-
Banker Acceptances	40%	-	-
Commercial Paper	40%	-	-
Certificates of Deposits	20%	-	-
Local Agency Investment Fund (LAIF)	\$75MM	999,920	0.01%
Repurchase Agreements	20%	-	-
Money Market Mutual Funds (MMMFs)	20%	775,332,154	5.75%
JPA Investment Pools (JPA)	20%	-	-
Supranationals	30%	-	-
		<b>\$ 13,479,133,175</b>	<b>100.00%</b>

Compliance Category	IPS Guidelines	Compliance (Yes/No)
Percentage Limits		
Issuer Limit	5%	Yes
MMMFs, JPA, Repurchase Agreements <sup>(4)</sup>	20%	Yes
Government Agencies Issuer	100%	Yes
Diversification Limit	See Above	Yes
Maturity/Duration Limits		
Duration <sup>(5)</sup>	1.5 Years	Yes/ 0.71
Final Maturity	5 Years/1826 days	Yes/ 1797
Rating Limits		
Short Term/Long Term	A-1/≥ AA <sup>(3)</sup>	Yes
Authorized Issuer	Approved Issuer List	Yes
Authorized Broker/Dealer	Broker/Dealer List	Yes
Net Asset Value <sup>(6)</sup>	>0.9975	0.9929

(1) The 2023 IPS compliance effective January 1, 2023.

(2) All investments are marked to market in compliance with the IPS and market values are provided by Bloomberg and Northern Trust.

(3) Excludes US Government Debt per the 2023 IPS policy approved by the Board of Supervisors on December 20, 2022 effective on January 1, 2023.

(4) IPS requirements further limit investments in each MMMF account, JPA pool and repurchase agreement issuer to 10%.

(5) Modified duration which does not take into consideration all embedded options such as callable bonds.

(6) The OCTP NAV reflects a slight increase in market values verses book values, and the NAV still remains below 1.0000 at 0.9929 compared to last month's NAV at 0.9925. The OCTP has sufficient liquidity to meet projected cash flow needs.

Note: Compliance exceptions, if any, are noted by red shading for the specific IPS guideline.



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



[octreasurer.com/publicfunds](http://octreasurer.com/publicfunds)

July 31, 2023

**FIRST 5 ORANGE COUNTY**

**Fund Number : 225**

**JULY 2023 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<b><u>Transaction Date</u></b>	<b><u>Transaction Description</u></b>	<b><u>Amount</u></b>
07/28/2023	April 2023 Interest Paid	\$ 199,453.44

**Summary**

Total Deposit:	\$ 69,587,532.27	Beginning Balance:	\$ 68,063,483.91
Total Withdrawal:	\$ (68,632,679.19)	Ending Balance:	\$ 69,018,336.99



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[octreasurer.com/publicfunds](http://octreasurer.com/publicfunds)

August 31, 2023

**FIRST 5 ORANGE COUNTY**

**Fund Number : 225**

**AUGUST 2023 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<u>Transaction Date</u>	<u>Transaction Description</u>	<u>Amount</u>
08/01/2023	July 2023 Investment Admin Fee	\$ (2,932.91)
08/30/2023	May 2023 Interest Paid	\$ 207,861.93

**Summary**

Total Deposit:	\$	1,908,083.04	Beginning Balance:	\$	69,018,336.99
Total Withdrawal:	\$	(2,992,831.02)	Ending Balance:	\$	67,933,589.01



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[octreasurer.com/publicfunds](http://octreasurer.com/publicfunds)

September 30, 2023

**FIRST 5 ORANGE COUNTY**

**Fund Number : 225**

**SEPTEMBER 2023 STATEMENT**

**INVESTMENT BALANCE IN OCIP**

**Transactions**

<b><u>Transaction Date</u></b>	<b><u>Transaction Description</u></b>	<b><u>Amount</u></b>
09/01/2023	August 2023 Investment Admin Fee	\$ (2,922.41)
09/27/2023	June 2023 Interest Paid	\$ 213,061.32

**Summary**

Total Deposit:	\$	394,205.08	Beginning Balance:	\$	67,933,589.01
Total Withdrawal:	\$	(2,013,601.48)	Ending Balance:	\$	66,314,192.61





# Andrew N. Hamilton, CPA

Orange County Auditor-Controller



## Internal Audit

First Follow-up Review of the Management Letter on  
Review of the Schedule of Assets as of March 31, 2022

Audit Manager: Michael Steinhaus  
Auditor II: John C. Lim, CIA

Audit Number 2217-B  
Report Date: September 26, 2023



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

**ANDREW N. HAMILTON, CPA**  
AUDITOR-CONTROLLER

DATE: September 26, 2023

TO: Honorable Board of Supervisors

FROM: Michael Steinhaus, Audit Manager

SUBJECT: First Follow-up Review of the Management Letter on Review of the Schedule of Assets as of March 31, 2022

We have completed a follow-up review of the Management Letter on Review of the Schedule of Assets as of March 31, 2022 (Management Letter). We found that the Treasurer-Tax Collector did not implement one recommendation. We will perform a second follow-up review in approximately six months and a follow-up report form is attached to facilitate that review.

Other recipients of this report:

- Members, Audit Oversight Committee
- Jason Prole, Director of Investments
- Brian Winn, Accounting/Compliance Manager
- Salvador Lopez, Chief Deputy Auditor-Controller
- John Lim, Auditor II
- Foreperson, Grand Jury
- Robin Stieler, Clerk of the Board of Supervisors
- Eide Bailly LLP, County External Auditor



# Internal Auditor's Report

## Background

We completed a review of the Schedule of Assets as of March 31, 2022; and identified one control deficiency in the related management letter.

## Results

During our first follow-up review, we found the following status as of January 31, 2023:

**Finding:** Accounts Not Recorded in Quantum (Control Deficiency)

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

**Status: Not Implemented.** We found that T-TC does not ensure that all accounts included in its Schedule of Assets are recorded in Quantum. T-TC believes that this finding is no longer applicable because the accounts in the finding will be closed.

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

*Michael Steinhaus*

Michael Steinhaus  
Santa Ana, California  
September 26, 2023



# Internal Auditor's Report

## ATTACHMENT A: Recommendation Implementation Status

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

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation. No follow-up necessary.	The department is in the process of implementing our recommendation. Follow-up recommended.	The department has taken no action to implement our recommendation. Follow-up recommended.	Our recommendation is no longer applicable. No follow-up necessary.