COMMISSIONERS

Anna Domek – District 1
Barbara Boehler – District 4
Tony Kildare – County of Yolo Behavioral Health Director
Sally Brown – District 2
Carol Souza Cole – District 5
Lucas Frerichs, Chair – Board of Supervisors
Sheila Allen, Alternate Chair – Board of Supervisors
Jenn Rexroad – District 3
Garth Lewis – YCOE
Nichole Arnold – Children with Special Needs

SPECIAL COMMISSION MEETING AGENDA

November 19, 2026
2:30 – 3:00 PM
600 A Street, Conference Room 101
Davis, CA 95616

This meeting will also be held remotely via Zoom:
https://us02web.zoom.us/j/81149641135?pwd=S24cTyZGf1mtpnQV6TpuL3pgeybPmC.1

Meeting ID: 811 4964 1135
Passcode: 169692

• +1 669 900 6833 US (San Jose)
• +1 669 444 9171 US
• +1 253 215 8782 US (Tacoma)

ADMINISTRATIVE AGENDA

1.	Chair	Call to Order	
2.	Chair	Roll Call	
3.	Chair	Consider Approval of the Agenda	
4.	Public	Public Comment	

REGULAR AGENDA — Presentation/Discussion/Possible Action

5.	Chief Executive Officer	Accept Revised Fiscal Year 2025-2026 Year End Revenue and Expenditure Summary Report	5 minutes
6.	Chief Executive Officer	**Public Hearing:** Fiscal Year 2025-2026 Independent Financial Audit	15 minutes

7.	Chief Executive Officer	Approve and Adopt Fiscal Year 2025-2026 Indepdnent Financial Audit	5 minutes
8.	Chief Executive Officer	Long-Range Planning Calendar	5 minutes
9.	Chair	Adjournment	

Next meeting scheduled:
Commission Meeting
January 13, 2027
3:00 – 5:00 PM
10 College Park
Davis, CA 95616

I declare under penalty of perjury that the foregoing agenda was posted on or before November 18, 2026, by 2:30 PM at the following places:

1) On the bulletin board at the East entrance of the Erwin Meier Administration Center, 625 Court Street, Woodland, California 95695
2) At www.first5yolo.org the website for First 5 Yolo, 2779 Del Rio Place, Unit A, Davis, CA 95618

Victoria Zimmerle
Chief Executive Officer, First 5 Yolo

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact First 5 Yolo for more information. In addition, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should telephone or otherwise contact the First 5 Yolo as soon as possible and preferably at least 24 hours prior to a meeting. First 5 Yolo may be reached at telephone number 530-669-2475 or at the following address: **First 5 Yolo, 2779 Del Rio. Place, Unit A, Davis, CA 95618.**

First 5 Yolo Children and Families Commission
Agenda Item Cover Sheet

Attachments ☒

Agenda Item- Accept Revised Fiscal Year 2025-2026 Year-End Revenue and Expenditure Summary Report

Background

Quarterly, the Treasurer and First 5 Yolo financial staff provide a year-to-date Revenue and Expenditure Report Summary to the Commission. The Year End Revenue and Expenditure report is presented after the close of every fiscal year and reflects the prior fiscal year's actual revenues and expenditures, budgeted revenues and expenditures, and summary of the administrative, program, and evaluation cost incurred by the Commission.

Chief Executive Officer Overview

The revised report includes all receipts and expenditure of funds for the entirety of Fiscal Year 2025-26. Revenues and expenditures are reported on a modified accrual basis of accounting and as such, FY2025-26 expenditures reflect all incurred expenses and earned revenues as of 06/30/2026, though cash funds may or may not have been expended or received prior to 06/30/2026. In compliance with the Commission's fiscal policies, the Commission recognizes a 90-day period of availability. The updated report includes all receivables collected within the period of availability. Any receivables received outside of the period of availability will be reported in the subsequent Fiscal Year (i.e., Fiscal Year 2026-27) resulting in a net zero impact to the Commission's projected Fund Balance at June 30, 2027.

Since adoption of the Year-End Revenue and Expenditure Report at the September Commission meeting, adjustments have been made to defer recognition of receivables not received by the Commission within the period of availability and recognition of a personnel liability attributable to Fiscal Year 2025-26. The net impact of the adjustments are as follows:

- Actual revenues were 3.1% lower than budgeted at the close of the fiscal year compared to a positive variance of 3.4% initial reported due to the timing of receipt of grant reimbursements from the State.
- Total personnel expenditures were .1% higher than budgeted compared to 1.6% lower than budgeted expenditures on the initial report due to the accrual of a personnel liability attributable to Fiscal Year 2025-26 which was paid in September 2026.
- The Commission's ending Fund Balance at June 30, 2026 was $2,587,476 which reflects a planned draw on the Sustained Initiative Funding Reserve of

$356,287 the majority of which reflects receivables not collected within the period of availability and a small portion (~18.5K) a planned draw on the Commission's Sustained Initiative Funding Reserve aligned to its Strategic Plan.

- The Commission's administrative cost rate for Fiscal Year 2025-26 was 9.66%, well under the Commission's adopted 15% cap.

Additional Information and Attachments

The Revised Year End Revenue and Expenditure Summary Report is included as **Attachment A** to this item.

Action Requested

Accept the Revised Fiscal Year 2025-2026 Year-End Revenue and Expenditure Summary Report.

FIRST 5 YOLO

FY25-26 Year-End Revenue and Expenditure Summary Report [1]

Report Period: July 1, 2025- June 30, 2026

Descriptions	Original Budget	Final Budget	Actual through 6/30/26	Variance	%Proj. Budget Variance
SOURCES OF FUNDS					
A. Revenues					
Prop 10- State Tobacco Tax Allocation	966,567	966,567	976,760	10,193	1%
Prop 10- First 5 California	252,351	252,351	243,249	(9,102)	-4%
Non-Proposition 10	3,895,034	3,768,311	3,550,277	(218,034)	-6%
Interest	20,000	20,000	81,214	61,214	306% [2]
Total Revenues	**5,133,952**	**5,007,229**	**4,851,500**	**(155,729)**	**-3.1%** [3]
EXPENDITURES					
B. Personnel					
Salaries (Regular, Grant-Funded, and EH)	865,659	908,084	933,494	25,410	3%
Benefits	609,592	633,546	610,255	(23,290)	-4%
Unemployment Insurance	429	429	429	-	0%
General Liability	17,762	17,762	17,547	(215)	-1%
Workers Comp Insurance	15,769	15,769	15,769	-	0%
Total Personnel	**1,509,211**	**1,575,590**	**1,577,494**	**1,905**	0.1% [4]
C. Program Funding					
Help Me Grow	978,425	850,383	820,638	(29,745)	-3%
Welcome Baby: Road to Resilience	2,195,820	2,211,919	2,002,951	(208,968)	-9%
CalWORKS Home Visiting Program	422,368	420,605	421,717	1,112	0%
IMPACT Legacy	199,716	201,979	186,652	(15,328)	-8%
Attachment & Biobehavioral Catch-Up	157,500	157,500	157,500	-	0%
Yolo Crisis Nursery Mobile Client Navigator	40,000	40,000	39,994	(6)	0%
Event Sponsorships	5,000	5,000	3,250	(1,750)	-35%
Partner Reporting Platform- Clear Impact	11,220	11,220	11,220	-	0%
Total Program Funding	**4,010,049**	**3,898,606**	**3,643,922**	**(254,684)**	-6.5% [5]
D. Operating Expenses	**123,959**	**121,469**	**63,750**	**(57,719)**	-47.5% [6]
E. Professional Services	**98,450**	**110,625**	**96,585**	**(14,040)**	-12.7% [7]
F. Contingency Funds (2% Proj P10 Alloc)	19,331	19,331	-	(19,331)	-100.0%
G. Less Indirect Received on Contracts	*(155,437)*	*(179,258)*	*(173,964)*	*(5,294)*	3.0%
Total Expenses	**5,605,563**	**5,546,363**	**5,207,787**	**(338,576)**	-6.1%
Net Income/(Loss)	(471,611)	(539,134)	(356,287)		
Beginning Fund Balance: July 1, 2025	$ 2,943,763				
Ending Fund Balance: June 30, 2026	$ 2,587,476 [8]				
Unassigned Balance	- [9]				
Restricted Fund Balance (non-formal reserve)	14,038 [10]				
Sustained Initiative Funding	1,323,438 [11]				
Cashflow Reserve	500,000 [12]				
Catastrophic Reserve	750,000 [13]				

FY2025-2026 Cost Allocation Summary

All First 5 Commissions are required to monitor Administrative costs as a proportion of total expenditures and adopt an administrative cost cap. First 5 Yolo's administrative cost cap, as determined by the Commission is 15%. Annually, during budget adoption, staff review the Cost Allocation Plan and expected percentage of Administrative costs as a proportion of total agency expenditure. With the Year End Revenue and Expenditure Report, staff report to the Commission the actual proportionate share of agency expenditures across Administrative, Program, and Evaluation activities. The Cost Allocation Summary for FY2025-2026 is as follows:

Budget Category	Admin (200000)	Program (mult. CCs)	Eval (200002)	Total (all CCs)
Personnel	425,740	998,049	146,845	1,570,634
Program Funding		3,295,993		3,295,993
Operating Expense	34,508	196,143	9,640	240,291
Consulting/Contracting	42,896	26,470	31,504	100,870
Total Expenditures by Cost Center	$ 503,144	$ 4,516,655	$ 187,989	$ 5,207,788
% of Expenditures by Cost Center	9.66%	86.73%	3.61%	100%

Fiscal Year 2025-2026 Year End Revenue and Expenditure Summary Report Notes:

1. The Year End Revenue and Expenditure Summary Report is presented in whole dollars. As such, totals are subject to rounding and may reflect immaterial differences as a result.

2. Interest revenues at the close of the fiscal year were 306% higher than budgeted. The stated total is reflective of the realized interests across the fiscal year (~100.3K) and the unrealized Fair Market Valuation adjustment required annually per GASB 31 which includes a ~19.1K loss.

3. Revenues at the close of Fiscal Year 2025-26 were 3.1% lower than budgeted which reflects the net impact of higher than budgeted Medi-Cal revenues, interest income, and FY25 grant reimbursements recognized in FY26 as well as underspending by funded partners in some grant programs which resulted in lower than budgeted grant revenues across some grants and grant receivables related to Fiscal Year 2025-26 that were not received by the Commission within its 90-day period of availability and will therefore be recognized in Fiscal Year 2026-27. Where possible, First 5 Yolo will roll forward unspent funds allocated to Fiscal Year 2025-26 into Fiscal Year 2026-27, allowing grant funds to be fully expended for multi-year or cross-year grants. Revenues received outside of the Commission's period of availability will be recognized in Fiscal Year 2026-27 and have no net impact on the Commissions Fund Balance at June 30, 2027.

4. Personnel Expenditures were .1% higher than budgeted primarily related the net impact of benefit savings associated with a grant-funded position vacancy and an unanticipated personnel liability recognized in Fiscal Year 2025-26.

5. Aligned to Note #3, program expenditures were lower than budgeted by 6.5% due to funded partner underspending as a result of funded partner staff vacancies and lower than projected expenditures. Additionally, some First 5 Yolo administered program expenditures were lower than budgeted.

6. Operating Expenses were 47.5% lower than budgeted related to lower than budgeted actual costs associated with Yolo County A-87 charges, training and travel, office expense, and Yolo County IT-ERP charges.

7. Professional Services were 12.7% lower than budgeted at Fiscal Year End as a result of the net impact of reduced actual costs across managed IT and Website services, remote Executive Assistant services, Yolo County Satellite Finance services, and Yolo County legal services and higher than budgeted grant-writing consulting services.

8. The Commission's ending Fund Balance at June 30, 2026 was $2,587,476 which is comprised of all the Commission's formal and informal reserves. Note: The Commission's full Fund Balance is "Restricted" as defined by GASB 54 however, to provide additional transparency and clarity, the Commission's Fund Balance is further defined to communicate the Commission's intended use of its Fund Balance.

9-13. The Commission's Fund Balance is allocated into four established reserve funds, each serving a different purpose. The Catastrophic Reserve is allocated to cover F5Y expenses for a short

period should Prop 10 funding become significantly delayed or end, and/or a catastrophic event occur that disrupts business operations of F5Y. The Cashflow Reserve is intended to smooth operations by ensuring adequate cash flow and stabilize program funding through each Strategic Plan despite month-to-month and year-to-year Prop 10 revenue fluctuation and/or delays in other funding sources, particularly those from state grants. The target balance for this account is $500,000. The Cashflow Reserve also protects First 5 Yolo's funded partners who may not be able to withstand delayed reimbursements. The Sustained Initiative Funding Reserve supports the Commission's intended and committed leveraging activities in F5Y's largest multi-year grant-funded programs (e.g., Welcome Baby: Road to Resilience). Beginning with Fiscal Year 2025-2026 the Commission will utilize funds in the Sustained Initiative Funding Reserve to support the Commission's intended and committed leveraging activities. Restricted Fund Balance is a non-formal reserve that reflects funds that are contractually restricted (e.g., Welcome Baby Match Funds). The Unassigned Balance reflects any portion of Fund Balance that is unallocated to a specific purpose and can be allocated at the Commission's discretion without negatively impacting future commitments.

First 5 Yolo Children and Families Commission
Agenda Item Cover Sheet

Attachments ☒

Agenda Item- Public Hearing: Fiscal Year 2025-2026 Independent Financial Audit

Background

An independent audit of the Commissions Financial Statements and audit of its compliance with the Children and Families Act is conducted annually for the First 5 Yolo Children & Families Commission, as mandated by the Proposition 10 Children & Families Act. Additionally, as the Commission engages in additional leveraging of Prop 10 funding with other state and local funders, the Commission is also subject to Single Audit in accordance with OMB Uniform Guidance when it's expenditure of federal funds exceeds the threshold identified in the Uniform Guidance ($1,000,000 for Fiscal Year 2025-26).

Copies of the Audited Financial Statements and Compliance Audit are due to First 5 California and the State Controller's Office by November 1 each year for the preceding fiscal year and Single Audits are due to the US General Services Administration by March 31.

In September 2026, F5Y staff were notified by Yolo County Department of Finance (DFS) that it did not anticipate having the GASB 68, GASB 75, and GASB 101 calculations and associated reports finalized in time to meet First 5 Yolo's audit submission deadline. First 5 Yolo relies on these reports from County of Yolo to inform its pension, OPEB, and compensated absences reporting. Additionally, with the CEO transition in July 2026, audit fieldwork and testing were also delayed. As a result of the delays, First 5 Yolo submitted a request for extension from First 5 CA and the State Controller Office (SCO) for its financial statement and compliance audits. First 5 Yolo's extension request was subsequently granted, and the Fiscal Year 2025-26 Audit is due to First 5 CA and SCO by December 1, 2026.

Deputy Director Overview

The Commission is pleased to share its Independent Audited Financial Statements for the year ended June 30, 2025. Included in the Audit Draft are the Independent Auditor's opinion on the Commission's Financial Statement and Compliance Audits which include the following and indicate no findings nor material deficiencies:

- "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Commission, as of June 30, 2026 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."

- "In our opinion, First 5 Yolo Children and Families 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, 2026."

For the 2025-2026 Fiscal Year, the Commission reported the following:

Item	FY24/25	FY24/25	Change
Net Position- Government Wide Financial Statements*	$1,620,707	$2,273,572	($652,865)
Fund Balance- Fund Financial Statements	$2,587,474	$2,942,803	($355,329)
Net OBEB Liability	$122,341	$160,934	($38,593)
Net Pension Liability	$1,421,940	$1,450,021	($28,081)

* Net position serves as a good indicator of the Commission's overall health as it takes into account liabilities not shown on the Governmental Fund Financial Statements

Additional Information and Attachments

F5Y's Single Audit is typically presented to the Commission with both the Audited Financial Statements and Compliance Audit. However, due to recent federal legislation, the OMB 2026 Compliance Supplement, which guides auditing procedures for federal programs, is significantly delayed. At the end of September 2026, OMB released a Draft 2026 Compliance Supplement which was used by F5Y's auditors to conduct preliminary fieldwork however, no Single Audits can be issued until after the finalized 2026 Compliance Supplement is released.

As of November 16, 2026, the are no updates available or estimated timeline for when the Final 2026 Compliance Supplement will be released. As a result, Single Audit review and adoption must be deferred to a future Commission Meeting in advance of the March 31, 2027, deadline.

Attached is the Current Draft of the Audited Financial Statements for Fiscal Year ending June 30, 2026, as **Attachment A**.

Action Requested

Hold Public Hearing.

FIRST 5 YOLO
CHILDREN AND FAMILIES COMMISSION
(a component unit of the County of Yolo, California)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2026

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
TABLE OF CONTENTS
JUNE 30, 2026

	Page(s)
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Fund	15
Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund to the Statement of Activities	18
Notes to Basic Financial Statements	19
Required Supplementary Information	
Budgetary Comparison Schedule	41
Notes to Budgetary Comparison Schedule	42
Schedules of the Commission's Proportionate Share of the Net Pension Liability and Contributions	44
Schedules of Changes in the Net OPEB Liability and Related Ratios and Contributions	49
Supplementary Information	
Commission Membership	53
Compliance Section	
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*	54
Independent Auditor's Report on State Compliance and Report on Internal Control over Compliance	56
Schedule of Findings and Questioned Costs	59
Status of Prior Year Findings	61

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
First 5 Yolo Children and Families Commission
Davis, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of First 5 Yolo Children and Families Commission (the "Commission"), a component unit of the County of Yolo, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Commission as of June 30, 2026, 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.

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Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Draft

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and Required Supplementary Information on pages 41 through 52, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November XX, 2026, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

San Diego, California
November XX, 2026

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

On November 3, 1998, California voters approved Proposition 10 – the Children and Families First Act (Act). The Act imposed additional excise tax on cigarettes and tobacco-related products to fund programs that promote, support, and improve the early development of children from prenatal through age five. The intent is for all California children to be healthy, to live in a healthy and supportive family environment, and to enter school ready to learn.

The Yolo County (County) Board of Supervisors created the Yolo County Children and Families Commission in 1999 under the provisions of the Act. The Commission consists of nine commissioners appointed by the County Board of Supervisors. The Commission is an agency of Yolo County with certain independent authorities, and is considered a discretely presented component unit of the County.

As management of the Commission, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2026.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements have three components: the government-wide financial statements (pages [12-14]), the fund financial statements (pages [15-18]), and notes to the basic financial statements (pages [19-40]). Required supplementary information follows the notes, including the budgetary comparison schedule on page 41.

Draft

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. These statements consist of the Statement of Net Position and the Statement of Activities.

Statement of Net Position:

The *statement of net position* presents information on all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

Statement of Activities:

The *statement of activities* presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will result in cash flows in future periods (for example, earned but unused vacation leave).

Governmental 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. Like other local governments, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

Required Supplemental Information

The Commission adopts an annual appropriated budget for its fund. A budgetary comparison schedule has been provided for the fund to demonstrate compliance with the budget on page 41 under the required supplemental information.

FINANCIAL SUMMARY

The Commission has presented its financial statements in accordance with the governmental financial reporting model established by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 103, *Financial Reporting Model Improvements*. GASB Statement No. 103 introduces enhancements to the financial reporting model, including revised requirements for Management's Discussion and Analysis (MD&A), to improve the clarity and usefulness of financial information presented.

The Commission prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

As of June 30, 2026, the Commission reported total net position of $1,620,707, reflecting a decrease of $652,865, or 28.72%, from the prior year. This decline was primarily attributable to expenses exceeding revenues during fiscal year 2026, as expenses increased by $936,732 while revenues remained relatively flat.

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COMMISSION'S NET POSITION

	2026	2025	Change	% Change
ASSETS				
Current and other assets	$ 3,886,777	$ 4,334,746	$ (447,969)	(10.33)%
Capital assets	14,240	24,597	(10,357)	(42.11)%
Total assets	3,901,017	4,359,343	(458,326)	(10.51)%
Total deferred outflows of resources	616,056	1,110,021	(493,965)	(44.50)%
LIABILITIES AND NET POSITION				
LIABILITIES				
Current and other liabilities	1,036,775	1,351,500	(314,725)	(23.29)%
Long-term liabilities	1,693,919	1,780,237	(86,318)	(4.85)%
Total liabilities	2,730,694	3,131,737	(401,043)	(12.81)%
Total deferred inflows of resources	165,672	64,055	101,617	158.64%
NET POSITION				
Net investment in capital assets	(104)	(116)	12	(10.34)%
Restricted	1,620,811	2,273,688	(652,877)	(28.71)%
Total net position	$ 1,620,707	$ 2,273,572	$ (652,865)	(28.72)%

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

FINANCIAL SUMMARY (CONT'D)

COMMISSION'S CHANGES IN NET POSITION

	2026	2025	Change	% Change
REVENUES				
PROGRAM REVENUES				
Proposition 10 & 56	$ 965,678	$ 1,004,114	$ (38,436)	(3.83)%
Elec cigarette excise tax	11,082	12,508	(1,426)	(11.40)%
State and other grants	4,041,773	3,825,746	216,027	5.65%
Total program revenues	5,018,533	4,842,368	176,165	3.64%
GENERAL REVENUES				
Other revenue	6,308	115,050	(108,742)	(94.52)%
Investment income	81,214	147,682	(66,468)	(45.01)%
Total revenues	5,106,055	5,105,100	955	0.02%
EXPENSES				
Administrative expenses	1,060,310	455,775	604,535	132.64%
Evaluation expenses	186,161	150,211	35,950	23.93%
Program expenses	4,512,449	4,216,202	296,247	7.03%
Total expenses	5,758,920	4,822,188	936,732	19.43%
Change in net position	(652,865)	282,912	(935,777)	(330.77)%
Net position, beginning	2,273,572	1,990,660	282,912	14.21%
Net position, ending	$ 1,620,707	$ 2,273,572	$ (652,865)	(28.72)%

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FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

DETAILED ANALYSIS

Governmental Activities – Net Position

Assets: As of June 30, 2026, the Commission reported total assets of $3,901,017, a decrease of $458,326, or 10.51%, compared with the prior year.

Current and other assets decreased by $447,969, from $4,334,746 in fiscal year 2025 to $3,886,777 in fiscal year 2026. The decrease was primarily attributable to a reduction in cash and investments, partially offset by an increase in receivables.

Cash and investments decreased by $998,107, from $3,633,784 as of June 30, 2025, to $2,635,677 at June 30, 2026. The decrease was primarily attributable to an increase in outstanding receivables and the utilization of previously received unearned revenues to fund program-related expenditures. The Commission maintains its cash and investments in the Yolo County Treasury investment pool, where investment earnings are apportioned to the Commission.

Receivables increased from $700,003 in fiscal year 2025 to $1,247,014 in fiscal year 2026. The current-year receivables consist of $1,151,665 due from other governments, $62,500 in grants receivable, and $32,849 in accounts receivable. These amounts primarily represent funding due from First 5 California and other governmental contracts and the significant increase in receivables due to prolonged reimbursement timelines from First 5 CA and a Q1 payment delay on a State Office of Child Abuse Prevention contract due to a State error.

Draft

Noncurrent assets decreased by $10,357, from $24,597 to $14,240, reflecting amortization of the Commission's right-to-use office space lease asset during fiscal year 2026.

Liabilities: Total liabilities decreased by $401,043, from $3,131,737 as of June 30, 2025, to $2,730,694 at June 30, 2026.

Current liabilities decreased by $314,725, from $1,351,500 to $1,036,775, primarily due to the recognition of previously unearned revenue during the current fiscal year. The prior-year current liabilities included unearned revenue of $335,152, which was no longer reported as a liability at June 30, 2026. This decrease was partially offset by changes in other current liability balances, including grants and contracts payable and accrued wages and benefits.

Noncurrent liabilities decreased by $86,318, primarily due to net changes in the Commission's proportionate share of the County's net pension and OPEB liabilities, compensated absences, and lease liabilities.

Deferred outflows of resources decreased by $493,965, and deferred inflows of resources increased by $101,617 as a result of the change in proportionate share from year to year of the County’s net pension liability and net OPEB liability.

Net Position: Restricted net position decreased by $652,877, from $2,273,688 at June 30, 2025, to $1,620,811 as of June 30, 2026, reflecting the Commission's operating results during fiscal year 2026.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

DETAILED ANALYSIS (CONT'D)

Governmental Activities – Revenues and Expenses

Revenues: Total revenues increased by $955 or 0.02%, from $5,105,100 in fiscal year 2025 to $5,106,055 in fiscal year 2026.

The increase was primarily attributable to higher state and other grant revenues, partially offset by decreases in Proposition 10 and 56 revenues, electronic cigarette excise tax revenues, investment income, and other revenue.

Proposition 10 and 56 revenues decreased by $38,436, from $1,004,114 in fiscal year 2025 to $965,678 in fiscal year 2026. Electronic cigarette excise tax revenues decreased by $1,426, from $12,508 to $11,082. Combined proposition 10 and 56 and electronic cigarette tax revenues totaled $976,760, representing a decrease of $39,862 compared to the prior fiscal year.

State and other grant revenues increased by $216,027, or 5.65%, from $3,825,746 in fiscal year 2025 to $4,041,773 in fiscal year 2026.

The increase in state and other grant revenues is primarily attributed to the net impact of a full year's implementation of three grants that began part-way through FY24-25 and the sunset of three grants at June 30, 2025.

Draft

The Commission earned investment income of $81,214 during fiscal year 2026, compared with $147,682 in the prior year, representing a decrease of $66,468, or 45.01%. The decrease was attributed by management to a downturn in financial markets.

Other revenue decreased by $108,742, from $115,050 in fiscal year 2025 to $6,308 in fiscal year 2026, primarily reflecting a decrease in donations.

Overall, the increase in state and other grant revenues was substantially offset by decreases in tobacco-related revenues, investment income, and other revenue, resulting in relatively unchanged total revenues.

Expenses: Total expenses increased by $936,732, or 19.43%, from $4,822,188 in fiscal year 2025 to $5,758,920 in fiscal year 2026.

Administrative expenses increased by $604,535, or 132.64%, from $455,775 in fiscal year 2025 to $1,060,310 in fiscal year 2026. The increase was primarily attributable to higher pension-related expenses recognized during the fiscal year. Pension expense increased from $40,353 in fiscal year 2025 to $539,955 in fiscal year 2026, contributing significantly to the overall increase in administrative expenses.

Program expenses increased by $296,247, or 7.03%, from $4,216,202 in fiscal year 2025 to $4,512,449 in fiscal year 2026. These expenses related to First 5 Yolo funded partner grants and contracts to implement First 5 Yolo initiatives, Commission-operated programs, and related program support activities. The increase was primarily attributable to fewer staff vacancies among First 5 Yolo funded partners, which allowed them to more fully utilize their grant funding for planned program activities during the fiscal year.

DETAILED ANALYSIS (CONT'D)

Governmental Activities – Revenues and Expenses (Cont'd)

Evaluation expenses increased by $35,950, or 23.93%, from $150,211 in fiscal year 2025 to $186,161 in fiscal year 2026. The increase was primarily attributable to higher costs associated with staff support for evaluation activities during the fiscal year.

Expenses grew $936,732 while revenues grew $955, which turned a $282,912 increase in net position in 2025 into a $652,865 decrease in 2026.

Financial Analysis of the Commission's Governmental Fund

The Commission uses fund accounting to demonstrate compliance with finance-related legal requirements and to account for resources available to finance current operations.

The General Fund financial statements differ from the government-wide financial statements primarily because of the recognition of long-term obligations, including pension and OPEB liabilities, compensated absences, and lease liabilities, as well as differences in revenue recognition under the modified accrual basis of accounting.

As of June 30, 2026, the General Fund reported an ending fund balance of $2,587,474, compared with $2,943,762 at June 30, 2025, representing a decrease of $356,288. The decreased is primarily due to increased receivables not collected within the period of availability which will be recognized in the subsequent period.

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Revenues: General Fund revenues decreased by $343,468, or 6.61%, from $5,194,968 in fiscal year 2025 to $4,851,500 in fiscal year 2026.

The decrease in governmental fund revenues was affected by differences in the timing of revenue recognition under the modified accrual basis of accounting. Unavailable revenues increased from $83,186 as of June 30, 2025, to $337,741 at June 30, 2026, representing an increase of $254,555. These amounts relate to receivables not collected within the Commission's established 90-day availability period following year-end.

Expenditures: Total General Fund expenditures increased by $349,260, or 7.19%, from $4,858,528 in fiscal year 2025 to $5,207,788 in fiscal year 2026.

Program expenditures totaled $4,512,449, representing approximately 86.65% of total expenditures. Administrative expenditures totaled $498,177, or 9.57%, while evaluation expenditures were $186,161, or 3.57%. The remaining expenditures consisted of principal and interest payments on the Commission's lease obligation.

Fund Balance and Availability: As of June 30, 2026, the General Fund reported restricted fund balance of $2,583,388 and nonspendable fund balance of $4,086, representing prepaid expenses.

The restricted fund balance represents resources subject to externally imposed restrictions or other applicable legal requirements and is available for purposes permitted under those restrictions.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Capital Assets Activity:

As of June 30, 2026, the Commission reported a net right-to-use office space lease asset of $14,240, consisting of a gross carrying amount of $50,459 less accumulated amortization of $36,219.

The net carrying amount decreased by $10,357 from the prior-year balance of $24,597, reflecting amortization expense recognized during fiscal year 2026. No additions or disposals of capital assets were reported during the fiscal year.

Long-Term Financing Activity:

The Commission's long-term financing activity consists of its office space lease arrangement accounted for under GASB Statement No. 87, *Leases*.

The lease liability decreased from $24,713 as of June 30, 2025, to $14,344 as of June 30, 2026, reflecting principal repayments of $10,369 during the fiscal year.

No new lease agreements, modifications to existing lease arrangements, or other long-term financing arrangements were reported during fiscal year 2026.

Additional information regarding the Commission's lease arrangement is presented in Notes 4 and 5 to the basic financial statements.

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CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Commission is committed to investing in the health, education, and well-being of children from prenatal to five by utilizing Proposition 10 funds to promote and sustain comprehensive, integrated programs and services for young children and families. The First 5 Yolo Commission understands that significant brain development occurs in the first five years of a child’s life, and the concentration of efforts in prevention and early intervention in the first five years is critical and foundational.

The Commission developed and approved a five-year Strategic Plan in 2023 for implementation beginning in the fiscal year 2023-2024; Continuing its commitment to sustainable investments, maintaining steady levels of funding, and identifying opportunities to leverage Prop 10 funds with other sources, the Commission’s budget reflects a strategic use of funds and reserves to support its objectives across the life of the Strategic Plan.

The Fiscal Year 2023/24-2027/28 Strategic Plan developed by the Commission focuses on three Community Goals and four Strategic Plan Priorities:

Community Goals

- Improved Child Health
- Improved Child Safety
- Improved Quality Early Learning

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (CONT'D)

Strategic Plan Priorities

- Drive Systems Transformation and Integration
- Promote Equity and Family-Centered Practices and Policies
- Leverage Expanded and Coordinated Resources for Our Community
- Build Strategic Capacity and Agency Capability

$4,442,763 is budgeted for programs in these areas in Fiscal Year 2026-27.

The Commission views Proposition 10 as a leveraging mechanism to establish and fund a sustainable system of results-oriented early childhood and family support services for the 0-5 population. In that regard, the Commission continues to focus on its three main systems initiatives (Welcome Baby: Road to Resilience, Help Me Grow, and QCC/IMPACT) to support children and families. The Commission developed an evaluation plan to track the results of funded programs to determine what is working effectively and to support continual quality improvement to impact the health and wellbeing of children and maximize the impact of Proposition 10 funding in Yolo County. The results of these evaluation activities will help inform the Commission as it plans for the future.

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REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the First 5 Yolo Children and Families Commission finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

First 5 Yolo Children and Families Commission
2779 Del Rio Place, Unit A Davis,
California 95618.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
STATEMENT OF NET POSITION
JUNE 30, 2026

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current assets		
Cash and investments	$	2,635,677
Due from other governments		1,151,665
Grants receivable		62,500
Accounts receivable		32,849
Prepaid expenditures		4,086
Total current assets		3,886,777
Noncurrent assets		
Capital assets		
Lease asset, net		14,240
Total noncurrent assets		14,240
Total assets		3,901,017
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		481,948
OPEB related		134,108
Total deferred outflows of resources		616,056
Total assets and deferred outflows of resources		4,517,073
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Current liabilities		
Accounts payable		89
Grants and contracts payable		851,983
Due to other governments		419
Accrued wages and benefits		109,071
Compensated absences		64,512
Lease liability		10,701
Total current liabilities		1,036,775
Noncurrent liabilities		
Compensated absences, net of current portion		145,995
Lease liability, net of current portion		3,643
Net pension liability		1,421,940
Net OPEB liability		122,341
Total noncurrent liabilities		1,693,919
Total liabilities		2,730,694

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The accompanying notes are an integral part of these financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
STATEMENT OF NET POSITION
JUNE 30, 2026

DEFERRED INFLOWS OF RESOURCES	
Pension related	112,682
OPEB related	52,990
Total deferred inflows of resources	165,672
Total liabilities and deferred inflows of resources	2,896,366
NET POSITION	
Net investment in capital assets	(104)
Restricted	1,620,811
Total net position	1,620,707
Total liabilities, deferred inflows of resources, and net position	$ 4,517,073

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The accompanying notes are an integral part of these financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

PROGRAM EXPENSES	
Child development	$ 5,758,920
Total program expenses	5,758,920
PROGRAM REVENUES	
Operating grants and contributions	
Prop 10 apportionment	698,857
Prop 56 backfill	260,449
Surplus money investment funds	6,372
CA electronic cigarette excise tax	11,082
Other governments grants	4,041,773
Total program revenues	5,018,533
Net program revenues (expenses)	(740,387)
GENERAL REVENUES	
Investment income, net	81,214
Other revenue	6,308
Total general revenues	87,522
Change in net position	(652,865)
Net position, beginning of year	2,273,572
Net position, end of year	$ 1,620,707

Draft

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2026

ASSETS		
Cash and investments	$	2,635,677
Due from other governments		1,151,665
Grants receivable		62,500
Accounts receivable		32,849
Prepaid expenditures		4,086
Total assets		3,886,777
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts payable		89
Grants and contracts payable		851,983
Due to other governments		419
Accrued wages and benefits		109,071
Total liabilities		961,562
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		337,741
Total deferred inflows of resources		337,741
Total liabilities and deferred inflows of resources		1,299,303
FUND BALANCE		
Nonspendable		4,086
Restricted		2,583,388
Total fund balance		2,587,474
Total liabilities, deferred inflows of resources, and fund balance	$	3,886,777

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The accompanying notes are an integral part of these financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total fund balance - governmental fund	$	2,587,474
Amount reported in the statement of net position is different because:		
Revenues not collected within 90 days after year-end are unavailable under the modified accrual basis.		337,741
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		14,240
Certain deferred outflows and inflows of resources are not due and payable in the current period and are not current assets or financial resources, therefore these items are not reported in the governmental fund.		
Deferred outflows of resources related to pensions		481,948
Deferred outflows of resources related to OPEB		134,108
Deferred inflows of resources related to pensions		(112,682)
Deferred inflows of resources related to OPEB		(52,990)
Long-term liabilities applicable are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position.		
Net pension liability		(1,421,940)
Net OPEB liability		(122,341)
Lease liability		(14,344)
Compensated absences		(210,507)
Total net position - governmental activities	$	1,620,707

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The accompanying notes are an integral part of these financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

REVENUES	
Operating grants and contributions	
Prop 10 tobacco tax apportionment	$ 698,857
Prop 56 backfill	260,449
Surplus money investment funds	6,372
CA electronic cigarette excise tax	11,082
Other grants	3,787,218
Investment income, net	81,214
Other revenue	6,308
Total revenues	4,851,500
EXPENDITURES	
Child Development	
Administrative	498,177
Evaluation	186,161
Program	4,512,449
Debt Services	
Principal	10,369
Interest	632
Total expenditures	5,207,788
Excess (deficiency) of revenue over expenditures	(356,288)
Net change in fund balance	(356,288)
Fund balance, beginning of year	2,943,762
Fund balance, end of year	$ 2,587,474

Draft

The accompanying notes are an integral part of these financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Net change in fund balance - governmental fund	$	(356,288)
Amounts reported in the statement of activities are different because:		
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
Net change in compensated absences		(22,236)
Net change in OPEB liability		11,047
Net change in pension liability		(539,955)
GASB 87 lease liability repayment reported in the Governmental Funds and not reported in Statement of Activities.		10,369
GASB 87 amortization expenses reported in the Statement of Activities and not reported in Governmental Funds.		(10,357)
Revenues not collected within 90 days after year-end are unavailable under the modified accrual basis.		254,555
Change in net position - governmental activities	$	(652,865)

Draft

The accompanying notes are an integral part of these financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

First 5 Yolo Children and Families Commission (the "Commission"), formerly known as Yolo County Children and Families Commission, was established on January 8, 1999, pursuant to Health and Safety Code §130140. The Commission was also established in accordance with the provisions of the California Children and Families Act of 1998 and by Yolo County Ordinances 1231, 1233, 1238, and 1247. The Commission is an agency of the County of Yolo with certain independent authority. The purpose of the Commission is to develop, adopt, promote, and implement early childhood development and school readiness systems improvements and programs in the County of Yolo consistent with the goals and objectives of the Act. The Commission's programs are funded by taxes levied by the State of California on tobacco products and grant revenues from other state and local jurisdictions.

A governing board of nine members, appointed by the County Board of Supervisors, oversees the Commission. One member of the Commission shall be a member of the Board of Supervisors. Two members are considered Mandatory Members and are the County Health Officer or persons responsible for the management of the following County functions: children's services, education, public health services, behavioral health services, social services, tobacco and other substance abuse prevention and treatment services. One member is selected from the following categories: recipients of project services included in the County strategic plan, representatives of a local child care resource or referral agency or a local child care coordinating group; representatives of a local organization for prevention of early intervention for families at risk; representatives of community-based organization that have the goal of promoting and nurturing early childhood development; representatives of the business community and representatives of local medical, pediatric or obstetric associations or societies. Five other members are considered At-Large Rotating Members and are nominated by each individual Supervisor from the above categories; The County Board of Supervisors may remove any Commission Member at any time. The Commission is considered a component unit of the County of Yolo.

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

B. Basis of Presentation and Accounting

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

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

Government-Wide 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of the GASB statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation and Accounting (Cont'd)

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 with a focus on current financial resource management. Generally, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance for the governmental fund generally presents inflows (revenues) and outflows (expenditures) in the net current fund balances. All operations of the Commission are accounted for in the general fund.

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period and they become both measurable and available to finance expenditures of the current period. Revenues are considered available if they are received within 90 days after year-end. Revenues susceptible to accrual include tax revenues, grant revenues, and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred except for compensated absences, which are recognized when due and payable at year-end.

Adjustments Between Fund Financial Statements and Government-Wide Financial statements

Deferred Outflows/Inflows of Resources

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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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission reports deferred outflows related to pensions and Other Post Employment Benefits (OPEB). Refer to additional details in Note 12 and 13.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the fund financial statements, the Commission has one item that arises only under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from intergovernmental revenues. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The Commission also reports deferred inflows related to pension and OPEB. Refer to additional details in Note 12 and 13.

Under the modified accrual basis of accounting, revenue is recognized in the fund financial statements if it has been collected after year-end within the Commission's established availability period of 90-days. All other accrued revenues due to the Commission are deferred at year-end in the fund financial statements. The Commission also reports deferred inflows of resources related to unavailable revenue in the fund financial statements. Refer to additional details in Note 8.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation and Accounting (Cont'd)

Long-Term Liabilities

The Commission's employees earn compensatory time-off and vacation benefits in accordance with established personnel policies. In accordance with GASB Statement No. 101, Compensated Absences, a liability is recognized for accumulated unused leave attributable to services already rendered when it is more likely than not that the leave will be used or otherwise paid or settled. The liability is measured using employees' pay rates as of the financial statement date, including applicable salary-related payments.

In the government-wide financial statements, the liability for compensated absences is recognized as incurred. In the governmental fund financial statements, compensated absences are recognized as expenditures and liabilities to the extent they are normally expected to be liquidated with expendable available financial resources.

C. Due from Other Governments

Due from other governments represents receivables from state and local governmental entities. Management has determined the Commission's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

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D. Net Position

Net position is displayed in three components:

- Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and net of related debt.
- Restricted net position – Consists of resources in the net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other resources making up net position that do not meet the definition of "restricted" or "net investment in capital assets."

The Commission applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

E. 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.

F. Budget and Budgetary Reporting

The Commission is required by County ordinance to prepare a budget each year based on estimates of revenues and expected expenditures. The Commission's Board of Commissioners adopted an annual budget of expenditures for the year ended June 30, 2026, which is prepared on the modified accrual basis of accounting.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Fund Balance Classification

Fund balance can be displayed under the following components:

i. Nonspendable –

This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:

- Assets that will never convert to cash, such as prepaid items and inventories of supplies;
- Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale or
- Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

ii. Restricted –

This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include:

- Funding from the State Commission or foundations that are legally restricted to specific uses. For example, funds advanced by First 5 CA under specific agreements for services, or matching funds for specific initiatives.
- Funds are legally restricted by County, state, or federal legislature, or a government's charter or constitution.
- Amounts collected from non-spendable items, such as the long-term portion of loan outstanding, if those amounts are also subject to legal constraints.
- Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.

Draft

iii. Committed –

Two criteria determine the Commission's fund balance:

1. Use of funds is constrained by limits imposed by the government's highest level of decision making. The highest level of decision making for the Commission would be the Commissioners.
2. Removal or modification of use of funds can be accomplished only by formal action of the Commission. Both commitments and modifications or removal must occur prior to the end of the reporting period; that is, the fiscal year being reported upon. For the First 5 organizations, resources in this category would include:

    - Resources committed for a future initiative as long as commission action is also required to remove this commitment.
    - Resources that have been committed by a commission for specific agreements that have not yet been executed, where commission action is also required to remove this commitment
    - Resources committed as the local match for a State Commission initiative.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Fund Balance Classification (Cont'd)

iv. Assigned –

The assigned portion of the fund balance reflects a commission's intended use of resources, which is established either by the county First 5 Commission, a body created by the commission, such as a commission finance committee, or an official designated by the commission (e.g., an Chief Executive Officer). The "assigned" component is similar to the "committed" component, with two essential differences, shown in the following table:

	Committed	Assigned
A decision to use funds for a specific purpose requires action of First 5 Commission	Yes	No
Formal action of Commission is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period	Yes	No

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Consequently, tobacco tax revenues would not automatically be placed in the "committed" component. Resources that fit into this category include:

- Appropriation of a portion of the existing fund balance sufficient to eliminate a projected deficit in the subsequent year's budget, where the Chief Executive Officer may decide whether to use the entire amount.
- Resources assigned to a specific program, project or organization for which the commission has approved a plan or budget
- Resources approved by a commission for a long-range financial plan where formal approval is not required to modify the amount.

First 5 Yolo can assign amounts under this category, and may also authorize the Chief Executive Officer to assign amounts under this category when that decision is consistent with the approved long term financial plan.

v. Unassigned –

This category includes the fund balance that cannot be classified into any of the other categories.

Order of Spending

In order to preserve maximum flexibility, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is presumed that restricted funds are spent first. Similarly, when an expenditure is incurred for purposes for which amounts in any unrestricted fund balances could be used, it is presumed that the committed amounts are spent first, then the assigned amounts, then the unassigned amounts. Upon recommendation of the Finance Committee, the Commission may authorize a different order of spending in specific cases.

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Commission Pension Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by California Public Employees Retirement System (CalPERS). 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.

I. Postemployment 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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as the Commission reports them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Draft

J. Leases

Lessee

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

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

The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

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

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Leases (Cont'd)

Lessor

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Commission monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Draft

K. Fair Value Measurement

The Commission retrospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Commission does not have any investments that are measured using Level 3 inputs.

L. New Accounting Pronouncements

In the preparation of these financial statements, the Commission adopted the following GASB Statements:

GASB Statement No. 103, Financial Reporting Model Improvements - In June 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement improves key components of the financial reporting model, including requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, proprietary fund financial statements, major component unit information, budgetary comparison information, and financial trends information. The Commission implemented the requirements of this Statement during the year ended June 30, 2026. Implementation of this Statement did not affect amounts reported in the basic financial statements.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. New Accounting Pronouncements (Cont'd)

GASB Statement No. 104, Disclosure of Certain Capital Assets - In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires additional disclosures for certain capital assets, including lease assets, subscription assets, and other intangible assets, by major class of asset. Implementation of this Statement did not affect amounts reported in the basic financial statements.

M. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements that will be effective in future reporting periods:

GASB Statement No. 105, Disclosure of Certain Information Related to Subsequent Events - In December 2025, the GASB issued Statement No. 105, Subsequent Events. This Statement improves financial reporting related to subsequent events by clarifying the subsequent events timeframe, defining recognized and nonrecognized subsequent events, and establishing disclosure requirements for nonrecognized subsequent events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. The Commission is currently evaluating the impact this Statement will have on its financial statements.

Draft

NOTE 2 - CASH AND INVESTMENTS

The Commission maintains its cash and investments with the Yolo County Treasurer in a cash and investment pool. On a quarterly basis, the Treasurer allocates interest to participants based on their average daily balances. The Yolo County Treasury Oversight Committee oversees the Treasurer's investments and policies. The balance of the Commission’s investment in the Yolo County Treasury pool as of June 30, 2026, is $2,635,677. The County investment pool is not registered with the Securities and Exchange Commission as an investment company.

The Commission had no deposit or investment policy that addressed a specific type of risk. Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value. Required disclosure information regarding the classification of investments and other deposit and investment risk disclosures can be found in the County's Annual Comprehensive Financial Report (ACFR). The County of Yolo's financial statements may be obtained by contacting the County of Yolo's Auditor-Controller's Office at 625 Court Street, Room 103, Woodland, California 95695, or on the County’s website. Investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by assigning a rating to a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code or the Commission's investment policy and the rating as of year-end for each investment type.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 2 - CASH AND INVESTMENTS (CONT'D)

Disclosures Relating to Credit Risk - Cont'd

The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment of GASB Statement No. 3*, does not require disclosure as to credit risk:

				Rating as of Year-End	
Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	AAA	Not Rated
Yolo County	$ 2,635,677	N/A	N/A	$ -	$ 2,635,677

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

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Investments Authorized by the California Government Code and the Commission's Investment Policy

The table below identifies the investment types that are authorized for the Commission by the California Government Code (or the Commission's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 2 - CASH AND INVESTMENTS (CONT'D)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Commission's investments by maturity:

Cash as of June 30, 2026 consisted of the following:

		Remaining Maturity			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Yolo County	$ 2,635,677	$ 2,635,677	$ -	$ -	$ -

The difference between the carrying value and the fair value of cash and investments was considered material to the Commission's financial statements; therefore, an adjustment to fair value was made for GASB No. 31 compliance. The change in fair market value from the prior year is recorded as an unrealized gain.

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Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2026, the Commission held no individual investments. All funds are invested in the County Treasurer's 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. The Commission's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in the Pools are made on the basis of $1 and not fair value. Accordingly, the Commission's share of investments in the County Treasurer's Investment Pool as of June 30, 2026 of $2,635,677 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 3 - RECEIVABLES

Due from other governments and accounts receivable 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 as of June 30, 2026, were as follows:

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 - RECEIVABLES (CONT'D)

Due from other governments:	
Prop 10 revenues:	
June 2026 allocations	$ 58,910
Surplus money investment fund allocations	6,372
Cannabis community benefit funds	23,915
Yolo county help me grow	324,975
Office of child abuse prevention-road to resilience	541,684
First 5 California	121,032
Other grants	74,777
Total due from other governments	1,151,665
Grants receivable from non-public entity	62,500
Accounts receivable	32,849
Total receivables	$ 1,247,014

Draft

NOTE 4 - CAPITAL ASSETS

The Commission leases office space under a noncancelable lease agreement. The original lease commenced on November 15, 2022 and provided for a two-year term, ending November 2024. Monthly base rent was $890 for the first twelve months and $917 for the subsequent twelve months.

In accordance with GASB Statement No. 87, *Leases*, the Commission recognized a corresponding right-to-use (ROU) lease asset at lease commencement. In November 2024, the lease was amended to extend the lease term through November 2027. The related ROU lease asset were remeasured at $31,070 using an updated annual incremental borrowing rate of 3.16%.

Right-to-Use Lease Assets

Following is a summary of lease assets activity for the year ended June 30, 2026:

	Beginning Balance	Additions	Ending Balance
Governmental activities:			
Capital assets being depreciated:			
Leased assets:			
Office building	$ 50,459	$ -	$ 50,459
Total capital assets being depreciated	50,459	-	50,459
Less: accumulated depreciation for:			
Leased assets:			
Office building	(25,862)	(10,357)	(36,219)
Total accumulated depreciation	(25,862)	(10,357)	(36,219)
Governmental activities capital assets, net	$ 24,597	$ (10,357)	$ 14,240

Depreciation expense for the fiscal year ended June 30, 2026 was $10,357.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 5 - LEASE LIABILITY

Following is a summary of lease liability for the year ended June 30, 2026:

Governmental Activities	Beginning Balance	Repayments	Ending Balance	Due Within One Year
Lease liability	$ 24,713	$ (10,369)	$ 14,344	$ 10,701
Lease liability, net	$ 24,713	$ (10,369)	$ 14,344	$ 10,701

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2026, were as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 10,701	$ 299	$ 11,000
2028	3,643	24	3,667
	$ 14,344	$ 323	$ 14,667

NOTE 6 - GRANTS AND CONTRACTS PAYABLE

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The Commission's primary expenditures consist of funding to various governmental and non-profit agencies that provide services directly to children ages 0-5 and their families. The Commission generally funds grant recipients on a reimbursement basis for actual expenses incurred. The grantees are required to file quarterly cost reports detailing how much of the funding was used. At year end, grantees submit their final quarterly report, and a payable is recorded. As of June 30, 2026, the following was owed to grantees and was included in grants and contracts payable:

Grants and Contracts Payable	Program Description	Amount
CommuniCare Health Centers	In-Home Therapy for Caregivers	$ 3,755
CommuniCare health centers	Welcome Baby: Road to Resilience	355,025
Northern California Children's Therapy Center	CalWORK's Home Visiting Program	103,179
Northern California Children's Therapy Center	Help Me Grow	154,124
Northern Valley Indian Health	Welcome Baby Coordination	7,500
Winters Healthcare Foundation	Welcome Baby Coordination	12,500
RISE, Inc	Help Me Grow	1,663
RISE, Inc	IMPACT legacy	10,286
Yolo Crisis Nursery	Welcome Baby: Road to Resilience	37,450
Yolo County Children's Alliance	Alternative Response	17,595
Yolo County Children's Alliance	Help Me Grow	2,500
Yolo County Children's Alliance	Welcome Baby: Road to Resilience	33,362
Yolo County Children's Alliance	IMPACT Legacy	11,025
UC Regents UC Davis	IMPACT Legacy	8,358
Yolo County Office of Education	First Aid/CPR/AED Certification	8,470
Yolo County Office of Education	IMPACT Legacy	6,000
Yolo Crisis Nursery	IMPACT Legacy	3,000
Yolo Crisis Nursery	Attachment & Biobehavioral Catch-Up	43,940
Yolo Crisis Nursery	Mobile Client SVS	11,959
Other contracts payable	Multiple	20,292
Total grants and contracts payable		$ 851,983

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 7 - COMPENSATED ABSENCES

The following is the summary of changes in compensated absences for the year ended June 30, 2026:

Leave type	Beginning balance	Additions	Deductions	Ending balance	Due within one year
Vacation and administrative leave	$ 97,521	$ 73,498	$ (57,838)	$ 113,181	$ 55,717
Sick leave	90,750	29,490	(22,914)	97,326	8,795
Total	$ 188,271	$ 102,988	$ (80,752)	$ 210,507	$ 64,512

NOTE 8 - DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

As of June 30, 2026, the Commission reported unavailable revenue of $337,741, compared to $83,186 as of June 30, 2025, representing intergovernmental revenues that were not collected within the Commission's established 90-day availability period following year-end. Accordingly, these amounts are reported as deferred inflows of resources in the governmental fund financial statements but are recognized as revenue in the government-wide financial statements under the accrual basis of accounting.

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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 required composition of the Board of Commissioners includes members from the County and other local governments, community-based organizations which serve children. Many of the programs funded by the Commission are operated by organizations represented by the Commissioners. Commissioners must abstain from voting on issues directly related to their respective organizations.

In fiscal year 2025-26, the County of Yolo provided the following grants to the Commission:

Program	Funding
Attachment and Biobehavioral Catch-up	$ 157,500
Help Me Grow	487,500
Welcome Baby: Road to Resilience	180,961
Help Me Grow and Childcare Sustainability	431,512
Alternative Response	149,790
CalWORKs Home Visiting Program	553,878
Total	$ 1,961,141

NOTE 10 - RELATED PARTY TRANSACTIONS (CONT'D)

The Commission also contracts with the County to provide accounting, banking and investment, purchasing, human resources, risk management, and other administrative services. The Commission participates in the County's risk management programs (commercial and self-insurance programs) for general and automobile liability insurance, public official liability, rental interruption, personal property, worker's compensation, group health indemnified plans, group salary continuance plan, group dental plan, and unemployment benefit plan. The Commission incurred expenses totaling $76,524 for all other County services provided during the year ended June 30, 2026.

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, 2026, the Commission expended $186,161 for program evaluation.

Draft

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Commission employees participate in the County of Yolo's Miscellaneous defined benefit pension plan administered by the State of California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for California cities and governmental jurisdictions, which participate in this retirement plan.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Contributions - Rates for the County's contributions are set by CalPERS based upon annual experience of County members and on periodic actuarial valuations. The contribution rate for the Commission is established by the County of Yolo. The employer contribution rate for the fiscal year ended June 30, 2026, was 33.22%. For the fiscal year ended June 30, 2026, the Commission was required to contribute $289,157 to the County of Yolo for the plan. The Commission made all required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - as of June 30, 2026, the Commission reported a liability of $1,421,940 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. For the year ended June 30, 2026, the Commission recognized a pension expense of $539,955.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONT'D)

As of June 30, 2026, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (112,682)
Change in proportion	107,354	-
Difference between expected and actual experience changes of assumptions	85,437	-
Employer contributions paid by the Commission subsequent to the measurement date	289,157	-
Total	$ 481,948	$ (112,682)

The $289,157 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions to the County's plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

The net difference between projected and actual earnings on pension plan investments is amortized over a 5-year period on a straight-line basis. One-fifth was recognized in pension expense during the measurement period, and the remaining net difference between projected and actual earnings on pension plan investments as of June 30, 2025 is to be amortized over the remaining 3.1 years period.

Draft

Measurement Year Ended June 30	Amount
2026	$ (302,199)
2027	86,980
2028	172,515
2029	122,813
Total	$ 80,109

Actuarial Methods and Assumptions Used to Determine Total Pension Liability - The Commission's proportion of the County's net pension liability was based on the Commission's FY 2024-2025 actual contributions to the County's pension plan relative to the total contributions of the County as a whole. As of June 30, 2024, the Commission's proportionate share (based on Contributions) was 0.4972%, and as of June 30, 2025, the Commission's proportionate share was 0.5469%, an increase of 0.0497%.

The components of the Commission's proportionate share of the Plan net pension liability as of June 30, 2026 and June 30, 2025 are as follows:

Commission Proportionate Share:

	2026	2025
Total pension liability	$ 5,717,649	$ 4,933,219
Less: plan fiduciary net position	(4,295,709)	(3,483,198)
Net Pension Liability	$ 1,421,940	$ 1,450,021

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONT'D)

For the measurement period ending June 30, 2025 (measurement date), the total pension liability was determined by rolling forward the June 30, 2024, total pension liability using standard roll-forward procedures. The Commission's proportion of the County's total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.90%
Inflation	2.30%
Projected salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of the contract COLA or 2.30% until the purchasing power protection allowance floor applies; 2.30% thereafter

Draft

The mortality table used was developed based on CalPERS's specific data. The probabilities of mortality are based on the 2021 *CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Changes of Assumptions – There were no changes of assumptions for the measurement period ended June 30, 2025.

Discount Rate - The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

Long-Term Expected Real Rate of Return - 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 plan investment expense, and inflation) are developed for each major asset class.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONT'D)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation[1]	Long-term Expected Real Rate of Return[1],[2]
Public Equity	37.00%	4.56%
Private Equity	17.00%	5.56%
Fixed Income	28.00%	2.53%
Real Assets	15.00%	3.03%
Private Debts	8.00%	4.93%
Strategic Leverage	(5.00)%	1.40%
	100.00%	

(1) Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

(2) An expected annual rate of price inflation of 2.30% used for this period.

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Sensitivity of the Commission's proportionate share of the County's net pension liability to changes in the discount rate - The following table presents the Commission's proportionate share of the County's net pension liability calculated using the discount rate of 6.90%, as well as what the Commission's proportionate share of the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1.00% Decrease (5.90%)	Current Rate (6.90%)	1.00% Increase (7.90%)
Commission's proportionate share of the County's net pension liability	$ 2,191,032	$ 1,421,940	$ 789,501

Pension plan changes in the net pension plan liability and pension plan fiduciary net position - Detailed information about the County's collective net pension liability and plan fiduciary net position is available in the County's separately issued Annual Comprehensive Financial Report (ACFR). The County of Yolo's financial statements may be obtained by contacting the County of Yolo, Department of Financial Services, 625 Court Street, Room 103, Woodland, California 95695, or visiting the County's website at detailed information about the CalPERS fiduciary net position available in a separately issued CalPERS comprehensive annual financial report. Copies of the CalPERS annual report may be obtained from CalPERS Headquarters, Lincoln Plaza North, 400 Q Street, Sacramento, California 95811.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 13 - RETIREE MEDICAL PLAN – OTHER POSTEMPLOYMENT BENEFIT

Plan Description - The Commission is a participant in the County of Yolo's Retiree Medical Plan (the Plan). The County of Yolo Retiree Healthcare Plan (the Plan) provides postemployment medical and dental insurance to retired employees through a multiple-employer defined benefit OPEB plan. Medical insurance benefits are administered by the California Public Employee's Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California, in accordance with the Public Employees Medical and Hospital Care Act (PEMHCA). To be eligible, an employee must retire under the CalPERS program within 120 days of separation from employment in Yolo County. Dental insurance is provided through Yolo County's Dental Self Insurance program.

Medical and dental insurance benefits for retirees are continued based on current labor agreements. In order to fund retiree health benefits, the County established an irrevocable trust with Public Agency Retirement Services (PARS), an agent multiple-employer OPEB plan.

The employer contribution rate for the fiscal year ending June 30, 2026, was 5.1%. PARS issues a separate annual financial report, and copies of the report may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, CA 92660, or by calling 800-540-6369.

Employers participating in the Plan are required to report OPEB information in their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

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GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

The accompanying schedules were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability - The components of the Plan net OPEB liability as of measurement dates June 30, 2016 to June 30, 2025 are as follows:

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 13 - RETIREE MEDICAL PLAN – OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

Proportionate Share	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability	$ 272,668	$ 222,445	$ 202,523	$ 174,408	$ 216,804	$ 339,275	$ 344,188	$ 365,227	$ 420,566	$ 464,506
Less: plan fiduciary net position	(6,201)	(18,062)	(28,856)	(34,011)	(50,316)	(117,305)	(127,930)	(170,754)	(259,632)	(342,165)
Net OPEB liability of employers	$ 266,467	$ 204,383	$ 173,667	$ 140,397	$ 166,488	$ 221,970	$ 216,258	$ 194,473	$ 160,934	$ 122,341

The Commission's proportionate share of the County's net OPEB liability of the Plan was measured as of June 30, 2025, using an actuarial valuation as of June 30, 2024. As of June 30, 2026, the Commission reported a Net OPEB liability of $122,341 for its proportionate share of the County's Net OPEB liability. The Commission's proportion of the County's net OPEB liability was based on the Commission's FY 2024-2025 actual contributions to the County's Plan relative to the total contributions of the County as a whole. As of June 30, 2024, the Commission's proportionate share was 0.4998% and as of June 30, 2025, the Commission's proportionate share was 0.5399%, an increase of 0.0401%.

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The June 30, 2025 total OPEB liabilities for the Plan were based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry-Age Normal Cost Method
Actuarial Assumptions	
Inflation:	2.50% annually;
Salary Increases:	Aggregate 2.75% annually;
Discount Rate and Long-term Expected Rate of Return:	6.25% as of June 30, 2025; Expected county contributions projected to keep sufficient plan assets to pay all benefits from the trust;
Mortality, Retirement, Disability:	CalPERS 2000-2019 Experience Study Termination;
Healthcare Cost Trend Rate:	Non-Medicare – 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Non-Kaiser) – 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) – 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076.

Mortality information was derived from data collected during the 2000 to 2019 CalPERS Experience Study dated November 2021, and post-retirement mortality information was derived from the 2021 CalPERS Experience Study, which assumed future mortality improvements using The Society of Actuaries (SOA) Scale MP-2020. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 13 - RETIREE MEDICAL PLAN – OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

Target Asset Allocation – The long-term expected rate of return on the 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 asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the table below. The County's investment guidelines for OPEB are detailed in the "Investment Guidelines Document - Yolo County Other Post-Employment Benefits Trust - March 2017." The following is the Board's adopted asset allocation policy for OPEB:

Asset Class	Target Allocation	Expected Real Rate of Return*
Global Equity	75.00%	4.56%
Fixed Income	20.00%	0.78%
Cash	5.00%	(0.50)%
Total	100.00%	

*Assumed long-term rate of inflation 2.50%; Expected long term net rate of return 6.25%.

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Discount Rate – The discount rate used to measure the total OPEB liability was 6.25 percent as of June 30, 2025, and 6.25 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions would 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 currently 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.

Sensitivity of the Net OPEB Liability to Changes in Discount Rate – The following presents the net OPEB liability as of the measurement date, calculated using the discount rate of 6.25 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25 percent) or 1 percentage-point higher (7.25 percent) than the current rate:

	1.00% Decrease (5.25%)	Current Rate (6.25%)	1.00% Increase (7.25%)
Commission's proportionate share of the County's net OPEB liability	$ 169,300	$ 122,341	$ 82,066

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rate – The following presents the Net OPEB liability as of June 30, 2025, calculated using the healthcare cost trend rate of 1 percent higher as well as using trend rate 1 percent lower than the current rates:

Healthcare Cost Trend Rate*	1.00% Decrease (Trend - 1%)	Current Rate	1.00% Increase (Trend + 1%)
Commission's proportionate share of the County's net OPEB liability	$ 103,980	$ 122,341	$ 142,908

NOTE 13 - RETIREE MEDICAL PLAN – OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

Covered Participants – As of June 30, 2025, the measurement date, the following numbers of participants were covered by the benefit terms in the County Misc. Plan. Commission's employees participate in the County plan as Yolo County employees and, as such, are included in these figures:

	County
Inactive currently receiving benefits	750
Inactive entitled to but not yet receiving benefits	657
Active employees	1,229
Total	2,636

Total active and inactive participant counts were provided to the actuary as of June 30, 2025.

Amortization of Deferred Outflows and Deferred Inflows of Resources – The net difference between projected and actual earnings on OPEB plan investments is amortized over a 5-year period on a straight-line basis. One-fifth was recognized in OPEB expense during the measurement period, and the remaining net difference between projected and actual earnings on OPEB plan investments as of June 30, 2025 is to be amortized over the remaining 4-year period.

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For the year ended June 30, 2026, the Commission recognized an OPEB income of $11,047. As of June 30, 2026, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ (22,366)
Net difference between expected and actual experience	2,166	(22,150)
Change of assumptions	3,446	(8,474)
Change in proportion	84,319	-
Employer contributions paid by the Commission subsequent to the measurement date	44,177	-
Total	$ 134,108	$ (52,990)

The $44,177 reported as deferred outflows of resources related to OPEB resulting from the Commission's contributions to the County's plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027.

NOTE 13 - RETIREE MEDICAL PLAN – OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

The net difference between projected and actual earnings on OPEB plan investments is amortized over a 5-year period on a straight-line basis. One-fifth was recognized in OPEB expense during the measurement period, and the remaining net difference between projected and actual earnings on OPEB plan investments as of June 30, 2025, is to be amortized over the remaining 7.3 years period:

Measurement Period Ending June 30,	Amount
2026	$ 5,973
2027	13,067
2028	12,969
2029	4,036
2030	747
Thereafter	149
Total	$ 36,941

NOTE 14 - SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November XX, 2026, the date on which the financial statements were available to be issued. There were no subsequent events requiring disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

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FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Favorable (Unfavorable)	Actual Amount Budgetary (and GAAP) Basis	Variance with Final Budget Favorable (Unfavorable)
RESOURCES (INFLOWS)					
First 5 California tobacco tax allocations	$ 966,567	$ 966,567	$ -	$ 976,760	$ 10,193
First 5 California grants	252,351	252,351	-	243,249	(9,102)
Other grants	3,895,034	3,768,311	(126,723)	3,550,277	(218,034)
Investment income, net	20,000	20,000	-	81,214	61,214
Total resources (inflows)	5,133,952	5,007,229	(126,723)	4,851,500	(155,729)
CHARGES TO APPROPRIATIONS (OUTFLOWS)					
Child development:					
Personnel costs	1,509,211	1,575,590	(66,379)	1,577,494	(1,904)
Program funding	4,010,049	3,898,606	111,443	3,643,922	254,684
Operating expenses	123,959	121,469	2,490	63,751	57,718
Professional services	98,450	110,625	(12,175)	96,585	14,040
Contingency funds	19,331	19,331	-	-	19,331
Less: Indirect received on contracts	(155,437)	(179,258)	23,821	(173,964)	(5,294)
Total charges to appropriations (outflows)	5,605,563	5,546,363	59,200	5,207,788	338,575
Net change in fund balance	(471,611)	(539,134)	(67,523)	(356,288)	182,846
Fund balance, beginning of year	2,465,789	2,560,683	94,894	2,943,762	383,079
Fund balance, end of year	$ 1,994,178	$2,021,549	$ 27,371	$ 2,587,474	$ 565,925

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See the accompanying notes to budgetary comparison schedule.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2026

NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING

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

After the budget is approved, the Commission's Chief Executive Officer is authorized to adjust a line-item appropriation within the total budget and must notify the Commission in writing. Changes in the total budget amount must be approved by the Commission. All such changes must be within the revenues and reserves estimated as available in the original budget or within revised revenue estimates as approved by the Commission.

An operating budget is adopted each fiscal year in the modified accrual basis of accounting. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately resulting from whether the unpaid contracts in process at year end, are fully performed by year-end or purchase commitments are 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 fund level.

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NOTE 2 - SIGNIFICANT BUDGETARY VARIANCES

Original Budget Compared to Final Budget

The significant variances between the original and final budgets for the fiscal year ended June 30, 2026, were primarily attributable to the following:

Other grants: Budgeted revenues decreased by $126,723, primarily due to changes in anticipated State and local grant funding.

Personnel costs: Budgeted expenditures increased by $66,379, primarily due to increased staffing and associated employee benefit contributions.

Program funding: Budgeted expenditures decreased by $111,443, reflecting adjustments to anticipated grant-related program activities.

Professional services: Budgeted expenditures increased by $12,175, reflecting adjustments to anticipated contractual service costs.

Final Budget Compared to Actual Amounts

The significant variances between the final budget and actual amounts for the fiscal year ended June 30, 2026, were primarily attributable to the following:

Other grants: Actual revenues were $218,034 lower than the final budget, primarily due to lower program expenditures associated with reimbursement-based grants.

Investment income: Actual investment income exceeded the final budget of $20,000 by $61,214, reflective of the Commission's use of conservative estimates for investment income ensuring its ability to meet its obligation in the event of significant market volatility.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2026

NOTE 2 - SIGNIFICANT BUDGETARY VARIANCES (CONT'D)

Program funding: Actual expenditures were $254,684 lower than the final budget, primarily due to reduced program activities and associated grant expenditures.

Operating expenses: Actual expenditures were $57,718 lower than budgeted, reflecting lower operating costs than originally anticipated.

Professional services: Actual expenditures were $14,040 lower than the final budget, primarily due to lower expenditures associated with professional service contracts.

Contingency funds: Actual expenditures were $19,331 lower than the final budget. The contingency, budgeted at 2% of the Proposition 10 allocation, is a reserve against revenue shortfalls and by design has no expenditures recorded to it.

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FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULES OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2026

NET PENSION LIABILITY

Fiscal Year Ended June 30,	2026	2025	2024	2023
Commission's proportion of the net pension liability	0.5469%	0.4972%	0.4986%	0.4558%
Commission's proportionate share of the county's net pension liability	$ 1,421,940	$ 1,450,021	$ 1,497,084	$ 1,311,786
Commission's proportionate share of covered payroll	$ 702,489	$ 578,658	$ 545,714	$ 462,110
Commission's proportionate share of the county's net pension liability as a percentage of covered employee payroll	202.41%	250.58%	274.33%	283.87%
Plan fiduciary net position as percentage of the total pension liability	75.13%	70.61%	68.16%	67.84%
Measurement date:	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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CONTRIBUTIONS

Fiscal Year Ended June 30,	2026	2025	2024	2023
Actuarially determined contributions	$ 217,283	$ 179,954	$ 168,898	$ 144,787
Contributions in relation to the actuarially determined contribution	(224,938)	(179,954)	(184,710)	(156,809)
Contributions deficiency (excess)	$ (7,655)	$ -	$ (15,812)	$ (12,022)
Commission's covered-employee payroll	$ 702,489	$ 578,658	$ 545,714	$ 462,110
Contributions as a percentage of covered-employee payroll	32.02%	31.10%	33.85%	33.93%

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULES OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2026

NET PENSION LIABILITY

Fiscal Year Ended June 30,	2022	2021	2020
Commission's proportion of the net pension liability	0.3951%	0.3069%	0.2533%
Commission's proportionate share of the county's net pension liability	$ 706,046	$ 810,135	$ 627,316
Commission's proportionate share of covered payroll	$ 391,487	$ 292,450	$ 245,900
Commission's proportionate share of the county's net pension liability as a percentage of covered employee payroll	180.35%	277.02%	255.11%
Plan fiduciary net position as percentage of the total pension liability	78.69%	67.19%	67.79%
Measurement date:	June 30, 2021	June 30, 2020	June 30, 2019

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CONTRIBUTIONS

Fiscal Year Ended June 30,	2022	2021	2020
Actuarially determined contributions	$ 112,240	$ 78,968	$ 86,378
Contributions in relation to the actuarially determined contribution	(123,077)	(83,184)	(86,378)
Contributions deficiency (excess)	$ (10,837)	$ (4,216)	$ -
Commission's covered-employee payroll	$ 391,487	$ 292,450	$ 295,293
Contributions as a percentage of covered-employee payroll	31.44%	28.44%	29.25%

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULES OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2026

NET PENSION LIABILITY

Fiscal Year Ended June 30,	2019	2018	2017
Commission's proportion of the net pension liability	0.3063%	0.3530%	0.4923%
Commission's proportionate share of the county's net pension liability	$ 709,780	$ 826,217	$ 1,022,270
Commission's proportionate share of covered payroll	$ 260,523	$ 287,051	$ 542,750
Commission's proportionate share of the county's net pension liability as a percentage of covered employee payroll	273.01%	280.16%	260.48%
Plan fiduciary net position as percentage of the total pension liability	68.24%	66.71%	67.41%
Measurement date:	June 30, 2018	June 30, 2017	June 30, 2016

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CONTRIBUTIONS

Fiscal Year Ended June 30,	2019	2018	2017
Actuarially determined contributions	$ 60,299	$ 61,793	$ 66,248
Contributions in relation to the actuarially determined contribution	(60,299)	(61,793)	(66,248)
Contributions deficiency (excess)	$ -	$ -	$ -
Commission's covered-employee payroll	$ 245,900	$ 260,523	$ 287,051
Contributions as a percentage of covered-employee payroll	23.32%	23.72%	23.08%

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULES OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2026

CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Total Pension Liability (Commission's Proportionate Share of County)	Fiscal Years Ended June 30, 2026	2025	2024	2023	2022
Service cost	$ 118,159	$ 99,761	$ 94,954	$ 81,655	$ 63,538
Interest on total pension liability	374,485	323,196	307,968	267,243	224,463
Changes of benefit terms	-	-	6,910	-	-
Assumption changes	-	-	-	130,521	-
Actual vs. expected experience	85,100	69,660	63,521	(18,976)	11,143
Benefit payments, including refunds of employee contributions	(286,439)	(247,706)	(234,481)	(203,194)	(164,565)
Net change in total pension liability	291,305	244,911	238,872	257,249	134,580
Change in proportions	-	-	-	-	-
Total pension liability - beginning	5,426,344	4,688,310	4,462,638	3,822,316	3,178,708
Total pension liability - ending (a)	$ 5,717,649	$ 4,933,221	$ 4,701,510	$ 4,079,565	$ 3,313,288
Plan fiduciary net position					
Contributions employer (proportionate)	$ 224,938	$ 179,954	$ 184,710	$ 156,809	$ 123,077
Contributions employee (proportionate)	55,800	49,222	40,334	37,413	29,502
Net investment income	472,768	308,899	188,310	(228,840)	485,617
Benefits payments	(286,439)	(247,706)	(234,481)	(203,194)	(164,565)
Net plan to plan resource movement	-	-	105	(333)	-
Administrative expenses	(2,737)	(2,600)	(2,226)	(1,874)	(2,133)
Other misc income/ (Expense)	-	-	-	-	10,369
Net change in plan fiduciary net position	464,330	287,769	176,752	(240,019)	471,498
Change in proportions	-	-	-	-	-
Plan fiduciary net position -beginning	3,831,379	3,195,430	3,027,675	3,007,798	2,135,748
Plan fiduciary net position - ending (b)	$ 4,295,709	$ 3,483,199	$ 3,204,427	$ 2,767,779	$ 2,607,246
Net pension liability ending (a)-(b)	$ 1,421,940	$ 1,450,023	$ 1,497,084	$ 1,311,786	$ 706,043
Plan fiduciary net position as a percentage of the total pension liability	75.13%	70.61%	68.16%	67.84%	78.69%
Covered payroll - as a proportion of Yolo County	$ 702,489	$ 578,658	$ 545,714	$ 462,110	$ 391,487
Plan net pension liability/(asset) as a percentage of covered payroll.	202.41%	250.58%	274.33%	283.87%	180.35%
Measurement date June 30,	2025	2024	2023	2022	2021

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FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULES OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2026

CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Total Pension Liability (Commission's Proportionate Share of County)	Fiscal Years Ended June 30, 2021	2020	2019	2018	2017
Service cost	$ 47,757	$ 37,675	$ 43,670	$ 49,606	$ 59,834
Interest on total pension liability	167,301	131,913	151,235	167,812	226,314
Changes in assumption	-	-	(17,140)	138,094	-
Actual vs. expected experience	18,463	26,160	10,072	(7,511)	30,627
Benefit payments, including refunds of employee contributions	(123,875)	(96,614)	(198,430)	(115,185)	(155,554)
Net change in total pension liability	109,646	99,133	(10,593)	232,816	161,221
Change in proportions	412,079	(386,724)	(328,360)	(887,582)	(124,512)
Total pension liability - beginning	1,947,385	2,234,974	2,482,038	3,136,804	3,100,095
Total pension liability - ending (a)	$ 2,469,110	$ 1,947,383	$ 2,143,085	$ 2,482,038	$ 3,136,804
Plan fiduciary net position					
Contributions employer (proportionate)	$ 83,184	$ 56,093	$ 58,923	$ 66,165	$ 85,386
Contributions employee (proportionate)	22,494	$ 17,053	$ 20,529	22,268	30,807
Net investment income	80,022	83,149	122,012	168,601	11,037
Benefits payments	(123,874)	(96,614)	(106,540)	(115,185)	(155,554)
Administrative expenses	(2,255)	(900)	(2,243)	(2,239)	(1,307)
Other misc income/ (Expense)	-	3	(4,252)	-	10,369
Net change in plan fiduciary net position	59,571	58,784	88,429	395,965	315,858
Change in proportions	279,335	(263,909)	(219,056)	(598,323)	(89,721)
Plan fiduciary net position - beginning	1,320,069	1,525,194	1,655,821	2,114,534	2,233,888
Plan fiduciary net position - ending (b)	$ 1,658,975	$ 1,320,069	$ 1,525,194	$ 1,912,176	$ 2,460,025
Net pension liability ending (a)-(b)	$ 810,137	$ 627,316	$ 617,891	$ 569,862	$ 676,779
Plan fiduciary net position as a percentage of the total pension liability	67.19%	67.79%	68.24%	66.71%	67.41%
Covered payroll - as a proportion of Yolo County	$ 292,450	$ 225,020	$ 259,986	$ 294,907	$ 392,455
Plan net pension liability/(asset) as a percentage of covered payroll.	277.02%	278.78%	273.01%	280.16%	260.48%
Measurement date June 30,	2020	2019	2018	2017	2016

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)

SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS AND CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2026

CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS*

Total OPEB Liability (Commission's Proportionate Share of County)	2026	2025	2024	2023	2022
Service cost	$ 14,397	$ 12,609	$ 10,734	$ 11,770	$ 9,791
Interest on total OPEB liability	28,279	25,972	22,263	24,454	21,670
Change of benefit terms	-	-	-	1,254	-
Difference Actual vs. expected experience	-	(6,383)	-	(30,556)	-
Changes in assumption	-	-	-	(14,101)	8,136
Benefit payments, including refunds of employee contributions	(32,479)	(29,154)	(26,480)	(26,157)	(23,129)
Net change in total OPEB liability	10,197	3,044	6,517	(33,336)	16,468
Total OPEB liability - beginning	454,309	417,522	358,710	377,524	322,807
Total OPEB liability - ending (a)	$ 464,506	$ 420,566	$ 365,227	$ 344,188	$ 339,275
Plan fiduciary net position					
Contribution - employer	$ 60,260	$ 61,569	$ 48,163	$ 46,461	$ 38,864
Net investment income	35,379	33,148	16,549	(22,129)	27,203
Benefits payments	(32,479)	(29,154)	(26,480)	(26,157)	(23,129)
Administrative expenses	(1,458)	(1,134)	(806)	(776)	(611)
Change in proportions	-	-	-	-	-
Net change in plan fiduciary net position	61,702	64,429	37,426	(2,600)	42,327
Plan fiduciary net position -beginning	280,463	195,203	133,328	130,531	74,978
Plan fiduciary net position - ending (b)	$ 342,165	$ 259,632	$ 170,754	$ 127,931	$ 117,305
Net OPEB liability ending (a)-(b)	$ 122,341	$ 160,934	$ 194,473	$ 216,257	$ 221,970
Plan fiduciary net position as a percentage of the total OPEB liability	73.66%	61.73%	46.75%	37.17%	34.58%
Covered payroll - as a proportion of Yolo County	$ 910,814	$ 782,207	$ 637,580	$ 552,870	$ 469,984
Net OPEB liability/(asset) as a percentage of covered payroll.	13.43%	20.57%	30.49%	39.12%	47.23%
Measurement date June 30,	2025	2024	2023	2022	2021

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)

SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS AND CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2026

CONTRIBUTIONS

Fiscal Year Ended June 30,	2026	2025	2024	2023	2022
Actuarially determined contributions	$ 45,627	$ 43,693	$ 36,991	$ 40,905	$ 35,649
Contributions in relation to the actuarially determined contribution	(54,895)	(55,785)	(53,857)	(46,213)	(41,754)
Contribution deficiency (excess)	$ (9,268)	$ (12,092)	$ (16,866)	$ (5,308)	$ (6,105)
Commission's covered-employee payroll (**)	$ 933,529	$ 843,165	$ 684,236	$ 612,027	$ 496,854
Contributions as a percentage of covered-employee payroll	5.88%	6.62%	7.87%	7.55%	8.40%

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FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)

SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS AND CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2026

CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS*

Total OPEB Liability (Commission's Proportionate Share of County)	2021	2020	2019	2018
Service cost	$ 6,583	$ 5,377	$ 8,705	$ 9,048
Interest on total OPEB liability	13,913	11,425	13,654	14,004
Difference actual vs. expected experience	6,094	-	(9,691)	-
Changes in assumption	(1,547)	-	(5,070)	-
Benefit payments, including refunds of employee contributions	(15,563)	(12,561)	(12,848)	(13,993)
Change in proportions	32,916	(32,356)	(14,672)	-
Net change in total OPEB liability	42,396	(28,115)	(19,922)	9,059
Total OPEB liability - beginning	174,408	202,523	222,445	213,386
Total OPEB liability - ending (a)	$ 216,805	$ 174,408	$ 202,523	$ 222,445
Plan fiduciary net position				
Contribution - employer	$ 24,822	$ 20,657	$ 23,128	$ 25,870
Net investment income	958	1,869	1,826	1,362
Benefits payments	(15,563)	(12,561)	(12,848)	(13,993)
Administrative expenses	(291)	(199)	(120)	(30)
Change in proportions	(6,420)	(4,611)	(1,192)	-
Net change in plan fiduciary net position	3,506	5,155	10,794	13,209
Plan fiduciary net position - beginning	34,011	28,856	18,062	4,853
Plan fiduciary net position - ending (b)	$ 37,517	$ 34,011	$ 28,856	$ 18,062
Net OPEB liability ending (a)-(b))	$ 179,288	$ 140,397	$ 173,667	$ 204,383
Plan fiduciary net position as a percentage of the total OPEB liability	23.20%	46.75%	14.25%	8.12%
Covered payroll - as a proportion of Yolo County	$ 311,423	$ 230,867	$ 260,486	$ 270,977
Net OPEB liability/(asset) as a percentage of covered payroll.	53.4%	60.8%	66.67%	75.42%
Measurement date June 30,	2020	2019	2018	2017

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)

SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2026

CONTRIBUTIONS

Fiscal Year Ended June 30,	2021	2020	2019	2018
Actuarially determined contributions	$ 24,550	$ 24,230	$ 20,842	$ 21,571
Contributions in relation to the actuarially determined contribution	(26,044)	(24,230)	(20,842)	(21,571)
Contribution deficiency (excess)	$ (1,493)	$ -	$ -	$ -
Commission's covered-employee payroll (**)	$ 315,652	$ 295,293	$ -	$ 260,523
Contributions as a percentage of covered-employee payroll	8.30%	8.21%	8.48%	8.28%

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**For the 12-months ended June 30, 2026, 2025, 2024, 2023, 2022, 2021, 2020, 2019, and 2018 respectively.

Draft

In accordance with Actuarial Standards of Practice, the following methods and assumptions were used for the 2025-26 actuarially determined contribution rates:

1. Actuarial valuation date: June 30, 2025
2. Actuarial cost method: Entry Age Normal
3. Amortization method: Level Percent of Payroll
4. Amortization period: 6.3 year fixed period for 2025-26
5. Asset valuation method: Investment gains and losses spread over 5-year rolling period
6. Discount rate: 6.25%
7. General Inflation: 2.50%
8. Investment rate of return: 6.25% Net of OPEB Plan Investment and Administrative Expense;
9. Mortality: CalPERS 2000-2019 Experience Study
10. Mortality Improvement: Mortality Projected fully generational with Scale MP-2021

The full GASB 75 Actuarial Report is available on the County's website.

SUPPLEMENTARY INFORMATION

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
COMMISSION MEMBERSHIP
JUNE 30, 2026

First 5 Yolo Commissioners are appointed by members of the Yolo County Board of Supervisors. Members of First 5 Yolo include five community representatives, one from each of the five districts of Yolo County, two representatives from county agencies, one representative of a special population, and one member of the Yolo County Board of Supervisors.

Lucas Frerichs, Yolo County Supervisor - Chair	*Board of Supervisors Representative*
Sheila Allen, Yolo County Supervisor – Alternate Chair	*Board of Supervisors Representative*
Nichole Arnold – Vice Chair	*Children with Special Needs Representative*
Anna Domek, District 1	*Community Representative*
Sally Brown, District 2	*Community Representative/Treasurer*
Jennifer Rexroad, District 3	*Community Representative*
Barbara Boehler, District 4	*Community Representative*
Carol Souza Cole, District 5	*Community Representative*
Tony Kildare, County of Yolo Behavioral Health Director	*Health Representative*
Garth Lewis, Yolo County Office of Education	*Education Representative*

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COMPLIANCE SECTION

Draft

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 Yolo Children and Families Commission
Davis, California

We have audited, in accordance with the 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 general fund of First 5 Yolo Children and Families Commission (the "Commission"), a component unit of the County of Yolo, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November XX, 2026.

Draft

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

San Diego, California
November XX, 2026

Draft

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Commissioners
First 5 Yolo Children and Families Commission
Davis, California

Report on Compliance

Opinion

We have audited First 5 Yolo Children and Families Commission's (the "Commission"), a component unit of the County of Yolo, 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, 2026.

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, 2026.

Draft

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Draft

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

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

Internal Control over Compliance

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

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

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

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

San Diego, California
November XX, 2026

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

State Awards:

Internal control over State programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for state programs:	Unmodified

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2026

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - STATE AWARDS FINDINGS

No matters were reported.

Draft

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
(A COMPONENT UNIT OF COUNTY OF YOLO)
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2026

No matters were reported in the prior year.

Draft

Agenda Item #07
11/19/2026

First 5 Yolo Children and Families Commission
Agenda Item Cover Sheet

Attachments ☐

Agenda Item- Approve and Adopt Fiscal Year 2025-2026 Independent Financial Audit

Background

An independent financial audit is conducted annually for First 5 Yolo Children & Families Commission, as mandated by the Children & Families Act. Current Agenda Item #06 included a public hearing of the draft Audited Financial Statements for Fiscal Year ending June 30, 2025. Additional background information is included in the coversheet for Item #06.

Deputy Director Overview

Previous to this item, the Commission will hear the draft Audited Financial Statements in public hearing in Item #06. An overview of the highlights from this year's financial statements can be found in Item #06.

Additional Information and Attachments

The Draft Audited Financial Statements for the year ended June 30, 2026, is included in the Commission Packet as Item #06, Attachment A.

Action Requested

Approve and Adopt Fiscal Year 2025-2026 Independent Financial Audit

Agenda Item #08
11/19/2026

First 5 Yolo Children and Families Commission
Agenda Item Cover Sheet

Attachments ☒

Agenda Item- Long-Range Planning Calendar

Background

Prior to the start of each Fiscal Year, the Commission adopts a Meeting & Budget Calendar outlining the days and times of Regular Commission Meetings and anticipated required agenda items for consideration for the coming Fiscal Year.

The Meeting & Budget Calendar is subject to change across the course of the Fiscal Year based on agency needs. Meeting agendas for all Commission meetings are provided to Commissioners and made available to the public in accordance with the Brown Act.

Historically, First 5 Yolo has used the Meeting and Budget Calendar as its primary means of communicating its future meetings, as well as planned agenda items related to policy or statutory requirements. Additional items are added to meeting agendas as directed by the Commission and as recommended by the CEO to meet the needs of the agency across the Fiscal Year.

Chief Executive Officer Overview

To provide additional transparency and provide Commissioners dedicated meeting time to discuss future agenda items, this recurring item will serve as an opportunity for Commissioners to discuss and, as needed, direct staff regarding future Commission meeting Agenda items.

Additional Information and Attachments

Action Requested

Discuss and, as needed, direct staff regarding future Commission agenda items.

Item 08- Attachment A

Long Range Planning Calendar

Agenda Items and dates listed are subject to change
Revised: 10/23/2026

Meeting Date	Title
11/19/2026*	Public Hearing: Approve and Adopt the First 5 Yolo Annual Financial Audit, Compliance Audit and Single Audit
11/19/2026*	Accept the Revised Fiscal Year 2025-2026 Year End Revenue and Expenditure Summary Report
1/13/2027	Accept the Q1 FY 2026-27 Revenue and Expenditure Summary Report
1/13/2027	Public Hearing: Review and Adopt the First 5 Yolo Local Evaluation Report
1/13/2027	Elect First 5 Yolo Officers (Vice Chair and Treasurer)
1/13/2027	Receive Health and Safety FY 2025-26 Program Report
1/13/2027	Authorize Contract with TBD for Outside Evaluation Services for First 5 Yolo
3/10/2027	Accept Q2 FY 2026-27 Revenue and Expenditure Summary Report
3/10/2027	Receive FHY1 2026-27 Program Performance Updates
3/10/2027	Receive Presentation of the Yolo County Local Childcare Planning Council (LPC)
5/12/2027	Public Hearing: Accept First 5 CA Annual Report
5/12/2027	Review Proposed FY 27-28 Funding Plan
5/12/2027	Accept Q3 FY 2026-27 Revenue and Expenditure Summary Report
6/09/2027	Public Hearing: Adopt Strategic Plan Update
6/09/2027	Public Hearing: Adopt Long Term Fiscal Plan Update
6/09/2027	Authorize FY 2027-28 Funded Partner and Professional Services Contracts
6/09/2027	Consider COLA adjustment for First 5 Yolo Employees

* indicates a Special Meeting