



Financial Statements

For the Year Ended June 30, 2024

First 5 Contra Costa Children and Families Commission

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

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First 5 Contra Costa Children and Families Commission

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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, 2024, 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, 2024, 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.

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

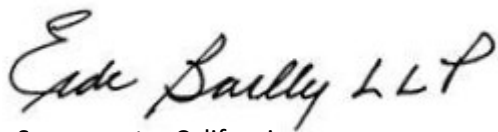
Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance 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 15, 2024, 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 15, 2024

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, 2024. This information should be read in conjunction with the financial statements and the notes to the financial statements (beginning on page 11).

Fiscal 2024 Financial Highlights

Financial highlights of the year include the following:

At the close of fiscal year (FY) 2023-24, the Commission's assets plus deferred outflows exceeded its liabilities plus deferred inflows by \$20,056,094 (net position), a decrease of 3% from the previous year. Of this amount, \$3,332,668 was the net investment in capital assets, net of related debt. The remaining net position of \$16,723,426 is available to meet the Commission's ongoing obligations. The change in net position is due to a decrease in operating grants and contributions.

Total Commission revenues for FY 2023-24 equaled \$9,820,829, a decrease of \$186,241 from the prior year. The revenue consisted of Contra Costa's Propositions 10 and 56 tax allocations by birth rate, the California Electronic Cigarette Excise Tax (CECET), 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), the Children & Youth Behavioral Health Initiative, Measure X inclusion funding, the federal Administration for Children and Families (ACF) funding, other foundation grants, and interest income.

Contra Costa's FY 2023-24 Proposition 10 tax revenue of \$4,894,409 decreased 7% from the previous year's total of \$5,280,156. Statewide, Prop 10 income decreased \$26,240,829 (13%) 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 FY 2023-24 of \$1,925,267. CECET resulted in \$141,172 in revenue, an increase of \$45,305 from the previous year's total of \$95,867.

Total expenses for FY 2023-24 were \$10,378,473, a decrease of \$937,967 (8%) from the previous year. The decrease during FY 2023-24 can be attributed to a reduction of full-time equivalent employees (FTEs), resulting from retirements and existing vacant positions that were not filled. Additionally, there was a decrease in program expenditures due to changes within the community focus areas and unexpected implementation delays with multiple projects.

During FY 2023-24, Commission revenues exceeded adopted budgeted revenues by \$754,269, and overall expenditures were less than budgeted by \$4,562,610, thus eliminating the need for draw-down on reserves and adding to fund balance by \$456,869.

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 a 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 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.

First 5 Contra Costa Children and Families Commission
Management's Discussion and Analysis
June 30, 2024

The following is a summary of the Commission's Statement of Net Position comparing balances at June 30, 2024 to June 30, 2023.

	Governmental Activities		Change
	2024	2023	
Assets			
Current and other assets	\$18,651,852	\$19,587,074	(\$935,222)
Capital assets, net of depreciation	6,841,733	7,528,608	(686,875)
Total Assets	25,493,585	27,115,682	(1,622,097)
 Deferred outflows of resources	 2,836,693	 3,209,806	 (373,113)
Liabilities			
Current liabilities	1,067,220	2,319,822	(1,252,602)
Noncurrent liabilities	6,819,229	6,755,588	63,641
Total Liabilities	7,886,449	9,075,410	(1,188,961)
 Deferred inflows of resources	 387,735	 636,340	 (248,605)
Net Position			
Net investment in Capital Assets	3,332,668	3,654,338	(321,670)
Restricted for:			
Dean & Margaret Leshner Foundation		245,219	(245,219)
Unrestricted	16,723,426	16,714,181	9,245
Total Net Position	\$20,056,094	\$20,613,738	(\$557,644)

The Commission's net position from governmental activities decreased from \$20,613,738 in FY 2022-23 to \$20,056,094 in FY 2023-24. The \$557,644 decrease in net position was due to a decrease in Prop 10 and grant revenues during FY 2023-24.

The most significant portion of the Commission's current assets is its cash balances. Current and other assets decreased \$935,222 from the prior year due to a decrease in Prop 10 and grant revenues. Cash is maintained in 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 \$1,684,432 at June 30, 2024. These receivables are due from the State for the May and June 2024 Prop 10 tax revenues (\$764,387), SMIF (\$47,622), CECET (\$55,431), First 5 California IMPACT Legacy Hub (HUB) grant (\$72,400), First 5 California Regional Technical Assistance for Home Visiting Coordination and Integration (RTA-HVC) grant (\$63,747), the First 5 California Improve and Maximize Programs so All Children Thrive (IMPACT) grant (\$390,881), Contra Costa County Measure X sales tax for the Children with Disabilities project (\$102,194), California State Preschool Program grant (\$50,363), First 5 Quality Counts California (\$75,297), and the federal ACF grant (\$62,110).

First 5 Contra Costa Children and Families Commission
Management's Discussion and Analysis
June 30, 2024

Current liabilities for the year ending June 30, 2024 decreased \$1,252,602 from the prior year due to grants and contract payments to related parties. Current liabilities include vendor accounts payable of \$136,579, 4th quarter contract payments of \$322,808 payable to service providers and related parties at June 30, 2024, accrued wages and benefits of \$280,885, the current portions of compensated absences of \$26,562, lease liability of \$275,732, and SBITA liability of \$24,654.

Noncurrent liabilities consist of the long-term portion of accrued vacation in the amount of \$239,054, lease liability of \$3,208,679, net pension liability of \$2,907,786, and net OPEB liability of \$463,710.

In 2024, the Commission reported deferred outflows of resources and deferred inflows of resources in the amounts of \$2,836,693 and \$387,735 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 FY 2023-24 with FY 2022-23:

	<u>Governmental Activities</u>		
	<u>2024</u>	<u>2023</u>	<u>Change</u>
Program Revenues			
Prop 10 Tax	\$4,894,409	\$5,280,156	(\$385,747)
CA Electronic Cigarette Tax	141,172	95,867	45,305
Prop 56	1,925,267	1,792,476	132,791
Grant income	1,952,712	2,226,240	(273,528)
Total Program Revenues	<u>8,913,560</u>	<u>9,394,739</u>	<u>(481,179)</u>
General Revenues			
Interest income	752,990	621,705	131,285
Unrealized gain/(loss)	125,985	(14,574)	140,559
Rental income	23,294	-	23,294
Miscellaneous revenue	5,000	5,200	(200)
Total Revenues	<u>9,820,829</u>	<u>10,007,070</u>	<u>(186,241)</u>
Expenses			
Child development	10,177,232	11,116,192	(938,960)
Interest expense	201,241	200,248	993
Total Expenses	<u>10,378,473</u>	<u>11,316,440</u>	<u>(937,967)</u>
Change in net position	(557,644)	(1,309,370)	(1,732,247)
Net position, beginning of year	<u>20,613,738</u>	<u>21,923,108</u>	<u>422,877</u>
Net position, end of year	<u>\$20,056,094</u>	<u>\$20,613,738</u>	<u>(\$1,309,370)</u>

Proposition 10 revenue decreased by \$385,747 while Proposition 56 revenue increased by \$132,791 compared to the prior year. Grant income decreased by \$273,528.

The Commission's total expenses decreased \$937,967 (8%) from the prior year. Expenses aligned with the Commission's 2023-2026 Strategic Plan. The Early Intervention Initiative continued training and engagement of early intervention providers, pediatricians, and parents on developmental screenings, developmental playgroups, and parent education. With funding from the Children and Youth Behavioral Initiative grant, Triple P Positive Parenting classes for parents were expanded countywide. Foundation grant funds supported general activities for the Community Engagement Program for a portion of the fiscal year. The Community Engagement Program staff left First 5 Contra Costa to initiate a new and independent non-profit organization with the goal of further expanding their civic engagement efforts to broader community issues and audiences outside of First 5's purview. 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. The ECE Initiative continued efforts through the Family Child Care Partner Program to provide ongoing peer-to-peer guidance, support, and mentoring to family child care providers. Additionally, services continue to provide capacity building for educators and parents to use books to support early development in language, literacy, math, social emotional learning, and social justice. Ongoing implementation of the East County Ready Kids Initiative to increase school readiness of young black and African American children continued in partnership with school districts, the library, community-based organizations, city leaders, other parent advocates, and educators. This year the East County Ready Kids Initiative implemented a literacy program called Lil Libraries Around Town which provided hundreds of African American children with literary materials in barber shops and other small businesses. 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. First 5 Center activities are also offered at other community organizations such as the public libraries where services can be co-located. Additionally, Community Resource Specialists at the five First 5 Centers continued to assist and connect parents to access community services.

Financial Analysis of the Governmental Fund

The fluctuations in the Commission's general fund revenues and expenditures from the year ending June 30, 2024, 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 \$754,269 (7%) more than budget when excluding the \$4,870,175 budgeted to come from fund balance. Expenditures were under budget by \$4,562,610 (31%). Prop 56 revenue exceeded budgeted amounts by \$312,038. CECET revenue was higher this year by \$45,305, which partially offset a decline in Prop 10 revenue. Total expenditures were less than budgeted because of 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. The Commission also recognized \$35,246 in current year additions for furniture and fixtures, \$171,731 in accumulated depreciation, a net expense of \$496,300 for the right-to-use lease asset, and \$54,090 in amortization expense for subscription-based information technology.

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 multiple fiscal years at year-end. These liabilities increased \$63,641 from the previous year, mostly due to the increase in net OPEB liability in the current year based on the latest actuarial valuation.

Economic Outlook and Major Initiatives

California Proposition 10 tobacco tax revenues decreased in FY 2023-24 as tobacco sales continued a downward trajectory. Prop 10 income will continue to drop in FY 2024-25 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 FY 2024-25 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.

While Contra Costa County is projected to experience a slight decrease in birth rates of 0.01% over the next four calendar years beginning in 2024 at 2.75% and ending in 2027 at 2.74%, the corresponding fiscal years (FY 2024-25 through FY 2028-29) are projected to experience a decline in revenue totaling approximately 13%, from \$6,717,988 in FY 2024-25 to \$5,849,417 in FY 2028-29 (approximately 3.2% per year).

The Commission concluded activities approved in the 2023-2026 Strategic Plan for FY 2023-24 without using 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.

First 5 Contra Costa Children and Families Commission
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Current Assets	
Cash and investments	\$ 16,049,211
Accounts receivable	262,431
Due from other governments	1,684,432
Prepaid items	548,778
Total Current Assets	18,544,852
Noncurrent Assets	
Note receivable	107,000
Capital assets, nondepreciable	331,538
Capital assets, net of accumulated depreciation	3,377,170
Right-to-use lease assets, net of accumulated amortization	3,107,452
Right-to-use SBITA assets, net of accumulated amortization	25,573
Total Noncurrent Assets	6,948,733
Total Assets	25,493,585
Deferred outflows of resources	
Deferred outflows related to pensions	2,316,599
Deferred outflows related to OPEB	520,094
Total Deferred Outflows of Resources	2,836,693
Liabilities	
Current Liabilities	
Accounts payable	136,579
Grants and contracts payable	312,516
Grants and contracts payable to related parties	10,292
Accrued wages and benefits	280,885
Compensated absences, current portion	26,562
Lease liability, current portion	275,732
SBITA liability, current portion	24,654
Total Current Liabilities	1,067,220

(Continued)

First 5 Contra Costa Children and Families Commission
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Noncurrent Liabilities	
Compensated absences	\$ 239,054
Net pension liability	2,907,786
Net OPEB liability	463,710
Lease liability	<u>3,208,679</u>
Total Noncurrent Liabilities	<u>6,819,229</u>
Total Liabilities	<u>7,886,449</u>
Deferred inflows of resources	
Deferred inflows related to pensions	228,902
Deferred inflows related to OPEB	<u>158,833</u>
Total Deferred Inflows of Resources	<u>387,735</u>
Net position	
Net investment in capital assets	3,332,668
Unrestricted	<u>16,723,426</u>
Total Net Position	<u><u>\$ 20,056,094</u></u>

First 5 Contra Costa Children and Families Commission
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Expenses	Operating Grants And Contributions	Governmental Activities
Child development	\$ 10,177,232	\$ 8,913,560	\$ (1,263,672)
Interest expense	201,241	-	(201,241)
Total governmental activities	\$ 10,378,473	\$ 8,913,560	(1,464,913)
General Revenues			
Investment income			752,990
Unrealized gain			125,985
Rental income			23,294
Miscellaneous			5,000
Total General Revenues			907,269
Change in Net Position			(557,644)
Net Position, July 1			20,613,738
Net Position, June 30			\$ 20,056,094

First 5 Contra Costa Children and Families Commission

Governmental Fund Balance Sheet

June 30, 2024

	General Fund
Assets	
Cash and investments	\$ 16,049,211
Accounts receivable	262,431
Due from other governments	1,684,432
Prepaid items	548,778
Note receivable	107,000
Total Assets	\$ 18,651,852
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 136,579
Grants and contracts payable	312,516
Grants and contracts payable to related parties	10,292
Accrued wages and benefits	280,885
Total Liabilities	740,272
Fund Balances	
Nonspendable	655,778
Committed	4,535,808
Assigned	3,182,610
Unassigned	9,537,384
Total Fund Balances	17,911,580
Total Liabilities and Fund Balances	\$ 18,651,852

First 5 Contra Costa Children and Families Commission
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Fund balance of governmental fund	\$ 17,911,580
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.	6,841,733
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	2,316,599
Deferred inflows of resources related to pensions	(228,902)
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	520,094
Deferred inflows of resources related to OPEB	(158,833)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(2,907,786)
Net OPEB liability	(463,710)
Lease liability	(3,484,411)
SBITA liability	(24,654)
Compensated absences	(265,616)
	(7,146,196)
Net Position of Governmental Activities	\$ 20,056,094

First 5 Contra Costa Children and Families Commission
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2024

	General Fund
Revenues	
Prop 10 Tobacco Tax	\$ 4,894,409
CA Electronic Cigarette Excise Tax	141,172
Prop 56	1,925,267
Grant income	2,535,395
Interest income	752,990
Unrealized gain	125,985
Rental Income	23,294
Other revenue	5,000
Total Revenues	10,403,512
Expenditures	
Current	
Program Expenditures	
Early care and education	762,607
Family support	2,761,229
Early intervention	735,474
Policy Advocacy & Communication Strategies	70,381
Salaries and employee benefits	3,041,447
Other program expenditures	477,268
Evaluation	
Salaries and employee benefits	234,069
Other evaluation expenditures	154,833
Administrative	
Salaries and employee benefits	1,097,478
Capital outlay	45,411
Debt Service	
Principal	375,370
Interest	201,241
Total Expenditures	9,956,808
Excess (deficiency) of revenues over (under) expenditures	446,704
Other financing sources (uses)	
Lease proceeds	10,165
Total Other Financing Sources (Uses)	10,165
Net change in fund balance	456,869
Fund balance, July 1	17,454,711
Fund balance, June 30	\$ 17,911,580

First 5 Contra Costa Children and Families Commission
Reconciliation of the Change in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balance - total governmental fund	\$ 456,869
<p>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:</p>	
<p>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.</p>	
Capital outlay	45,411
Depreciation/amortization expense	(732,286)
<p>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.</p>	
	67,756
<p>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.</p>	
Leases and SBITA liability principal payments	375,370
Lease proceeds	(10,165)
<p>Revenues not received within the period of availability are recognized as revenues in the subsequent period.</p>	
	(582,683)
<p>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.</p>	
Change in deferred outflows related to OPEB	155,242
Change in deferred inflows related to OPEB	53,855
Change in net OPEB liability	(280,846)
<p>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.</p>	
Change in deferred outflows related to pensions	(528,355)
Change in deferred inflows related to pensions	194,750
Change in net pension liability	227,438
Change in net position of governmental activities	\$ (557,644)

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, and
- 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 place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life 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 and Investments

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 March 29, 2024. 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, 2024:

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. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in account and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement 53 are effective for fiscal years beginning after June 15, 2023. The Commission has determined that there was no material impact on the Commission's financial statements.

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The Commission has determined that there was no material impact on the Commission's financial statements.

Note 2 - Cash and Investments

Cash and investments consisted of the following at June 30, 2024:

Cash in Contra Costa County Pool	\$ 16,048,711
Imprest cash	<u>500</u>
Total Cash and Investments	<u>\$ 16,049,211</u>

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, 2024, the Commission had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>WAM Years</u>
County Investment Pool	<u>\$ 16,048,711</u>	<u>0.65</u>
Total Investments	<u>\$ 16,048,711</u>	

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 County Pool was assigned a fund credit quality rating of "AAAF" and a fund volatility rating of "S1+".

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, 2024, 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, 2024, of \$16,048,711 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 \$16,169,429 with the difference of \$120,718 representing outstanding checks.

First 5 Contra Costa Children and Families Commission

Notes to Financial Statements

June 30, 2024

Note 3 - Compensated Absences

Changes in the compensated absences liability for the fiscal year ended June 30, 2024, are summarized as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due within one year
Compensated Absences	\$ 333,372	\$ 45,931	\$ (113,687)	\$ 265,616	\$ 26,562

Compensated absences are liquidated by the General Fund.

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, 2024, were as follows:

Due from State Commission	
Prop 10 revenue for	
May 2024	\$ 382,476
June 2024	381,911
SMIF	47,622
California Electronic Cigarette Excise Tax	55,431
First 5 California IMPACT Legacy Hub (HUB) Grant	72,400
First 5 CA Regional Technical Assistance for Home Visiting Coordination & Integration Grant (RTA-HVC)	63,747
First 5 CA IMPACT Legacy Grant	390,881
Employment and Human Services Measure X Children with Disabilities Inclusion Project	102,194
California State Preschool Programs	50,363
Quality Counts California	75,297
Federal Administration for Children and Families Congressional Grant (ACF)	62,110
Total due from other governments	\$ 1,684,432

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, 2024.

Note 6 - Capital Assets

Governmental activities	July 1, 2023	Additions	Deletions	June 30, 2024
Capital assets, not being depreciated				
Land	\$ 331,538	\$ -	\$ -	\$ 331,538
Total capital assets, not being depreciated	<u>331,538</u>	<u>-</u>	<u>-</u>	<u>331,538</u>
Capital assets, being depreciated:				
Buildings and improvements	4,198,414	-	-	4,198,414
Furniture and fixtures	225,045	35,246	-	260,291
Total capital assets being depreciated	<u>4,423,459</u>	<u>35,246</u>	<u>-</u>	<u>4,458,705</u>
Less accumulated depreciation for:				
Buildings and improvements	(841,982)	(125,999)	-	(967,981)
Furniture and fixtures	(67,822)	(45,732)	-	(113,554)
Total accumulated depreciation	<u>(909,804)</u>	<u>(171,731)</u>	<u>-</u>	<u>(1,081,535)</u>
Governmental activities capital assets, net	<u>3,845,193</u>	<u>(136,485)</u>	<u>-</u>	<u>3,708,708</u>
Right to use leased assets being amortized				
Right to use assets - office space	4,196,789	10,165	(107,346)	4,099,608
Less accumulated amortization for:				
Right to use assets - office space	(593,037)	(506,465)	107,346	(992,156)
Net right to use lease assets	<u>3,603,752</u>	<u>(496,300)</u>	<u>-</u>	<u>3,107,452</u>
Subscription-based information technology arrangements assets being amortized				
Software subscriptions	120,236	-	(52,042)	68,194
Less accumulated amortization for:				
Software subscriptions	(40,573)	(54,090)	52,042	(42,621)
Net right to use SBITA assets	<u>79,663</u>	<u>(54,090)</u>	<u>-</u>	<u>25,573</u>
Governmental activities capital assets, net	<u>\$ 7,528,608</u>	<u>\$ (686,875)</u>	<u>\$ -</u>	<u>\$ 6,841,733</u>

Depreciation and amortization expense for the year ended June 30, 2024, amounted to \$732,286 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, 2024 are as follows:

Leases	July 1, 2023	Additions	Deletions	June 30, 2024	Due in One Year
Family resource centers	\$ 178,751	\$ -	\$ (121,137)	\$ 57,614	\$ 22,088
Admin office	3,629,037	-	(210,709)	3,418,328	250,380
Equipment	-	10,165	(1,696)	8,469	3,264
Subtotal Leases	<u>3,807,788</u>	<u>10,165</u>	<u>(333,542)</u>	<u>3,484,411</u>	<u>275,732</u>
Subscription IT liabilities	<u>66,482</u>	<u>-</u>	<u>(41,828)</u>	<u>24,654</u>	<u>24,654</u>
Total lease and SBITA liabilities	<u>\$ 3,874,270</u>	<u>\$ 10,165</u>	<u>\$ (375,370)</u>	<u>\$ 3,509,065</u>	<u>\$ 300,386</u>

The Commission leases office space from third parties for the local First 5 family resource centers and the administration office. As of June 30, 2024, the value of the lease liability was \$3,418,328. The Commission is required to make monthly payments of \$34,465 as of June 30, 2024. 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 family resource centers. As of June 30, 2024, the lease liability was \$57,614. The Commission is required to make monthly payments ranging from \$1,410 - \$6,750 with varying escalators each year on the respective anniversary dates. These leases run through June 30, 2027. The leases all have implied interest rates of 5.0%.

During the fiscal year ended June 30, 2024, the Commission entered into a lease agreement for the use of copier at the administration office. As of June 30, 2024, the lease liability was \$8,469. The Commission is required to make quarterly payments of \$905. The lease runs through February 28, 2027. The lease has an implied interest rate of 4.92%.

The Commission recognized \$506,465 in amortization expense and \$183,196 in interest expense during the fiscal year ended June 30, 2024 related to leases.

In the previous fiscal year, the Commission entered into a SBITA contract for the use of grant related software. As of June 30, 2024, the value of the subscription liability was \$24,654. The Commission is required to make annual principal and interest payments of \$25,888 through June 2025. The subscriptions have interest rates of 4.89%.

First 5 Contra Costa Children and Families Commission

Notes to Financial Statements

June 30, 2024

Remaining principal and interest payments on leases are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 272,732	\$ 167,851
2026	296,098	153,765
2027	323,787	138,317
2028	332,255	121,941
2029	363,195	104,627
2030-2034	<u>1,893,344</u>	<u>212,503</u>
	<u>\$ 3,481,411</u>	<u>\$ 899,004</u>

Remaining principal and interest payments on SBITA are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	<u>\$ 24,654</u>	<u>\$ 1,233</u>
	<u>\$ 24,654</u>	<u>\$ 1,233</u>

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, 2024 consisted of the following:

Fund Balance	<u>General Fund</u>
Nonspendable	
Prepaid Item	\$ 548,778
Note Receivable - Brighter Beginnings	<u>107,000</u>
Subtotal nonspendable	655,778
Committed	
Program Contractual Obligations	4,535,808
Assigned	
Elimination of FY24/25 budget deficit	3,182,610
Unassigned	
Unassigned	<u>9,537,384</u>
Total Fund Balance	<u>\$ 17,911,580</u>

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, 2024:

<u>Related Party</u>	<u>Fiscal Year 2023-24 Expenditures</u>
CoCoKids Inc.	\$ 102,900
Contra Costa County	<u>370,772</u>
Total	<u>\$ 473,672</u>

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

<u>Related Party</u>	<u>Balances Due June 30, 2024</u>
CoCoKids Inc.	<u>\$ 10,292</u>
Total	<u>\$ 10,292</u>

The following table shows revenue with agencies represented by Commissioners and Alternate Commissioners for the fiscal year ended June 30, 2024:

<u>Related Party</u>	<u>Fiscal Year 2023-24 Revenue</u>
Contra Costa County	<u>\$ 225,822</u>

The Commission earned revenue totaling \$225,822 from Contra Costa County during the year ended June 30, 2024. This revenue was for Health Services, which includes Public Health and Behavioral Health Services Division/Mental Health, and for Employment and Human Services Department Measure X funding.

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, 2024, the Commission expended \$417,223 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.

First 5 Contra Costa Children and Families Commission

Notes to Financial Statements

June 30, 2024

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, 2024 are summarized as follows:

	General	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
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, 2024, contributions to the plan were as follows:

	General
Contributions - employer	\$ 1,000,000

Plan's Collective Net Pension Liability

As of June 30, 2024, the Commission reported a liability of \$2,907,786 for its proportionate share of the Plan's collective net pension liability.

First 5 Contra Costa Children and Families Commission

Notes to Financial Statements

June 30, 2024

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, 2023, 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, 2022. The Commission's proportion of the net pension liability is based on the Commission's actual 2023 compensation relative to the actual compensation of all participating employers. The Commission's proportionate share of the net pension liability, measured at December 31, 2022 and 2023 was as follows:

	General
Proportion - December 31, 2022	0.185%
Proportion - December 31, 2023	0.182%
Change in Proportion	-0.003%

For the year ended June 30, 2024, the Commission recognized pension expense of \$925,135. At June 30, 2024, 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	\$ 442,179	\$ 223,557
Changes in assumptions or other inputs	135,239	3,406
Net difference between projected and actual earnings on plan investments	1,365,372	-
Difference between expected and actual experience	373,809	1,939
Total	\$ 2,316,599	\$ 228,902

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	
2025	\$ 691,842
2026	652,076
2027	770,683
2028	(26,904)
Total	\$ 2,087,697

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	December 31, 2022
Measurement Date	December 31, 2023
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)
	Pub-2010 General Healthy Retiree
	Amount-Weighted Above-
Mortality	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, 2022, 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, 2022.

First 5 Contra Costa Children and Families Commission

Notes to Financial Statements

June 30, 2024

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	<u>100%</u>	

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	5.75%	6.75%	7.75%
Commission's Net Pension Liability	\$ 6,173,293	\$ 2,907,786	\$ 231,252

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	<u>28</u>
Total	<u><u>33</u></u>

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, 2024, the Commission made no cash contributions directly to the plan and recognized \$53,501 in implicit contributions.

Net OPEB Liability

The Commission’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, 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	8.0% for 2023 decreasing 0.25% per year to an ultimate rate of 4.5% for 2037 and later years

Mortality rates were based on the Society of Actuaries Pub-2010 General Healthy Retiree Amount- Weighted Above-Median Mortality Table fully generational using Scale MP-2021.

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	 <u>100.00%</u>

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.

First 5 Contra Costa Children and Families Commission

Notes to Financial Statements

June 30, 2024

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022 measurement date	\$ 1,177,360	\$ 994,496	\$ 182,864
Changes in the year			
Service cost	30,152	-	30,152
Interest on the total OPEB liability	64,493	-	64,493
Differences between Expected and Actual Experience	250,017	-	250,017
Changes of Assumptions	6,121	-	6,121
Contribution - employer	-	32,841	(32,841)
Net investment income	-	37,383	(37,383)
Benefit payments, including refunds of employee contributions	(70,783)	(70,783)	-
Administrative expense	-	(287)	287
Net changes	280,000	(846)	280,846
Balance at June 30, 2023 measurement date	\$ 1,457,360	\$ 993,650	\$ 463,710

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	\$661,314	\$463,710	\$299,555

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	7.00% decreasing to 3.50%	8.00% decreasing to 4.50%	9.00% decreasing to 5.50%
Commission's net OPEB liability	\$360,588	\$463,710	\$588,391

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, 2024, the Commission recognized OPEB expense of \$83,477. At June 30, 2024, 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	\$ 49,670	\$ -
Net difference between projected and actual earnings on plan investments	98,445	-
Difference between expected and actual experience	293,277	68,431
Changes of assumptions	78,702	90,402
Total	\$ 520,094	\$ 158,833

The \$49,670 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2025	\$ 42,699
2026	38,585
2027	95,536
2028	51,173
2029	36,592
Thereafter	47,006
Total	\$ 311,591

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, 2024, 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.



Required Supplementary Information
For the Year Ended June 30, 2024

First 5 Contra Costa Children and Families Commission

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

First 5 Contra Costa Children and Families Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund
For the Year Ended June 30, 2024

	Budgeted amounts		Actual Amounts	Variance with Final budget - Positive (negative)
	Original	Final		
Revenues				
Prop 10 Tobacco Tax	\$ 5,085,750	\$ 5,085,750	\$ 4,894,409	\$ (191,341)
Prop 56	1,613,229	1,613,229	1,925,267	312,038
CA Electronic Cigarette Excise Tax	103,720	103,720	141,172	37,452
First 5 California IMPACT	688,297	688,297	1,204,265	515,968
Measure X	405,000	405,000	134,899	(270,101)
CSPP-COE/Preschool QRIS Block Grant	226,007	226,007	255,932	29,925
QCC-Quality Counts California	189,459	189,459	205,870	16,411
CYBHI Children & Youth Behavioroal				
Health Initiative	128,000	128,000	240,000	240,000
Community Engagement Grants	75,000	75,000	75,000	-
Other public funds	101,670	101,670	299,179	197,509
Other grants	783,111	783,111	120,250	(662,861)
Rental income	-	-	23,294	23,294
Interest income	250,000	250,000	752,990	502,990
Unrealized gain	-	-	125,985	125,985
Other revenue	-	-	5,000	5,000
Total Revenues	9,649,243	9,649,243	10,403,512	754,269
Expenditures				
Current				
Program expenditures				
Early care and education	1,076,056	1,076,056	762,607	313,449
Family support	3,782,453	3,782,453	2,761,229	1,021,224
Early intervention	1,459,190	1,459,190	735,474	723,716
Policy Advocacy & Communication				
Strategies	571,445	571,445	70,381	501,064
Salaries and employee benefits	4,309,436	4,309,436	3,041,447	1,267,989
Other program expenditures	417,533	417,533	477,268	(59,735)
Evaluation				
Salaries and employee benefits	395,754	395,754	234,069	161,685
Other evaluation expenditures	479,323	479,323	154,833	324,490
Administrative:				
Salaries and employee benefits	1,199,466	1,199,466	1,104,291	95,175
Other administrative expenditures	828,762	828,762	(6,813)	835,575
Capital Outlay	-	-	45,411	(45,411)
Debt Service				
Principal	-	-	375,370	(375,370)
Interest	-	-	201,241	(201,241)
Total Expenditures	14,519,418	14,519,418	9,956,808	4,562,610

(Continued)

First 5 Contra Costa Children and Families Commission
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund
 (Continued)
 For the Year Ended June 30, 2024

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final budget - Positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,870,175)</u>	<u>\$ (4,870,175)</u>	<u>\$ 446,704</u>	<u>\$ 5,316,879</u>
Other financing sources (uses)				
Subscription proceeds	<u>-</u>	<u>-</u>	<u>10,165</u>	<u>(10,165)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,165</u>	<u>(10,165)</u>
Net Change in Fund Balance	<u><u>\$ (4,870,175)</u></u>	<u><u>\$ (4,870,175)</u></u>	<u>456,869</u>	<u><u>\$ 5,327,044</u></u>
Fund Balance, Beginning of Year			<u>17,454,711</u>	
Fund Balance, End of Year			<u><u>\$ 17,911,580</u></u>	

First 5 Contra Costa Children and Families Commission
 Contra Costa County Employees' Retirement Association –
 Schedule of Proportionate Share of the Net Pension Liability/(Asset)
 Last 10 Years as of June*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net pension liability	0.141%	0.164%	0.173%	0.159%	0.202%	0.171%	0.106%	0.314%	0.185%	0.182%
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	\$ 2,907,786
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	\$ 2,870,849
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%	101.29%
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%	85.55%	87.14%
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	December 31, 2023

First 5 Contra Costa Children and Families Commission
 Contra Costa County Employees' Retirement Association –
 Schedule of Pension Contributions
 Last 10 Years as of June*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 594,757	\$ 604,348	\$ 636,711	\$ 660,452	\$ 659,815	\$ 615,504	\$ 703,170	\$ 858,000	\$ 858,000	\$ 1,000,000
Contributions in relation to the actuarially determined contribution	594,757	604,348	636,711	660,452	659,815	615,504	703,170	858,000	858,000	1,000,000
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	\$ 2,870,849
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%	34.83%

First 5 Contra Costa Children and Families Commission
Schedule of Changes in the Commission's Net OPEB Liability/(Asset)
Last 10 Years as of June*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 32,608	\$ 34,728	\$ 35,770	\$ 33,804
Interest on the total OPEB liability	64,455	68,828	73,368	64,114
Changes in assumptions	-	-	(52,714)	-
Differences between expected and actual experience	-	-	(158,097)	(4,415)
Benefit payments, including refunds of employee contributions	<u>(27,243)</u>	<u>(36,565)</u>	<u>(32,954)</u>	<u>(45,214)</u>
Net change in total OPEB liability	69,820	66,991	(134,627)	48,289
Total OPEB liability - beginning	<u>972,633</u>	<u>1,042,453</u>	<u>1,109,444</u>	<u>974,817</u>
Total OPEB liability - ending (a)	<u>\$ 1,042,453</u>	<u>\$ 1,109,444</u>	<u>\$ 974,817</u>	<u>\$ 1,023,106</u>
Plan fiduciary net position				
Contributions - employer	\$ 52,344	\$ 45,720	\$ 67,165	\$ 85,093
Net investment income	50,176	47,514	57,293	49,736
Administrative expenses	(367)	(403)	(177)	(454)
Other expense	-	(1,021)	-	-
Benefit payments	<u>(27,243)</u>	<u>(36,565)</u>	<u>(32,954)</u>	<u>(45,214)</u>
Net change in plan fiduciary net position	74,910	55,245	91,327	89,161
Plan fiduciary net position - beginning	<u>696,541</u>	<u>771,451</u>	<u>826,696</u>	<u>918,023</u>
Plan fiduciary net position - ending (b)	<u>771,451</u>	<u>826,696</u>	<u>918,023</u>	<u>1,007,184</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 271,002</u>	<u>\$ 282,748</u>	<u>\$ 56,794</u>	<u>\$ 15,922</u>
Plan fiduciary net position as a percentage of the total OPEB liability	74.00%	74.51%	94.17%	98.44%
Covered employee payroll	\$ 1,085,000	\$ 1,085,000	\$ 827,457	\$ 852,281
Net OPEB liability as percentage of covered employee payroll	24.98%	26.06%	6.86%	1.87%

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

First 5 Contra Costa Children and Families Commission
Schedule of Changes in the Commission's Net OPEB Liability/(Asset)
Last 10 Years as of June*

<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 34,537	\$ 24,873	\$ 30,152
66,983	69,444	64,493
(131,848)	102,837	6,121
138,209	(29,914)	250,017
<u>(55,152)</u>	<u>(65,715)</u>	<u>(70,783)</u>
52,729	101,525	280,000
<u>1,023,106</u>	<u>1,075,835</u>	<u>1,177,360</u>
<u>\$ 1,075,835</u>	<u>\$ 1,177,360</u>	<u>\$ 1,457,360</u>
\$ 31,916	\$ 26,161	\$ 32,841
198,872	(148,102)	37,383
(368)	(300)	(287)
-	-	-
<u>(55,152)</u>	<u>(65,715)</u>	<u>(70,783)</u>
175,268	(187,956)	(846)
<u>1,007,184</u>	<u>1,182,452</u>	<u>994,496</u>
<u>1,182,452</u>	<u>994,496</u>	<u>993,650</u>
<u>\$ (106,617)</u>	<u>\$ 182,864</u>	<u>\$ 463,710</u>
109.91%	84.47%	68.18%
\$ 877,849	\$ 732,387	\$ 678,210
-12.15%	24.97%	68.37%

First 5 Contra Costa Children and Families Commission
Schedule of the Commission's OPEB Contributions
Last 10 Years as of June*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contributions	\$ 30,875	\$ 35,444	\$ 76,640	\$ 31,916	\$ 12,263	\$ 13,418	\$ 60,128
Contributions in relation to the actuarially determined contribution	<u>30,875</u>	<u>35,444</u>	<u>76,640</u>	<u>31,916</u>	<u>26,161</u>	<u>32,841</u>	<u>49,670</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,898)</u>	<u>\$ (19,423)</u>	<u>\$ 10,458</u>
Covered employee payroll	\$ 1,085,000	\$ 827,457	\$ 852,281	\$ 877,849	\$ 732,387	\$ 678,210	\$ 518,671
Contributions as a percentage of covered employee payroll	2.85%	4.28%	8.99%	3.64%	3.57%	4.84%	9.58%

*Fiscal year 2018 was the first year of implementation; therefore, only seven 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, 2024

First 5 Contra Costa Children and Families Commission

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

First 5 Contra Costa Children and Families Commission
Schedule of Expenses by Fund Source and Net Position of CCFC Funds for First 5 Programs and Activities
For the Year Ended June 30, 2024

<u>Program</u>	<u>Source</u>	<u>Revenue CCFC Funds</u>	<u>Expenses</u>	<u>Change in Net Position</u>	<u>Net Position Beginning of Year</u>	<u>Net Position End of Year</u>
IMPACT	CCFC Program Funds*	\$ 621,582	\$ 621,582	\$ -	\$ -	\$ -
	Total	<u>\$ 621,582</u>	<u>\$ 621,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* \$72,400 HUB funding received from First 5 San Benito is *not included* in IMPACT.

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Compliance Reports

For the Year Ended June 30, 2024

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, 2024, 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 15, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Sully LLP".

Sacramento, California

October 15, 2024



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, 2024.

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, 2024.

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.



Sacramento, California
October 15, 2024