

Memo

To: Commission Members
From: Alexander Khu
Date: MONDAY October 23, 2019
Re: Special Meeting of the October 23, 2019 Commission Strategic Plan Meeting

Enclosed the agenda for the Special Meeting of the October 23, 2019 Commission Strategic Plan Meeting will take place as follows:

Time: 9:30 AM
Location: Pleasant Hill Community Center at the Sorpotomist Room
320 Civic Drive, Pleasant Hill CA 94523
925-771-7342

A light lunch will be provided.

Please let me know if you have any questions.

Kind Regards,

Alexander Khu, Executive Assistant
First 5 Contra Costa
1485 Civic Court
Suite 1200
Concord, CA 94520
925-771-7342 Direct
925-771-6083 Fax



SPECIAL MEETING

Commission Meeting Agenda

Wednesday October 23, 2019, 9:30 am

Pleasant Hill Community Center, Soroptomist Room

320 Civic Drive,

Pleasant Hill, CA 94523

1.0 Call to Order and Roll Call

2.0 Public Comment

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

3.0 Approval of Consent Calendar

Action

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

3.1 Approve the minutes from the September 9, 2019 meeting.

3.2 ADOPT Resolution of Acceptance and Notice of Completion for the East County First 5 Center Tenant Improvement Project, 355 East Leland Road, Pittsburg.

3.3 Approve the Contracts Docket

3.3.1 APPROVE and AUTHORIZE the First 5 Executive Director, or designee, to execute a contract with the Contra Costa County Health Services Division, in an amount not to exceed \$107,450, to have First 5 manage the Triple P program and organize a public forum on mental health resources.

3.3.2 APPROVE and AUTHORIZE the Executive Director or his designee to execute a contract amendment with Counseling Options & Parent Education Support Center, Inc. to increase the payment limit by \$89,276 (from \$93,477 to \$183,203) to provide Triple P classes to parents with children ages 0-5. FY2019-20 budget line: Early Intervention Initiative: Mental Health Therapeutic Services (\$325,500). \$84,214 100% of additional funds are from Contra Costa County Health Services. \$3,253 funds are from Positive Early Childhood Education (PECE). \$2,259 funds are from F5 Prop 10 funding contract increase match.

4.0 Consider for discussion any items removed from the consent calendar.

5.0 Consider accepting the Fiscal Year 2018-2019 Financial Audit.

5.1 (a) Public Hearing on First 5 Contra Costa's Annual Financial Audit for Fiscal Year 2018-2019.

(b) Adopt the Annual Financial Audit for Fiscal Year 2018-2019.

Action

6.0 Consider accepting the 2020 health and dental employer-paid premium contribution rates for active employees; and accept the 2020 premium contribution rates for intermittent employees, COBRA participants, retirees and survivors at the same levels as the County.

Action

SPECIAL MEETING Commission Meeting AGENDA

Wednesday, October 23, 2019

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7.0 Ad Hoc Executive Director search sub-committee report

8.0 Communications

Discussion

- AB 197 (Weber): Full-Day Kindergarten Letter of support
- ACR 1 Public Charge Letter of support
- SB 436 Family Resource Centers Letter of Support
- SB 464 California Dignity in Pregnancy & Childbirth Act

9.0 2020 – 2023 Commission Strategic Plan

Discussion

The Children and Families Commission will review draft components of the proposed 2020-2023 strategic plan.

Public comment will be taken before lunch and before adjourning.

10.0 Adjourn

The First 5 Contra Costa Children and Families Commission will provide reasonable accommodations for persons with disabilities planning to participate in Commission meetings who contact the Commission's offices, at least 48 hours before the meeting, at (925) 771-7300.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the First 5 Contra Costa Children and Families Commission to a majority of members of the First 5 Contra Costa Children and Families Commission less than 96 hours prior to that meeting are available for public inspection at 1485 Civic Court, Suite 1200, Concord, CA 94520 during normal business hours.

In consideration of those who may suffer from chemical sensitivities or who may have allergic reactions to heavy scents, First 5 Contra Costa requests that staff and visitors refrain from wearing perfume, cologne, or the use of strongly scented products in the work place. We thank you for your consideration of others.



Wednesday October 23, 2019

Agenda Item 3.1

Approve the minutes from the September 9, 2019 Commission Meeting



Commission Meeting MINUTES

Monday, September 9, 2019, 6:00 pm
1485 Civic Court, Suite 1200
Large Conference Room
Concord, CA

1.0 Call to Order and Roll Call

The meeting called to order at 6 PM by chair Gareth Ashley followed by introductions from attendees.

Commissioners present: Dr. Rocio Hernandez, PJ Shelton, Gareth Ashley, Supervisor Diane Burgis, Dr. Christopher Farnitano, Katharine Mason for Kathy Gallagher and Roslyn Gentry for Kathy Marsh.

Alternates present: Genoveva Garcia Calloway, Lee Ross.

Deputy County Counsel Keiko Kobayashi was present.

Absent: Commissioners Marilyn Lucey, John Jones, Kathy Gallagher, Kathy Marsh and Alternates Monica Merrill, Matt Regan, Supervisor Candace Andersen.

2.0 Public Comment

There were no comments from the public.

3.0 Approval of Consent Calendar

Katharine Mason made a motion to approve the consent calendar, seconded by Diane Burgis.

AYES: Rocio Hernandez, Gareth Ashley, Diane Burgis, Christopher Farnitano, Katharine Mason for Kathy Gallagher and Roslyn Gentry for Kathy Marsh.

NOES: None

ABSTAIN: PJ Shelton

ABSENT: Marilyn Lucey, John Jones, Kathy Gallagher, Kathy Marsh.

Motion **APPROVED**.

5.0 Presentation of reports from the First 5 Center Community Advisory Councils (CAC)

This year, all five CACs combined their presentation for the Commission.

Family Support Program Officer Lisa Korb opened the presentation by introducing presenters: Wendy Galindo (Antioch), Stacy Fritzberg (Delta), Rupert Martinez (West County), Michelle Carpi (Monument), Anabelle Powell (East County).

Each of the First 5 Centers has a Community Advisory Council, with members comprised of parent volunteers from the neighboring communities. They conducted a community needs assessment in order to solicit parent input regarding programming at their respective Center. CAC members learned to devise surveys and interviews, analyzed the data they gathered and prepared presentations with recommendations. Each CAC used the "Five Protective Factors" as the basis of their work. The Protective Factors -- Parental Resilience, Concrete Support in Times of Need, Knowledge of Parenting and Child



Development, Social Emotional Development of Children, and Social Connections – are the foundation of the Strengthening Families framework. The CEC members' presentation touched on what they have learned individually about how the life stories have affected them as parents, and on what they have learned in gathering information from parents in the community.

After their presentation, Commissioners strongly appreciated the group for their excellent presentation and thanked the CAC members for reminding them why First 5 Contra Costa does what it does. Commissioner PJ Shelton encouraged the CACs and offered to provide further assistance in the CAC's development.

6.0 Consider accepting the final financial report for fiscal year 2019-2020.

Sean Casey pointed out that the report is for the fiscal year 2018-2019, not 2019-2020. Finance Manager Marnie Huddleston provided the following highlights from the report:

- a) Prop 10 and Prop 56 (the backfill) totals came up to 95% of the budget.
- b) First 5 California IMPACT grants (cost reimbursement grants) came up to 90% of the budget for the Early Learning Quality program.
- c) The last payment \$300,000 of the Thomas J. Long Foundation Help Me Grow Grant and is expected to last until the next fiscal year.
- d) Have received \$220,000 from The Leshner Foundation (first payment from the 1.2 million total to improve school readiness for East County children.)
- e) Received final \$100,000 from Sunlight Giving to support of families with young children. This is the final installment of the three-year, \$300,000.
- f) Mental Health Services Act grant from the county that supports half of the Triple P parenting program.
- g) Interest income \$475,000 on our fund balance
- h) Miscellaneous grants including those recently received for Community Engagement totaling \$262,996.

Sean calls attention to the fund balances items and the Commission will determine how much to set aside for the next three years programs at the upcoming October Strategic Plan Meeting:

- a) Capital Assets: \$841,227 – funds that the commission set aside in 2003 for First 5 centers' development.
- b) Contingency Fund: \$7,500,000 – established in 2011 to ensure programs continue if F5 funding were to be disrupted.
- c) Remaining unassigned funds: \$4,834,207

Gareth Ashley noted that non-Prop 10 funds were higher and suggested we could look further into more funding opportunities.

Marnie added that the on-site portion First 5 Contra Costa audit was just completed last week. The final audit will come to the Commission in October.

Chris Farnitano made a motion, seconded by Rocio Hernandez to consider accepting the final financial report for fiscal year 2018-19.



AYES: Rocio Hernandez, PJ Shelton, Gareth Ashley, Diane Burgis, Christopher Farnitano, Katharine Mason for Kathy Gallagher and Roslyn Gentry for Kathy Marsh.

NOES: None

ABSTAIN:

ABSENT: Marilyn Lucey, John Jones, Kathy Gallagher, Kathy Marsh.

Motion **APPROVED.**

- 7.0 Consider appointing the nominating committee for 2020 Officers Election** **Action**
Staff recommended to the Commission to appoint the following nominating committee members for 2020 Election: Chair Matt Regan, members Katharine Mason and Lee Ross.

Diane Burgis made a motion, seconded by Chris Farnitano to appoint to the nominating committee for the 2020 Officers Election.

AYES: Rocio Hernandez, PJ Shelton, Gareth Ashley, Diane Burgis, Christopher Farnitano, Katharine Mason for Kathy Gallagher and Roslyn Gentry for Kathy Marsh.

NOES: None

ABSTAIN:

ABSENT: Marilyn Lucey, John Jones, Kathy Gallagher, Kathy Marsh.

Motion **APPROVED.**

8.0 Ad Hoc Executive Director Search sub-committee report

PJ Shelton gave the following report:

The Ad hoc Search Committee was appointed at the June Commission meeting and is comprised of PJ Shelton, Marilyn Lucey, Lee Ross, Rocio Hernandez, and John Jones as an alternate for Marilyn. The group has met four times:

First meeting: July 8

- Discussed the overall process for recruiting and selecting the next ED
- Sketched out a timeline through the end of the year
- Discussed how staff could be involved in the process
- Directed staff to initiate RFA for the search consultant

Second meeting: Aug 5, by phone

- Reviewed the existing job description and discussed what may be wanted in the next ED
- Agreed to meet with staff to hear their hopes and concerns for the transition
- Proposed have two staff “liaisons” to participate in committee meetings

Third meeting: August 20

- Reviewed applications for the search consultant and selected CPS-HR
- Rocio and Marilyn met with staff for a robust discussion
- Three staff liaisons identified, representing all staffing levels: Wanda Davis, Lauren Wagner, Alex Khu

Fourth meeting: Today, September 9, 2019

- First meeting with the recruiters

9.0 Executive Director Report

Sean Casey gave the following report:

New Funding: EBCF, Sunlight Giving

This summer a new funder, the East Bay Community Foundation, lined up to support our community engagement efforts. They join other funders, including the San Francisco Foundation, the Y&H Soda Foundation, and Sunlight Giving in providing general operating support for the regional groups' work on parks, housing and other issues affecting families. Sunlight Giving has also indicated they will continue to support our First 5 Centers; we submitted a renewal application in August.

IMPACT 2020

The California First 5 Commission has approved three years of funding for IMPACT 2020. FSCA and the state Department of Education are shifting the statewide QRIS program to the CDE and the local work will be changed as a result. Though we do not know what our allocation will be, we do know that they will be for quality development among non-subsidized programs, which differs from what we currently support. We expect to continue to receive state funds from our COE, which we expect will continue to support our coaching and other activities in state preschools and similar programs. Edirle Menezes and I will attend a meeting Wednesday in Sacramento when we expect much of the details will be revealed.

October 23 Strategic Planning Retreat:

By now, you should have October the 23rd saved on your calendar. We expect to have a draft plan for you by then that will have the following sections: Landscape, Systems Change; Fiscal Plan; Program Sustainability. The first two we covered in our July retreat. In this next meeting we will go deeper into the fiscal picture and fix on the resources we expect to have available for the next three years. We will then walk through recommendations to sustain programs over that period. We will also have some business items on the agenda as well.

Census 2020

Census 2020 efforts will begin in earnest this fall. The First 5 Centers had a training on the census and will be applying for some county funds to do outreach – as will the community engagement program. There are flyers available in English and Spanish on why it is important to reach children 0-5 – an undercounted population. Please take copies (on the front table) and let us know if you need more. You can also stay up to date with census-related activities by signing up on the county's website – just type in Census 2020 Contra Costa and sign up under "Be Our Partner" and you will get all info, access to resources, funding notices, etc.

Next FESP Meeting

FESP is holding a meeting on Oct 22 on budget equity with Dan Geiger from the Budget Justice Coalition and Sarah Treuhaft from Policy Link on an amazing new data tool called the Equity Atlas – all are welcome and there are Save the Date flyers also on the table.

10.0 Communications

- None received

11.0 Commissioner F.Y.I. Updates

Katharine announced that the First 5 seat on Head Start Policy Council is vacant. She thanked Lee Ross for serving for the last two years, and is looking for Commissioners who might be interested. The seat for First 5 is also about making a stronger connection between Head Start parents and First 5 programs. The meeting occurs every month third Wednesday of the month 6 to 8 pm at 400 Ellinwood in Pleasant Hill.

Cio Hernandez wanted to acknowledge the West County First 5 Center, which for the second year collaborated with National Night Out. Cio is also presenting her research at the Fatherhood and Families conference in February and wondering if there will be a First 5 presence there. The conference mostly will focus on trauma. Her research is on Adverse Childhood Experiences and smartphone applications.

Dr. Farnitano announced that he is speaking at Richmond City Council Meeting to propose a moratorium of sales of e-cigarettes vaping devices. This in response to the escalating cases of lung injury due to the use of these devices, and response to the epidemic rise of teenage use of these devices.

12.0 Adjourn

The meeting adjourned at 7:12 pm.

The next meeting is the Special Meeting of the Commission, on October 23, 2019 @ 9 am at the Pleasant Hill Community Center, in the Soroptomist Room.



Wednesday October 23, 2019

Agenda Item 3.2

ADOPT Resolution of Acceptance and Notice of Completion for the East County
First 5 Center Tenant Improvement Project, 355 East Leland Road, Pittsburg.

RESOLUTION NO. 2019/01

To: Board of Commissioners

From: Sean Casey, Executive Director

Date: October 23, 2019

Subject: Resolution of Acceptance of Contract Work for East County First 5 Center Tenant Improvement Project, Pittsburg, CA

RECOMMENDATION(S):

(1) **ACCEPT** as complete, the construction contract work performed by S. W. Allen Construction Inc. for the above Project at 355 East Leland Road, Pittsburg, CA as recommended by the Executive Director.

(2) **APPROVE** the attached Notice of Completion and **DIRECT** the Executive Director, or his designee, to file a certified copy of this Resolution of Acceptance and the Notice with the County Recorder no later than fifteen (15) days after adoption of this Resolution.

FISCAL IMPACT:

There is no direct fiscal impact resulting from the acceptance of the contract work and the approval of the Notice of Completion, but the adoption and recording will limit the period for filing stop payment notices and bond claims on this contract.

BACKGROUND:

A construction contract in the amount of \$2,099,826 for the East County First 5 Center Tenant Improvement Project, 355 East Leland Road, Pittsburg, CA, was awarded on July 16, 2018 to S. W. Allen Construction Inc. of Sacramento. Change orders totaling \$156,399.55 were issued during construction of the Project, thereby increasing the total contract amount to **\$2,256,225.55**. The project has now been completed and the Executive Director recommends that the Commission accept the contract work as complete, approve the attached Notice of Completion, and direct the recording of a certified copy of this Resolution and the Notice.

Following project completion, the contractor will still be responsible for completing \$40,000 in minor punch list items, which must be completed within 30 days following the adoption of this Resolution. To ensure timely completion of the punch list items, the Commission will withhold \$40,000 in contract funds and those funds will be kept and used by the Commission if the punch list items are not completed in a timely manner.

CONSEQUENCE OF NEGATIVE ACTION:

Accepting a contract as complete is standard procedure and allows for proper closeout of the contract. If the above contract is not accepted as complete, the period for filing stop payment notices and bond claims may be extended and the Commission will incur expenses for additional contract administration.

Action of the Commission on: October 23, 2019

☐ APPROVED AS RECOMMENDED

AYES:

NOES:

ABSTAIN:

ABSENT:

I certify that this is a true and correct copy of Resolution No. 2019/01 adopted by the Commission on October 23, 2019.

[Sean Casey], Clerk

Recorded at the request of:

First 5 Contra Costa Children and Families Commission

When recorded, return to:

First 5 Contra Costa Children and Families Commission

Attn: Sean Casey, Executive Director

1485 Civic Court, Suite 1200

Concord, CA 94520

NOTICE OF COMPLETION

(Civil Code Section 9204)

NOTICE IS GIVEN of completion of the following public work of improvement:

- (1) Project name: East County First 5 Center Tenant Improvement Project, Pittsburg, CA
- (2) Date of completion: October 23, 2019
- (3) Name and address of Owner: First 5 Contra Costa Children and Families Commission, 1485 Civic Court, Suite 1200, Concord, CA 94520
- (4) Name and address of Direct Contractor: S. W. Allen Construction Inc., 4777 Auburn Boulevard, Suite 100, Sacramento, CA 95841
- (5) Name and address of Construction Lender: None
- (6) Description of site: 355 East Leland Road, Pittsburg, CA 94565

I, the undersigned, declare under penalty of perjury under the laws of the State of California that I am the agent of the Owner named above, that I have read this Notice, that I know and understand the contents, and that the facts stated in the Notice are true and correct.

Dated: October 23, 2019.

Sean Casey
Executive Director, First 5 Contra Costa
Children and Families Commission



Wednesday October 23, 2019

Agenda Item 5.0

Consider accepting the Fiscal Year 2018-2019 Financial Audit



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

We have audited the financial statements of the First 5 Contra Costa Children and Families Commission (Commission), a component unit of the County of Contra Costa (County), as of and for the year ended June 30, 2019, and have issued our report thereon dated October 17, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated May 6, 2019, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are related to the net pension liability and the net other post-employment benefits (OPEB) liability.

Management's estimate of the net pension liability and related deferred inflows and outflows are based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimates, including but not limited to, the investment rate of return, the discount rate, and the Commission's proportionate share of the Plan's collective net pension liability, and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the net OPEB liability and related deferred inflows and outflows are based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimates, including but not limited to, the investment rate of return, the discount rate, and the healthcare cost trend rate, and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Commission's financial statements relate to: the sensitivity of the Commission's net pension liability to the discount rate and the sensitivity of the Commission's net OPEB liability to the discount rate and the healthcare cost trend rate.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

Cash	\$86,596
Interest income	(\$86,596)

**to record change in fair value in investments*

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated October 17, 2019.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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



Sacramento, California
October 17, 2019



Financial Statements

For the Year Ended June 30, 2019

**FIRST 5 CONTRA COSTA
CHILDREN AND FAMILIES
COMMISSION**

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
FOR THE YEAR ENDED JUNE 30, 2019**

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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 Financial Statements

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Commission, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of expenses by fund source and net position of Commission funds for First 5 programs and activities (Schedule) is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 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 dated October 17, 2019, 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 that results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Sacramento, California

October 17, 2019

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
June 30, 2019**

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, 2019. This information should be read in conjunction with the financial statements and the notes to the financial statements (beginning on page 9).

FISCAL 2019 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

At the close of fiscal year 2018-2019, the Commission's assets plus deferred outflows exceeded its liabilities plus deferred inflows by \$21,146,977 (net position), a decrease of 9% from the previous year. Of this amount, \$4,185,669 was the investment in capital assets and \$554,742 was restricted for the Thomas J. Long Foundation Help Me Grow grant. The remaining net position, \$16,406,566 is available to meet the Commission's ongoing obligations. The change in net position is due to the planned use of resources for the remodeling of the Pittsburg building purchased for use as a family resource center and the budgeted use of net position to sustain consistent program funding.

Total Commission revenues for fiscal year 2018-2019 equaled \$10,685,712, a decrease of \$151,337 from the prior year. The revenue consisted of Contra Costa's Propositions 10 and 56 tax allocations, project-specific funding from First 5 California and the California Department of Education, other foundation grants and interest income.

Contra Costa's 2018-19 Proposition 10 tax revenue of \$6,883,812 decreased 2% from the previous year's total of \$6,997,881. Statewide, Prop 10 income decreased to \$49,796,466 due to the ongoing decrease in tobacco use and Prop 56, the two dollar per pack tobacco tax. When Proposition 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 FY1819 of \$751,042.

Total expenses for fiscal year 2019 were \$12,726,166, an increase of \$48,633 from the previous year. The Commission invested an additional \$2,433,502 in the renovation, fixtures and furniture for the new East County First 5 Center located in Pittsburg, CA.

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
4. Other supplementary information

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
June 30, 2019

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Notes to the Finance Statement

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

Other Information

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

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
June 30, 2019

The following is a summary of the Commission's Statement of Net Position comparing balances at June 30, 2019 and June 30, 2018.

	Governmental Activities		
	2019	2018	Change
<u>Assets:</u>			
Current and other assets	\$ 19,855,636	\$ 23,778,267	\$ (3,922,631)
Noncurrent assets	4,399,669	1,966,167	2,433,502
Total Assets	24,255,305	25,744,434	(1,489,129)
Deferred outflows of resources:	1,873,173	709,233	1,163,940
<u>Liabilities:</u>			
Current liabilities	1,384,929	1,054,179	330,750
Noncurrent liabilities	3,376,037	1,734,133	1,641,904
Total Liabilities	4,760,966	2,788,312	1,972,654
Deferred inflows of resources:	220,535	477,924	(257,389)
<u>Net Position:</u>			
Invested in capital assets	4,185,669	1,752,167	2,433,502
Restricted for:			
Thomas J. Long Foundation	554,742	964,834	(410,092)
Unrestricted	16,406,566	20,470,430	(4,063,864)
Total Net Position	\$ 21,146,977	\$ 23,187,431	\$ (2,040,454)

The Commission's net position from governmental activities decreased from \$23,187,431 in 2018 to \$21,146,977 in 2019. The \$2,040,454 decrease in Net Position was due to the budgeted use of net position to sustain consistent program funding.

The most significant portion of the Commission's current assets is its cash balances. Current and other assets decreased \$3,922,631 from the prior year due to the use of cash for operations in the current period, and the construction and improvements of the East County First 5 Center in Pittsburg. Cash is maintained in the Contra Costa County's cash and investment pool where interest earned on the Commission's balance is apportioned to the Commission.

Another component of current assets is the *due from other governments* balance in the amount of \$2,613,889 at June 30, 2019. These receivables are due from the State for the April, May and June 2019 Proposition 10 tax revenues (\$1,667,046), the First 5 California Improve and Maximize Programs so All Children Thrive (IMPACT) grant (\$602,387), California Quality Block Grant expenditures (\$127,320), California State Preschool Program grant (\$205,133) and First 5 San Francisco for IMPACT regional training and technical assistance activities (\$12,003).

Noncurrent assets increased a total of \$2,433,503. This change consisted of the building construction and renovation costs of \$2,480,885 less capital asset depreciation of \$47,382.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
June 30, 2019

Current liabilities for the year ending June 30, 2019 increased \$330,750 from the prior year due to increased 4th quarter contract payments and accounts payable. Current liabilities include vendor accounts payable of \$100,325, 4th quarter contract payments of \$994,517 payable to service providers and related parties at June 30, 2019, and accrued wages and benefits of \$290,087.

Noncurrent liabilities consist of the long-term portion of accrued vacation in the amount of \$211,530, the OPEB liability of \$282,748 and the net pension liability of \$2,881,759 totaling \$3,376,037.

In 2019, the Commission reported deferred outflows of resource and deferred inflows of resources in the amounts of \$1,873,173 and 220,535 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 fiscal year 2018-2019 with fiscal year 2017-2018:

	Governmental Activities		
	2019	2018	Change
<u>Program Revenues:</u>			
Prop 10 Tax	\$ 6,883,812	\$ 6,997,881	\$ (114,069)
Prop 56	751,042	325,296	425,746
Grant income	2,354,327	3,086,849	(732,522)
Total Program Revenues	<u>9,989,181</u>	<u>10,410,026</u>	<u>(420,845)</u>
<u>General Revenues:</u>			
Interest income	561,581	365,299	196,282
Other revenue	134,950	61,724	73,226
Total Revenues	<u>10,685,712</u>	<u>10,837,049</u>	<u>(151,337)</u>
<u>Expenses:</u>			
Child development	<u>12,726,166</u>	<u>12,677,533</u>	<u>48,633</u>
Change in net position	(2,040,454)	(1,840,484)	(199,970)
Net position, beginning of year	<u>23,187,431</u>	<u>25,027,915</u>	<u>(1,840,484)</u>
Net position, end of year	<u>\$ 21,146,977</u>	<u>\$ 23,187,431</u>	<u>\$ (2,040,454)</u>

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
June 30, 2019**

Proposition 10 tax revenues decreased \$114,069 compared to FY2018 due to falling cigarette sales. The Prop 10 decrease was offset by the \$425,746 increase in Prop 56 revenue. Grant income decreased by \$732,522 due to First 5 receiving the final payment of a five-year Long Foundation grant for the Help Me Grow program. The Community Engagement program continued receiving grant support from local foundations.

The Commission's total expenses increased \$48,633 (.4%) from the prior year. Expenses aligned with the Commission's Strategic Plan as Prop 10 revenue declined. The Early Intervention Initiative, with Thomas J. Long grant funding, continued training early intervention providers, pediatricians and parents on developmental screenings. Foundation grant funds allowed the Community Engagement program, with support from families and local governments, to initiate park improvements throughout the County. The Early Care and Education program continued providing training for preschool providers and site assessments at childcare locations.

Financial Analysis of the Governmental Fund

The fluctuations in the Commission's General Fund revenues and expenditures from the year ended June 30, 2019 year 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 balance decreased \$4,249,217 due to the East County First 5 Center building renovation and the Commission's planned use of resources to keep program-funding stable.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues came in \$462,681 above the budgeted amount (5%). Expenditures were under budget by \$2,153,752 (14%). Grant and interest revenues were higher than budgeted, offsetting the Prop 10 and Prop 56 revenues, which came in lower than anticipated. Total expenditures were less than budgeted due to under-spending in program areas of the budget and staff vacancies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Commission's capital assets consist of land, buildings and improvements, and furniture and fixtures. The change in capital assets over the current year is attributable to the First 5 Center building construction and renovations equaling \$2,480,884 and \$47,382 in accumulated depreciation.

Long Term Obligations

The Commission's long-term obligations are the net pension liability, the OPEB liability and the long-term portion of compensated absences at year-end. These liabilities increased \$1,641,904 from the previous year, consisting of a \$1,592,676 increase of the net pension liability, a \$37,482 increase in compensated absences, and the OPEB liability increasing \$11,746.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
June 30, 2019**

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

California Proposition 10 tobacco tax revenues decreased in FY2019 as tobacco sales continued its downward trajectory. Prop 10 income will continue to drop in FY2020 but will be offset by Prop 56 backfill. It is anticipated that revenue will then continue to decline 3-4% each year thereafter as tobacco consumption declines in California.

The Commission ended the third year of the approved 2016-2020 strategic plan, which entails 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 1485 Civic Court, Suite 1200, Concord, California 94520.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	\$ 16,939,525
Accounts receivable	174,084
Due from other governments	2,613,888
Prepaid expense	128,139
Total Current Assets	<u>19,855,636</u>
Noncurrent Assets:	
Note receivable	214,000
Capital assets, net of accumulated depreciation	4,185,669
Total Noncurrent Assets	<u>4,399,669</u>
TOTAL ASSETS	<u>24,255,305</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,837,729
Deferred outflows related to OPEB	35,444
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,873,173</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	100,325
Grants and contracts payable	954,011
Grants and contracts payable to related parties	40,506
Accrued wages and benefits	266,584
Compensated absences	23,503
Total Current Liabilities	<u>1,384,929</u>
Noncurrent Liabilities:	
Compensated absences	211,530
Net OPEB liability	282,748
Net pension liability	2,881,759
Total Noncurrent Liabilities	<u>3,376,037</u>
TOTAL LIABILITIES	<u>4,760,966</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	220,382
Deferred inflows related to OPEB	153
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>220,535</u>
NET POSITION	
Investment in capital assets	4,185,669
Restricted for:	
Thomas J. Long Foundation, Help Me Grow	554,742
Unrestricted	16,406,566
TOTAL NET POSITION	<u><u>\$ 21,146,977</u></u>

See accompanying notes to the basic financial statements.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants And Contributions	Governmental Activities
Governmental Activities:			
Child development	\$ 12,726,166	\$ 9,989,181	\$ (2,736,985)
General Revenues:			
Investment income			561,581
Miscellaneous			134,950
Total General Revenues			696,531
Change in Net Position			(2,040,454)
Net Position, July 1			23,187,431
Net Position, June 30			\$ 21,146,977

See accompanying notes to the basic financial statements.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 16,939,525
Accounts receivable	174,084
Due from other governments	2,613,888
Prepaid expense	128,139
Note receivable	214,000
	<u>20,069,636</u>
Total Assets	<u>20,069,636</u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	100,325
Grants and contracts payable	954,011
Grants and contracts payable to related parties	40,506
Accrued wages and benefits	266,584
	<u>1,361,426</u>
Total Liabilities	<u>1,361,426</u>
 FUND BALANCES	
Nonspendable	342,139
Restricted	554,742
Committed	841,227
Assigned	4,561,659
Unassigned	12,408,443
	<u>18,708,210</u>
Total Fund Balances	<u>18,708,210</u>
 TOTAL LIABILITIES	
AND FUND BALANCES	 <u><u>\$ 20,069,636</u></u>

See accompanying notes to the basic financial statements.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balance of governmental fund	\$ 18,708,210
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,185,669
Deferred outflows of resources related to pensions	1,837,729
Deferred outflows of resources related to OPEB	35,444
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(2,881,759)
Net OPEB liability	(282,748)
Compensated absences	(235,033)
Deferred inflows of resources related to pensions	(220,382)
Deferred inflows of resources related to OPEB	(153)
Net Position of governmental activities	<u><u>\$ 21,146,977</u></u>

See accompanying notes to the basic financial statements.

**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, 2019**

	<u>General Fund</u>
REVENUES	
Prop 10 Tobacco Tax	\$ 6,883,812
Prop 56 Tobacco Revenue	751,042
Grant income	2,354,327
Interest income	561,581
Other revenue	<u>134,950</u>
Total Revenues	<u>10,685,712</u>
EXPENDITURES	
Current:	
Program Expenditures:	
Early care and education	1,911,830
Family support	3,325,726
Early intervention	1,775,139
Community information and education	298,451
Salaries and employee benefits	2,853,311
Other program expenditures	228,056
Strategic Information & Planning	
Salaries and employee benefits	327,493
Other evaluation expenditures	335,609
Administrative:	
Salaries and employee benefits	998,908
Other administrative expenditures	399,522
Capital outlay	<u>2,480,884</u>
Total Expenditures	<u>14,934,929</u>
NET CHANGE IN FUND BALANCE	(4,249,217)
FUND BALANCE, July 1	<u>22,957,427</u>
FUND BALANCE, June 30	<u><u>\$ 18,708,210</u></u>

See accompanying notes to the basic financial statements.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
RECONCILIATION OF THE CHANGE IN FUND BALANCE
TO THE CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

Net change in fund balance - total governmental fund	\$ (4,249,217)
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Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense.

Capital outlays	2,480,884
Depreciation expense	(47,382)

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. (41,646)

Governmental funds report OPEB plan contributions as expenditures. However, in the Statement of Activities, OPEB expense is measured as the change in net OPEB liability and the amortization of deferred outflows and inflows related to OPEB. The following amounts reflect changes in the OPEB related balances:

Change in deferred outflows related to OPEB	4,569
Change in deferred inflows related to OPEB	3,125
Change in net OPEB liability	(11,746)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. The following amounts reflect changes in the pension related balances:

Change in deferred outflows related to pensions	1,159,371
Change in deferred inflows related to pensions	254,264
Change in net pension liability	(1,592,676)

Change in net position of governmental activities	\$ (2,040,454)
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See accompanying notes to the basic financial statements.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 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.

Basis of Accounting and Measurement Focus

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

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

Government-Wide Financial Statements

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

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

Investment in Capital Assets – This amount represents the Commission's capital assets, net of accumulated depreciation.

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. The Commission's net position of \$554,742 at June 30 was restricted for the Thomas J. Long Foundation Grant.

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.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

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, 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, net of accumulated depreciation

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

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. The estimated useful life used for the depreciable capital assets, ranges from 5 to 10 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.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019:

Nonspendable – Resources that cannot be spent because they are not in an expendable form (e.g. prepaid expense) 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.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows related to pensions and OPEB.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement is effective for reporting periods beginning after June 15, 2018. The Commission has determined that the requirements of this Statement had no material impact to the financial statements.

GASB Statement No. 88 – In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve consistency in the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The Commission has determined that the requirements of this Statement had no material impact to the financial statements.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018. The Commission has not determined the effect of this Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The Commission has not determined the effect of this Statement.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2019. The Commission has not determined the effect of this Statement.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018. The Commission has not determined the effect of this Statement.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2020. The Commission has not determined the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments consisted of the following at June 30, 2019:

Cash in Contra Costa County Pool	\$ 16,938,025
Imprest cash	1,500
Total Cash and Investments	<u><u>\$ 16,939,525</u></u>

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investment Policy

The Commission adopted a resolution in February 2001 delegating investment authority to the Contra Costa County 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 County 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 Comprehensive Annual Financial Report (CAFR). 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, 2019, the Commission had the following investments:

Investment	Fair Value	WAM Years
County Investment Pool	\$ 16,938,025	0.48
Total Investments	<u>\$ 16,938,025</u>	

Credit Risk

The following is a summary of the credit quality of the County Investment Pool at June 30, 2019:

Investment	S&P	Amount
County Investment Pool	AAAf	\$ 16,938,025

Custodial Credit Risk

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

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. As of June 30, 2019, 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, 2019 of \$16,938,025 is an uncategorized input, not defined as a level 1, level 2 or level 3 input.

NOTE 3 – COMPENSATED ABSENCES

Changes in the compensated absences liability for the fiscal year ended June 30, 2019, are summarized as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due within one year
Compensated Absences	<u>\$ 193,387</u>	<u>\$ 200,103</u>	<u>\$ 158,457</u>	<u>\$ 235,033</u>	<u>\$ 23,503</u>

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, 2019, were as follows:

Due from State Commission:

Prop 10 revenue for:

April 2019	\$ 517,308
May 2019	612,033
June 2019	537,704
CA State Preschool Program	205,133
First 5 CA IMPACT	602,387
First 5 QCC	127,320
First 5 San Francisco - HUB T&TA	12,003
Total due from other governments	<u>\$ 2,613,888</u>

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 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 \$214,000 as of June 30, 2019.

NOTE 6 – CAPITAL ASSETS

Governmental activities:	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
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	1,708,763	2,436,653	-	4,145,416
Furniture and fixtures	<u>132,171</u>	<u>44,231</u>	<u>-</u>	<u>176,402</u>
Total capital assets, being depreciated	<u>1,840,934</u>	<u>2,480,884</u>	<u>-</u>	<u>4,321,818</u>
Less accumulated depreciation for:				
Buildings and improvements	(290,996)	(44,475)	-	(335,471)
Furniture and fixtures	<u>(129,309)</u>	<u>(2,907)</u>	<u>-</u>	<u>(132,216)</u>
Total accumulated depreciation	<u>(420,305)</u>	<u>(47,382)</u>	<u>-</u>	<u>(467,687)</u>
Governmental activities capital assets, net	<u>\$ 1,752,167</u>	<u>\$ 2,433,502</u>	<u>\$ -</u>	<u>\$ 4,185,669</u>

Depreciation expense for the year ended June 30, 2019 amounted to \$47,382 and is included in the child development function in the statement of activities.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 – COMMITMENTS

The Commission leases office space from third parties under long-term operating leases for the local First 5 centers and the administration office. All of the Commission's leases are non-cancellable leases except the First 5 Contra Costa office lease which can be terminated after June 30, 2019, with a minimum of 6 months' notice to the lessor. The future minimum rental payments due under the leases are as follows.

Year Ended June 30,	Concord First 5 Center	Antioch First 5 Center	First 5 Contra Costa Office	Total
2020	\$ 14,520	\$ 47,171	\$ 229,752	\$ 291,443
2021	-	31,821	236,498	268,319
2022	-	-	119,961	119,961
	<u>\$ 14,520</u>	<u>\$ 78,992</u>	<u>\$ 586,211</u>	<u>\$ 679,723</u>

Rent expense was \$380,262 for the year ended June 30, 2019.

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, 2019 consisted of the following:

Fund Balance:	General Fund
Nonspendable:	
Prepaid Expense	\$ 128,139
Note Receivable - Perinatal	214,000
Restricted:	
Thomas J. Long Foundation Help Me Grow	554,742
Committed:	
Capital Asset Replacement	841,227
Assigned:	
Elimination of FY19/20 budget deficit	3,881,936
Operating Leases	679,723
Unassigned	12,408,443
Total Fund Balance	\$ 18,708,210

The Commission Board approved a contingency fund of \$7,500,000 which is classified as part of the unassigned fund balance as of June 30, 2019. The fund balance will be used to mitigate the impact of unanticipated circumstances. Such events would include, but are not be limited to, legislation, lawsuits, ballot initiatives or other measures that would reduce, eliminate or otherwise threaten Commission revenues or reserves. In such circumstances, the Commission could elect to use the contingency fund to meet or extend contracts or meet other emergent expenses.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 expenses with agencies represented by Commissioners and Alternate Commissioners for the fiscal year ended June 30, 2019:

Related Party	Fiscal Year 2018-19 Expenses
Contra Costa Child Care Council	\$ 505,098

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

Related Party	Balances Due June 30, 2019
Contra Costa Child Care Council	\$ 40,506

The following table shows revenue with agencies represented by Commissioners and Alternate Commissioners for the fiscal year ended June 30, 2019:

Related Party	Fiscal Year 2019-20 Revenue
Contra Costa County	\$ 81,954

The Commission earned revenue totaling \$81,954 from Contra Costa County during the year ended June 30, 2019. This revenue was solely for Health Services, which includes Public Health and Behavioral Health Services Division/Mental Health.

The Commission incurred expenses totaling \$149,714 for County services provided during the year ended June 30, 2019 for administrative and general services. The County provides banking, investment and legal services, payroll and benefits administration, computer hardware and technical support, facility maintenance, and other administrative services to the Commission. The Commission participates in the County's risk management programs (commercial and self-insurance programs) for general and automobile liability insurance and personal property. In addition, the County purchases worker's compensation and crime insurance on behalf of the Commission.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019, the Commission expended \$663,102 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.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The retirement benefits the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. General Tier 1 benefits are calculated pursuant to the provisions of Sections §31676.16. The monthly allowance is equal to 1/50th of final compensation multiplied by years of accrued retirement service credit multiplied by the age factor from §31676.16. General members with membership dates on or after January 1, 2013 (PEPRA General Tier 4) are calculated pursuant to the provisions found in California Government Code Section §7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section §7522.20(a).

For members with membership dates before January 1, 2013, the maximum monthly retirement allowance is 100 percent of final compensation. There is no final compensation limit on the maximum retirement benefit for members with membership dates on or after January 1, 2013.

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

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

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

The County of Contra Costa and participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from CCCERA's actuary after the completion of the annual actuarial valuation. Members are required to make contributions to CCCERA regardless of the retirement plan or tier in which they are included.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

	General	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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	8.09% - 15.21%	8.67% - 11.61%
Required employer contribution rates	29.04%	24.34%

(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, 2019, contributions to the plan were as follows:

	<u>General</u>
Contributions - employer	\$ 659,815

Plan's Collective Net Pension Liability

As of June 30, 2019, the Commission reported a liability of \$2,881,759 for its proportionate share of the Plan's collective net pension liability.

The Commission's net pension liability for the Plan is measured as the proportionate share of the total net pension liability. The net pension liability of the Plan is measured as of December 31, 2018, 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, 2017, rolled forward using standard update procedures. The Commission's proportion of the net pension liability is based on the Commission's actual 2018 compensation relative to the actual compensation of all participating employers. The Commission's proportionate share of the net pension liability, measured at December 31, 2017 and 2018 was as follows:

	<u>General</u>
Proportion - December 31, 2017	0.159%
Proportion - December 31, 2018	0.202%
Change in Proportion	<u>0.043%</u>

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan's Collective Net Pension Liability (Continued)

For the year ended June 30, 2019, the Commission recognized pension expense of \$860,636. At June 30, 2019, 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
Commission contributions subsequent to measurement date	\$ 378,962	\$ -
Changes in proportion and differences between the Commission's contributions and proportionate share of contributions	495,162	10,945
Changes in assumptions or other inputs	16,894	146,793
Net difference between projected and actual earnings on plan investments	863,452	-
Difference between expected and actual experience	83,259	62,644
Total	<u>\$ 1,837,729</u>	<u>\$ 220,382</u>

The \$378,962 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other 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	
2020	\$ 450,292
2021	215,241
2022	206,143
2023	366,709
Total	<u>\$ 1,238,385</u>

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	December 31, 2017
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	3.25% (1)
Projected Salary Increase	3.75% - 15.25%
Investment Rate of Return	7.00% (2)
Mortality	RP-2014 Healthy Annuitant Mortality Table (3)

(1) Inflation of 2.75% per year plus "across the board" real salary increases of 0.5% per year

(2) Net of pension plan investment expenses, including inflation

(3) Projected generationally with the two-dimensional MP-2015 projection scale

The underlying mortality assumptions and all other actuarial assumption used in the December 31, 2017 valuation were based on the results of an experience study for the period January 1, 2015 through December 31, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 TPL as of December 31, 2017.

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:

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NOTE 12 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	5.00%	5.44%
Developed International Equity	13.00%	6.54%
Emerging Markets Equity	11.00%	8.73%
Short-Term Govt/Credit	23.00%	0.84%
U.S. Treasury	3.00%	1.05%
Private Equity	8.00%	9.27%
Risk Diversifying Strategies	7.00%	3.53%
Global Infrastructure	3.00%	7.90%
Private Credit	12.00%	5.80%
REIT	1.00%	6.80%
Value Add Real Estate	5.00%	8.80%
Opportunistic Real Estate	4.00%	12.00%
Risk Parity	5.00%	5.80%
Total	100%	

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

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

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.00%	7.00%	8.00%
Commission's Net Pension Liability	\$ 5,678,971	\$ 2,881,759	\$ 590,125

Pension Plan Fiduciary Net Position

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

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

General Information about the OPEB Plan

Plan Description

The Commission's defined benefit OPEB plan provides OPEB 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 CERBT4U@CalPERS.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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>10</u>
Total	<u><u>12</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, 2019, the Commission contributed \$66,965.

Net OPEB Liability

The Commission's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3%, average including inflation
Investment Rate of Return	6.5% percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.5% for 2019 decreasing 0.5% per year to an ultimate rate of 5% for 2022 and later years

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the June 30, 2017, valuation was based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

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 Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.00%	5.50%
REITS	8.00%	3.65%
Global Debt Securities	39.00%	2.35%
Commodities	3.00%	1.75%
Inflation Assets	10.00%	1.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017 measurement date	\$ 1,042,453	\$ 771,451	\$ 271,002
Changes in the year:			
Service cost	34,728	-	34,728
Interest on the total pension liability	68,828	-	68,828
Contribution - employer	-	45,720	(45,720)
Net investment income	-	47,514	(47,514)
Benefit payments, including refunds of employee contributions	(36,565)	(36,565)	-
Administrative expense	-	(403)	403
Other expense	-	(1,021)	1,021
Net changes	66,991	55,245	11,746
Balance at June 30, 2018 measurement date	\$ 1,109,444	\$ 826,696	\$ 282,748

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 (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Commission's net OPEB liability	\$ 395,210	\$ 282,748	\$ 185,573

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 (5.50% HMO/6.00% PPO decreasing to 4.00% HMO/4.00% PPO)	Current Trend Rate (6.50% HMO/7.00% PPO decreasing to 5.00% HMO/5.00% PPO)	1% Increase (7.50% HMO/8.00% PPO decreasing to 6.00% HMO/6.00% PPO)
Commission's net OPEB liability	\$ 252,277	\$ 282,748	\$ 316,272

OPEB plan fiduciary net position

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

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 13 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Commission recognized OPEB expense of \$54,341. At June 30, 2019, 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	\$ 35,444	\$ -
Net difference between projected and actual earnings on plan investments	-	153
Total	<u>\$ 35,444</u>	<u>\$ 153</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$35,444 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2020	\$ (243)
2021	(243)
2022	(245)
2023	578
Total	<u>\$ (153)</u>

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, 2019, the Commission had no settlements exceeding insurance coverage for these categories of risk. For the past two years, settlements or judgment amounts have not exceeded insurance provided for the Commission.



REQUIRED SUPPLEMENTARY INFORMATION

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Prop 10 Tobacco Tax	\$ 8,033,520	\$ 8,033,520	\$ 6,883,812	\$ (1,149,708)
Prop 56	-	-	751,042	751,042
First 5 California IMPACT	996,893	996,893	894,084	(102,809)
California State Preschool QRIS Block Grant	380,764	380,764	427,756	46,992
QCC Quality Counts CA	54,900	54,900	202,487	147,587
Thomas J. Long Foundation-Help me Grow	300,000	300,000	300,000	-
Grant Income	181,954	181,954	530,000	348,046
Interest income	175,000	175,000	561,581	386,581
Other revenue	100,000	100,000	134,950	34,950
Total Revenues	10,223,031	10,223,031	10,685,712	462,681
EXPENDITURES				
Current:				
Program Expenditures:				
Early care and education	2,104,258	2,104,258	1,911,830	192,428
Family support	3,907,012	3,907,012	3,325,726	581,286
Early intervention	1,875,907	1,875,907	1,775,139	100,768
Systems change	457,750	457,750	298,451	159,299
Salaries and employee benefits	3,076,132	3,076,132	2,853,311	222,821
Other program expenditures	599,051	599,051	228,056	370,995
Strategic Information & Planning				
Salaries and employee benefits	559,084	559,084	327,493	231,591
Other evaluation expenditures	486,522	486,522	335,609	150,913
Administrative:				
Salaries and employee benefits	1,005,741	1,005,741	998,908	6,833
Other administrative expenditures	517,224	517,224	399,522	117,702
Capital Outlay	-	2,500,000	2,480,884	19,116
Total Expenditures	14,588,681	17,088,681	14,934,929	2,153,752
Excess (deficiency) of revenues over (under) expenditures	(4,365,650)	(6,865,650)	(4,249,217)	2,616,433
Net Change in Fund Balance	\$ (4,365,650)	\$ (6,865,650)	(4,249,217)	\$ 2,616,433
FUND BALANCE, BEGINNING OF YEAR			22,957,427	
FUND BALANCE, END OF YEAR			\$ 18,708,210	

See accompanying note to required supplementary information.

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*
JUNE 30, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Proportion of the net pension liability	0.141%	0.164%	0.173%	0.159%	0.202%
Proportionate share of the net pension liability	\$ 1,683,167	\$ 2,465,341	\$ 2,423,899	\$ 1,289,083	\$ 2,881,759
Covered payroll	\$ 1,735,009	\$ 1,962,961	\$ 2,140,380	\$ 2,405,397	\$ 2,525,004
Proportionate share of the net pension liability as a percentage of covered payroll	97.01%	125.59%	113.25%	53.59%	114.13%
Plan fiduciary net position as a percentage of the total pension liability	85.25%	82.24%	84.16%	91.18%	85.09%
Measurement date	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018

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

**FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contributions	\$ 594,757	\$ 604,348	\$ 636,711	\$ 660,452	\$ 659,815
Contributions in relation to the actuarially determined contribution	594,757	604,348	636,711	660,452	659,815
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,852,141	\$ 2,025,525	\$ 2,204,354	\$ 2,488,297	\$ 2,747,667
Contributions as a percentage of covered payroll	32.11%	29.84%	28.88%	26.54%	24.01%

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

FOR THE YEAR ENDED JUNE 30, 2019

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

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2018</u>	<u>2019</u>
Actuarially determined contributions	\$ 30,875	\$ 35,444
Contributions in relation to the actuarially determined contribution	30,875	35,444
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,087,232	\$ 1,085,000
Contributions as a percentage of covered employee payroll	2.84%	3.27%

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

FIRST 5 CONTRA COSTA CHILDREN AND FAMILIES COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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.



SUPPLEMENTARY INFORMATION

**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 YEAR ENDED JUNE 30, 2019**

Program	Source	Revenue CCFC Funds	Expenses	Change in Net Position	Net Position Beginning of Year	Net Position End of Year
IMPACT	CCFC Program Funds *	\$ 926,592	\$ 893,592	\$ 33,000	\$ -	\$ 33,000
	County, Local Funds	833,023	833,023	\$ -	\$ -	\$ -

* Includes \$32,508 HUB funding received from First 5 San Francisco.



COMPLIANCE REPORTS



**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
Auburn, 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, a component unit of the County of Contra Costa, California (County), as of and for the year ended June 30, 2019, 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 17, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Sacramento, California
October 17, 2019



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

We have audited the First 5 Contra Costa Children and Families Commission's (Commission), a component unit of the County of Contra Costa, California (County), 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, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to the California Children and Families Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Commission's compliance with the requirements referred to above based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for the Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance with those requirements. In connection with the audit referred to above, we selected and tested transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

Opinion

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2019.

Purpose of Report

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



Sacramento, California
October 17, 2019



Wednesday October 23, 2019

Agenda Item 6.0

Consider accepting the 2020 health and dental employer-paid premium contribution rates for active employees; and accept the 2020 premium contribution rates for intermittent employees, COBRA participants, retirees and survivors at the same levels as the County.



**Staff Report
October 23, 2019**

ACTION: X
DISCUSSION:

TITLE: Consider accepting the 2020 premium contribution rates.

Introduction:

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

The Commission must set the contribution levels at this meeting, as the open enrollment period must begin October 24, 2019.

Background:

Eight health plans are available through four different carriers; offering a Plan A and a lower-cost Plan B, with one high deductible health plan in combination with a Health Savings Account. Two dental plans are offered.

The Board of Supervisors approved the 2020 premiums on September 24, 2019. Premiums for Kaiser Plans will increase by 0.22%, premiums for CCHP Plans will increase by 9.9%, and premiums for Health Net PPO plan will increase by 15%. The current Health Net HMO Plans will be eliminated and replaced with lower cost, narrow network Health Net HMO Plans. Costs for one of the dental plans increased by 1%. A voluntary vision plan is offered and paid entirely by employees.



**First 5 Contra Costa
Annual Cost of Active Employee Health Benefits**

	2019 <i>Employer Share: 80%</i>	2020 Projected <i>Employer Share: 80%</i>
Total employees receiving health and/or dental benefit	28	28
Total employer contributions	\$513,249	\$505,033
Variance from previous year		-1.60%

Currently, of the 30 staff eligible for benefits, 24 participate in both health and dental plans, four participate in dental only, and two do not participate in any plan.

Plan costs for 2019 and projected costs for 2020 are based on positions staffed for the full calendar year (12 months). Projections include a slight cost savings in 2020 due to the new, lower cost Health Net HMO plans. Qualifying events (such as birth or marriage) can result in a different mix of employee plan choices and actual costs may be higher than projected. Because of the small number of participating employees, the actual costs could change significantly if more staff enroll, or if current participants change plans, or disenroll altogether.

Recommendations:

Staff recommends the Commission accept the 2020 health and dental employer paid premium contribution rates for active employees; and accept the 2020 premium contribution rates for intermittent employees, COBRA participants, retirees and survivors at the same levels as the County.

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

PLAN/COVERAGE DESCRIPTION	2020 TOTAL MONTHLY PREMIUM	2020 FIRST 5 MONTHLY SUBSIDY	2020 EMPLOYEE MONTHLY SHARE
CONTRA COSTA HEALTH PLAN - BASIC PLAN A			
Employee on Basic Plan	\$892.18	\$713.75	\$178.43
Employee & 1	\$1,784.34	\$1,427.48	\$356.86
Employee & 2 or more dependents on Basic Plan	\$2,676.54	\$2,141.24	\$535.30
CONTRA COSTA HEALTH PLAN - BASIC PLAN B			
Employee on Basic Plan	\$989.00	\$791.20	\$197.80
Employee & 1	\$1,978.00	\$1,582.40	\$395.60
Employee & 2 or more dependents on Basic Plan	\$2,967.00	\$2,373.60	\$593.40
KAISER PERMANENTE - BASIC PLAN A			
Employee on Basic Plan	\$879.23	\$703.39	\$175.84
Employee & 1	\$1,758.46	\$1,406.77	\$351.69
Employee & 2 or more dependents on Basic Plan	\$2,637.69	\$2,110.16	\$527.53
KAISER PERMANENTE - BASIC PLAN B			
Employee on Basic Plan	\$698.82	\$559.06	\$139.76
Employee & 1	\$1,397.64	\$1,118.12	\$279.52
Employee & 2 or more dependents on Basic Plan	\$2,096.46	\$1,677.17	\$419.29
KAISER PERMANENTE - HIGH DEDUCTIBLE PLAN			
Employee on Basic Plan	\$560.90	\$448.72	\$112.18
Employee & 1	\$1,121.80	\$897.44	\$224.36
Employee & 2 or more dependents on Basic Plan	\$1,682.70	\$1,346.16	\$336.54
Health Net SmartCare HMO A (new plan)			
Employee on Basic Plan	\$1,322.48	\$1,057.99	\$264.49
Employee & 1	\$2,644.96	\$2,115.97	\$528.99
Employee & 2 or more dependents on Basic Plan	\$3,967.44	\$3,173.96	\$793.48
Health Net SmartCare HMO B (new plan)			
Employee on Basic Plan	\$942.98	\$754.39	\$188.59
Employee & 1	\$1,885.96	\$1,508.77	\$377.19
Employee & 2 or more dependents on Basic Plan	\$2,828.94	\$2,263.16	\$565.78
HEALTH NET PPO PLAN - BASIC PLAN A			
Employee on Basic Plan	\$2,691.46	\$2,153.17	\$538.29
Employee & 1	\$5,382.92	\$4,306.34	\$1,076.58
Employee & 2 or more dependents on Basic Plan	\$8,074.38	\$6,459.51	\$1,614.87

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

PLAN/COVERAGE DESCRIPTION		2020 TOTAL MONTHLY PREMIUM	2020 FIRST 5 MONTHLY SUBSIDY	2020 EMPLOYEE MONTHLY SHARE
DELTA DENTAL PREMIER PPO - \$1,800 Annual Maximum				
For CCHP Plans	Employee	\$46.52	\$41.17	\$5.35
	Employee + 1	\$105.08	\$93.00	\$12.08
	Employee + 2 or more	\$105.08	\$93.00	\$12.08
For Health Net Plans	Employee	\$46.52	\$34.02	\$12.50
	Employee + 1	\$105.08	\$76.77	\$28.31
	Employee + 2 or more	\$105.08	\$76.77	\$28.31
For Kaiser Permanente Plans	Employee	\$46.52	\$34.02	\$12.50
	Employee + 1	\$105.08	\$76.77	\$28.31
	Employee + 2 or more	\$105.08	\$76.77	\$28.31
Without a Health Plan	Employee	\$46.52	\$43.35	\$3.17
	Employee + 1	\$105.08	\$97.81	\$7.27
	Employee + 2 or more	\$105.08	\$97.81	\$7.27
DELTA CARE (HMO)				
For CCHP Plans	Employee	\$29.06	\$25.41	\$3.65
	Employee + 1	\$62.81	\$54.91	\$7.90
	Employee + 2 or more	\$62.81	\$54.91	\$7.90
For Health Net Plans	Employee	\$29.06	\$21.31	\$7.75
	Employee + 1	\$62.81	\$46.05	\$16.76
	Employee + 2 or more	\$62.81	\$46.05	\$16.76
For Kaiser Permanente Plans	Employee	\$29.06	\$21.31	\$7.75
	Employee + 1	\$62.81	\$46.05	\$16.76
	Employee + 2 or more	\$62.81	\$46.05	\$16.76
Without a Health Plan	Employee	\$29.06	\$27.31	\$1.75
	Employee + 1	\$62.81	\$59.03	\$3.78
	Employee + 2 or more	\$62.81	\$59.03	\$3.78
VSP VOLUNTARY VISION PLAN				
	Employee	\$10.08	\$0.00	\$10.08
	Employee + 1	\$20.14	\$0.00	\$20.14
	Employee + 2 or more	\$32.44	\$0.00	\$32.44



Wednesday October 23, 2019

Agenda Item 8.0

Communications

September 19, 2019

The Honorable Gavin Newsom
Office of Governor Gavin Newsom
State Capitol
Sacramento, CA 95814

RE: AB 197 (Weber): Full-Day Kindergarten – Request for Signature

Dear Governor Newsom:

The First 5 Contra Costa is in strong **support of AB 197** (Weber), and we are pleased to join the growing coalition of California children's services stakeholders who are calling upon the state to require school districts offering kindergarten and charter schools serving pupils in early primary grades to implement a full-day kindergarten program by the 2022–23 school year.

The foundation for lifelong success and a vibrant society is determined in the first 5 years of every child's life. Therefore, it is First 5's mission to advocate for early childhood systems needed to ensure that California's young children are healthy, safe, and ready to succeed in school and in life. High-quality kindergarten is an essential component to fostering these strong and comprehensive early learning systems in California.

According to the Education Commission of the States, full-day kindergarten attendance can help to close achievement gaps early on in a child's education. Students who attend full-day kindergarten programs also are more likely to have better attendance, academic success, and social/emotional development.

Recognizing the importance of full-day kindergarten, your final 2019-20 state budget included \$300 million to address barriers to offering full-day kindergarten programs, with a priority for the lowest income school districts to access the funds.

Complimentary to your budget leadership in this arena, AB 197 will expand instruction time and give teachers the opportunity to provide an academically rich experience for young learners. This bill will also require that a minimum school day for full-day kindergarten is the same number of minutes per school day that is offered to pupils in 1st grade. Through these reforms, the state will ensure children have the time and space needed to develop the social-emotional and cognitive skills that will support them beyond kindergarten. Ultimately, California will achieve a more equitable system to support children and families, and thus maximize public benefit.

It is due time for California to expand high-quality kindergarten access and improve early learning opportunities throughout the state. For these reasons, First 5 Contra Costa is pleased to support AB 197, and respectfully requests your signature on this important bill.

Sincerely,

A handwritten signature in black ink that reads "Sean Casey". The signature is fluid and cursive, with the first name "Sean" and last name "Casey" clearly distinguishable.

Sean Casey, MSW, MPH
Executive Director

September 19, 2019

The Honorable Gavin Newsom
Office of Governor Gavin Newsom
State Capitol
Sacramento, CA 95814

RE: ACR 1 (Bonta) Public Charge - Request for Signature

Dear Governor Newsom,

First 5 Contra Costa strongly supports ACR 1, a resolution that would condemn the federal rule changes to "public charge" regulations. Set to take effect on October 15, these rule changes would undermine California's critical safety net programs and the wellbeing of California's young children, families, and communities.

Under current federal policy, "public charge" refers to an individual who is likely to become primarily dependent on the government for subsistence as demonstrated by either (1) the receipt of public cash assistance for income maintenance or (2) institutionalization for long-term care at government expense. The rule changes announced on August 13, 2019, would add food stamps, housing vouchers, and Medicaid (excluding emergency and disability services related to education, children under 21, and pregnant mothers) to the list of services that would be viewed as a public charge.

Expanding the definition of "public charge" in this manner would have far-reaching and disastrous effects on the willingness of immigrant families to seek the supports they need to ensure their children and families have food, shelter, and health coverage. California is already seeing many families refuse to enroll in public assistance programs, even if the rule changes don't apply to them, due to fear of long-term consequences. First 5 Contra Costa has taken a strong stance (<http://www.first5coco.org/blog/2019/08/21/first-5-contra-costa-stands-with-early-childhood-advocates-to-oppose-trump-administrations-public-charge-rule/>) against the public charge rule, which, on the heels of numerous attacks on communities of color this year in El Paso, Dayton, Gilroy and Mississippi, feeds a climate of fear and deprivation, and threatens the health and well-being of young children everywhere.

As such, the First 5 Contra Costa supports ACR 1 and respectfully requests your signature on this important resolution to protect immigrant families across California.

Sincerely,



Sean Casey, MSW, MPH
Executive Director

September 19, 2019

The Honorable Gavin Newsom
Office of Governor Gavin Newsom
State Capitol
Sacramento, CA 95814

RE: SB 436 (Hurtado) Family Resource Centers – Request for Signature

Dear Governor Newsom,

On behalf of First 5 Contra Costa, I am writing in support of SB 436 (Hurtado), legislation that formalizes family resource centers (FRCs) into statute and recognizes their key role in preventing child abuse and neglect.

Sixty-four percent of Californians have experienced at least one “adverse childhood experience” (ACE)—including physical, sexual, or emotional abuse, or living with a family member with chronic substance abuse issues.¹ Research shows that early childhood adversities can negatively impact a child’s development, increasing risks of substance misuse, poor health, and intergenerational trauma. The lifetime impacts of childhood hardship and abuse ripple throughout our society, with abuse costing our nation a staggering \$200 million every day due to costs associated with increased utilization of the child welfare, foster care, health care, mental health, social services, criminal justice, education, and beyond.

Unfortunately, California’s current approach towards child safety and wellbeing is predominately reactive—not preventative. This is misguided, as evidence shows that primary prevention programs such as home visitation can decrease child abuse by up to 48%,² while education programs can yield a \$19 to \$1 social return on investment.³

For twenty years, First 5 has built early childhood systems of care to ensure California’s youngest children are healthy, safe, and ready to succeed in school and life. A key pillar of our work is supporting resilient families and preventing child abuse and neglect. FRCs play a foundational role in strengthening and connecting families to multiple systems of care. First 5 commissions across the state have not only funded FRCs, but play a critical role in connecting FRCs to systems of care, providing data and evaluation, and serving as the administrative

¹ Centers for Disease Control and Prevention- Kaiser Permanente Adverse Childhood Experiences (ACE) Study (2016):

<https://www.cdc.gov/violenceprevention/childabuseandneglect/acestudy/about.html>

² Olds D, Eckenrode J, Henderson C, Kitzman H, Powers, J, Cole R, Sidora K, Morris P, Pettitt L, Luckey D. Long-term effects of home visitation on maternal life course and child abuse and neglect: a 15-year follow-up of a randomized trial. JAMA 1997; 278(8):637-643.

³ Noor, Caldwell and Strong, The Costs of Child Abuse vs. Child Abuse Prevention: A Multi-year Follow-up in Michigan (2005); https://www.michigan.gov/documents/ctf/cost2005_528033_7.pdf

backbone to blend and leverage multiple funding streams. First 5 Contra Costa has established a unique FRC model – First 5 Centers – specifically directed toward the needs of parents with children 0-3, employing staff with child development experience and parenting programs with strong evidence for change, and serving over 2000 families each year in five sites. Outcomes of the First 5 Centers show not only improved parenting competence, but reduced parent isolation and greater connection with community resources.

Through a multitude of evidence-based practices, FRCs play a critical role in supporting families and preventing abuse and neglect before it happens. Formalizing FRCs into statute will recognize the key roles these entities and First 5s play in meeting our shared goals of building strong families from the start and providing children across California with the best start possible.

For these reasons, First 5 Contra Costa respectfully requests your signature on SB 436 (Hurtado).

Sincerely,

A handwritten signature in black ink that reads "Sean Casey". The signature is fluid and cursive, with the first name "Sean" and last name "Casey" clearly distinguishable.

Sean Casey, MSW, MPH
Executive Director

September 19, 2019

The Honorable Gavin Newsom
Office of Governor Gavin Newsom
State Capitol
Sacramento, CA 95814

Re: SB 464 (Mitchell) California Dignity in Pregnancy & Childbirth Act – Request for Signature

Dear Governor Newsom:

First 5 Contra Costa supports SB 464 (Mitchell), the California Dignity in Pregnancy & Childbirth Act, which would require implicit bias training for perinatal providers and better data collection for maternal mortality and morbidity rates.

Black women made up 5% of the birth cohort in California, but 21% of pregnancy-related deaths. Currently middle to high-income Black mothers have worse birthing outcomes than white women in abject poverty. Evidence points to implicit bias as one of the causes for the wide disparities seen between Black women's maternal mortality numbers and other ethnicity groups. In several studies looking specifically at perinatal care, the racial disparities have pointed to racial bias as contributing to negative healthcare and outcomes of women of color.

For twenty years, First 5 has worked to build early childhood systems of care to ensure California's youngest children are healthy, safe, and ready to succeed in school and life. A key pillar of our work is building comprehensive systems of care for the whole family, starting with pre-natal care. Protecting all women from preventable childbirth-related deaths is essential to growing strong and healthy families throughout California.

SB 464 would require all medical providers involved in perinatal services at hospitals and birthing centers to undergo evidence-based implicit bias training and testing. It would also require the California Department of Health to track maternal mortality and morbidity rates, including information about underlying causes and racial or ethnic identity. To facilitate better data tracking, SB 464 requires California to adopt the U.S. standard death certificate format regarding pregnancy. Finally, SB 464 requires hospitals to inform patients on where to file a civil rights complaint if they have experienced discrimination.

For these reasons, First 5 Contra Costa supports SB 464 (Mitchell) and respectfully requests your signature.

Sincerely,



Sean Casey, MSW, MPH
Executive Director



Wednesday October 23, 2019

Agenda Item 9.0

2020-2023 Commission Strategic Plan



Strategic Plan

FY 20/21 – 22/23

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Acknowledgements

Commissioners

	Commissioners	Alternates
District I	Dr. Rocio Hernández	Genoveva Garcia Calloway
District II	Marilyn Cachola Lucey, Secretary/Treasurer	
District III	PJ Shelton	Lee Ross
District IV	Gareth Ashley, Chair	Matt Regan
District V	John Jones, Vice Chair	
County Board of Supervisors	Supervisor Diane Burgis	Supervisor Candace Anderson
Health Services Department	Dr. Chris Farnitano	
Employment & Human Services	Kathy Gallagher	Katharine Mason
Children & Family Services	Kathy Marsh	Roslyn Gentry

Strategic Planning Team

Sean Casey, Executive Director
 Ruth Fernandez, Deputy Director
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 Marnie Huddleston, Finance and Operations Director
 Lisa R. Johnson, Grants and Contracts Manager

Strategic Planning Consultant

Nicole M. Young, MSW



About First 5 Contra Costa

Vision

Contra Costa's young children will be healthy, ready to learn, and supported in safe, nurturing families and communities.

Mission

To foster the optimal development of our children, prenatal through 5 years of age.

Core Values

Our everyday work is grounded in our commitment to:

- **Diversity & Inclusion** – We work to ensure the diverse values, voices, and perspectives of our staff, partners, and community members are heard, represented, and reflected throughout our work.
- **Equity** – We work to eliminate systemic and structural barriers that cause or contribute to inequities so that all children and families in our community succeed.
- **Cultural Humility** – We continuously reflect on the ways in which our beliefs and cultural identities influence our actions and interactions. We maintain curiosity and an openness to learning from others' lived experiences and adapting our approaches.
- **Community Partnership** – We listen to and learn from families, organizations, and policymakers. We build relationships based on shared values, shared power, trust, respect, and a collective commitment to ensuring the health and well-being of all children.

Proposition 10

*In November 1998, California voters passed Proposition 10, the California Children and Families First Initiative, which added a 50-cent per pack tax on cigarettes and tobacco products. The intent of Proposition 10 is to “**facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development** and to ensure that children are ready to enter school.”*

*Eighty percent of the tax revenue is disbursed to the 58 counties in California to **promote the early health, learning, and family support for children from the prenatal stage through five years of age.***

First 5 Contra Costa Commission

The Commission consists of 18 members authorized to administer and allocate Contra Costa County's Prop 10 funds. Commissioners represent county government, health, social services, early care and education, and communities across the County.

First 5 Contra Costa Today

Over the past 20 years, First 5 Contra Costa has worked alongside its partners to build a strong foundation for our county’s youngest children. With investments nearing \$200 million over 20 years, we have supported and built effective programs and systems to ensure all young children start kindergarten ready to succeed in school and life. We have achieved and contributed to many successes along the way, including but not limited to the following notable highlights:

- Maintaining five high-functioning **First 5 Centers**, where parents meet other parents with young children, learn more about child development, and increase their parenting confidence and competence.
- Building and expanding **Quality Matters**, a Quality Rating and Improvement System (QRIS) system to rate, improve and communicate about child care quality;
- Establishing Contra Costa’s **Help Me Grow** system, as part of a national effort to build local systems for early identification of children’s developmental challenges and navigating parents to appropriate services;
- Implementing countywide adoption of **developmental screening**, according to recognized guidelines and using a standardized tool;
- Increasing access to **evidence-based parenting support** through the Triple P – Positive Parenting Program; and
- Providing tools and training to support **parent leadership and build parent advocacy** in First 5 Centers and the broader community.

In addition, First 5 Contra Costa has worked alongside other Commissions and advocacy organizations across the state to raise the level of public enthusiasm and support for policies and services that help young children and their families. Through all these efforts, First 5 has gained a high degree of credibility and legitimacy for its leadership in the county and the Bay Area region. First 5 is now sought out for its expertise and leadership in engaging community partners and building coalitions, attracting new funding to local efforts for families, focusing on high-quality programs that make a difference for children and families, identifying and addressing root causes that affect family stability and child health, (particularly racism and economic inequity), and advocating for local and state-level changes that support children.

Similarly, First 5 Contra Costa’s continued relationships with local and regional funders, as both collaborator and grantee, has increased the number of Bay Area foundations

interested in our work. Local foundations have renewed and increased their interest in early childhood as a result of ongoing First 5 education and advocacy. Continuing these relationships, and developing new ones, will be key to ensuring that programs, initiatives, and innovations influencing early care and education receive the focus and support they warrant in Contra Costa County.

This track record of accomplishments bodes well for First 5's continued partnerships and collaborations in early learning, mental health, and family support. Furthermore, First 5's broadening advocacy work, through efforts like the Coffee and Kids policy breakfast and the Kindergarten Readiness Assessment, is critical to advancing our visibility in the county.

The Early Childhood Landscape

As First 5 enters its third decade, the statewide landscape has shifted remarkably. For the first time in First 5's history, California's Governor and Legislature are enthusiastic supporters of early childhood. After a sustained effort by First 5s and many other advocates for children and families, the Newsom administration has launched the state of California in a new direction, one that seeks to support and stabilize families in multiple ways. The Governor's first budget included commitments to work toward universal preschool, expanded childcare and paid family leave, full-day kindergarten, developmental and trauma screening, and expansion of the state earned income tax credit, including a first-ever state child tax credit.

In addition, leadership at the state level includes elected officials who have prior experience in early childhood and who understand how providing high-quality support and interventions from the earliest ages can change the trajectories of children's lives. Several legislators have served on local First 5 Commissions or are intimately knowledgeable about what First 5s do. Many have also expressed interest in supporting new funding for the work that First 5 does. However, among the new and expanded funding for early childhood programs in the Governor's first budget, none was specifically directed to California's First 5s.

Ironically, the remarkable changes occurring at the state – as well as national – levels comes at a time when First 5s around the state have seen their revenue drop considerably as tobacco consumption has steadily declined due to decreased tobacco consumption. At a time when we might be considered the “ground troops” to implement the Governor's agenda and new legislation, First 5s are forced to make difficult decisions about how best to use their remaining resources, which will continue to decline in the coming years.

Our Fiscal Framework

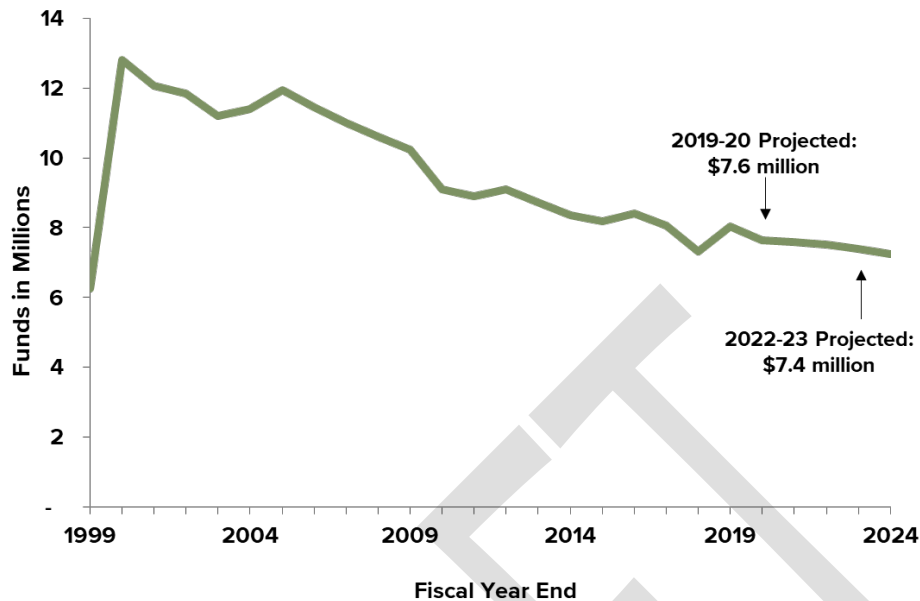
While First 5 Contra Costa remains at the forefront of systems change for young children and their families, we also cannot escape the fact that our fiscal resources continue to diminish. Our prudent fiscal stewardship, combined with our fortunate ability to attract external funding, has extended the life of the reserve funds set aside by the Commission in our earliest years. Even so, the remaining unassigned funds in the Commission’s fund balance will not suffice to support all of our current activities, as current external funding ends or declines. This elevates the urgency and importance of First 5’s efforts to build strong, sustainable systems of support for young children and their families, in order to maximize the impact of our investments.

This section provides a **framework to guide the Commission’s investments** during the FY 20/21 – 22/23 strategic plan. This strategic plan does not name specific programs that will receive funding, nor does it obligate the Commission to actual contracts or funding awards. Rather, it describes First 5’s fiscal landscape and projects the resources the Commission will have available over the next three years to sustain its systems-building efforts, exert influence, and achieve lasting change.

Revenue Projections

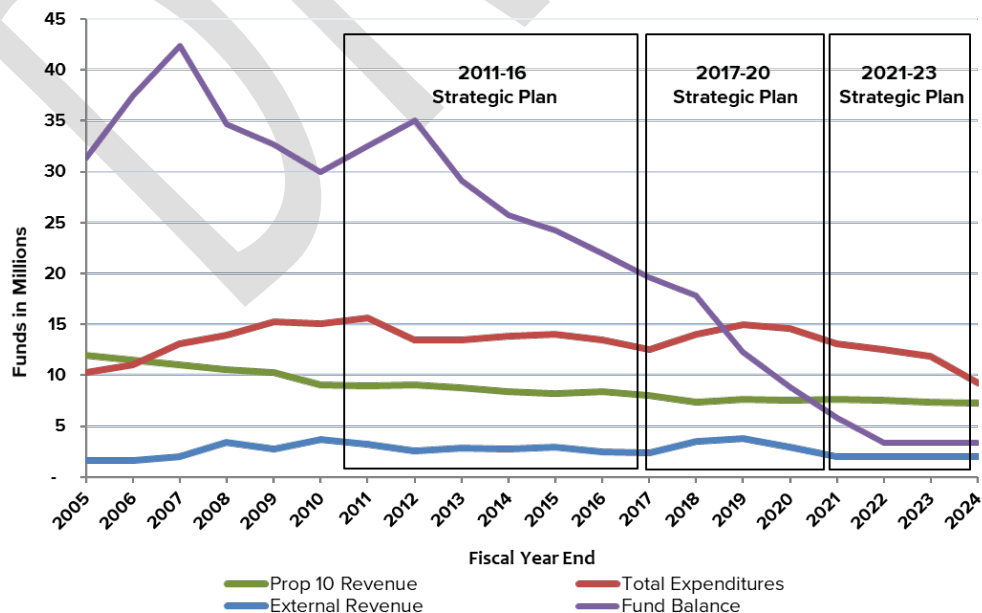
Our principal source of revenue, the **Proposition 10 tobacco tax**, continues to decline due to the steady drop in tobacco consumption over the last two decades. As shown in the chart below, our annual Prop 10 revenue is now 16% lower than what it was a decade ago and down 40% from a high of \$12.8 million in FY 00/01. Prop 10 revenue for the state overall is projected to decline 10% from FY 2019 to FY 2024. Interestingly, Contra Costa’s revenue is projected to slightly *increase* by 1.1% during the same period, due to the trend of increasing births in the County. In fact, the Bay Area is seeing a demographic shift in families, with markedly declining birth rates in Alameda, Santa Clara and San Mateo counties and increasing birth rates in Contra Costa, Napa and San Joaquin.

Proposition 10 Revenue, 1999 – 2024



In addition, since FY 06/07, we have used the **fund balance** we accumulated in our earliest years to sustain the strategies and initiatives we have developed over the past two decades in order to develop and demonstrate the activities and interventions we thought would have the greatest impact for families. While this strategic use of our fund balance allowed us to maintain program investments over the last several years, particularly during the Great Recession, we have known for several years that **this approach is not sustainable in the long-term.**

First 5 Revenue and Expenditures, 2005 – 2024



With the remaining fund balance, approximately \$12.5 million as of June 2019, we will expend no more than \$9 million over the next three years, with incremental declines each year, so that no fund balance will be available in FY 2023-24 and beyond. This would leave a small, unassigned fund balance of \$3-4 million as an ongoing cushion in the fund.

First 5 has also benefitted greatly from **external funding** from multiple sources over the past 20 years. These have included large contracts with First 5 California and the California Department of Education, as well as large and small grants from numerous local and regional private and community foundations. Historically, external funding has exceeded \$2 million each year. Even as some of our larger grants have come to an end, it is likely that we will be able to sustain at least \$2 million in external funds in coming years.

FY 20/21 – 22/23 Long-Term Fiscal Plan

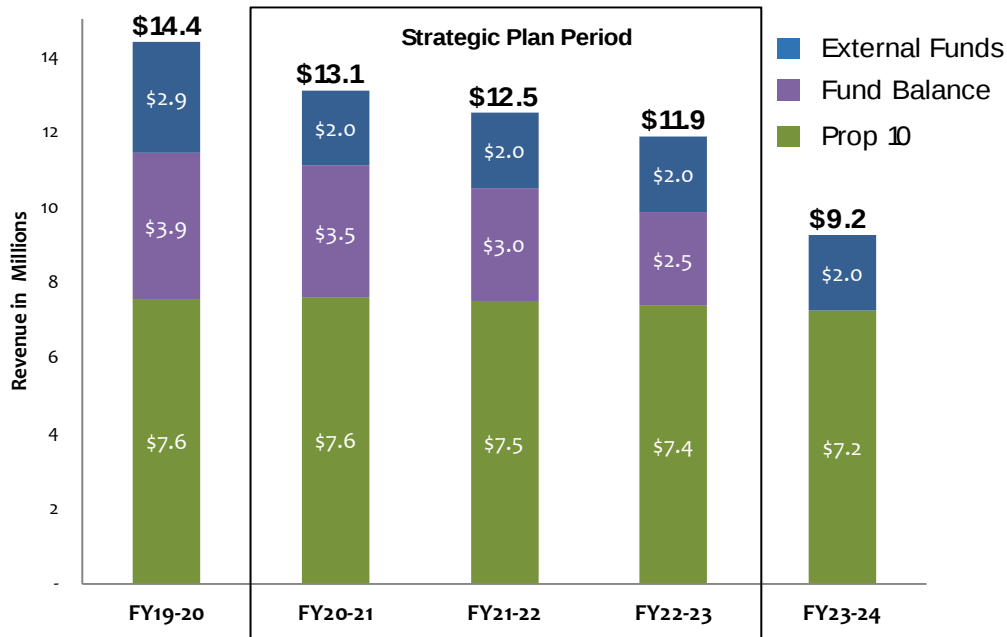
Total **revenue projections** for FY 20/21 – 22/23 include **\$22.5 million in Prop 10 revenue** and **\$6 million in external**. Beginning FY 23/24, First 5's revenue will be **limited to its annual Prop 10 tobacco tax allocation** and the external funding that is available at that time. Up to \$9 million will be available from the First 5 unassigned fund balance over the next three years of the strategic plan, allowing for a more **gradual step-down of First 5's historical investments**.

First 5 will continue to work with other county leaders and partners to proactively pursue new opportunities to **obtain or leverage resources** that support the early childhood system in Contra Costa County. Our work in this area could include:

- o Joining our state association in advocating for expanded funds children and families in annual state budgets, including additional state funds to support First 5's activities;
- o Partnering with Contra Costa County agencies in leveraging state and local funds for prevention and early intervention activities in health and social services, such as MediCal, MHSA, Title IV-E and other revenue streams;
- o Seeking out additional private sector partners in business and philanthropy who see the worth of First 5 and the benefit to communities across the county; and
- o Advocating for new dedicated local revenues either by fees, taxes or by other sources, such as cannabis, that could sustain First 5 in the long term.

The following chart summarizes our projected revenues by funding source during the FY 20/21 – 22/23 strategic plan period. Projections are based on information known at this time, and will be updated annually.

Projected Revenue by Funding Source, 1999 – 2024



All of these efforts will be necessary to sustain First 5 by 2024 and beyond. Given the rapidly changing landscape in Contra Costa and California, as noted earlier, we can be optimistic that First 5 will remain viable through the next decade as policymakers continue to value and appreciate the unique asset that First 5s have become across California. Whatever resources become available to First 5 Contra Costa in the coming years, First 5 will continue to evolve, **live within its means and invest its resources in sustainable, lasting change.**

A Strategic Imperative: Systems Change for Young Children and Their Families

Our Lens for Systems Change

Promoting systems change for young children lies at the core of First 5's existence, as articulated in Proposition 10. Young children can spend significant time in education, health, recreation and other settings in their earliest years. Their parents and caregivers – all of whom need support and guidance at some point – seek help and consultation in these and other settings as well. Ideally, effective systems should...

- Respond to young children and families' needs,
- Operate at high levels of quality and effectiveness in order to make change for children and families; and
- Support children and families' unique differences and needs and ensure access for all.

In reality, too many of the systems that serve young children and families are siloed, overly bureaucratic, and built on a legacy of policies and practices that produce health and economic inequities based on race, ethnicity, immigration status and other demographics. Over the last two decades, much of First 5's work has involved building and improving systems to eradicate inequities, using tools and approaches that seem effective, adjusting as necessary, and replicating what works. The lessons we've learned have evolved into a single, comprehensive framework that helps us pursue a blend of funding, partnership, and policy solutions that have lasting impacts on the lives of young children and families, beyond First 5 Contra Costa's direct investments.

We call this framework a “lens” for our systems change practice, as it's a way to view our work and bring key elements of it into focus. In practice, the lens could be applied to any of our strategies, to our agency practices, or to our organization as a whole. The Lens focuses us on our **core purpose**, *systems change for young children and families*, and integrates three **essential strategies** with three **guiding principles**, surrounded by our **core values** of Equity, Cultural Humility, Diversity & Inclusion, and Community Partnerships.

In identifying these elements of our framework, we recognize that, depending on where we are pointing our lens, the relative weight of each component will vary, but we expect that a combination of the following components should be present in all that we do.

Essential Strategies

Systems Development: Our systems development work includes professional and workforce development, identifying and supporting adoption of evidence-based practices, promoting standards and practices for delivering high-quality services, and reversing inequities by addressing root causes.

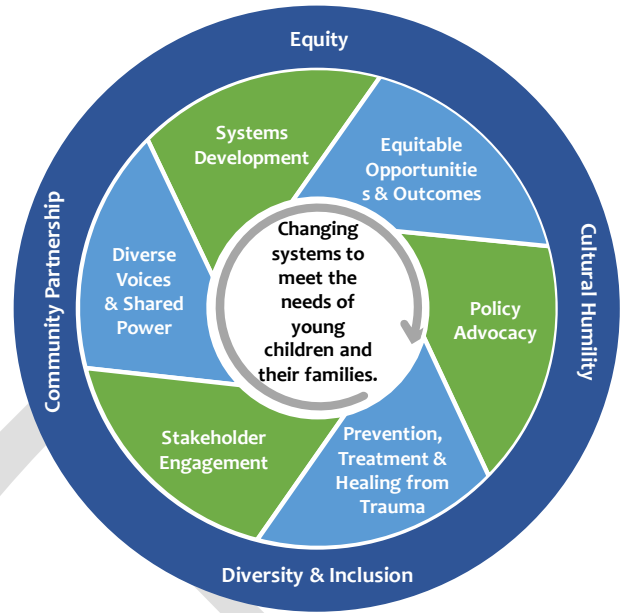
Stakeholder Engagement: We bring a broad range of stakeholders into our work, while supporting their work as well; form partnerships and coalitions; share resources; enhance knowledge and capacity; and build leadership beyond the walls of First 5. Our stakeholders include, but are not limited to: Families and caregivers, providers, partner agencies, residents, cities, schools, community-based organizations, county agencies, coalitions, and more.

Policy Advocacy: We build the case for our cause and communicate it to influential policy makers and their supporters. Our policy advocacy work includes, but is not limited to: Research and evaluation, communications, government relations, policy development, and sustainability planning.

Guiding Principles

These principles inform how First 5 Contra Costa operates and approaches its strategic investments and partnerships.

- Prioritize our efforts and investments to focus on **eliminating disparities** and creating **equitable opportunities and outcomes**.
- Contribute to strengthening and building **trauma-informed** early childhood systems that **prevent, treat, and heal trauma** and adverse childhood experiences.
- Seek out and listen to **diverse and under-represented voices**, with **shared power**, clear communication, and agreements as to roles and responsibilities, expectations, decision-making, and accountability.



Our Strategic Roadmap

We are now in a time when First 5s across the state can be highly influential in the implementation of California’s growing education and health systems for young children. First 5 Contra Costa will continue to be a strong advocate for advancing systems change and policy reform, building on the two decades of local experience that we have accumulated. As our tobacco tax revenues decrease, we will need to be proactive in our partnerships with other funders and agencies supporting families with young children.

Given this, our strategic roadmap for FY 20/21 – 22/23 focuses on two main priorities: **1) Integration of Early Childhood Systems** and **2) First 5’s Impact and Sustainability**. The goals and strategies for each priority are designed to sharpen our focus on sustaining and integrating our systems work, both among First 5’s current initiatives and the broader systems serving young children in the county. This roadmap will help First 5 navigate the ever-changing funding and policy landscape in partnership with county agencies, community-based organizations, elected officials, families, caregivers, and other community members who share our vision of ensuring that Contra Costa’s youngest children are safe, healthy, and ready to learn.

Strategic Priorities

1. Integration of Early Childhood Systems

Goal: Strengthen the **integration of early childhood systems** that foster equitable opportunities and outcomes for all young children and their families.

Strategies

Systems Development

- Increase integration of **First 5-supported systems of care** that are components of an equitable early childhood system.
- Provide technical expertise to influence **systems development and integration in other sectors** of the early childhood system (e.g. health, early learning, K-12 education, child welfare, public health, social services, etc.).
- Support **continuous quality improvement** of programs, practices, and policies within and across sectors.
- Support **professional and workforce development**.
- Promote adoption of **common standards, practices, and shared measurements** within and across sectors.

- Address and promote **racial, social, and economic justice**.
- Continue to improve **collection and use of data** to demonstrate impact.

Policy Advocacy

- Advocate for **local, state, and federal funding and legislation** that will leverage, expand, and sustain countywide investments in the early childhood system.
- Advocate for **equitable policies and practices** that build a prevention-focused, trauma-informed early childhood system.
- Advocate for **racial and economic justice** to ensure equitable access to services, resources and care for all young children and families.

Stakeholder Engagement

- Develop and maintain **effective partnerships and collaboration with leaders** that serve young children and families.
- Continue efforts in **parent engagement, leadership, and advocacy** that both inform and contribute to development of the early childhood system.
- Support **community advocacy efforts** led by families with young children.

2. First 5's Impact and Sustainability

Goal: Build on and sustain First 5's investments in the early childhood system.

Strategies:

- Refine **First 5-developed models and systems** through the systems lens and address equity, integration, impact, and sustainability.
- Research and pursue **diversified revenue streams**, including options for generating revenue through First 5's products and services.
- Continue to demonstrate the impact of First 5 through enhanced internal capacity to conduct **research, data collection, and analysis** of child outcomes for policy advocacy.
- Continue to build the case for sustainable investments in early childhood through **communications materials and campaigns**.
- Advocate for **local, state, and federal funding and legislation** that will leverage and sustain First 5's strategic investments.

Our End Goal

By the end of our FY 20/21 – 22/23 strategic plan, First 5 Contra Costa will have been in place for 25 years. During that time, our resources and relationships will have helped thousands of Contra Costa’s youngest children be healthy and ready for school and life. While improving outcomes for children is at the core of our mission, we believe our true legacy will be the strengthened partnerships, improved systems, and sustainable funding streams that will support children’s health and wellbeing for generations to come. This strategic plan puts us on a clear path to reach our end goal.