FIRST 5 CONTRA COSTA
CHILDREN AND FAMILIES COMMISSION

Commission Meeting
A G E N D A
Monday, October 30, 2023, 6:00 pm
First 5 Contra Costa, Conference Center
4005 Port Chicago Hwy., Suite 120, Concord CA 94520
309 Diablo Road, Danville, CA 94526

The Commission meeting will be accessible in-person and via virtual webinar to all members of the public.
Persons who wish to address the Commission during public comment or with respect to an item on the agenda may call in during the meeting by dialing 669-444-9171 or 669-900-6833 or use the "raise your hand" feature in the Zoom app. The Commission Chair may reduce or eliminate the amount of time allotted to read comments at the beginning of each item or public comment period depending on the number of comments and the business of the day. Your patience is appreciated.

Virtual Webinar Information:
Please click the link below to join the webinar:
https://us02web.zoom.us/j/86085927051
Webinar ID: 860 8592 7051

1.0 Call to Order and Roll Call

2.0 Public Comment
The public may comment on any item of public interest within the jurisdiction of the First 5 Contra Costa Children and Families Commission. In accordance with the Brown Act, if a member of the public addresses an item not on the posted agenda, no response, discussion, or action on the item may occur.

3.0 Approve the Minutes from the September 11, 2023 Commission Meeting. **Action**

4.0 Approval of Consent Calendar **Action**
A Commissioner or member of the public may ask that any of the following consent items be removed from the consent calendar for consideration under Item 4.

4.1 **Approve the Grants Docket**

4.1.1 RATIFY the execution of a grant agreement with First 5 San Benito (Lead) for a $132,447.87 grant for IMPACT HUB Implementation for term August 1, 2023 to June 30, 2025. FY2023-24 budget line: Early Childhood Education Initiative: Early Learning Quality ($487,032). Funded 100% First 5 California.

4.1.2 APPROVE and AUTHORIZE the Executive Director, or her designee, to apply for and, accept grant funding from Sunlight Giving, in an amount not to exceed $20,000 for a Capacity Building Grant to purchase screens and related accessories for the Training Conference Center located at First 5 Administrative Office (4005 Port Chicago Hwy, Suite 120 Concord, CA) for term November 30, 2023 to November 29, 2024. FY2023-24 budget line: Administrative Expense: Administrative Equipment and Furnishings ($50,000). Funded 100% Sunlight Giving.

4.2 **Accept the First 5 Contra Costa September and October 2023 Program Reports**

4.3 **Accept the 4th Quarter Financial Report of FY 2022-2023**

4.4 **Accept the Executive Director's Report**

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5.0 CONSIDER for discussion any items removed from the Consent Calendar.

6.0 RECEIVE presentation honoring exiting First 5 Contra Costa Commissioner. **Discussion**

- District 3 Commissioner Lee Ross for over 7 years of service.

7.0 CONSIDER accepting the Fiscal Year 2022-2023 Financial Audit. **Action**

7.1 (a) Public Hearing on the First 5 Contra Costa's Annual Financial Audit for FY 2022-2023
(b) Adopt the Annual Financial Audit for FY 2022-2023

8.0 CONSIDER accepting the Annual Report to First 5 California for Fiscal Year 2022-2023. **Action**

8.1 (a) Public Hearing on the First 5 Contra Costa's Annual Report for FY 2022-2023
(b) Adopt the Annual Report to First 5 California for FY 2022-2023

9.0 CONSIDER accepting the 2024 health and dental employer-paid premium contribution rates for active employees; and accept the 2024 premium contribution rates for intermittent employees, COBRA participants, retirees, and survivors at the same levels as the County. **Action**

10.0 Communications

- "Hefty cigarette taxes cut smoking big-time. But there's a downside for children" Article from Los Angeles Times - LINK
- "Kentucky had an outside-the-box idea to fix child care worker shortages. It's working" Article from NPR - LINK

11.0 Commissioner F.Y.I. Updates

12.0 Adjourn

The First 5 Contra Costa Children and Families Commission will provide reasonable accommodations for persons with disabilities planning to participate in Commission meetings who contact the Commission's offices, at least 48 hours before the meeting, at (925) 771-7300.
Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the First 5 Contra Costa Children and Families Commission to a majority of members of the First 5 Contra Costa Children and Families Commission less than 96 hours prior to that meeting are available for public inspection at 4005 Port Chicago Highway, Suite 120, Concord, CA 94520 during normal business hours.
In consideration of those who may suffer from chemical sensitivities or who may have allergic reactions to heavy scents, First 5 Contra Costa requests that staff and visitors refrain from wearing perfume, cologne, or the use of strongly scented products in the work place. We thank you for your consideration of others.

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Commission Meeting
MINUTES
Monday, September 11, 2023
6:00 pm
First 5 Contra Costa, Conference Center
4005 Port Chicago Hwy., Suite 120, Concord CA 94520
309 Diablo Rd., Danville, CA 94526

1.0 Call to Order and Roll Call

Chair John Jones called the meeting to order at 6:10 PM.

Commissioners present during roll call were:

District 1: Dr. Rocio Hernandez, Vice-Chair
District 2: Marilyn Cachola Lucey
District 2: Alternate Vidya Iyengar
District 4: Alternate Gareth Ashley
District 5: John Jones, Chair
District 5: Alternate LaTrena Robinson
Health Department: Dr. Ori Tzvieli (Remote)
EHSD: Dr. Marla Stuart
Children & Families Services: Alternate Roslyn Gentry

Also, in attendance during roll call were:

Keiko Kobayashi, County Counsel

Commissioners not present during roll call were:

District 3: Lee Ross
District 4: Matt Regan, Treasure / Secretary
Board of Supervisors: Supervisor Candace Andersen (Remote. Joined after Agenda Item 7.)
Board of Supervisors: Alternate Supervisor Ken Carlson
Health Department: Alternate Dr. Sefanit Mekuria
Children & Families Services: Kathy Marsh

2.0 Public Comment

No comment from the public.

3.0 Approve the Minutes from the July 10, 2023 Commission Meeting.

The Chair asked if there were any questions regarding item 3.0. There were none.

The Chair asked for a motion to approve the minutes from July 10, 2023.

Commissioner Marilyn Cachola Lucey made a motion, seconded by Commissioner Roslyn Gentry to approve the minutes.

Roll call of vote:

Yes: District 2: Marilyn Cachola Lucey
District 2: Alternate Vidya Iyengar
District 5: John Jones, Chair
EHSD: Dr. Marla Stuart
Children & Families Services: Alternate Roslyn Gentry

Nos: None

ABSTAIN: District 1: Dr. Rocio Hernandez, Vice-Chair
District 4: Alternate Gareth Ashley
Health Department: Dr. Ori Tzvieli

Absent: District 3: Lee Ross
District 4: Matt Regan, Treasure / Secretary
Board of Supervisors: Supervisor Candace Andersen
Board of Supervisors: Alternate Supervisor Ken Carlson
Health Department: Alternate Dr. Sefanit Mekuria
Children & Families Services: Kathy Marsh

The motion was **APPROVED**.

4.0 Approval of Consent Calendar *A Commissioner or member of the public may ask that any of the following consent items be removed from the consent calendar for consideration under item 5.0.*

Items 4.2.1 and 4.2.2 were removed by the Chair from the Consent Calendar for consideration in Item 5.0 and voting on the remaining items proceeded.

The Chair called for a motion to approve the Consent Calendar with the removal of items 4.2.1 and 4.2.2.

Commissioner Gareth Ashley made a motion to approve the Consent Calendar, seconded by Commissioner Marilyn Cachola Lucey.

Roll call of vote:

Yes: District 1: Dr. Rocio Hernandez, Vice-Chair
District 2: Marilyn Cachola Lucey
District 4: Alternate Gareth Ashley
District 5: John Jones, Chair
Health Department: Dr. Ori Tzvieli
EHSD: Dr. Marla Stuart
Children & Families Services: Alternate Roslyn Gentry

Nos: None

ABSTAIN: None

Absent: District 3: Lee Ross
District 4: Matt Regan, Treasure / Secretary
Board of Supervisors: Supervisor Candace Andersen
Board of Supervisors: Alternate Supervisor Ken Carlson
Health Department: Alternate Dr. Sefanit Mekuria
Children & Families Services: Kathy Marsh

The motion was **APPROVED**.

5.0 CONSIDER for discussion any items removed from the Consent Calendar.

Before discussing item 4.2.1 and 4.2.2 Dr. Ori Tzvieli read a recusal statement then left the room.

Commissioner John Jones opened the discussion of item:

4.2.1 APPROVE and AUTHORIZE the Executive Director, or her designee, to execute a contract with Contra Costa County Health Services, in an amount not to exceed $92,917 to support the Triple P Parenting program for the period July 1, 2023 to June 30, 2024. FY2023-24 budget line: Early Intervention Initiative: Triple P Positive Parenting ($194,655). Funded 100% Contra Costa County Health Services.

There were no questions regarding these items.

Commissioner John Jones asked for a motion to approve item 4.2.1.

Commissioner Gareth Ashley made a motion to approve item 4.2.1, seconded by Commissioner Marilyn Cachola Lucey.

Roll call of vote:

Yes: District 1: Dr. Rocio Hernandez, Vice-Chair
District 2: Marilyn Cachola Lucey
District 4: Alternate Gareth Ashley
District 5: John Jones, Chair
EHSD: Dr. Marla Stuart
Children & Families Services: Alternate Roslyn Gentry

Nos: None

ABSTAIN: Health Department: Dr. Ori Tzvieli, due to conflict of interest

Absent: District 3: Lee Ross
Board of Supervisors: Supervisor Candace Andersen
Board of Supervisors: Alternate Supervisor Ken Carlson

Health Department: Alternate Dr. Sefanit Mekuria
Children & Families Services: Kathy Marsh

The motion was **APPROVED**.

4.2.2 APPROVE and AUTHORIZE the Executive Director, or her designee, to execute a contract amendment with Counseling Options & Parent Education Support Center, Inc. to increase the payment limit by $50,926 (from $144,014 to $194,940) to support the Triple P Parenting program. FY2023-24 budget line: Early Intervention Initiative: Triple P Positive Parenting ($194,655). Funded 100% Contra Costa County Health Services.

There were no questions regarding these items.

Commissioner John Jones asked for a motion to approve item 4.2.2.

Commissioner Marla Stuart made a motion to approve the Consent Calendar, seconded by Commissioner Marilyn Cachola Lucey.

Roll call of vote:

Yes: District 1: Dr. Rocio Hernandez, Vice-Chair
District 2: Marilyn Cachola Lucey
District 4: Alternate Gareth Ashley
District 5: John Jones, Chair
EHSD: Dr. Marla Stuart
Children & Families Services: Alternate Roslyn Gentry

Nos: None

ABSTAIN: Health Department: Dr. Ori Tzvieli, due to conflict of interest

Absent: District 3: Lee Ross
Board of Supervisors: Supervisor Candace Andersen
Board of Supervisors: Alternate Supervisor Ken Carlson
Health Department: Alternate Dr. Sefanit Mekuria
Children & Families Services: Kathy Marsh

The motion was **APPROVED**.

Commissioner Tzvieli rejoined the meeting.

6.0 CONSIDER appointing the Nominating Committee for 2024 Officers' Election

Commissioners Iyengar, Gentry and Mekuria (by email) volunteered to participate on the Ad Hoc Nominating Committee to develop a Slate of Officers for 2024 calendar year.

Commissioner Marla Stuart made a motion to approve Nominating Committee members, seconded by Commissioner Marilyn Cachola Lucey.

Roll call of vote:

Yes: District 5: John Jones, Chair
District 1: Dr. Rocio Hernandez, Vice-Chair
District 2: Marilyn Cachola Lucey
District 4: Alternate Gareth Ashley
Health Department: Dr. Ori Tzvieli
EHSD: Dr. Marla Stuart
Children & Families Services: Alternate Roslyn Gentry

Nos: None

ABSTAIN: None

Absent: District 3: Lee Ross
District 4: Matt Regan, Treasure / Secretary
Board of Supervisors: Supervisor Candace Andersen
Board of Supervisors: Alternate Supervisor Ken Carlson
Health Department: Alternate Dr. Sefanit Mekuria
Children & Families Services: Kathy Marsh

The motion was **APPROVED**.

6.0 Receive Presentation of Building Community Power for Equity: The Collaborative Advocacy and Power Partnership (CAPP) in Contra Costa County.

Dr. Kerby Lynch and Marianna Moore provided an overview and PowerPoint presentation of their collaboration between the Ensuring Opportunity Campaign (EO) and First 5 Contra Costa's Family Economic Security Partnership (FESP) resulting in an innovative two-year program called the Collaborative Advocacy and Power Partnership (CAPP). The presentation provided a summary of the project recommendations and learnings over the two years. The final CAPP narrative report was included in the Commission packet.

7.0 Receive Staff Update on Advocacy & Stakeholder Engagement Strategy

Sandra Naughton, Director of Policy, Strategy and Evaluation gave an overview and PowerPoint presentation of First 5's Advocacy and Stakeholder Engagement efforts led by a staff workgroup. As one of First 5's four strategic priorities, Sandra shared current and future activities which includes data reports and future Advocacy and Stakeholder Engagement recommendations.

Supervisor Candace Andersen joined the meeting remotely.

9.0 Executive Director's Report

Dr. Ruth Fernández provided the following updates:

Internal Updates:

Welcomed new First 5 staff: Mikele Nelson (Executive Assistant) and Eva Garcia (Administrative Assistant). Early Childhood Education Program Officer position will be re-posted, an announcement will go out to the Commission. Dr. Fernandez asked for support with disseminating the job posting.

We have consolidated two data systems into one data system (ETO) for an annual savings of $20K. The new website refresh has gone live.

County updates:

Ruth shared updates about upcoming potential grant opportunities, and an update on the workforce study with UC Berkeley's Center for the Study of Child Care Employment. All five First 5 Centers are up and running, two of which have new directors.

State updates:

Ruth provided an update on the opposition letter The First 5 Association submitted to the legislature regarding the MHSA Modernization Act, SB 226. The letter asked for 50% MHSA funding dedicated to PEI (Prevention and Early Intervention) for children and a 20% allocation for children birth to 5. The birth to 5 year funding allocation ask has not been included in bill language amendments. She reported the new First 5 California Commission Chair is Katie Albright. Ruth played a video of her interview segment on KTVU news.

10.0 Communications

The following Communications were included in the packet:

- First 5 Contra Costa CA State Controller Audit Report Acceptance Letter
- First 5 Contra Costa CA State Controller Finding Follow-up Letter
- First 5 Contra Costa Letters to Legislative Offices – SB 326(Eggman) MHSA Amendments

11.0 Commissioner F.Y.I. Updates

- Commissioner Marla Stuart shared that she welcomed a new grandchild to her family.

12.0 Adjourn

The meeting adjourned at 7:49 PM.

Chair Jones reminded everyone of the next meeting scheduled for October 30th, 2023.

ITEM 4.1
CONTRACTS & GRANTS APPROVAL DOCKET

October 30, 2023

Grants Approval Docket

4.1.1 RATIFY the execution of a grant agreement with First 5 San Benito (Lead) for a $132,447.87 grant for IMPACT HUB Implementation for term August 1, 2023 to June 30, 2025. FY2023-24 budget line: Early Childhood Education Initiative: Early Learning Quality ($487,032). Funded 100% First 5 California.

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PROGRAM UPDATES

September/October 2023

Early Intervention

*Our **Early Intervention** (EI) initiative aims to ensure that families have access to prevention and early intervention supports and services that foster the optimal development of all children.*

Help Me Grow (HMG)

Wanda Davis, Early Intervention Program Officer, and Liliana Gonzalez Sanchez, Help Me Grow Program Coordinator, presented at the Help Me Grow National Forum in early October. This year's forum highlighted 6 HMG systems in a series of short presentations in the style of TED Talks and our presentation highlighted our HMG system evolution through the lens of collective impact. In addition, this year's Forum featured professional development intensives offered by leading organizations around the country and HMG National Center staff.

First 5 Contra Costa and the Contra Costa Crisis Center, who we fund to operate the HMG model, are working closely to improve the connection rate with referred families. For the last 6 months, care coordinators have increased the number of times they attempt to reach families with follow up questions, and have also tried texting them for follow up. . Overall, they have reached more families which helps us know if the family received the services or supports they wanted.

Emily Hampshire, Trauma and Resiliency Coordinator, recently completed her ASQ Training of Trainers certification and is now able to provide additional support training. Emily is looking forward to applying her new skills towards promoting universal developmental screening and supporting First 5's ongoing capacity-building efforts to support providers in implementing screening.

Creating More Inclusive Early Care and Education Opportunities

First 5 Contra Costa released a competitive bidding process to select a consultant to facilitate a community planning process to identify ways to improve early care and education providers' ability to effectively include children with disabilities in their programs. Focus groups will be held with key stakeholders, including parents of children with disabilities, early care and education providers, and community organizations who work with children with disabilities. Information will also be drawn from the 2020 Inclusion Blueprint developed by the Contra Costa County Office of Education in collaboration with other early childhood agencies. The resulting plan will aim to build the capacity of early care and education providers by increasing their knowledge, skills, and resources to better include children with disabilities. Click here to learn more.

Fostering Self-Care Among Providers & Communities

Self-care week was all about reminding ourselves to prioritize our wellness in order to pour love and care into our work with families! Over 40 "influencers" plus additional community members posted on the Contra Costa Network of Care hub from September 25-29 sharing tips about how they integrate self-care into their work and lives as providers serving children age 0-5 and their families. We invited influencers from a broad spectrum of sectors: early childhood mental health, early care and education, pediatrics, and a variety of other social services. Many influencers shared messages like *"you have to put your own mask on first"* and "*you can't pour from an empty cup."* This year's Self-Care Week activities on the hub created a significant spike in activity and led to 20 new members joining.

PROGRAM UPDATES
September/October 2023

The First 5 Contra Costa team participated in two weeks of self-care activities including a team walk, yoga, meditation, nutrition activities like salad and smoothie bars, and more. We received positive feedback from staff including that folks want to find ways to sustain activities and make more regular/routine occurrences around the office. Many thanks to our internal Team Building Committee for collaborating to make these internal events happen.

Advocating for Early Childhood Mental Health to County Mental Health Commission

First 5 Contra Costa presented at the Contra Costa County Mental Health Commission meeting on October 4 about the importance of focusing on the mental health of our county's youngest residents. Our Executive Director, Ruth Fernández, Ed.D., and Wanda Davis, our Early Intervention Program Officer, shared our whole-child, whole-family approach to mental health in early childhood, including our efforts to promote preventing, screening, treating, and healing Adverse Childhood Experiences. The Commissioners were highly engaged and asking thoughtful questions, as well as requested that we come present again in the near future and discussed a possible collaboartion on a young child mental health wellness mini conference.

Coming Up Next

- The next Help Me Grow Café will be heled on November 14: Community Partnership and CalAim.
- On November 8, Liliana Gonzalez Sanchez will be moderating a community panel at the upcoming Mission Impossible II Conference, which aims to bring together local providers focused on violence prevention—First 5 is a co-sponsor of this event.
- In November, First 5 Contra Costa will be reviewing and selecting a consultant to lead the community planning process for the project focused on creating more inclusive early care and education opportunities..

Family Economic Security Partnership

*The **Family Economic Security Partnership** (FESP) is a public, private and nonprofit collaboration dedicated to increasing the income and building the assets of low-income families and individuals living in Contra Costa County.*

Quarterly Meeting on Guaranteed Income

FESP's most recent quarterly meeting was on September 14 and focused on learning about Guaranteed Income strategies in our county. More than 20 individuals participated in the meeting, which featured the following guest speakers:

- Marissa Garibay, Guaranteed Income Coordinator, from Community Financial Resources speaking about their work last year educating community members about guaranteed income and gathering their input how guaranteed income could support Contra Costa residents.
- Julia Quintero, Program Manager, from Monument Impact speaking about their ARPA-funded pilot called "elevate Concord" that launches this fall and aims to support 120 single-parent families with children under age 12 who earn less than $55,000 a year and live in Concord.
- Our own Ruth Fernández who spoke about First 5 Contra Costa's plans to design a guaranteed income pilot for child care teachers.

In addition to a lively discussion about guaranteed income, a representative from the County Elections Office shared information about their voter outreach offerings to coincide with September's National Voter Registration Day. You can view the presentations here.

PROGRAM UPDATES
September/October 2023

Coming Up Next
FESP is working on planning its future meetings will likely focus on topics such as:

- What bills from the legislative session were signed into law and what will their impact be on family's economic security? What's the state legislative work ahead of us?
- Understanding how staff in direct service nonprofits can and are strong advocates
- Understanding the local county and state budget process

Check our webpage for more updates and contact us to join our mailing list: FESP@first5coco.org

Early Childhood Education

*Our **Early Childhood Education** (ECE) initiative aims to ensure that all children have access to high-quality, affordable child care and early learning.*

Exciting Opportunity to Support Infant and Toddler Caregivers
First 5 Contra Costa is thrilled to partner with West Ed to provide a 19-week online Program for Infant Toddler Caregiving (PITC) for providers. Up to 30 providers will have the opportunity to increase their knowledge and understanding of practices to support the implementation of a high-quality infant/toddler program, increase their knowledge and understanding of infant/toddler development in the social-emotional, cognitive, language and communication, and perceptual and motor development domains, and learn about the importance of culture and how to form responsive partnerships with families. Participants are eligible to receive three units of academic credit through California State University, Fresno at no cost to them. Enrollment will begin in December for a January start date.

Early Childhood Education (ECE) Provider Training Series: "What's Love Got to Do with It?" A Training on Exclusionary Discipline

On September 16, Nini Humphrey, M.Ed, a consultant with the Black Women in Early Childhood Collective (BWECC), returned to facilitate another ECE provider training. Nini, an Early Learning Coach and Oakland Unified School District teacher with extensive experience in ECE, led a training on exclusionary discipline. 16 local ECE providers attended this three-hour, in-person training at the First 5 Contra Costa Conference Center. This training provided participants with an opportunity to explore and understand what exclusionary discipline is, the different types of exclusionary discipline (i.e. exclusion, seclusion, in-school suspension, out-of-school suspension, soft expulsion, expulsion, etc.), and who is affected most by exclusionary discipline. The next session of the series, held on October 14, focused on creating culturally responsive learning environments.

Ready Kids East County Parent Group
The Ready Kids East County Parent Group had its virtual meeting on September 26, and Ana Fernanda Uribe, the Kidpower® Ecuador Center Director, presented on "Early Childhood Safety." This adults-only, virtual workshop walked parents and caregivers through strategies and techniques that could be used to help teach young children how to protect themselves in potentially harmful situations. Parents and caregivers went through an hour-long guided practice with Ana and tested out some of Kidpower's kid-friendly verbal cues and mannerisms developed to help children communicate in situations that might make them feel threatened or uncomfortable. 16 parents and caregivers in addition to First 5 Contra Costa staff attended the meeting. Parents and caregivers left the meeting with new strategies for addressing "early childhood safety" and received additional Kidpower resources after the workshop.

PROGRAM UPDATES
September/October 2023

Coming Up Next
- ECE Provider Training Series: The next training, "Culturally Responsive Learning Environments: Creating Spaces Where All Are Welcome", will be Saturday, November 18, 2023. This session will focus on how to go from parent/guardian discord, distrust, miscommunication to creating powerful, positive, productive, peaceful parent partnerships.
- Ready Kids East County Parent Group: At the end of October, the Parent Group will be heading to the pumpkin patch! This will be our second year going to a pumpkin patch and the families are excited to partake in all farm festivities.

Strengthening Families

*Our **Strengthening Families** (SF) initiative helps families build healthy relationships, strengthen support systems, and nurture their children's development.*

Center Operations
First 5 Contra Costa has entered into contract with Bay Area Community Resources (BACR) and Alexina Rojas to provide technical assistance and support to First 5 center staff. We are fortunate to have the support of Alexina, who has been the West County First 5 Center Director for more than 14 years and is very familiar with center operations. Alexina will partner with First 5 to conduct monthly center director meetings, monthly planning meetings with Community Resource Specialists and Community Advisory Council leads. This coordination and technical assistance will allow First 5 to assess the level of support needed as we move ahead into future contract periods.

Commissioners Visit East and West County First 5 Centers

Several Commissioners recently joined First 5 Contra Costa staff on visits to our East and West County First 5 Centers. On September 26, Commissioners John Jones and Ori Tziveli joined Ruth Fernández, Executive Director, and Sandra Naughton, Policy, Strategy, and Evaluation Director, for a visit to the East County First 5 Center. It was an opportunity for the Commissioners to meet staff from Lincoln Families—our new operator at the East County First 5 Center—and see how their vision is being implemented. A few weeks later, newly appointed Commissioner La Trena Robinson joined Ruth and Camilla Rand, Deputy Director, at the West County First 5 Center for a tour which included staff introductions and a peek at some of the classes in action.

Staff Report
October 30, 2023

ACTION: X
DISCUSSION: ____

TITLE: FY22-23 Year End Financial Summary, First 5 Contra Costa

Recommendation
Commission acknowledgement of the FY2022-23 year-end financial summary.

Overview
Fiscal year 2022-23 year-end report includes a statement of the revenues and expenditures of the year end June 30, 2023. FY22-23 adopted budget was $13,934,526, actual expended was $10,758,577. Revenue came in lower than budgeted in FY22-23, by approximately 20% ($2.2M less) and is as detailed below:

Revenue

- **State Sales Tax:** includes Prop 10/56/31 and SMIF experienced a drop of about **25% (or $-2.4M)**, collectively. However, included in this amount were two unanticipated increases. The SMIF disbursement was greater than initially anticipated (approx. $3,000 annually, but was **$26k** in FY22-23) and a new California Electronic Cigarette Excise Tax (CECET) disbursement resulted in approx. **$96k** (for Q1-3) of revenue. The CECET revenue is a result of the passage of SB395 on July 2, 2022.
- **State Grants & Subrecipient Awards:** in FY22-23 the adopted budget was $1.5M. F5CC received **$1.3M**, primarily due to the delayed receipt of IMPACT grant money in the amount of $582,683, which will be accounted for in the next fiscal year (FY23-24).
- **Philanthropic Grants:** F5CC received a net of approximately **$47k** more than anticipated in philanthropic grants (FY22-23 adopted budget: $503k) due to the receipt of unexpected funds and multi-year grants received.
- **Interest income:** Unexpected gains in the County's investment portfolio in the amount of **$534k** well over that budgeted (FY22-23 adopted budget: $75k) was a result of favorable market conditions.

Expenses
Expenses came in lower than budgeted, by approximately 23% ($3.2M less) and is detailed below:

- Programs Expenses (FY22-23 adopted budget: $10.6M) came in at **$8.7M** and were under projected amounts due to different programs being put on hold due to either staff retirements, staff shortages, set asides for matching grants, and/or other external challenges.
- Communications (FY22-23 adopted budget: $648k) expended **$323k**.
- Policy, Strategy & Evaluation (PSE) (FY22-23 adopted budget: $702k) expended **$350k**.
- Administrative Expenses (FY22-23 adopted budget: $2.0M) actual expended **$1.4M**.
- Personnel & Overhead Expenses were included in all of the above budgets. Reductions in actual expenditures are largely due to position vacancies that either were filled mid-way through the fiscal year, involved staff departures, or were budgeted but not filled intentionally. In FY22-23, F5CC had approximately 4 FTEs depart from the organization for reasons ranging from retirements to attaining other job opportunities.

Conclusion
Overall, PSE expenses made up 3.3% of the entire F5CC budget. Communications expenses made up 3.0% of the entire F5CC budget. Administration Expenses were still under the 15% cap, coming in at 13.3% of the FY22-23 adopted budget. The actual amount of drawdown was $1.3M, which was $909k less than budgeted (FY22-23 adopted budget: $2.2M). The Ending Fund Balance is $17,454,711, per the FY22-23 Audit and GASB reporting categories.

Fiscal Impact
A drawdown of reserves in the amount of $1.3M will be required to close the FY22-23 budget shortfall.

FIRST 5 CONTRA COSTA

REVENUE	FY 2022-23 Approved Budget: F5 Contra Costa Funds	FY 2022-23 Approved Budget: Other Funds	FY 2022-23 Approved Budget: Total Revenue Budget	FY2022-23 4th Quarter Revenue & Expenditures: F5 Contra Costa Funds	FY2022-23 4th Quarter: Other Funds	FY2022-23 4th Quarter: Total Revenue	% of Budget	Notes:
State Sales Tax								
Sales Tax Apportionment - Proposition 10/56/SMIF/CECET	9,573,934		9,573,934	7,168,499		7,168,499	75%	1
State Grants			-			-		
First 5 California IMPACT Grant		904,917	904,917		344,116	344,116	38%	2
First 5 California Dual Language Learner Grant (DLL)		-	-			-		
Subrecipient Awards			-			-		
CA State Preschool Quality Block Grant (CSPP)		251,119	251,119		251,119	251,119	100%	
Quality Counts California (QCC)		211,905	211,905		210,457	210,457	99%	
First 5 Association - HUB Training MOU		70,094	70,094		123,031	123,031	176%	
MHSA-Behavioral Health Agreement (Triple P)		81,741	81,741		89,343	89,343	109%	
MHSA- We Care Services for Children (Everyday Moments)		20,000	20,000		5,000	5,000	25%	
Other Public Funds (COE/CLC, CCC Call to Action)					75,491	75,491		3
Philanthropic Grants			-			-		
San Francisco Foundation		55,000	55,000		75,000	75,000	136%	
Lesher Ready Kids East County		373,017	373,017		230,000	230,000	62%	
Sunlight Giving				100,000	50,000	150,000		
Y&H Soda Foundation Grant		75,000	75,000		75,000	75,000	100%	
Richmond Community Fdn Grant - EO (CAPP)					20,000	20,000		
Other Revenue			-			-		
Interest Income	75,000		75,000	607,130		607,131	810%	4
Other Misc. Income			-	200		200		
TOTAL FY 2022-23 REVENUE	9,648,934	2,042,793	11,691,727	7,875,829	1,548,557	9,424,387	81%	
Fund Balance Drawdown	2,242,799	-	2,242,799	1,334,190	-	1,334,190	59%	
TOTAL REVENUE	11,891,733	2,042,793	13,934,526	9,210,020	1,548,557	10,758,577	77%	

PROGRAM EXPENSES	F5 Contra Costa Funds	Other Funds	Total Expense Budget	F5 Contra Costa Funds	Other Funds	Total Expense Budget	% of Budget	Notes
Program Initiatives								
Early Childhood Education Initiative								
Workforce Development	400,000	38,929	438,929	22,866	9,800	32,666	7%	5
Early Learning Quality		539,606	539,606	1,078	555,203	556,281	103%	
Ready Kids East County Initiative		213,017	213,017	-	41,873	41,873	20%	6
Literacy	178,602		178,602	178,602	50,029	228,631	128%	7
Total	578,602	791,552	1,370,154	202,546	656,905	859,451	63%	
Family Support								
First 5 Centers	2,823,839		2,823,839	2,574,825		2,574,825	91%	
Home Visiting	610,000		610,000	610,000		610,000	100%	
Training and Consultation	12,700		12,700	10,961		10,961	86%	
Total	3,446,539		3,446,539	3,195,786	-	3,195,786	93%	
Early Intervention								
Triple P Positive Parenting	81,741	112,041	193,782	89,643	99,343	188,986	98%	
Coordinated System of Care			-			-		8
Intervention Services	502,088		502,088	13,439		13,439	3%	9
Help Me Grow Services	459,097		459,097	415,548		415,548	91%	
Total	1,042,926	112,041	1,154,967	518,630	99,343	617,973	54%	
Stakeholder Engagement & Policy Advocacy								
Community Engagement	160,000	78,119	238,119	136,264	90,645	226,909	95%	
Family Economic Security Partnership	15,000		15,000	498		498	3%	10
Total	175,000	78,119	253,119	136,762	90,645	227,407	90%	
Program Salaries/Benefits and Overhead Expenses								
Program Salaries & Wages	1,730,283	719,815	2,450,098	1,345,332	764,955	2,110,287	86%	
Program Benefits	756,885	570,457	1,327,342	811,860	420,572	1,232,433	93%	
Program Expenses and Overhead	585,212		585,212	407,905		407,905	70%	???
Total	3,072,380	1,290,271	4,362,652	2,565,097	1,185,527	3,750,624	86%	
TOTAL PROGRAM EXPENSES	8,315,447	2,271,983	10,587,431	6,618,821	2,032,419	8,651,241	82%	

COMMUNICATIONS	F5 Contra Costa Funds	Other Funds	Total Expense Budget	F5 Contra Costa Funds	Other Funds	Total Expense Budget	% of Budget	Notes
Communications Salaries & Wages	255,208		255,208	122,048	2,976	125,024	49%	11
Communications Employee Benefits	160,772		160,772	77,253	2,024	79,277	49%	11
Professional Services	90,000		90,000	69,950		69,950	78%	11
Purchased Services and Supplies	98,000		98,000	9,100		9,100	9%	
Communications Expenses and Overhead	44,148		44,148	39,985		39,985	91%	
TOTAL COMMUNICATIONS	648,129	-	648,129	318,336	5,000	323,336	50%	

POLICY, STRATEGY AND EVALUATION (PSE)	F5 Contra Costa Funds	Other Funds	Total Expense Budget	F5 Contra Costa Funds	Other Funds	Total Expense Budget	% of Budget	Notes
Policy, Strategy & Evaluation Salaries & Wages	174,005		174,005	108,748		108,748	62%	11
Policy, Strategy & Evaluation Employee Benefits	100,634		100,634	53,189		53,189	53%	11
Professional Services	361,200		361,200	112,782		112,782	31%	
Purchased Services and Supplies	33,560		33,560	7,134		7,134	21%	
Policy, Strategy & Evaluation Expenses and Overhead	32,701		32,701	68,021		68,021	208%	12
TOTAL POLICY, STRATEGY AND EVALUATION (PSE)	702,099	-	702,099	281,854	-	349,875	50%	

ADMINISTRATIVE EXPENSES	F5 Contra Costa Funds	Other Funds	Total Expense Budget	F5 Contra Costa Funds	Other Funds	Total Expense Budget	% of Budget
Administrative Salaries & Wages	696,172		696,172	545,783	10,079	555,861	80%
Administrative Employee Benefits	408,282		408,282	301,517	5,903	307,420	75%
Professional Services	516,000		516,000	264,703		264,703	51%
Purchased Services & Supplies	173,225		173,225	151,837		151,837	88%
Operating Overhead (Risk Mgmt, DoIT/EHSD, etc.)	203,188		203,188	154,303		154,303	76%
TOTAL ADMINISTRATIVE EXPENSES	1,996,868	-	1,996,868	1,263,840	15,982	1,434,125	72%
GRAND TOTAL	11,662,543	2,271,983	13,934,526	8,482,851	2,053,401	10,758,577	77%

Note 1	State Sales Tax revenue includes Prop 10, Prop 56, new CECET and SMIF interest accrued while in State interest earning accounts prior to distribution to counties. Reflects a 25% decline in Prop. 10/56 revenue.
Note 2	IMPACT grant in the amount of $582,683 delayed in receipt, will post in FY23-24
Note 3	Representative of new grants received after FY22-23 budget approval.
Note 4	Interest earnings are percent of County's pooled investments (fluctuations
Note 5	A majority of the allocation was set aside for matching grants; includes PDP stipends paid at the end of the year.
Note 6	Allocation is per calendar year, budget is for 6 months into the fiscal year
Note 7	Increased Literacy activities via Lesher grant;
Note 8	Coordinated System of Care includes comprehensive intervention services, developmental playgroups, and provider consultation services and supports. It also includes navigation and referral services through HMG and activities to support and enhance the CCC Network of Care.
Note 9	Allocation includes match for Measure X funding for children with disabilities which was delayed. This line also includes set aside for navigation, also unspent due to external challenges.
Note 10	Program on hold due to staff retirement.
Note 11	Salaries, wages and benefits low due to staff vacancies
Note 12	Accounts for new GASB 96 related to Subscription-Based Information Technology Arrangements

Percent of Total Expenses (Budget) FY 2022-23		
Program	76.0%	80.6%
Communications	4.7%	
PSE	5.0%	5.0%
Administration	14.3%	14.3%
Total		**100.00%**

Percent of Total Expenses (Actual) FY 2022-23		
Program	80.4%	83.4%
Communications	3.0%	
PSE	3.3%	3.3%
Administration	13.3%	13.3%
Total		**100.00%**

Fund Balance as of	**6/30/2023**
Nonspendable	**414,379**
Prepaids and Deposits	307,379
Loans Receivable - Brighter Beginnings	107,000
Restricted	**245,219**
D&M Lesher Foundation - Ready Kids	245,219
Committed (includes multi-year)	**10,415,857**
Program Contractual Obligations	10,415,857
Assigned	**4,870,175**
Elimination of FY23/24 Budget Deficit	4,870,175
Unassigned Funds	**1,509,081**
Unassigned	1,509,081
Total Fund Balance	**17,454,711**

EXECUTIVE DIRECTOR REPORT

October 30, 2023, Commission Meeting

This report provides non-programmatic updates on key activities since the September Commission Meeting.

INTERNAL UPDATES

Personnel Report
This report provides First 5 Contra Costa staffing updates that includes new hires, promotions, resignations/retirements, vacancies, and advertised positions.

Early Childhood Program Officer Job Posting: First 5 Contra Costa announced the open recruitment for the Early Childhood Program Officer position. The position announcement was posted on the First 5 website, social media platforms, and other job boards. The link to the jobs page on our website: Jobs | First 5 Contra Costa

Farewell to Camilla Rand: This month, Deputy Director Camilla Rand announced her departure from First 5 Contra Costa at the end of November. The decision to leave was difficult for Camilla, but opportunities often present themselves unexpectedly. She will be moving to a new opportunity that is deeply connected to her passion for supporting and developing a strong early care workforce. Camilla's leadership was instrumental throughout the pandemic and in the development of the new Strategic Plan. We thank her for her leadership and contribution during her tenure with First 5. In the next few weeks, the executive team and the program team are working collaboratively with Camilla to develop a transition plan to ensure program needs and projects continue to move forward successfully. We are sad to see her leave and wish her all the best in her new endeavors!

CoGenerate Search for Fund Development Fellow: First 5 Contra Costa submitted an application to identify a potential fellow from CoGenerate (formerly Encore.org) to help plan and develop a long-term sustainability plan for First 5 Contra Costa. Review of potential candidates began in the month of October.

Compensation and Classification Study: Staff anticipate completing the compensation study currently in the works through Koff & Associates by the end of November. A summary report of findings and the organizational impact will be shared with the Commission at the December meeting.

Sunlight Giving Capacity Building Grant: First 5 Contra Costa is happy to announce a grant award for $20K from the Sunlight Giving Foundation to purchase smart screens for the First 5 Conference Center meeting rooms. We are grateful to Sunlight Giving for their support! The First 5 Conference Center meeting rooms will be available for booking from early childhood partner organizations and other third-party community serving organizations for a fee. Conference Center use agreement, protocol and fee schedule will be available on the First 5 website by the end of the calendar year.

COUNTY UPDATES

Request for Qualifications (RFQ): Staff are in the process of wrapping up a Request for Vendors released in September to identify vendors for communications, translation, grant-writing and other services. Qualified vendors will be selected and notified soon. During the month of October several Request for Qualifications were released to the public with the goal of securing important services and expertise to advance multiple projects lead by First 5 Contra Costa. All RFQ/RFP/RFV opportunities can be found on our website: **https://www.first5coco.org/funding-opportunities/**

Planning Consultant for Early Intervention Services (RFQ) – First 5 Contra Costa seeks qualified organizations, firms, and/or consultants to design, support, facilitate, and co-create a comprehensive 2-year plan to provide capacity-building and support to early care providers who serve children birth-5 with disabilities and their families.

Designer & Facilitator for Stakeholder Input & Advisory Group Process Request for Qualifications (RFQ)
First 5 Contra Costa seeks qualified organizations, firms, and/or consultants to design & facilitate a stakeholder input & advisory group process related to its Guaranteed Income for Child Care Teachers Project.

Researcher To Develop Guaranteed Income Model & Evaluation Plan (RFQ) - First 5 Contra Costa seeks qualified organizations, firms, and/or consultants to research, analyze and develop a guaranteed income for child care teachers model and evaluation plan.

STATE UPDATES

First 5 Medi-Cal Learning Community: The First 5 Policy Center has contracted with six First 5 California home visiting coordination grant regions (the Bay Area Region being one of the 6 regions) to provide technical assistance related to Medi-Cal managed care relationships and fiscal mapping. The Medi-Cal Learning Community (MCLC) held its launch meeting on October 24th and will continue through June 2025. The goal is to improve First 5s' understanding of Medi-Cal and improve participating First 5s' readiness to partner with Medi-Cal managed care plans on early childhood priorities.

F5 Leadership Network Cohort 4: The First 5 Network Leadership Cohort 4 just held their final convening in Sacramento. Our very own Deanna Carmona, First 5 Contra Costa Quality Coach, was one of many amazing First 5 leaders participating in leadership cohort 4! We celebrate Deanna's learning and participation in this leadership development opportunity. The First 5 Association staff will be reviewing the final evaluation of Cohort 4 in the coming months and are looking at opportunities to continue to strengthen and gather the F5 Leadership Network. We are proud to see one of our local First 5 Contra Costa leaders continue growth!

MHSA SB 326 Bill Signing: Governor Newson signed SB 326 on October 12th at a signing event held in southern California amongst several statewide leaders and state organizations including the First 5 Association. The final bill language mentions children prenatal to 5 years of age as a priority for the Mental Health Services Act funding but does not include a funding carveout for children ages 0-5.

Financial Statements
For the Year Ended June 30, 2023

First 5 Contra Costa Children and Families Commission

(a Component Unit of the County of Contra Costa, California)

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Commissioners
First 5 Contra Costa Children and Families Commission
Concord, 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 First 5 Contra Costa Children and Families Commission (Commission), a component unit of the County of Contra Costa, 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 general fund of the Commission, as of June 30, 2023, and the respective changes in financial position 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.

Adoption of New Accounting Standard/Emphasis of Matter

As discussed in Note 1 and Note 15 to the financial statements, the Commission has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities beginning net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

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, the budgetary comparison schedule, the schedule of proportionate share of the net pension liability/(asset), schedule of pension contributions, schedule of changes in the Commission's net other postemployment benefits (OPEB), and the schedule of the Commission's OPEB contributions 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 GAAS, 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 expenses by fund source and net position of the California Children and Families Commission (CCFC) Funds for First 5 Programs and Activities (schedule) 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 GAAS. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 25, 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 Commission's internal control over financial reporting and compliance.

Sacramento, California
October 25, 2023

This Management's Discussion and Analysis is intended to serve as a narrative overview of the financial activities of First 5 Contra Costa Children and Families Commission (Commission) for the year ended June 30, 2023. This information should be read in conjunction with the financial statements and the notes to the financial statements (beginning on page 10).

Fiscal 2023 Financial Highlights

Financial highlights of the year include the following:

At the close of fiscal year (FY) 2022-23, the Commission's assets plus deferred outflows exceeded its liabilities plus deferred inflows by $20,613,738 (net position), a decrease of 6% from the previous year. Of this amount, $3,654,338 was the net investment in capital assets, net of related debt, and $245,219 was restricted for the Dean and Margaret Lesher Foundation – Ready Kids East County Grant. The remaining net position, $16,714,181 is available to meet the Commission's ongoing obligations. The change in net position is due to a decrease in operating grants and contributions and an increase in interest expenses related to lease and subscription-based information technology arrangement (SBITA) liabilities during FY2022-23.

Total Commission revenues for FY2022-23 equaled $10,007,070, a decrease of $2,520,889 from the prior year. The revenue consisted of Contra Costa's Propositions (Prop) 10 and 56 tax allocations by birth rate and project-specific funding from First 5 California and other public contracts including First 5 California IMPACT, IMPACT HUB, Quality Counts California (QCC), California State Preschool Program (CSPP); and other foundation grants and interest income.

Contra Costa's FY2022-23 Proposition 10 tax revenue of $5,280,156 decreased 13% from the previous year's total of $6,105,031. Statewide, Prop 10 income decreased $32,490,339 due to the ongoing decrease in tobacco use and Prop 56, the two dollar per pack tobacco tax, as well as the passage of Prop 31, the flavor ban. When Prop 56 passed, it included an annual backfill to Prop 10 to make up for the anticipated loss of cigarette tax revenue. First 5 Contra Costa received a Prop 56 backfill payment in FY2022-23 of $1,792,476. The relatively new California Electronic Cigarette Excise Tax (CECET) resulted in additional unanticipated revenue in the amount of $95,867 (for Q1-3 FY2022-23).

Total expenses for FY2022-23 were $11,316,440, a decrease of $788,642 from the previous year. The decrease during FY2022-23 can be attributed to staff vacancies and a decrease in contract expenditures due to changes within program initiatives.

During FY2022-23, Commission revenues fell short of adopted budgeted revenues by $2,267,340, and overall expenditures were less than budgeted by $2,988,603, reducing the need for drawdown from the Fund Balance as projected in the approved budget by $721,263.

Overview of the Financial Statements

The Commission's financial report includes:

1. The basic financial statements, which include the government-wide financial statements and the fund financial statements,
2. Notes to the financial statements,
3. Required supplementary information, and
4. Other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the Commission's activities as a whole, and are comprised of the statement of net position and the statement of activities. The statement of net position provides information about the financial position of the Commission on the full accrual basis, similar to that used in the private sector. It shows the Commission's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The statement of activities provides information about the Commission's revenues and all its expenses, also on the full accrual basis, and explains in detail the change in net position for the 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.

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 legal requirements. All of the Commission's activities are accounted for in the general fund.

The fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements report the Commission's operations in more detail and focus primarily on the short-term activities of the Commission. The fund financial statements are prepared on the modified accrual basis and measure only current revenues, expenditures and fund balances; they exclude capital assets and long-term liabilities.

Notes to the Finance Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and general fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the Commission's finances.

The following is a summary of the Commission's Statement of Net Position comparing balances at June 30, 2023 and June 30, 2022.

	Governmental Activities		
	2023	2022	Change
Assets			
Current and other assets	$ 19,587,074	$ 21,968,435	$ (2,381,361)
Capital assets, net of depreciation/amortization	7,528,608	7,969,812	(441,204)
Total Assets	27,115,682	29,938,247	(2,822,565)
Deferred outflows of resources	3,209,806	1,721,397	1,488,409
Liabilities			
Current liabilities	2,319,822	2,493,861	(174,039)
Noncurrent liabilities	6,755,588	4,103,548	2,652,040
Total Liabilities	9,075,410	6,597,409	2,478,001
Deferred inflows of resources	636,340	3,139,127	(2,502,787)
Net Position			
Net investment in Capital Assets	3,654,338	3,894,681	(240,343)
Restricted for:			
Dean & Margaret Lesher Foundation	245,219	230,000	15,219
Unrestricted	16,714,181	17,798,427	(1,084,246)
Total Net Position	$ 20,613,738	$ 21,923,108	$ (1,309,370)

The Commission's net position from governmental activities decreased from $21,923,108 in 2022 to $20,613,738 in 2023. The $1,309,370 decrease in net position was due to a decrease in Prop 10 and grant revenues during FY2022-23.

The most significant portion of the Commission's current assets is its cash balances. Current and other assets decreased $2,381,361 from the prior year due to a decrease in Prop 10 and grant revenues. Another change in current and other assets is due to the change of the previously reported net pension asset to a net pension liability. Cash is maintained in the Contra Costa County's cash and investment pool where interest earned on the Commission's balance is apportioned to the Commission.

Another component of current assets is the due from other governments balance, which had a balance of $1,822,820 at June 30, 2023. These receivables are due from the State for the May and June 2023 Prop 10 tax revenues ($872,914), SMIF ($26,341), CECET ($95,867) the First 5 California Improve and Maximize Programs so All Children Thrive (IMPACT) grant ($582,683), California State Preschool Program grant ($65,668), First 5 San Francisco for IMPACT regional training and technical assistance activities (HUB) Grant ($123,031), Workforce Pathways ($10,000) and First 5 Quality Counts California ($46,316).

Current liabilities for the year ending June 30, 2023 decreased $521,551 from the prior year due to contract payments and accounts payable. Current liabilities include vendor accounts payable of $157,889, 4th quarter contract payments of $1,006,777 payable to service providers and related parties at June 30, 2023, accrued wages and benefits of $310,014, unearned grant revenue of $75,000, and the current portions of compensated absences of $33,337, lease liability $347,512, and SBITA liability $41,781.

Noncurrent liabilities consist of the long-term portion of accrued vacation in the amount of $300,035, lease liability of $3,460,276, net pension liability $3,135,224, net OPEB liability $182,864, and SBITA liability $24,701.

In 2023, the Commission reported deferred outflows of resource and deferred inflows of resources in the amounts of $3,209,806 and $636,340 respectively. The deferred outflows (inflows) of resources represent amounts that will increase (decrease) pension and OPEB expenses in subsequent periods.

The following is a summary of the Commission's revenue, expense and change in net position comparing FY2022-23 with FY2021-22:

	Governmental Activities		
	2023	2022	Change
Program Revenues			
Prop 10 Tax	$ 5,280,156	$ 6,105,031	$ (824,875)
CA Electronic Cigarette Tax	95,867	-	95,867
Prop 56	1,792,476	2,046,138	(253,662)
Grant income	2,226,240	4,488,118	(2,261,878)
Total Program Revenues	9,394,739	12,639,287	(3,244,548)
General Revenues			
Interest income	621,705	98,982	522,723
Unrealized loss	(14,574)	(245,573)	230,999
Miscellaneous revenue	5,200	35,263	(30,063)
Total Revenues	10,007,070	12,527,959	(2,520,889)
Expenses			
Child development	11,116,192	12,088,238	(972,046)
Interest expense	200,248	16,844	183,404
Total Expenses	11,316,440	12,105,082	(788,642)
Change in net position	(1,309,370)	422,877	(1,732,247)
Net position, beginning of year	21,923,108	21,500,231	422,877
Net position, end of year	$ 20,613,738	$ 21,923,108	$ (1,309,370)

Prop 10 revenue decreased by $824,875 and Prop 56 revenue decreased by $253,662 compared to the prior year. Grant income decreased by $2,261,878. Prop 10 and 56 revenues decreased due to the sales of cigarettes being lower than prior year. Grant income decreased due to fewer grant awards made toward the Commission during the year. All other grants had been expended in prior years.

The Commission's total expenses decreased $788,642 (6.5%) from the prior year. Expenses aligned with the Commission's 2021-2023 Strategic Plan. The Early Intervention Initiative, continued training and engagement of early intervention providers, pediatricians, and parents on developmental screenings, Trauma-Informed practices, and Positive Parenting classes for parents countywide. Foundation grant funds supported general activities for the Community Engagement Program to continue efforts on park improvements, voter registration engagement, parent leadership training, and advocacy for tenant protections and housing security for families with young children in Central and East Contra Costa County. The Early Childhood Education (ECE) Initiative continued professional development and training of early care and education providers through Communities of Practice, webinars, and site-specific coaching services focused on continuous quality improvement of early learning settings. Additionally, the ECE Initiative implemented the Family Child Care Partner Program which provides peer-to-peer guidance and support and mentoring amongst family childcare providers. Additionally, services continue to provide capacity building to educators and parents to use books to support early development across language, literacy, math, social emotional learning, and social justice. Ongoing implementation of the East County Ready Kids Initiative to increase school readiness of Black and African American young children continued in partnership with school districts, the library, community-based organizations, city leaders, and other parent advocates and educators. The Family Support Initiative continues to ensure consistent in-person and virtual classes, resources, and activities for families at the five First 5 Centers across the County.

Financial Analysis of the Governmental Fund

The fluctuations in the Commission's General Fund revenues and expenditures from the year ended June 30, 2023 are similar to those in the government wide statement of activities. Differences between the General Fund and the governmental activities arise primarily due to differences in accounting treatment for compensated absences, retirement and other post-employment benefits, and capital assets resulting from the governmental fund financial statements being reported on a modified accrual basis of accounting.

General Fund Budgetary Highlights

Revenues came in $2,267,340 below the budgeted amount (19%). Expenditures were under budget by $2,988,603 (21%). However, new CECET revenue had resulted in an increase in total revenue, which partially offset a decline in Prop 10 revenue. Total expenditures were less than budgeted due to under-spending in program areas due to staff vacancies and other changes.

Capital Assets and Debt Administration

Capital Assets

The Commission's capital assets consist of land, buildings and improvements, furniture and fixtures and right-to-use lease and subscription-based IT arrangement assets (SBITA). The Commission also recognized $98,055 in current year additions for furniture and signage, $156,150 in accumulated depreciation, $462,772 amortization expense for the right-to-use lease asset, $89,291 in a new SBITA asset, and $40,573 amortization expense for the subscription-based information technology. In addition, the change in capital assets over the current year can also be attributable to the implementation of GASB Statement No. 96*, Subscription-Based IT Arrangements (SBITAs),* which requires the recognition of a right to use asset for IT software, which was previously classified as an administrative or program expense.

Long Term Obligations

The Commission's long-term obligations are the long-term portion of compensated absences, net pension and OPEB liabilities, lease liability, and subscription-based IT arrangements that span over fiscal years, at year-end. These liabilities increased $2,959,014 from the previous year, mostly due to the recognition of a net pension liability in the current year, which was a net pension asset in the prior year.

Economic Outlook and Major Initiatives

California Proposition 10 tobacco tax revenues decreased in FY2022-23 as tobacco sales continued its downward trajectory. Prop 10 income will continue to drop in FY2023-24 and be accelerated by the passage of Prop 31. And, while Prop 56 was intended to serve as backfill monies for anticipated Prop 10 decline, there will still be a shortfall, especially as the impact of Prop 31 is anticipated to be fully experienced in FY2024-25 after which there will be a leveling off. It is anticipated that revenue will then continue to decline each year thereafter as tobacco consumption declines in California. However, new to FY2022-23 was the CECET disbursement for e-cigarettes passed by SB 395 and effectuated July 1, 2022 for which the Commission received its first revenue allotment in FY2022-23.

While Contra Costa County is projected to experience an increase in birth rates over the next four fiscal years (FY2022-23 through FY2026-27) and birth rates are projected to fluctuate from 2.65 – 2.78% during this period, Contra Costa County is projected to experience a decline in revenue of approximately 6.4%.

Changes in birth rates are noticeable in Bay Area Counties where a demographic shift in families is occurring. The Counties of Alameda, Santa Clara, and San Mateo are seeing declining birth rates, while increasing birth rates in Contra Costa, Napa and San Joaquin are the trend.

The Commission concluded activities approved in the 2021-2023 Strategic Plan for FY2022-23 having to use less than anticipated reserves to sustain program funding levels.

Contacting the Commission's Financial Management

This annual report is intended to provide the community with a general overview of the Commission's finances. Questions about this report should be directed to the Commission's Executive Director at 4005 Port Chicago Hwy, Suite 120, Concord, California 94520.

	Governmental Activities
Assets	
Current Assets	
Cash and investments	$ 17,169,067
Accounts receivable	180,808
Due from other governments	1,822,820
Prepaid items	307,379
Total Current Assets	19,480,074
Noncurrent Assets	
Note receivable	107,000
Capital assets, nondepreciable	331,538
Capital assets, net of accumulated depreciation	3,513,655
Right-to-use lease assets, net of accumulated amortization	3,603,752
Right-to-use SBITA assets, net of accumulated amortization	79,663
Total Noncurrent Assets	7,635,608
Total Assets	27,115,682
Deferred outflows of resources	
Deferred outflows related to pensions	2,844,954
Deferred outflows related to OPEB	364,852
Total Deferred Outflows of Resources	3,209,806
Liabilities	
Current Liabilities	
Accounts payable	157,889
Grants and contracts payable	374,611
Grants and contracts payable to related parties	632,166
Accrued wages and benefits	310,014
Unearned grant revenue	75,000
Compensated absences, current portion	33,337
Lease liability, current portion	695,024
SBITA liability, current portion	41,781
Total Current Liabilities	2,319,822

	Governmental Activities
Noncurrent Liabilities	
Compensated absences	$ 300,035
Net pension liability	3,135,224
Net OPEB liability	182,864
Lease liability	3,112,764
SBITA liability	24,701
Total Noncurrent Liabilities	6,755,588
Total Liabilities	9,075,410
Deferred inflows of resources	
Deferred inflows related to pensions	423,652
Deferred inflows related to OPEB	212,688
Total Deferred Inflows of Resources	636,340
Net position	
Net investment in capital assets	3,654,338
Restricted for	
Dean & Margaret Lesher Foundation - Ready Kids	245,219
Unrestricted	16,714,181
Total Net Position	$ 20,613,738

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Expenses	Operating Grants And Contributions	Governmental Activities
Child development	$ 11,116,192	$ 9,394,739	$ (1,721,453)
Interest expense	200,248	-	(200,248)
Total governmental activities	$ 11,316,440	$ 9,394,739	(1,921,701)

General Revenues	
Investment income	621,705
Unrealized loss	(14,574)
Miscellaneous	5,200
Total General Revenues	612,331
Change in Net Position	(1,309,370)
Net Position, July 1	21,923,108
Net Position, June 30	$ 20,613,738

	General Fund
Assets	
Cash and investments	$ 17,169,067
Accounts receivable	180,808
Due from other governments	1,822,820
Prepaid items	307,379
Note receivable	107,000
Total Assets	$ 19,587,074
Liabilities and Fund Balances	
Liabilities	
Accounts payable	$ 157,889
Grants and contracts payable	374,611
Grants and contracts payable to related parties	632,166
Accrued wages and benefits	310,014
Unearned grant revenue	75,000
Total Liabilities	1,549,680
Deferred Inflow of Resources	
Unavailable Revenue	582,683
Fund Balances	
Nonspendable	414,379
Restricted	245,219
Committed	10,415,857
Assigned	4,870,175
Unassigned	1,509,081
Total Fund Balances	17,454,711
Total Liabilities and Fund Balances	$ 19,587,074

Fund balance of governmental fund	$ 17,454,711
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	411,201
Revenues which are deferred inflows on the fund financial statements because they are not currently available, are reported as revenue in the Government-wide statement of activities	582,683
Deferred inflows and outflows of resources related to the net pension liability are not due and payable in the current period and therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	2,844,954
Deferred inflows of resources related to pensions	(423,652)
Deferred inflows and outflows of resources related to the net OPEB liability are not due and payable in the current period and therefore, are not reported in the funds:	
Deferred outflows of resources related to OPEB	364,852
Deferred inflows of resources related to OPEB	(212,688)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(3,135,224)
Net OPEB liability	(182,864)
Lease liability	(3,807,788)
SBITA liability	(66,482)
Compensated absences	(333,372)
Net Position of Governmental Activities	$ 13,496,331

	General Fund
Revenues	
Prop 10 Tobacco Tax	$ 5,280,156
CA Electronic Cigarette Tax	95,867
Prop 56	1,792,476
Grant income	1,643,557
Interest income	621,705
Unrealized loss	(14,574)
Other revenue	5,200
Total Revenues	9,424,387
Expenditures	
Current	
Program Expenditures	
Early care and education	859,452
Family support	3,055,390
Early intervention	617,973
Community information and education	227,408
Salaries and employee benefits	3,547,021
Other program expenditures	519,370
Strategic Information & Planning	
Salaries and employee benefits	161,938
Other evaluation expenditures	148,946
Administrative	
Salaries and employee benefits	863,281
Other administrative expenditures	236,453
Capital outlay	187,346
Debt Service	
Principal	321,097
Interest	200,248
Total Expenditures	10,945,923
Excess (deficiency) of revenues over (under) expenditures	(1,521,536)
Other financing sources (uses)	
Subscriptions	89,291
Total Other Financing Sources (Uses)	89,291
Net change in fund balance	(1,432,245)
Fund balance, July 1	18,886,956
Fund balance, June 30	$ 17,454,711

Net change in fund balance - total governmental fund	$ (1,432,245)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of capital assets are expensed over their estimated useful lives as depreciation expense.	
Capital outlay	187,346
Depreciation/amortization expense	(659,495)
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.	(22,197)
The issuance of long-term debt (e.g., bonds, leases) provides current resources to governmental funds, while the repayment of long-term debt principal is an expenditure in the governmental funds. The issuance of debt increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.	
Leases and SBITA liability principal payments	321,097
Subscription proceeds	(89,291)
Revenues not received within the period of availability are recognized as revenues in the subsequent period.	582,683
Governmental funds report OPEB plan contributions as expenditures. However, in the Statement of Activities, OPEB expense is measured as the change in net OPEB liability and the amortization of deferred outflows and inflows related to OPEB. The following amounts reflect changes in the OPEB related balances.	
Change in deferred outflows related to OPEB	220,226
Change in deferred inflows related to OPEB	119,332
Change in net OPEB liability	(289,481)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. The following amounts reflect changes in the pension related balances.	
Change in deferred outflows related to pensions	1,268,183
Change in deferred inflows related to pensions	2,383,455
Change in net pension liability	(3,898,983)
Change in net position of governmental activities	$ (1,309,370)

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

First 5 Contra Costa Children and Families Commission (Commission) was established by the Contra Costa County Board of Supervisors. The Commission was established to implement the provisions of Proposition (Prop) 10 adopted on November 3, 1998. The Board of Supervisors originally appointed nine Commission members and nine Alternate members on September 1, 1999. One of the Commissioner positions will be occupied by a member of the County Board of Supervisors and will serve a one-year term, three of the Commissioner positions will be occupied by employees of Contra Costa County and will serve without term limit, and the remaining five Commissioner positions will consist of representatives from various organizations or recipients of services and will be appointed for three-year terms. The mission of the Commission is, in partnership with parents, caregivers, communities, public and private organizations, advocates and county government, to foster optimal development of children, prenatally to five years of age. The Contra Costa County Board of Supervisors appoints members of the Commission and may remove any Commission member at any time. The Commission is considered a component unit of the County of Contra Costa, California.

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 and deferred outflows and inflows of the Commission are included on the statement of net position. The difference between the Commission's assets, liabilities, deferred outflows of resources and deferred inflows of resources is net position. Net position represents the resources the Commission has available for use in providing services. The Commission's spending priority is to spend restricted resources first, followed by unrestricted. The Commission's net position is classified as follows:

Net investment in Capital Assets – This amount represents the Commission's capital assets, net of accumulated depreciation and leased and subscription assets, net of accumulated amortization.

Restricted Net Position – This category represents restrictions imposed on the use of the Commission's resources by parties outside of the government or by law through constitutional provisions or enabling legislation.

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

Fund Financial Statements

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance of the Commission's general fund. These statements are presented on a current financial resources measurement focus. Generally, only current assets 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 current resources. All operations of the Commission are accounted for in the general fund.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Prop 10 Tobacco Tax revenue, Prop 56 revenue, California Electronic Cigarette Excise Tax, interest and certain grant payments are accrued when their receipt occurs within ninety (90) days after the end of the accounting period so as to be both measurable and available. Expenditure-driven grant revenues are accrued when their receipt occurs within one year.

Capital Assets

Capital assets, leased assets, and subscription assets are not considered to be financial resources and therefore, are not reported as assets in the fund financial statements. Capital assets are recorded at cost, net of accumulated depreciation in the government-wide financial statements.

The Commission capitalizes assets with a cost in excess of $5,000 and a useful life greater than one year. The Commission depreciates capital assets using a straight-line method over the estimated useful life of each asset. Leased assets are reported as "right to use" assets and are amortized over the shorter of the asset's useful life or the lease term. The estimated useful life used for the depreciable capital assets and leased assets, ranges from 5 to 35 years.

Right to use leased assets are recognized at the lease commencement date and represent the Commission's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 11 years.

Subscription assets are recognized at the subscription commencement date and represent the Commission's right to use the underlying IT asset for the subscription term. Subscription assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any incentives received at or before the commencement of the term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. They are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 3 years.

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. The compensated absences have been accrued in the government-wide financial statements and are included in long-term liabilities.

Compensated absences consist of employee earned vacation time and personal holiday time and are accrued by the Commission when earned by the employee. Unused vacation time and personal holiday may be accumulated up to a specified maximum and are paid at the time of termination from Commission employment.

Grants and Contracts Payable

The grants and contracts payable account represents amounts due to the contracted services providers implementing programs as part of the four initiatives established in the strategic plan approved by the Commission. The payable balance consists of the fiscal year's fourth quarter payments due to the service providers.

Post-Employment Benefits Other Than Pensions (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 the fiduciary net position of the First 5 Contra Costa Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the 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 and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the First 5 Contra Costa Children and Families Commission's Contra Costa County Employees' Retirement Association (CCCERA) plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CCCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Cash

The Commission maintains all of its cash in the Contra Costa Treasury. The County's investment pool operates in accordance with appropriate state laws and regulations. The method used to determine the value of the participant's equity withdrawn is based on the book value, amortized cost, plus accrued interest, multiplied by the Commission's percentage at the date of such withdrawal, which approximates fair value.

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 to other observable inputs; Level 3 inputs are significant unobservable inputs. The Commission does not have any investments that are measured using Level 3 inputs. Money market investments that have remaining maturity at the time of purchase of one-year or less and guaranteed investment contracts are measured at amortized cost.

The Commission is a participant in the Contra Costa Treasurer's Pool (County Pool). The County Pool was rated by Standard & Poor's (S&P) on December 13, 2017. The County Pool was assigned a fund credit quality rating of "AAAf" and a fund volatility rating of "S1"+. The Contra Costa County Treasury Oversight Committee conducts County Pool oversight. Cash on deposit in the County Pool is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the County Pool, refer to the County of Contra Costa Annual Financial Report.

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.

Fund Balance

Fund balance is classified based 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 has 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 items) 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 a formal action 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 for the Board of Commissioners is a vote to commit funds for a specific purpose.

Assigned – The assigned portion of fund balance reflects the Commission's intended use of resources, which can be established either by the Commission Board or the Executive Director. The "assigned" fund balance is similar to the "committed" fund balance, with the difference that Commission formal action is not necessary to assign funds or later modify or remove them. Assigned funds may include the appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year's budget or funding that has been set aside for previously executed legally enforceable contracts, such as a multi-year lease.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Commission reports deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period. The Commission reports deferred inflows related to pensions and OPEB.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 96 – As of July 1, 2022, the Commission adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard are included in Notes 6 and 7.

Note 2 - Cash and Investments

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

Cash in Contra Costa County Pool	$ 17,168,567
Imprest cash	500
Total Cash and Investments	$ 17,169,067

Investment Policy

The Commission adopted a resolution in February 2001 delegating investment authority to the Contra Costa County Treasurer (Treasurer) and specifying that the Commission "will continue to advise how the Children and Families Trust Funds are to be invested". The Executive Director is authorized by the Commission's Board approved Consolidated Financial Policies to invest in securities of varying maturity according to cash flow and long-term needs. Investments not specifically directed by the Commission to be invested separately are maintained with the Treasurer in the County investment pool (Pool). On a quarterly basis, the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the classification of investments and other deposit and investment risk disclosures can be found in the County's Annual Comprehensive Financial Report (ACFR). The County's financial statements may be obtained by contacting the County of Contra Costa's Auditor-Controller's office at 625 Court Street, Martinez, California 94553. The Contra Costa County Treasury Oversight Committee oversees the Treasurer's investments and policies. Investments held in the Pool are available on demand and are stated at their fair value.

Interest Rate Risk

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. The County manages its exposure to declines in fair value of Pool investments by investing in securities that have a term remaining to maturity in less than five years, unless the legislative body has granted express authority to make that investment either specifically or as part of an investment program approved by the legislative body no less than three months prior to the investment. Information about the sensitivity of the fair value of the Commission investments to market interest rate fluctuations is provided in the following table.

As of June 30, 2023, the Commission had the following investments:

Investment	Fair Value	WAM Years
County Investment Pool	$ 17,168,567	0.63
Total Investments	$ 17,168,567	

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization the Commission's investment in the County Investment Pool is not rated.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Required disclosure information regarding the categorization of invests and other deposit and investment risk disclosures can be found in the County's Annual Comprehensive Financial Report which may be obtained by contacting the County of Contra Costa's Auditor-Controller's office at 625 Court Street, Martinez, California 94553.

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 and Level 3 inputs are significant unobservable inputs. As of June 30, 2023, the Commission's funds were invested in the Contra Costa County Investment Pool.

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.

Deposits and withdrawals are made on the basis of $1 and not fair value, accordingly, the Commission's proportionate share of investments in the Contra Costa County Investment Pool at June 30, 2023, of $17,168,567 is an uncategorized input, not defined as a level 1, level 2 or level 3 input and approximates fair value. The carrying amount of deposits held with the County Pool was $17,682,714 with the difference of $514,147 representing outstanding checks.

Note 3 - Compensated Absences

Changes in the compensated absences liability for the fiscal year ended June 30, 2023, are summarized as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due within one year
Compensated Absences	$ 311,175	$ 43,744	$ (21,547)	$ 333,372	$ 33,337

Note 4 - Due from Other Governments

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

Due from State Commission	
Prop 10 revenue for	
May 2023	$ 339,726
June 2023	533,188
SMIF	26,341
California Electronic Cigarette Excise Tax	95,867
Workforce Pathways	10,000
First 5 CA IMPACT	582,683
First 5 San Francisco - HUB IMPACT	123,031
First 5 California State Preschool Programs	65,668
First 5 Quality Counts California	46,316
Total due from other governments	$ 1,822,820

Note 5 - Notes Receivable

In November 2005, the Commission entered into a forgivable loan agreement with the Perinatal Council (now known as Brighter Beginnings) to acquire and renovate a property in Antioch, California to operate a First 5 Center on site. The Commission loaned to the Perinatal Council $428,000 for a period of twenty years. The Commission agreed to forgive 25 percent of the loan on the 5th anniversary date of the issuance of the Certificate of Completion, 25 percent on the 10th anniversary, 25 percent on the 15th anniversary and 25 percent at the end of the loan term. The agreement was amended as of December 7, 2020, extending the term to December 1, 2026. The loan is secured by a Deed of Trust and recorded as a lien against the property. The loan does not bear interest unless there is a default by the Borrower, such as an unauthorized transfer of the property or change in the use of the site. The Commission does not anticipate receiving any cash payments from the borrower. The loan had an outstanding balance of $107,000 as of June 30, 2023.

Note 6 - Capital Assets

Governmental activities	(Restated) July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated				
Land	$ 331,538	$ -	$ -	$ 331,538
Total capital assets, not being depreciated	331,538	-	-	331,538
Capital assets, being depreciated:				
Buildings and improvements	4,198,414	-	-	4,198,414
Furniture and fixtures	259,163	98,055	(132,173)	225,045
Total capital assets being depreciated	4,457,577	98,055	(132,173)	4,423,459
Less accumulated depreciation for:				
Buildings and improvements	(715,983)	(125,999)	-	(841,982)
Furniture and fixtures	(169,844)	(30,151)	132,173	(67,822)
Total accumulated depreciation	(885,827)	(156,150)	132,173	(909,804)
Governmental activities capital assets, net	3,903,288	(58,095)	-	3,845,193
Right to use leased assets being amortized				
Right to use assets - office space	4,196,789	-	-	4,196,789
Less accumulated amortization for:				
Right to use assets - office space	(130,265)	(462,772)	-	(593,037)
Net right to use lease assets	4,066,524	(462,772)	-	3,603,752
Subscription-based information technology arrangements assets being amortized				
Software subscriptions	30,945	89,291	-	120,236
Less accumulated amortization for:				
Software subscriptions	-	(40,573)	-	(40,573)
Net right to use SBITA assets	30,945	48,718	-	79,663
Governmental activities capital assets, net	$ 8,000,757	$ (472,149)	$ -	$ 7,528,608

Depreciation and amortization expense for the year ended June 30, 2023, amounted to $659,495 and is included in the child development function in the statement of activities.

Note 7 - Lease and SBITA Liabilities

Changes in lease & SBITA liabilities during the year ended June 30, 2023 are as follows:

Leases	(Restated) July 1, 2022	Additions	Deletions	June 30, 2023	Due in One Year
Child development centers	$ 306,713	$ -	$ (128,562)	$ 178,151	$ 121,102
Admin office	3,768,418	-	(138,781)	3,629,637	226,410
Subtotal Leases	4,075,131	-	(267,343)	3,807,788	347,512
Subscription IT liabilities	30,945	89,291	(53,754)	66,482	41,781
Total lease and SBITA liabilities	$ 8,181,207	$ 89,291	$ (588,440)	$ 7,682,058	$ 736,805

The Commission leases office space from third parties for the local First 5 centers and the administration office. As of June 30, 2023, the value of the lease liability was $3,629,637. The Commission is required to make monthly payments of $33,462 as of June 30, 2023. The payments have scheduled increases of 3.0% on the anniversary date each year until August 2034. The lease has an implicit interest rate of 5.0%.

In prior years, the Commission had entered into various lease agreements as lessee for the use of office space to run child development centers. As of June 30, 2023, the lease liability was $178,151. The Commission is required to make monthly payments ranging from $1,310 - $6,750 with annual escalators of 3.0% each year on the respective anniversary dates. These leases run through June 30, 2027. The leases all have implied interest rates of 5.0%.

The Commission recognized $462,772 in amortization expense and $199,874 in interest expense during the fiscal year ended June 30, 2023 related to leases.

During the current year, the Commission entered into a SBITA contract for the use of grant related software. As of June 30, 2023, the value of the subscription liability was $66,482. The Commission is required to make annual principal and interest payments ranging from $4,250 to $25,888 through June 2025. The subscriptions have interest rates ranging from 0.30% to 4.89%

Remaining principal and interest payments on leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	$ 347,512	$ 183,053
2025	272,454	167,469
2026	292,700	153,543
2027	306,329	138,257
2028	332,255	121,941
2029-2033	2,167,158	316,570
2034-2035	89,380	559
	$ 3,807,788	$ 1,081,392

Remaining principal and interest payments on SBITA are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	$ 41,781	$ 2,333
2025	24,701	1,233
	$ 66,482	$ 3,566

Note 8 - 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 at June 30, 2023 consisted of the following:

Fund Balance	General Fund
Nonspendable	
Prepaid Item	$ 307,379
Note Receivable - Brighter Beginnings	107,000
Subtotal nonspendable	414,379
Restricted	
D&M Lesher Foundation - ReadyKids	245,219
Committed	
Program Contractual Obligations	10,415,857
Assigned	
Elimination of FY23/24 budget deficit	4,870,175
Unassigned	
Unassigned	1,509,081
Total Fund Balance	$ 17,454,711

Note 9 - Contingencies

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

Note 10 - Related Party Transactions

The legally required composition of the Children and Families Commission includes a County Supervisor, Directors of County agencies and representatives of agencies and constituencies concerned with children. Some of the programs funded by the Commission are operated by organizations represented by Commissioners and Alternate Commissioners. Commissioners and Alternate Commissioners must abstain from voting on issues and participating in discussions directly related to their respective organizations.

The following table shows expenditures with agencies represented by Commissioners and Alternate Commissioners for the fiscal year ended June 30, 2023:

Related Party	Fiscal Year 2022-23 Expenditures
CoCoKids Inc.	$ 154,234
Contra Costa County	610,000
C.O.P.E Counseling Options and Parent Education	188,986
Total	$ 953,220

The following table shows balances due to agencies represented by Commissioners and Alternate Commissioners:

Related Party	Balances Due June 30, 2023
CoCoKids Inc.	$ 3,268
C.O.P.E Counseling Options and Parent Education	18,898
Contra Costa County	610,000
Total	$ 632,166

The following table shows revenue with agencies represented by Commissioners and Alternate Commissioners for the fiscal year ended June 30, 2023:

Related Party	Fiscal Year 2022-23 Revenue
Contra Costa County	$ 129,834

The Commission earned revenue totaling $129,834 from Contra Costa County during the year ended June 30, 2023. This revenue was solely for Health Services, which includes Public Health and Behavioral Health Services Division/Mental Health.

The Commission incurred expenditures totaling $1,040,323 for County services provided during the year ended June 30, 2023 for administrative and general services. The County provides banking, investment and legal services, payroll and benefits administration, computer hardware and technical support, facility maintenance, and other administrative services to the Commission. The Commission participates in the County's risk management programs (commercial and self-insurance programs) for general and automobile liability insurance and personal property. In addition, the County purchases worker's compensation and crime insurance on behalf of the Commission.

Note 11 - Program Evaluation

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

For the year ended June 30, 2023, the Commission expended $310,884 for program evaluation.

Note 12 - Defined Benefit Pension Plan

Plan Description

Plan Administration

The Contra Costa County Employees' Retirement Association (CCCERA) was established by the County of Contra Costa in 1945. CCCERA is governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by CCCERA's Board of Retirement. CCCERA is a cost-sharing multiple employer public employee retirement association whose main function is to provide service retirement, disability, death and survivor benefits to the General and Safety members employed by the County of Contra Costa. CCCERA also provides retirement benefits to the employee members for 16 other participating agencies which are members of CCCERA, including the First 5 Contra Costa Children and Families Commission. CCCERA issues a publicly available financial report that can be obtained at www.cccera.org.

The management of CCCERA is vested with the CCCERA Board of Retirement. The Board consists of twelve trustees. Of the twelve members, three are alternates. Four trustees are appointed by the County Board of Supervisors; four trustees (including the Safety alternate) are elected by CCCERA's active members; two trustees (including one alternate) are elected by the retired membership. Board members serve three-year terms, except for the County Treasurer who is elected by the general public and serves during his tenure in office.

Benefits Provided

CCCERA provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Contra Costa or participating agencies become members of CCCERA effective on the first day of the first full pay period after employment. Part-time employees in permanent positions must work at least 20 hours a week in order to become a member of CCCERA. Commission employees are classified as General Tier 1 (Enhanced). New Commission employees who become a General Member on or after January 1, 2013, are designated as PEPRA General Tier 4 and are subject to the provisions of California Government Code 7522 et seq.

General members hired prior to January 1, 2013, are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 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, are eligible to retire once they have attained the age of 70 regardless of service or at age 52 and have acquired five years of retirement service credit.

The retirement benefits the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. General Tier 1 benefits are calculated pursuant to the provisions of Sections §31676.16. The monthly allowance is equal to 1/50th of final compensation multiplied by years of accrued retirement service credit multiplied by the age factor from §31676.16. General members with membership dates on or after January 1, 2013 (PEPRA General Tier 4) are calculated pursuant to the provisions found in 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, the maximum monthly retirement allowance is 100 percent of final compensation. There is no final compensation limit on the maximum retirement benefit for members with membership dates on or after January 1, 2013.

Final average compensation consists of the highest 12 consecutive months for General Tier 1, and the highest 36 consecutive months for PEPRA General Tier 4.

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 percent 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 or at least two years prior to the date of death and has attained age 55 on or prior to the date of death. 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.

CCCERA provides an annual cost-of-living benefit to all retirees. The cost-of-living adjustment, based upon the Consumer Price Index for the San Francisco-Oakland-San Jose Area, is capped at 3.0 percent for General Tier 1 and PEPRA General Tier 4. The plan also provides a post-retirement lump sum death benefit of $5,000 to the member’s beneficiary (§31789.5) paid from the Post Retirement Death Benefit Reserve.

The County of Contra Costa and participating agencies contribute 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 CCCERA's actuary after the completion of the annual actuarial valuation. Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included.

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	General	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Formula	2.0% @ 55	2.5% @ 67
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	70 (1)	70 (2)
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.02% - 15.84%	8.91% - 11.90%
Required employer contribution rates	30.10%	24.76%

(1) Or 50 with ten years of service credit
(2) Or 52 with five years of service credit

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by Contra Costa County Employees' Retirement Association. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, contributions to the plan were as follows:

	General
Contributions - employer	$ 858,000

Plan's Collective Net Pension Liability

As of June 30, 2023, the Commission reported a liability of $3,135,224 for its proportionate share of the Plan's collective net pension liability.

The Commission's net pension liability for the Plan is measured as the proportionate share of the total net pension liability. The net pension liability of the Plan is measured as of December 31, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The Commission's proportion of the net pension liability is based on the Commission's actual 2022 compensation relative to the actual compensation of all participating employers. The Commission's proportionate share of the net pension liability, measured at December 31, 2021 and 2022 was as follows:

	General
Proportion - December 31, 2021	0.314%
Proportion - December 31, 2022	0.185%
Change in Proportion	-0.129%

For the year ended June 30, 2023, the Commission recognized pension expense of $247,345. At 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
Changes in proportion and differences between the Commission's contributions and proportionate share of contributions	$ 580,248	$ 406,723
Changes in assumptions or other inputs	229,492	10,788
Net difference between projected and actual earnings on plan investments	1,858,651	-
Difference between expected and actual experience	176,563	6,141
Total	$ 2,844,954	$ 423,652

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	
2024	$ 391,242
2025	662,501
2026	623,280
2027	744,279
Total	$ 2,421,302

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2021
Measurement Date	December 31, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.75%
Inflation	2.75%
Payroll Growth	3.00% (1)
Projected Salary Increase	3.50% - 14.00%
Investment Rate of Return	6.75% (2)
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (3)

(1) Inflation of 2.50% per year plus "across the board" real salary increases of 0.5% per year
(2) Net of pension plan investment expenses
(3) Projected 30 years generationally with the two-dimensional MP-2021 projection scale

The underlying mortality assumptions and all other actuarial assumption used in the December 31, 2021, valuation was based on the results of an experience study for the period January 1, 2018 through December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Commission's contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and 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 total pension liability as of December 31, 2021.

The long-term expected rate of return on pension plan investments was determined 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 deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target	Long-Term
Large Cap U.S. Equity	10.00%	5.40%
Small Cap Equity	3.00%	6.17%
Developed International Equity	10.00%	6.13%
Emerging Markets Equity	9.00%	8.17%
Core Fixed	4.00%	0.39%
Short-Term Govt/Credit	14.00%	-0.14%
Cash & Equivalents	3.00%	-0.73%
Private Equity	15.00%	10.83%
Private Credit	13.00%	5.93%
Infrastructure	3.00%	6.30%
Value Add Real Estate	5.00%	7.20%
Opportunistic Real Estate	5.00%	8.50%
Risk Parity	3.00%	3.80%
Hedge Funds	3.00%	2.40%
Total	100%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.75%	6.75%	7.75%
Commission's Net Pension Liability	$ 6,258,030	$ 3,135,224	$ 576,611

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CCCERA financial reports.

Note 13 - Other Postemployment Healthcare Benefits

General Information About the OPEB Plan

Plan Description

The Commission's defined benefit OPEB plan provides benefits for employees hired prior to January 1, 2007 and who retire directly from the Commission on or after age 50 with at least 10 years of service. Part-time employees receive pro-rated service. The Commission's OPEB plan is an agent multiple employer defined benefit OPEB plan administered by California Employees Retirement Benefit Trust (CERBT). CERBT issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Benefits Provided

Eligible retirees and their dependents are offered a choice of medical and dental plans through the Contra Costa County Employee Benefits Health Plan. The Commission provides a contribution towards the cost of medical and dental coverage. These contributions are fixed based on the employer subsidies in place in 2011 which varies based on the plan and family coverage category elected by the retiree.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	7
Total	11

Contributions

Generally, contribution requirements of the Commission are established and may be amended by the Board of Commissioners. The Plan and its contribution requirements are established by the Board of Supervisors of Contra Costa County. The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. For the year ended June 30, 2023, the Commission made no cash contributions directly to the plan and recognized $70,783 in implicit contributions.

Net OPEB Liability

The Commission's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3%, average including inflation
Investment Rate of Return	5.50% percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.75% for 2023 decreasing 0.25% per year to an ultimate rate of 4.5% for 2032 and later years

Mortality rates were based on the Society of Actuaries Pub-0010 General Headcount Weighted Mortality Table fully generational using Scape MP-2019. The rates have been updated from the 2014 CalPERS experience study for the pension plan.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target
Global Equity	34.00%
Fixed Income	41.00%
REITS	17.00%
Commodities	3.00%
Inflation Assets	5.00%
Total	100.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that the Commission 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.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 measurement date	$ 1,075,835	$ 1,182,452	$ (106,617)
Changes in the year			
Service cost	24,873	-	24,873
Interest on the total OPEB liability	69,444	-	69,444
Differences between Expected and Actual Experience	(29,914)	-	(29,914)
Changes of Assumptions	102,837	-	102,837
Contribution - employer	-	26,161	(26,161)
Contribution - employee	-	-	-
Net investment income	-	(148,102)	148,102
Benefit payments, including refunds of employee contributions	(65,715)	(65,715)	-
Administrative expense	-	(300)	300
Net changes	101,525	(187,956)	289,481
Balance at June 30, 2022 measurement date	$ 1,177,360	$ 994,496	$ 182,864

Changes in Assumptions

Changes in assumptions include updating the discount rate and the long-term expected rate of return from 6.50% to 5.50%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health-Care Cost Trend Rates

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5 percent) or 1-percentage- point higher (6.5 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount rate	4.50%	5.50%	6.50%
Commission's net OPEB liability	$302,425	$182,864	$80,026

The following presents the net OPEB liability of the Commission, as well as what the Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Healthcare cost trend rates	5.75% decreasing to 3.50%	6.75% decreasing to 4.50%	7.75% decreasing to 5.50%
Commission's net OPEB liability	$144,076	$182,864	$228,174

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT report.

For the year ended June 30, 2023, the Commission recognized OPEB expense of $20,706. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Commission contributions subsequent to measurement date	$ 70,783	$ -
Net difference between projected and actual earnings on plan investments	107,202	-
Difference between expected and actual experience	98,721	95,920
Changes of assumptions	88,146	116,768
Total	$ 364,852	$ 212,688

The $70,783 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2024	$ 2,359
2025	2,853
2026	(1,261)
2027	55,690
2028	11,325
Thereafter	10,415
Total	$ 81,381

Note 14 - Risk Management

The Commission is exposed to various risks of loss related to the loss of, damage to and destruction of assets caused by accidents, forces of nature, and the requirements of the California Labor Code.

The Commission mitigates its exposure to loss through multiple risk treatment mechanisms. The Commission participates in the County of Contra Costa's self-insurance program for public and automobile liability, and property losses, where excess insurance has been purchased through California State Association of Counties Excess Insurance Authority (CSAC-EIA), a joint powers authority. The Commission participates in a joint power authority, separate from the County's, effected through CSAC-EIA for its workers' compensation exposure. Crime insurance is covered through the purchase of commercial insurance.

During the year ending June 30, 2023, the Commission had no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance provided for the Commission.

Note 15 - Adoption of New Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

	Governmental Activities
Net Position, July 1, 2022	$ 21,923,108
Restatement:	
Recognition of right to use subscription IT assets	30,945
Recognition of subscription IT liabilities	(30,945)
Net Position, July 1, 2022, as restated	$ 21,923,108

As of the result of the implementation of GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, $30,945 in lease liabilities for leases related to the Commission has been added to beginning balance presented above. As these lease liabilities are offset by an equal amount of lease assets, the Commission does not report a restatement to beginning net position for the implementation of GASB 96.

Required Supplementary Information
For the Year Ended June 30, 2023

First 5 Contra Costa Children and Families Commission

(a Component Unit of the County of Contra Costa, California)

	Budgeted amounts		Actual Amounts	Variance with Final budget - Positive (negative)
	Original	Final		
Revenues				
Prop 10 - Tax Apportionment	$ 9,573,934	$ 9,573,934	$ 5,280,156	$ (4,293,778)
Prop 56	-	-	1,792,476	1,792,476
CECET CA Electronic Cigarette Excise Tax	-	-	95,867	95,867
First 5 California IMPACT	904,917	904,917	344,116	(560,801)
CSPP-COE/Preschool QRIS Block Grant	251,119	251,119	251,119	-
QCC-Quality Counts California	211,905	211,905	210,457	(1,448)
Lesher Ready Kids	373,017	373,017	230,000	(143,017)
Community Engagement Grants	55,000	55,000	200,000	145,000
Other public funds	171,835	171,835	287,865	116,030
Other grants	75,000	75,000	120,000	45,000
Interest income	75,000	75,000	621,705	546,705
Unrealized loss	-	-	(14,574)	(14,574)
Other revenue	-	-	5,200	5,200
Total Revenues	11,691,727	11,691,727	9,424,387	(2,267,340)
Expenditures				
Current				
Program expenditures				
Early care and education	1,370,154	1,370,154	859,452	510,702
Family support	2,925,194	2,925,194	3,055,390	(130,196)
Early intervention	1,154,967	1,154,967	617,973	536,994
Community Information and Education	901,248	901,248	227,408	673,840
Salaries and employee benefits	3,777,440	3,777,440	3,547,021	230,419
Other program expenditures	585,212	585,212	519,370	65,842
Strategic Information & Planning:				
Salaries and employee benefits	274,639	274,639	161,938	112,701
Other evaluation expenditures	427,460	427,460	148,946	278,514
Administrative:				
Salaries and employee benefits	1,104,454	1,104,454	863,281	241,173
Other administrative expenditures	892,413	892,413	236,453	655,960
Capital Outlay	-	-	187,346	(187,346)
Debt Service				
Principal	321,097	321,097	321,097	-
Interest	200,248	200,248	200,248	-
Total Expenditures	13,934,526	13,934,526	10,945,923	2,988,603

	Budgeted amounts		Actual	Variance with
	Original	Final	Amounts	Final budget - Positive (negative)
Excess (deficiency) of revenues over (under) expenditures	$ (2,242,799)	$ (2,242,799)	$ (1,521,536)	$ 721,263
Other financing sources (uses)				
Subscription proceeds	-	-	89,291	(89,291)
Total other financing sources (uses)	-	-	89,291	(89,291)
Net Change in Fund Balance	$ (2,242,799)	$ (2,242,799)	(1,432,245)	$ 810,554
Fund Balance, Beginning of Year			18,886,956	
Fund Balance, End of Year			$ 17,454,711	

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the net pension liability	0.141%	0.164%	0.173%	0.159%	0.202%	0.171%	0.106%	0.314%	0.185%
Proportionate share of the net pension liability (asset)	$ 1,683,167	$ 2,465,341	$ 2,423,899	$ 1,289,083	$ 2,881,759	$ 1,480,016	$ 487,008	$ (763,759)	$ 3,135,224
Covered payroll	$ 1,735,009	$ 1,962,961	$ 2,140,380	$ 2,405,397	$ 2,525,004	$ 2,511,538	$ 2,398,684	$ 2,846,338	$2,718,488
Proportionate share of the net pension liability/(asset) as a percentage of covered payroll	97.01%	125.59%	113.25%	53.59%	114.13%	58.93%	20.30%	-26.83%	115.33%
Plan fiduciary net as a percentage of the total pension liability	85.25%	82.24%	84.16%	91.18%	85.09%	91.46%	95.62%	102.17%	85.60%
Measurement date	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022

*Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contributions	$ 594,757	$ 604,348	$ 636,711	$ 660,452	$ 659,815	$ 615,504	$ 703,170	$ 858,000	$ 858,000
Contributions in relation to the acturially determined contribution	594,757	604,348	636,711	660,452	659,815	615,504	703,170	858,000	858,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,852,141	$ 2,025,525	$ 2,204,354	$ 2,488,297	$ 2,747,667	$ 2,607,465	$ 2,930,043	$ 2,808,304	$ 2,824,663
Contributions as a percentage of covered payroll	32.11%	29.84%	28.88%	26.54%	24.01%	23.61%	24.00%	30.55%	30.38%

*Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	$ 32,608	$ 34,728	$ 35,770	$ 33,804	$ 34,537	$ 24,873
Interest on the total OPEB liability	64,455	68,828	73,368	64,114	66,983	69,444
Changes in assumptions	-	-	(52,714)	-	(131,848)	102,837
Differences between expected and actual experience	-	-	(158,097)	(4,415)	138,209	(29,914)
Benefit payments, including refunds of employee contributions	(27,243)	(36,565)	(32,954)	(45,214)	(55,152)	(65,715)
Net change in total OPEB liability	69,820	66,991	(134,627)	48,289	52,729	101,525
Total OPEB liability - beginning	972,633	1,042,453	1,109,444	974,817	1,023,106	1,075,835
Total OPEB liability - ending (a)	$ 1,042,453	$ 1,109,444	$ 974,817	$ 1,023,106	$ 1,075,835	$ 1,177,360
Plan fiduciary net position						
Contributions - employer	$ 52,344	$ 45,720	$ 67,165	$ 85,093	$ 31,916	$ 26,161
Net investment income	50,176	47,514	57,293	49,736	198,872	(148,102)
Administrative expenses	(367)	(403)	(177)	(454)	(368)	(300)
Other expense	-	(1,021)	-	-	-	-
Benefit payments	(27,243)	(36,565)	(32,954)	(45,214)	(55,152)	(65,715)
Net change in plan fiduciary net position	74,910	55,245	91,327	89,161	175,268	(187,956)
Plan fiduciary net position - beginning	696,541	771,451	826,696	918,023	1,007,184	1,182,452
Plan fiduciary net position - ending (b)	771,451	826,696	918,023	1,007,184	1,182,452	994,496
Net OPEB liability - ending (a)-(b)	$ 271,002	$ 282,748	$ 56,794	$ 15,922	$ (106,617)	$ 182,864
Plan fiduciary net position as a percentage of the total OPEB liability	74.00%	74.51%	94.17%	98.44%	109.91%	84.47%
Covered employee payroll	$ 1,085,000	$ 1,085,000	$ 827,457	$ 852,281	$ 877,849	$ 732,387
Net OPEB liability as percentage of covered employee payroll	24.98%	26.06%	6.86%	1.87%	-12.15%	24.97%

*Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

	2018	2019	2020	2021	2022	2023
Actuarially determined contributions	$ 30,875	$ 35,444	$ 76,640	$ 31,916	$ 12,263	$ 13,418
Contributions in relation to the actuarially determined contribution	30,875	35,444	76,640	31,916	26,161	70,783
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (13,898)	$ (57,365)
Covered employee payroll	$ 1,085,000	$ 827,457	$ 852,281	$ 877,849	$ 732,387	$ 678,210
Contributions as a percentage of covered employee payroll	2.85%	4.28%	8.99%	3.64%	3.57%	10.44%

*Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

Note 1 - Budget

The Commission prepares and legally adopts a final budget on or before June 30th of each fiscal year. The Commission operations, commencing July 1st, are governed by the proposed budget, adopted by the Commission by June of the prior fiscal year.

An operating budget is adopted each fiscal year in accordance with generally accepted accounting principles based on estimates of revenues and anticipated expenditures. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unpaid contracts in process at year-end are fully performed by year-end or purchase commitments satisfied. Unencumbered appropriations lapse at year-end and encumbrance balances that will not be honored are liquidated.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the total fund level. The Commission does not establish a budget for capital outlay or other financing sources and uses.

Supplementary Information
For the Year Ended June 30, 2023

First 5 Contra Costa Children and Families Commission

(a Component Unit of the County of Contra Costa, California)

Program	Source	Revenue CCFC Funds	Expenses	Change in Net Position	Net Position Beginning of Year	Net Position End of Year
IMPACT	CCFC Program Funds*	$ 926,799	$ 926,799	$ -	$ -	$ -
	County, Local Funds	-	-	-	-	-
	Total	$ 926,799	$ 926,799	$ -	$ -	$ -

* $123,031 HUB funding received from First 5 San Francisco is *not included* in IMPACT ($926,799).

Compliance Reports
For the Year Ended June 30, 2023

First 5 Contra Costa Children and Families Commission

(a Component Unit of the County of Contra Costa, California)

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

To the Board of Commissioners
First 5 Contra Costa Children and Families Commission
Concord, 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 First 5 Contra Costa Children and Families Commission (Commission), a component unit of the County of Contra Costa, California (County), 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 October 25, 2023. Our report contained an emphasis of matter regarding the Commission's adoption of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* effective July 1, 2022.

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.

Eide Bailly LLP

Sacramento, California
October 25, 2023

Independent Auditor's Report on State Compliance

To the Board of Commissioners
First 5 Contra Costa Children and Families Commission
Concord, California

Report on Compliance

Opinion

We have audited the First 5 Contra Costa Children and Families Commission's (Commission), a component unit of the County of Contra Costa, 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 the 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 Benefits 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.

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 internal control over compliance is solely to describe the scope of our testing of internal control 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.

Eide Bailly LLP

Sacramento, California
October 25, 2023

October 25, 2023

To the Board of Commissioners
First 5 Contra Costa Children and Families Commission
Concord, California

We have audited the financial statements of First 5 Contra Costa Children and Families Commission, a component unit of the County of Contra Costa, California (Commission) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 25, 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 February 22, 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 in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 25, 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.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks:

- Management Override of Internal Control – Professional standards require auditors to address the possibility of management overriding internal controls. Accordingly, we identified as a significant risk that management of the County may have the ability to override controls that the organization has implemented. Management may override the organization's controls in order to modify the financial records with the intent of manipulating the financial statements to misstate the County's financial performance or with the intent of concealing fraudulent transactions.
- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs),* effective July 1, 2022. The implementation of GASB statements requires additional judgment without prior year practices to rely on and could result in errors in financial reporting.

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. As described in Note 1, the Commission changed accounting policies related to accounting for right-to-use subscription assets to adopt the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2022. 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 related to the net pension liability and the net other postemployment benefits (OPEB) liability.

Management’s estimates of the net pension liability and the net OPEB liability, and related deferred inflows and outflows of resources are based on actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates and determined 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:

- As disclosed in Note 12 to the financial statements, the valuation of the Commission’s net pension liability and related deferred outflows and inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 12, a one percent increase or decrease in the discount rate has a material effect on the Commission’s net pension liability.
- As disclosed in Note 13 to the financial statements, the valuation of the Commission’s net other postemployment benefits (OPEB) liability and related deferred outflows and inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return, the discount rate, and the healthcare cost trend rate. As disclosed in Note 13, a one percent increase or decrease in the discount rate or the healthcare cost trend rate has a material 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 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. An emphasis of matter is included in the report regarding the Commission's adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated October 25, 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 conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

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

Eide Bailly LLP

Sacramento, California

FIRST 5 CONTRA COSTA
CHILDREN AND FAMILIES COMMISSION

Staff Report
October 30, 2023

ACTION: ✓
DISCUSSION:

TITLE: FIRST 5 California Annual Report Fiscal Year 2022-23

Background:
On an annual basis, each county First 5 is required to provide a summary of revenues, expenditures, and populations served for the fiscal year to First 5 California in the form of the Annual Report. The county Annual Reports inform a statewide summary that First 5 California is required by the California Children and Families Act to produce on an annual basis.

The Annual Report presented pertains to the fiscal year period of July 1, 2022 – June 30, 2023. Annual Report expenditures and counts of children, caregivers, and providers served are organized into Result Areas defined by First 5 California. Below are the Result Areas with a brief description of which First 5 Contra Costa efforts fall within those areas:

- Improved Family Functioning: Our Strengthening Families efforts including family resource centers, parent education, family literacy, and parent leadership training through the Regional Groups and Community Advisory Councils at each family resource center.
- Improved Child Development: Our Early Childhood Education efforts including school readiness, coaching, trainings, and other quality improvement efforts.
- Improved Child Health: Our Early Intervention efforts including Help Me Grow, trauma-informed capacity building, home visiting, and distributing car seats.
- Improved Systems of Care: Our advocacy campaigns led by Regional Groups, and efforts of the Family Economic Security Partnership.

The Annual Report is comprised of three sections, AR-1, AR-2, and AR-3:

- Annual Report AR-1 includes a First 5 Contra Costa Revenue and Expenditure Summary that demonstrates the relationship between financial resources and services.
- Annual Report AR-2 consists of an overview of demographic information on race/ethnicity and primary language spoken in the home for populations served by First 5 Contra Costa.
- Annual Report AR-3 contains a summary of evaluation activities and county highlights, which are published in First 5 California's Annual Report.

Recommendation:
ADOPT the presented Annual Report for FY 2022-23 to be submitted to F5 California by its due date of October 31, 2023.

Fiscal Impact:
The Annual Report outlines First 5 Contra Costa's revenues in Fiscal Year 2022-2023, but adopting the report has fiscal impact on the agency.

Consequence of Negative Action:
First 5 Contra Costa would fail to comply with state reporting mandates and would need to revise the Annual Report and resubmit to the Commission for adoption before submitting the report to First 5 California.

Annual Report AR-1

Contra Costa Revenue and Expenditure Summary

July 1, 2022 - June 30, 2023

Revenue Detail

Category	Amount
Tobacco Tax Funds	$7,168,499
First 5 IMPACT 2020 Funds	$344,116
Small Population County Augmentation Funds	$0
Home Visiting Coordination Funds	$0
Refugee Family Support Funds	$0
Other First 5 California Funds	$123,031
Other First 5 California Funds Description	
Other Public Funds	$631,410
Other Public Funds Description	
Donations	$0
Revenue From Interest Earned	$607,131
Grants	$550,000
Grants Description	
Other Funds	$200
Other Funds	
Total Revenue	**$9,424,387**

Improved Family Functioning

Service	Grantee	Program(s)	Children	Caregivers	Providers	Amount
General Family Support	CBO/Non-Profit	• Not Applicable () • Triple P 2-3	1177	997	0	$221,695
General Family Support	Family Resource Center	• Five Protective Factors • Playgroups	2113	2895	0	$2,328,717
General Family Support	First 5 County Commission	• Core Operating Support • Not Applicable ()	0	175	0	$1,898,554
General Family Support	First 5 County Commission	• Core Operating Support	0	0	0	$232,713
Reason for no population served: Core operating support						
Intensive Family Support	CBO/Non-Profit	• Triple P 4-5	0	172	4	$178,986
Family Literacy and Book Programs	CBO/Non-Profit	• Kit for New Parents • Story Cycles	2020	2212	195	$228,631
					Total	**$5,089,296**

Improved Child Development

Service	Grantee	Program(s)	Children	Caregivers	Providers	Amount
Quality Early Learning Supports	Resource and Referral Agency (COE or Non-Profit)	• Quality Counts California	0	0	0	$106,164
Reason for no population served: All providers who received coaching are working at QM sites and recorded in IMPACT.						
Quality Early Learning Supports	First 5 County Commission	• Quality Counts California	0	0	0	$32,666
Reason for no population served: QRIS Funding						
Quality Early Learning Supports	County Office of Education/School District	• Quality Counts California	0	0	0	$151,088
Reason for no population served: QRIS Funding						
Quality Early Learning Supports	First 5 County Commission	• Quality Counts California	0	0	1800	$1,852,781
Early Learning Program Direct Costs	First 5 County Commission	• Not Applicable ()	28	35	0	$220,100
					Total	**$2,362,799**

Improved Child Health

Service	Grantee	Program(s)	Children	Caregivers	Providers	Unique Families	Amount
General Health Education and Promotion	First 5 County Commission	• Safety Education	149	0	0	0	$13,394
Early Intervention	CBO/Non-Profit	• Care Coordination and Linkage • Developmental Playgroups	2783	1053	0	0	$203,853
Early Intervention	Hospital/Health Plan	• Not Applicable ()	0	0	12	0	$0
Early Intervention	First 5 County Commission	• Not Applicable ()	0	0	150	0	$401,579
Perinatal and Early Childhood Home Visiting	CBO/Non-Profit	• Early Head Start • Not Applicable ()	266	431	0	267	$620,961
						Total	**$1,239,787**

Improved Systems Of Care

Service	Grantee	Program(s)	Amount
Policy and Public Advocacy	First 5 County Commission	• Resilient Families and Communities	$255,729
Systems Building	First 5 County Commission	• Not Applicable ()	$26,966
		Total	**$282,695**

Expenditure Details

Category	Amount
Program Expenditures	$8,974,577
Administrative Expenditures	$1,434,125
Evaluation Expenditures	$349,875
Total Expenditures	$10,758,577
Excess (Deficiency) Of Revenues Over (Under) Expenses	($1,334,190)

Other Financing Details

Category	Amount
Sale(s) of Capital Assets	$0
Other Capital Outlay	($98,055)
Total Other Financing Sources	**($98,055)**

Net Change in Fund Balance

Category	Amount
Fund Balance - Beginning	$18,886,956
Fund Balance - Ending	$17,454,711
Net Change In Fund Balance	($1,432,245)

Fiscal Year Fund Balance

Category	Amount
Nonspendable	$414,379
Restricted	$245,219
Committed	$10,415,857
Assigned	$4,870,175
Unassigned	$1,509,081
Total Fund Balance	$17,454,711

Expenditure Note

No data entered for this section as of 10/25/2023 1:18:26 PM.

Annual Report AR-2

Contra Costa Demographic Worksheet

July 1, 2022 - June 30, 2023

Population Served

Category	Number
Children Less than 3 Years Old	2,705
Children from 3rd to 6th Birthday	2,569
Children – Ages Unknown (birth to 6th Birthday)	2,154
Primary Caregivers	7,394
Providers	2,233
Total Population Served	**17,055**

Primary Languages Spoken in the Home

Category	Number of Children	Number of Primary Caregivers
English	577	2,988
Spanish	956	2,705
Cantonese	12	15
Mandarin	21	132
Vietnamese	1	9
Korean	3	4
Other - Specify with text box Arabic, ASL, Bengali, Berber, Bulgarian, Cambodian	88	249
Unknown	5,770	1,292
Totals	**7,428**	**7,394**

Race/Ethnicity of Population Served

Category	Number of Children	Number of Primary Caregivers
Alaska Native/American Indian	14	16
Asian	221	415
Black/African-American	251	708
Hispanic/Latino	1,546	2,697
Native Hawaiian or Other Pacific Islander	11	38
Other – Specify with text box Middle Eastern/North African	55	68
Two or more races	128	95
Unknown	5,022	2,789
White	180	568
Totals	**7,428**	**7,394**

Duplication Assessment

Category	Data
Degree of Duplication	20%
Confidence in Data	Moderately confident
Additional Details (Optional)	

Annual Report AR-3

Contra Costa County Evaluation Summary and Highlights

July 1, 2022 - June 30, 2023

County Evaluation Summary

Evaluation Activities Completed, Findings, and Policy Impact

Improved Family Functioning: This fiscal year, the First 5 Centers served 5,166 participants, which is a 71% increase over the prior year. Staff helped 482 parents access community services, with the top referrals made for development playgroups, parent education, early care and education and educational supports. Of the 172 parents who attended Triple P classes that completed clinical assessments, there were statistically significant differences in their pre- and post- responses that indicated a decrease in risk for laxness, overactivity, and hostility in their parenting; a decrease in the parents' perception of the intensity and number of challenges with their child's behavior; and a decrease in risk for depression, anxiety and stress. Over the past three years, we have focused on offering programming that is responsive to African American/Black families, whose health, education and well-being outcomes continue to lag behind other groups in our county. With our funded partners, we enhanced outreach and delivered culturally relevant services designed to meet the needs of African American/Black families. In that time, we have seen a 300% increase in participation by African American/Black parents in tailored Positive Parenting seminars, and also a more than 100% increase in participation by African American/Black parents in our countywide Positive Parenting classes. Our family resource centers offered 300+ hours of programming designed to serve African American/Black families, and saw a 127% increase in participation by African American parents from the prior year. Improved Child Development: Last fiscal year, 35 professional trainings were held for 465 early childhood education and early intervention providers on various topics. Of those who completed surveys, 88% reported that the training's learning objectives were met and 71% indicated they would be changing their practice as a result of the training. First 5 Contra Costa supported 120 early learning providers in their continued professional and educational growth through the Professional Development Program, which offers stipends to complete college coursework or professional development trainings. In addition, First 5 Contra Costa's coaches provided 516 hours of coaching to 112 sites to help them meet their quality improvement goals, and through funded partners First 5 supported coaching for a total of 1,560 providers. Improved Child Health: Pediatric sites, First 5 Centers and home visiting staff completed 2,463 developmental screenings for 1,720 children, an increase of 185 more children from the prior fiscal year. Communications or problem-solving concerns were identified for about 20% of these children, 13% had fine or gross motor concerns, and 11% had socio-emotional concerns. About 4% of children were referred to regional centers and school districts. We funded 4 more developmental playgroups which resulted in 32 more adult participants in FY 2023 than in the prior fiscal year. All parents who completed an exit survey reported they would recommend the playgroup and at least 81% reported their child's developmental skills improved due to the playgroup. Help Me Grow served 881 adults caring for children ages 0 to 5, an increase from the prior fiscal year. Most referrals made by the program were to the Regional Center or for a developmental screening. Improved Systems of Care: We led the re-launch of the countywide Children's Leadership Council which aims to strengthen the countywide ecosystem that supports child, youth, family, and community resilience. With three county agencies, we coordinated a virtual event to release a new report and an in-person convening to increase participation in collaborative projects. Survey responses from the 115-person convening showed that 97% learned something new and 92% were likely to participate in at least one of the collaborative projects.

County Highlights

County Highlight

We aim to change systems of services and supports to better meet the needs of children and families through a whole child, whole family approach. Strengthening Families: In FY23, we served 5,166 adults/children through programming at our First 5 Centers—a 71% increase from last year. As families face economic challenges, we distributed 1,425 cases of diapers and 149 car seats. Our Community Advisory Councils, composed of 22 First 5 Center parents/volunteers, completed a community needs assessment using the 5 Protective Factors framework and presented recommendations to better address community needs—the Centers will implement them in FY24. Early Childhood Education: In our Ready Kids East County initiative—an effort to reform the systems/services available to African American and Black families—we held 7 family engagement workshops and 4 parent/child meet-ups with 75 community members to build connections and foster school readiness. 240 early learning providers were offered 23 professional development opportunities based on a needs and interest survey for providers. Our Quality Matters Family Child Care (FCC) Partner Program involved 17 FCC providers to serve as mentors to 39 FCC providers. Mentors offered peer-to-peer support for quality improvement and strengthened connections between FCCs–an effort to support quality early learning and foster retention. Early Intervention: With increased outreach to participate in the Help Me Grow (HMG) model, 185 more children were screened for developmental concerns compared to last year. To increase screening in early learning spaces, we launched an ASQ screening pilot with a school district serving high-needs communities. Our 2022 pilot program that linked our HMG model to health clinics trained to conduct ACEs screening was featured in several publications. Aliados Health showcased it in its Promising Practice papers and podcast. We also published a brief and practice paper to share the successes and lessons learned.

FIRST 5 CONTRA COSTA
CHILDREN AND FAMILIES COMMISSION

STAFF REPORT
October 30, 2023

ACTION: __X__

DISCUSSION: _______

TITLE: **Consider accepting the 2024 Health and Dental premium contribution rates.**

Introduction:
From its inception, the Commission has chosen to participate in the County's health benefit plan for First 5 employees. Each year the County negotiates premiums with health insurance carriers and provides the rate sheets to First 5 listing the employer and employee contributions based on negotiated rates with providers. Since 2012, the Commission has adopted an 80% employer and 20% employee contribution split on health premiums for active employees who work 20 hours or more per week. Dental rates for active employees, as well as health and dental rates for retirees are at the same level as the County. The employer portion of retiree health and dental contributions are paid out of the First 5 CERBT trust. First 5 does not contribute to health or dental premiums for intermittent and permanent part time employees, who work less than 20 hours per week, COBRA participants, or survivors of retirees. Rate sheets are attached.

The Commission sets the rates and contribution levels at this meeting, as the open enrollment period needs to begin upon approval. will set a window for open enrollment for First 5 employees from November 1, 2023, to November 15, 2023.

Background:
Eight health plans are available through three different carriers in combination with a Health Savings Account (HSA). Two dental plans are offered. A voluntary vision plan remains offered and is paid entirely by employees.

The Board of Supervisors approved the 2024 premiums for health and dental rates on September 12, 2023. There is no increase to dental plans. The rate increase for the health plan providers is below:

CONTRA COSTA HEALTH PLAN A & B	7.5%
KAISER PERMANENTE - BASIC PLAN A, B AND HIGH DEDUCTIBLE (HD)	4%
HEALTH NET SMARTCARE HMO A	17.5%
HEALTH NET SMARTCARE HMO B	10.3%
HEALTH NET PPO PLAN - BASIC PLAN A	5%

Below are the projected plan costs for 2024. Projections are based on all positions staffed the full calendar year (12 months). Various qualifying events can result in a different mix of employee plan choices and actual costs may be higher than projected. Qualifying events can include marriage, newborn child, new hire, and separation, and will cause the employer contribution rates to fluctuate.

Comparison Years	**2023**	**2024**
Positions eligible to receive health and/or dental benefits	36	33
Annual employer contributions	$652,431	$632,323
Variance from previous year		-3.2%

Recommendation:
Staff recommends the Commission approve the 2024 health and dental employer paid premium contribution rates for active employees; accept the 2024 contribution rates for intermittent-employees, COBRA participants, retires and survivors at the same levels as the County.

2024 MONTHLY MEDICAL AND DENTAL PLAN PREMIUMS **EMPLOYEES OF FIRST 5**

PERMANENT FULL TIME EMPLOYEES AND PART TIME EMPLOYEES SCHEDULED TO WORK AT LEAST 20 HOURS PER WEEK

PLAN/COVERAGE DESCRIPTION	2024 TOTAL MONTHLY PREMIUM	2024 COUNTY MONTHLY SUBSIDY	2024 EMPLOYEE MONTHLY SHARE
CONTRA COSTA HEALTH PLAN - BASIC PLAN A			
Employee on Basic Plan	$1,185.45	$948.36	$237.09
Employee & 1	$2,370.85	$1,896.68	$474.17
Employee & 2 or more dependents on Basic Plan	$3,556.32	$2,845.06	$711.26
CONTRA COSTA HEALTH PLAN - BASIC PLAN B			
Employee on Basic Plan	$1,314.08	$1,051.27	$262.81
Employee & 1	$2,628.15	$2,102.52	$525.63
Employee & 2 or more dependents on Basic Plan	$3,942.25	$3,153.80	$788.45
KAISER PERMANENTE - BASIC PLAN A			
Employee on Basic Plan	$945.36	$756.29	$189.07
Employee & 1	$1,890.72	$1,512.58	$378.14
Employee & 2 or more dependents on Basic Plan	$2,836.08	$2,268.87	$567.21
KAISER PERMANENTE - BASIC PLAN B			
Employee on Basic Plan	$751.38	$601.11	$150.27
Employee & 1	$1,502.76	$1,202.21	$300.55
Employee & 2 or more dependents on Basic Plan	$2,254.14	$1,803.32	$450.82
KAISER PERMANENTE - HIGH DEDUCTIBLE PLAN			
Employee on Basic Plan	$603.14	$482.52	$120.62
Employee & 1	$1,206.28	$965.03	$241.25
Employee & 2 or more dependents on Basic Plan	$1,809.42	$1,447.54	$361.88
HEALTH NET SMARTCARE - BASIC PLAN A			`
Employee on Basic Plan	$1,770.42	$1,416.34	$354.08
Employee & 1	$3,540.84	$2,832.68	$708.16
Employee & 2 or more dependents on Basic Plan	$5,311.26	$4,249.01	$1,062.25
HEALTH NET SMARTCARE - BASIC PLAN B			
Employee on Basic Plan	$1,184.52	$947.62	$236.90
Employee & 1	$2,369.04	$1,895.24	$473.80
Employee & 2 or more dependents on Basic Plan	$3,553.56	$2,842.85	$710.71
HEALTH NET PPO PLAN - BASIC PLAN A			
Employee on Basic Plan	$3,640.25	$2,912.20	$728.05
Employee & 1	$7,280.50	$5,824.40	$1,456.10
Employee & 2 or more dependents on Basic Plan	$10,920.75	$8,736.60	$2,184.15

PERMANENT FULL TIME EMPLOYEES AND PART TIME EMPLOYEES SCHEDULED TO WORK AT LEAST 20 HOURS PER WEEK

PLAN/COVERAGE DESCRIPTION		2024 TOTAL MONTHLY PREMIUM	2024 COUNTY MONTHLY SUBSIDY	2024 EMPLOYEE MONTHLY SHARE
DELTA DENTAL PREMIER PPO - $1,800 Annual Maximum				
For CCHP Plans	Employee	$46.52	$41.17	$5.35
	Employee + 1	$105.08	$93.00	$12.08
	Employee + 2 or more	$105.08	$93.00	$12.08
For Health Net Plans	Employee	$46.52	$34.02	$12.50
	Employee + 1	$105.08	$76.77	$28.31
	Employee + 2 or more	$105.08	$76.77	$28.31
For Kaiser Permanente Plans	Employee	$46.52	$34.02	$12.50
	Employee + 1	$105.08	$76.77	$28.31
	Employee + 2 or more	$105.08	$76.77	$28.31
Without a Health Plan	Employee	$46.52	$43.35	$3.17
	Employee + 1	$105.08	$97.81	$7.27
	Employee + 2 or more	$105.08	$97.81	$7.27
DELTA CARE (HMO)				
For CCHP Plans	Employee	$24.17	$24.17	$0.00
	Employee + 1	$52.23	$52.23	$0.00
	Employee + 2 or more	$52.23	$52.23	$0.00
For Health Net Plans	Employee	$24.17	$21.31	$2.86
	Employee + 1	$52.23	$46.05	$6.18
	Employee + 2 or more	$52.23	$46.05	$6.18
For Kaiser Permanente Plans	Employee	$24.17	$21.31	$2.86
	Employee + 1	$52.23	$46.05	$6.18
	Employee + 2 or more	$52.23	$46.05	$6.18
Without a Health Plan	Employee	$24.17	$24.17	$0.00
	Employee + 1	$52.23	$52.23	$0.00
	Employee + 2 or more	$52.23	$52.23	$0.00
VSP VOLUNTARY VISION PLAN				
	Employee	$9.00	$0.00	$9.00
	Employee + 1	$17.99	$0.00	$17.99
	Employee + 2 or more	$28.98	$0.00	$28.98

Los Angeles Times

CALIFORNIA

Hefty cigarette taxes cut smoking big-time. But there’s a downside for children

Parent coach Alba Mariscal, center, visits Ilse Ochoa and her 10-month-old daughter, Brianna de Leon, in Compton. Parent coaches go house to house, checking in on families through the first year of their baby’s life, offering tips, advice and support. (Francine Orr / Los Angeles Times)

BY JENNY GOLD | STAFF WRITER

Photography by FRANCINE ORR

SEPT. 20, 2023 3 AM PT

Compton — California voters eked out a win for children more than two decades ago based on a "sin tax." Proposition 10 slapped cigarettes with a hefty surcharge to pressure smokers to give up their habit and used the money to improve the health and well-being of young children and their families.

It worked.

When the measure passed in 1998, about 1.5 billion packs of cigarettes were sold and taxed annually in California. By 2022, sales were down to fewer than 550 million packs.

The downside is the inherent paradox baked into the financing of the measure. The less people smoked over time, the less money was available for early childhood programs.

As Proposition 10 approaches its 25th anniversary in November, the "First 5" public agencies it created — named for the first five years of life — have hit a critical juncture as the decline in funding accelerates. A recent voter-approved ban on the sale of flavored tobacco, including menthol cigarettes, is projected to lead to a 20% decline in First 5's tobacco tax revenue by June 2024.

Ten-month-old Brianna de Leon loves books. She is playing in her living room as her mother meets with a parent coach. (Francine Orr / Los Angeles Times)

The well-known agencies that have collected more than $11 billion from smokers — for preschools, homeless family housing, pediatric dental and mental health services and key infant-mother home visiting programs, among others — are confronting an existential crisis. How do they remake themselves amid shrinking revenue, and what programs will they preserve with the money they have left?

"It seemed like a brilliant solution — tax the sinners who are smoking to help newborns and their parents. It was great," said Deborah Daro, a senior research fellow at Chapin Hall at the University of Chicago and a First 5 Los Angeles consultant. "But then people stopped smoking, which from a public health perspective is great, but from a funding perspective for First 5 — they don't have another funding stream."

First 5's tobacco tax funding peaked in 1999 — the first year of the program — at around $690 million, according to the First 5 Assn. of California, which represents the county groups. It hit a low of $388 million in the 2021-22 budget year despite being propped up by additional revenue, including a new tax on vaping products.

Proposition 10 called for 20% of revenue from the tobacco tax to go to a statewide agency focused on public outreach, research and statewide initiatives. The other 80% is divided among agencies serving the state's 58 counties, based on birthrate, with First 5 Los Angeles getting the largest share, almost a quarter.

Parent coach Alba Mariscal brings a toy during a home visit. Parent coaches go house to house, checking in on families through the first year of their baby's life. (Francine Orr / Los Angeles Times)

"The emergency is now," said Avo Makdessian, executive director of the First 5 Assn. Without First 5, "I'm afraid California will lose its focus on our youngest residents."

Small counties in particular are making cuts. At the end of last year, First 5 Butte County in the upper Central Valley, for example, stopped funding its partnership for developmental screenings and its contribution to the 211 health and human services information line. Unless another funding source is found, its home visiting program will end next year, said Executive Director Anna Bauer.

By 2029, Bauer estimates, First 5 Butte County will no longer have enough revenue to remain open.

With small counties hanging on by a thread, Makdessian said, the county association plans to ask the state for additional funding sources to maintain programs.

But there is some division between the county and the statewide First 5 group about whether to even seek more money.

Jackie Thu-Huong Wong, executive director of the state agency, said it has not yet taken a position. She said First 5 California is focused on transitioning to more of a policy role, using its money to lobby the state to invest more in early childhood and fund the most successful First 5 programs, such as home visiting. The agency thinks it can achieve this with ongoing revenue.

"What we know about tobacco is that it's addictive," she said. "I hate to sound so dark. But I don't foresee a California without First 5."

In recent years, the state has stepped in to fill the gap by investing more money in early childhood programs, including a massive expansion of public preschool and higher pay for child-care providers.

H.D. Palmer, a spokesperson for the state Department of Finance, said the administration is waiting on updated projections, including tobacco tax revenue, before making decisions about next year's budget.

"In many ways you can say the work of First 5 has been done," said Pedro Noguera, dean of the USC Rossier School of Education, pointing to the state's universal preschool expansion as an example of success. "Sometimes it's time to know when it's time to declare victory and make an adjustment."

The value of home visits

Parent coach Alba Mariscal picks up some supplies before she heads out to visit families in Lynwood. (Francine Orr / Los Angeles Times)

On a bright morning just days after Hurricane Hilary, Alba Mariscal packed the trunk of her Toyota with baby toys, diapers and instructional pamphlets and set off to visit new mothers in the South Los Angeles area. First stop, the Compton apartment of Ilse Ochoa and her family.

Ten-month-old Brianna was dressed for the visit in a pink dress embroidered with tiny pink bunnies. She sat on the floor wide-eyed and curious as she reached for one of the plush lettered blocks Mariscal brought for her.

"What a doll you are! Yes, you are!" Mariscal coos to her in Spanish.

Mariscal, a parent coach for the Welcome Baby home visiting program, also gushed with praise for Brianna's 26-year-old mother, who moved to the U.S. from Guatemala four years ago. When Ochoa read her daughter a book, Mariscal exclaimed, "Yes! Literature is the most important thing for babies!"

Then Mariscal got down to business. Pulling out a document and pen, she began to go over her developmental assessment. First, Brianna's language development: Is she making sounds like "ga" and "ba"? Does she say the same sound over and over again, like gagagaga? Check, check. Then her motor development. Is she crawling? Picking up small objects such as Cheerios one at a time? Check. Check.

Ilse Ochoa with her 10-month-old daughter, Brianna de Leon. (Francine Orr / Los Angeles Times)

Building a mother’s confidence and ensuring her child’s development are on track are key components of Welcome Baby, a home visiting program that has served more than 15,000 families in L.A. County over the last year. Mariscal has been visiting Ochoa since she was pregnant.

Sometimes, Welcome Baby provides bigger-ticket items for families with limited resources. When Chayanne Niño and Daniela Prada, whom Mariscal visited later that day, arrived from Colombia seeking asylum, they did not have a car seat to bring their newborn daughter, Salome, back from the hospital, nor a crib to safely put her to sleep. Mariscal brought them both.

"These moms are overwhelmed, tired, sleep-deprived," Mariscal said. "Often, they aren't sending their other children to school because they can't make it out of the house with a newborn in the weeks and months following the birth. Having someone come to them in the comfort of their own home is a game changer."

Study after study has found that home visiting programs increase the chances mothers will successfully breastfeed and be screened for postpartum depression. Babies enrolled in home visiting programs are more likely to attend their well-child visits on time, complete the appropriate developmental screenings to identify delays, avoid maltreatment and be kindergarten-ready. Some programs last just a few months, while others for families with more serious needs can last for years.

But despite the evidence, fewer than 37,000 children in L.A. received a home visit in 2022 even though 750,000 children under age 5 are eligible, according to the Los Angeles County Perinatal and Early Childhood Visitation Consortium.

California ranks [43rd among 50 states and the District of Columbia] in the percentage of eligible children under age 3 who receive evidence-based home visits — just 2.9% compared with the national average of 7.3%, according to the Prenatal-to-3 Policy Impact Center at Vanderbilt University.

Until 2019, First 5 county organizations were the largest investors in home visits in the state, according to the First 5 Center for Children's Policy. The state of California did not make a major investment in voluntary home visiting until 2018, when it added a benefit through the CalWORKs program for low-income families. First 5 programs remain a leading provider, with 42 out of the 58 county First 5s providing support for a home visiting program.

Chayanne Niño, from left, Daniela Prada, and their 4-month-old daughter, Salome Niño, get a visit from parent coach Alba Mariscal. (Francine Orr / Los Angeles Times)

For many, including L.A., home visiting is among their highest priorities.

Although First 5 Los Angeles has sunset other programs, including the preschool expansion, home visiting has remained its last and largest direct service. Still, such visits have started to take a back seat.

Until 2019, First 5 LA funded more than half of home visits in the county; now, the majority of visits are paid for by a mix of federal, state and county funding streams. First 5 LA still funds about a third, $32 million this year, which includes a recent grant from the county Department of Mental Health.

"We're trying to be innovative and collaborative," said Diana Careaga, the agency's director of family supports. "I don't think First 5 is in its twilight."

It's unclear how long county First 5 home visiting programs across the state can be sustained at current levels. Kim Goll, executive director of First 5 Orange County, said state and county governments have not stepped up quickly enough to fill in the funding declines.

"We know that home visitation is one of the best interventions we can do," Goll said. "It's a race against the clock. Can we get these programs spread as our revenue is declining? It creates a little bit of a pressure cooker situation."

Goll estimates that without an additional source of funding, it will be difficult for First 5 Orange County to survive beyond 2035. Like in L.A., home visiting will probably be the last thing to go, Goll said.

The program can also be an important bridge to help families connect with other crucial resources. That was the case for Ilse Ochoa and Brianna in Compton.

A few months ago, Ochoa noticed lines of black mold emerging on the white paint of her bathroom walls and ceiling. Sometimes while she was bathing Brianna, pieces of the mold would fall into the tub. Then came the baby's persistent cough and congestion. At one point Brianna was having so much trouble breathing that Ochoa brought her to the emergency room. She begged her landlord to do something, but he kept putting her off.

Then she remembered Mariscal had invited her to reach out with anything she needed, so she sent a text. Mariscal helped her contact the Department of Public Health, which sent a threatening letter to the landlord: Fix the mold problem, or the family would not be paying rent.

The landlord cleaned out the mold, and Brianna soon stopped coughing.

Mariscal worries about her ability to help families like this one in the future.

“If we don’t see babies, and we don’t conduct assessments, how are parents going to know how to advocate for their babies?” she wonders.

Jenny Gold

Jenny Gold covers early childhood development and education for the Los Angeles Times. Before joining The Times in 2023, she spent nearly 14 years covering healthcare for radio and print as a senior correspondent at Kaiser Health News. Her stories have appeared in the New York Times, the Washington Post, the Atlantic, NPR, Reveal and Marketplace, among others. A Berkeley native, she is a graduate of Brown University and was previously a Kroc fellow at NPR.

Francine Orr

Francine Orr has been a staff photojournalist for the Los Angeles Times since 2000. Previously, she was a staff photographer at the Kansas City Star. Orr served as a Peace Corps volunteer in Yap, Federated States of Micronesia. While there, she learned how to be a quiet observer and gained a love for stories. She was raised in Colorado and earned bachelor’s degrees in both history and art from the University of Saint Mary. In 2022, Orr received the coveted Dart Award for Excellence in Coverage of Trauma and the National Headliner Award. She also won the 2020 Meyer “Mike” Berger and was a Pulitzer Prize finalist in feature photography in 2012.

Kentucky had an outside-the-box idea to fix child care worker shortages. It's working

October 6, 20235:00 AM ET

Andrea Hsu

With pandemic relief money for child care winding down, states are looking for ways to ensure the sector survives so parents can go to work.

skynesher/Getty Images

With most of the federal government's pandemic relief money for child care now spent, it's up to states to step in with new ideas to solve the many problems plaguing the sector.

A year ago, Kentucky came up with a creative solution that is already paying dividends.

The state made all child care employees eligible for free child care, regardless of household income.

"That is a beautiful incentive," says Jennifer Washburn, who owns and runs iKids Childhood Enrichment Center in Benton, Ky. "Any of my teachers who have children — they can work for me, and their children are paid for by the state."

Drop in low-income children in child care led to a discovery

The idea emerged after the state saw a sharp drop in the number of children accessing child care subsidies in the pandemic — from roughly 30,000 to just 17,000 children.

Sarah Vanover, who was then director of Kentucky's Division of Child Care, says that remained true even after the state raised the income eligibility threshold, making many more families eligible for subsidized care.

After a flurry of calls to child care centers, Vanover concluded there was no lack of need. In fact, many parents were desperate to get their kids into day care so they could return to work. They just couldn't find open spots.

One reason was Kentucky had lowered the child-to-teacher ratios in the pandemic to prevent the spread of COVID. Each class had to be smaller.

However, the bigger problem was staffing. Child care centers couldn't find anyone to work.

"They had empty classrooms with no teachers," says Vanover.

Competition for workers a culprit

In the pandemic, competition for workers intensified. The local Target started paying $17 an hour. The starting wage at Domino's was $15 an hour. In Kentucky, child care paid around $12 an hour.

"So when you're thinking like, 'Okay, I can I can work with all these kids in a very labor intensive job and make very little money, or I can go to Target and stock shelves and make $5 an hour more' — it's not a contest for working parents who need to support their family," says Vanover, who's now policy and research director with Kentucky Youth Advocates.

Money well spent

Kentucky made day care free for child care workers through a change in licensing regulations. A year later, the number of children receiving state subsidies for child care has jumped up to 40,000, of whom 3,600 are the children of child care employees, according to Vanover.

It does come at a cost to the state, which pays more than $200 a week in many counties for an infant spot, and less for older children. But already, it seems like money well spent.

Vanover is hearing from child care centers who are overjoyed that they finally are able to fully staff up their operations, allowing them to open up spots for working families.

She's also hearing from other states — 30 to date — interested in what Kentucky has done.

One state away, hopes for a similar change

In neighboring West Virginia, Melissa Colagrosso, owner of A Place to Grow, is hoping her state will take notice and follow suit.

To attract teachers, Colagrosso first offers a discount on child care, and then makes it free after three years of employment — but only for children ages two and up.

Melissa Colagrosso, founder of A Place to Grow child care center in Oak Hill, W.Va., hopes her state will follow Kentucky's lead in making child care free for child care employees.
Andrea Hsu/NPR

The benefit was a big draw for Quartney Settle, who had worked at the center part-time while also pursuing her real passion in social work.

In July, Settle quit her job as a middle school social worker, taking a nearly $10-an-hour pay cut to work full-time at A Place to Grow so that her 4-year-old daughter could attend for free.

"I walked away from my my dream career to work here, which is okay — I still get to work with kids, and I still enjoy that," Settle says.

"But I think it's a decision I shouldn't have had to make."

With competition for workers from Sheetz, Walmart and local elementary schools, which are required to have aides in the younger grades, Colagrosso knows free or discounted child care is one of her only draws. But she struggles to afford it.

"Centers can't afford to give those spots away," she says. "We have waiting lists."

Meanwhile, Settle is still working through regret over leaving her promising career path in the school system. For now, she's focused on the upsides — including getting to see more of her daughter.

"So minor things, like, 'Oh, I scratched my finger!' Sometimes, you just need mom's hug," she says. "It's nice to be able to be here for that."