



COMMISSIONERS

Anna Domek – District 1
Barbara Boehler – District 4
Dr. Aimee Sisson – County
of Yolo Health Officer

Sally Brown – District 2
Melissa Roberts – 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

December 4, 2025

8:45 – 9:00am

F5Y Office

2779 Del Rio Place, Unit A
Davis, CA 95618

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

One tap mobile

+16699006833,,81149641135#,,,,*169692# US (San Jose)

+16694449171,,81149641135#,,,,*169692# US

• +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. Chair Opportunity for Commissioners to State Conflict and Recusal
5. Public Public Comment

REGULAR AGENDA**Presentation/Discussion/Possible Action**

- | | | | |
|----|--------------------|---|-------|
| 6. | Deputy
Director | Public Hearing: Fiscal Year 2024-2025 Independent
Financial Audit | 5 min |
| 7. | Deputy
Director | Approve and Adopt Fiscal Year 2024-2025
Independent Financial Audit | 5 min |
| 8. | Chair | Adjournment | |

Next meeting scheduled:
Commission Meeting
January 14, 2026
International House- Davis
10 College Park, Davis, CA 95616

I declare under penalty of perjury that the foregoing agenda was posted **December 1**, by 5:00 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

Chelsea Tracy
Executive Assistant, 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- Public Hearing: Fiscal Year 2024-2025 Independent Financial Audit

Background

An independent financial and compliance audit is conducted annually for 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 (\$750,000 for Fiscal Year 2024-25).

In February 2024, the Commission released a Request For Proposals (RFP) for Independent Audit Services for Fiscal Years ending June 30, 2024, 2025, and 2026, with an option to extend for an additional 2 years (Fiscal Years 2026-27 and 2027-28). Through the RFP process, Harshwal & Company, LLP was selected to conduct the Commission's Annual Audit, Compliance Audit, and Single Audit, and to support with compilation of the Financial Statements.

Copies of the Annual Financial Audit and Compliance Audit are due to First 5 California and the State Controller's Office by November 1 each year. In September 2025, upon becoming aware that the Yolo County Department of Finance (DFS) did not expect to have its GASB 101 implementation complete in time to meet First 5 Yolo's audit submission deadline for Fiscal Year 2024-25, First 5 Yolo submitted a request for extension from First 5 CA and State Controller Office (SCO). GASB Statement No. 101 is required to be implemented for the fiscal year ending June 30, 2025 and requires the development of a new methodology for the recognition and recording of liabilities associated with employee Accrued Compensated Absences.

First 5 Yolo's request was subsequently granted, and the Fiscal Year 2024-25 Audit is due to First 5 CA and SCO by December 5, 2025.

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, Federal Single, 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, 2025 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, 2025."
- "In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material aspects, in relation to the basis financial statements as a whole."
- "In our opinion, the Commission complied, in all materials respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2025."

For the 2024-2025 Fiscal Year, the Commission reported the following:

Item	FY24/25	FY23/24	Change
Net Position- Government Wide Financial Statements*	\$2,273,572	\$1,990,660 (restated)**	\$282,912
Fund Balance- Fund Financial Statements	\$2,942,803	\$2,576,252	\$367,510
Net OBEB Liability	\$160,934	\$194,473	(\$33,539)
Net Pension Liability	\$1,450,021	\$1,497,084	(\$47,063)

* 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

** First 5 Yolo's beginning Net Position was restated as required through implementation of GASB 101.

The First 5 Yolo Finance Committee met on Monday 12/1/25 to review the audit draft and has recommended its approval by the Full Commission.

Additional Information and Attachments

Attached is the Current Draft of the Audited Financial Statements for Fiscal Year ending June 30, 2025, as Attachment A.

Action Requested

Hold Public Hearing.

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**



FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
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**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
COMMISSION MEMBERSHIP
JUNE 30, 2025**

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	<i>Board of Supervisors Representative</i>
Sheila Allen, Yolo County Supervisor - Alternative Chair	<i>Board of Supervisors Representative</i>
Nichole Arnold - Vice Chair	<i>Children with Special Needs Representative</i>
Anna Domek, District 1	<i>Community Representative</i>
Sally Brown, District 2	<i>Community Representative</i>
Jennifer Rexroad, District 3	<i>Community Representative</i>
Barbara Boehler, District 4	<i>Community Representative</i>
Melissa Roberts, District 5	<i>Community Representative</i>
Garth Lewis, Yolo County Office of Education	<i>Education Representative</i>
Dr. Aimee Sisson, County of Yolo Health Officer	<i>Health Representative</i>



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, 2025, 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, 2025, 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.

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 Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 10 and Required Supplementary Information on pages 42 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2025, 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.

Harshmal & Company LLP

San Diego, California

November 28, 2025

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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 discreetly 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, 2025.

FISCAL YEAR 2024-2025 FINANCIAL HIGHLIGHTS

- The Commission earned \$1,016,622 from the State of California from revenues collected under the California Children and Families Act (Proposition 10 and Proposition 56). This revenue includes an apportionment of \$1,004,114 of tobacco tax revenue (Propositions 10, Proposition 56, and SMIF) and \$12,508 from collections of electronic cigarette excise tax (CECET). Additional income of \$4,178,346 was received from other sources, including grants from other governmental funds of \$3,915,614 and interest earned of \$99,998. Total revenues were \$5,194,968.
- During the current fiscal year, the Commission's total expenditures were \$4,858,528. Under the category of Child Development expenditures, expenditures were allocated as program expenses of \$4,216,202, administrative expenses of \$450,045, and evaluation expenses of \$150,211.
- The Commission's ending General Fund balance of \$2,943,762 was classified as follows: Nonspendable \$959, and Restricted \$2,942,803, reflects an increase of \$367,510.
- On the Commission's Government-wide financial statements, total revenues were \$5,105,100 and total expenses were \$4,822,188. The total assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,273,572 (net position), an increase of \$282,912, in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to First 5 Yolo's basic financial statements. The Commission's basic financial statements are comprised of two components:

1. Government-wide financial statements and,
2. Fund financial statements

This report also contains other supplementary information in addition to the basic financial statements.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

In this report, the government-wide financial statements for the Commission are presented on pages 11 to 13. The fund financial statements are presented on pages 14 to 17.

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.

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.

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 only result in cash flows in (e.g., earned but unused vacation leave) future fiscal periods.

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. 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 42 under the required supplemental information.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes to the financial statements can be found on pages 18-41 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the First 5 Yolo finances on pages 42-52. The supplementary information is on pages 53 and 54.

Commission-Wide Financial Statement Analysis

The following summarizes the Commission's Statement of Net Position comparing assets, deferred outflows, liabilities, deferred inflows, and net position for fiscal years 2025 and 2024.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

	<u>2025</u>	<u>2024 (Restated)</u>	<u>Change</u>	<u>% Change</u>
ASSETS				
Current and other assets	\$ 4,334,746	\$ 3,851,770	\$ 482,976	12.54 %
Noncurrent assets	<u>24,597</u>	<u>3,636</u>	<u>20,961</u>	<u>576.49 %</u>
Total assets	<u>4,359,343</u>	<u>3,855,406</u>	<u>503,937</u>	<u>13.07 %</u>
Deferred outflows of resources:				
Pension and OPEB related	<u>1,110,021</u>	<u>1,166,107</u>	<u>(56,086)</u>	<u>(4.81)%</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current and other liabilities	1,351,500	1,151,534	199,966	17.37 %
Noncurrent liabilities	<u>1,780,237</u>	<u>1,828,569</u>	<u>(48,332)</u>	<u>(2.64)%</u>
Total liabilities	<u>3,131,737</u>	<u>2,980,103</u>	<u>151,634</u>	<u>5.09 %</u>
Deferred inflows of resources:				
Pension and OPEB related	<u>64,055</u>	<u>50,750</u>	<u>13,305</u>	<u>26.22 %</u>
NET POSITION				
Net investment in capital assets	(116)	(467)	351	(75.16)%
Restricted	<u>2,273,688</u>	<u>1,991,127</u>	<u>282,561</u>	<u>14.19 %</u>
Total net position	<u>\$ 2,273,572</u>	<u>\$ 1,990,660</u>	<u>\$ 282,912</u>	<u>14.21 %</u>

Analysis of Changes in Net Position

Net position may serve over time as a useful indicator of the Commission's financial position. In the case for First 5 Yolo, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,273,572 (net position) at the close of the most recent fiscal year. The total net position increased by \$282,912.

The most significant portion of the Commission's current assets is its cash balance of \$3,633,784. All of the Commission's cash is maintained in the County's cash and investment pool where interest earned on the Commission's balance is apportioned to the Commission. Another source of current assets is the Commission's receivables of \$697,684 consisting of the funds due from First 5 California and other governmental contracts. Current assets increased by \$482,976 from fiscal year 2023-2024 to fiscal year 2024-2025.

Current liabilities of \$1,351,500 included grants and contracts payable of \$796,514, representing the final payments due to contractors, which are accrued and will be paid during the subsequent fiscal year. Current liabilities increased by \$199,966 from fiscal year 2023-24 to fiscal year 2024-2025 due to the increased amount of contracts payable at the end of the fiscal year. Noncurrent liabilities decreased by \$48,332 due to the net changes in the proportionate share of the County's net pension liability and net OPEB liability.

Deferred outflows of resources decreased by \$56,086, and deferred inflows of resources increased by \$13,305 as a result of the change in proportionate share from year to year of the County's net pension liability and net OPEB liability.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Change in Net Position

The following is a summary of the Commission's Statement of Activities comparing revenues, expenses and changes in Net Position for the fiscal years ended June 30, 2025, and 2024.

	<u>CHANGES IN NET POSITION</u>			
	<u>2025</u>	<u>2024 (Restated)</u>	<u>Change</u>	<u>% Change</u>
REVENUES				
PROGRAM REVENUES				
Proposition 10 & 56	\$ 1,004,114	\$ 1,125,204	\$ (121,090)	(10.76)%
Elec Cigarette Excise Tax	12,508	23,131	(10,623)	(45.93)%
State and Other Grants	3,825,746	3,966,278	(140,532)	(3.54)%
Other Income	<u>115,050</u>	<u>250</u>	<u>114,800</u>	<u>45,920.00 %</u>
Total program revenues	<u>4,957,418</u>	<u>5,114,863</u>	<u>(157,445)</u>	<u>(3.08)%</u>
GENERAL REVENUES				
Investment Income	<u>147,682</u>	<u>81,241</u>	<u>66,441</u>	<u>81.78 %</u>
Total revenues	<u>5,105,100</u>	<u>5,196,104</u>	<u>(91,004)</u>	<u>(1.75)%</u>
EXPENSES				
Administrative Expenses	455,775	497,059	(41,284)	(8.31)%
Evaluation Expenses	150,211	90,669	59,542	65.67 %
Program Expenses	<u>4,216,202</u>	<u>4,214,339</u>	<u>1,863</u>	<u>0.04 %</u>
Total expenses	<u>4,822,188</u>	<u>4,802,067</u>	<u>20,121</u>	<u>0.42 %</u>
Change in net position	282,912	394,037	(111,125)	(28.20)%
Net position, beginning	<u>1,990,660</u>	<u>1,596,623</u>	<u>394,037</u>	<u>24.68 %</u>
Net position, ending	<u>\$ 2,273,572</u>	<u>\$ 1,990,660</u>	<u>\$ 282,912</u>	<u>14.21 %</u>

FUND FINANCIAL ANALYSIS

The financial statements for fiscal year 2025 show an increase in fund balance of \$367,510. This reflects an increase in available cash balance.

Revenues. The Commission receives a portion of its revenue from the State allocation of Proposition 10 & 56 funds and from interest earned from its Surplus Money Investment Fund (SMIF). In the fiscal year ending June 30, 2025, \$1,016,622 was received from First 5 California in tobacco and electronic cigarette tax revenue, a decrease of \$131,713 compared to the prior fiscal year. The Commission also invests its funds in the Yolo County Treasury and earned \$99,998 in interest and \$47,684 for unrealized gains for fiscal year 2025, an increase of \$66,441 or 81.78% due to a recovery from a downturn in financial markets.

Total revenue consisting of Proposition 10 & 56 funds, interest income, grants from other governmental entities, and other revenue increased by \$59,207 or 1.15% or from \$5,135,761 to \$5,194,968 for the year ended June 30, 2025. This increase was due to increases in interest income and unrealized gains.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Expenses. During fiscal year 2025, the Commission expended a total of \$4,858,528, of which \$4,216,202 was expended to various service providers within Yolo County, Commission run programs, and program support. This represents a decrease of \$5,380 or 0.13% in program costs primarily related to delayed program starts, funded partner staff vacancies, and lower than projected expenditures. Total expenses of \$4,858,528 was an increase over the prior fiscal year by \$120,498, or 2.48%. Administrative costs were less than 10% of total costs.

Financial Analysis of the Commission's Governmental Fund

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The difference between the governmental fund analysis and the General Fund analysis is the recognition of current and long-term liabilities for compensated absences, net pension liability, deferred outflows, inflows, and other post-employment benefits (OPEB) payable. In addition, the receipt of funds related to current period revenues must occur within the Commission's period of availability after the end of the year.

For the year ended June 30, 2025, the Commission's general fund reported an ending fund balance of \$2,943,762, an increase of \$367,510. The increase was due to new grant funding received during the fiscal year and an allocation of fund Balance to future periods under the Commission's new Strategic Plan, implemented July 1, 2024. This Plan focuses on identifying and leveraging additional grants and funding streams, committing the Commission to multi-year leveraging of Prop 10 funds to maintain steady levels of funding for multi-year programs. Under the Strategic Plan, the fund balance is strategically used to ensure continuity of leveraged program efforts in the face of Prop 10 decline. Total revenue consisting of Proposition 10 funds, interest income, grants from other governmental entities, and other revenue increased by \$59,207 or 1.15% or from \$5,135,761 to \$5,194,968 for the year ended June 30, 2025. Total expenditures of \$4,858,528 was an increase over the prior fiscal year by \$120,498, or 2.48%. Administrative costs were \$450,045 or 9.26% of total costs, evaluation costs were \$150,211 or 3.09% of total costs, and program costs were \$4,216,202 or 86.78% of total costs.

General Fund Budgetary Highlight

Total Revenues were less than budgeted by \$249,566 or 4.58% and total expenses were less than budgeted by \$632,645 or 11.59%.

Debt Administration

The Commission's long-term debt consists of compensated absences payable of \$188,271 of which \$33,333 has been classified as a current liability, net pension liability of \$1,450,021, and net OPEB liability of \$160,934.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 new 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.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

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

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

\$4,619,045 is budgeted for programs in these areas in Fiscal Year 2025-26.

The Commission Views Proposition 10 as a leveraging mechanism to establish and fund a sustainable system of results-oriented early childhood development and family support services for the 0-5 population. In that regard, the Commission will focus on the new Strategic Plan programs and work in the community 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.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Current assets	
Cash and Investments	\$ 3,633,784
Due from other governments	697,684
Accounts receivable	2,319
Prepaid expenditures	<u>959</u>
Total current assets	<u>4,334,746</u>
Noncurrent assets	
Right-to-use lease asset, net	<u>24,597</u>
Total noncurrent assets	<u>24,597</u>
Total assets	<u>4,359,343</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	937,302
OPEB related	<u>172,719</u>
Total deferred outflows of resources	<u>1,110,021</u>
Total assets and deferred outflows of resources	<u>5,469,364</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

Current liabilities	
Accounts payable	110,122
Grants and contracts payable	796,514
Due to other governments	330
Accrued wages and benefits	65,680
Unearned revenue	335,152
Compensated absences	33,333
Lease liability	<u>10,369</u>
Total current liabilities	<u>1,351,500</u>
Noncurrent liabilities	
Compensated absences, net of current portion	154,938
Lease liability, net of current portion	14,344
Net Pension liability	1,450,021
Net OPEB liability	<u>160,934</u>
Total noncurrent liabilities	<u>1,780,237</u>
Total liabilities	<u>3,131,737</u>

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2025

DEFERRED INFLOWS OF RESOURCES

OPEB related	<u>64,055</u>
Total deferred inflows of resources	<u>64,055</u>
Total liabilities and deferred inflows of resources	<u>3,195,792</u>

NET POSITION

Net investment in capital assets	(116)
Restricted	<u>2,273,688</u>
Total net position	<u>2,273,572</u>
Total liabilities, deferred inflow of resources, and net position	<u><u>\$ 5,469,364</u></u>

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

PROGRAM EXPENSES

Child development	\$ 4,822,188
Total program expenses	<u>4,822,188</u>

PROGRAM REVENUES

Operating grants and contributions	
Prop 10 apportionment	693,735
Prop 56 backfill	303,147
Surplus money investment funds	7,232
CA electronic cigarette excise tax	12,508
Other governments grants	3,825,746
Other revenue	<u>115,050</u>
Total program revenues	<u>4,957,418</u>
Net program Revenues (Expenses)	<u>135,230</u>

GENERAL REVENUES

Interest income	99,998
Unrealized gain (loss) on investments	<u>47,684</u>
Total general revenues	<u>147,682</u>
Change in net position	<u>282,912</u>
Net position, beginning of year	2,082,705
<i>Accounting Changes and Error Correction</i>	<u>(92,045)</u>
Net position, beginning, <i>Restated</i>	<u>1,990,660</u>
Net position, end of year	<u><u>\$ 2,273,572</u></u>

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

FUND FINANCIAL STATEMENTS

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2025**

ASSETS

Cash and investments	\$ 3,633,784
Due from other governments	697,684
Accounts receivable	2,319
Prepaid expenses	<u>959</u>
Total assets	<u>4,334,746</u>

LIABILITIES AND FUND BALANCE**LIABILITIES**

Accounts payable	110,122
Grants and contracts payable	796,514
Due to other governments	330
Accrued wages and benefits	65,680
Unearned revenue	<u>335,152</u>
Total liabilities	<u>1,307,798</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	<u>83,186</u>
Total deferred inflows of resources	<u>83,186</u>
Total liabilities and deferred inflows of resources	<u>1,390,984</u>

FUND BALANCE

Nonspendable	959
Restricted	<u>2,942,803</u>
Total fund balance	<u>2,943,762</u>
Total liabilities and fund balance	<u><u>\$ 4,334,746</u></u>

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

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025**

Total fund balance - governmental fund	\$ 2,943,762
Amount reported in the statement of net position is different because:	
Revenue receivables received after ninety days after the fiscal year end are not considered currently financial resources and, therefore, are not reported as expenditures in the governmental fund.	83,186
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	24,597
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	937,302
Deferred outflows of resources related to OPEB	172,719
Deferred inflows of resources related to OPEB	(64,055)
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	(1,450,021)
Net OPEB liability	(160,934)
Lease liability	(24,713)
Compensated absences	(188,271)
Total net position - governmental activities	<u>\$ 2,273,572</u>

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

REVENUES

Operating grants and contributions	
Prop 10 tobacco tax apportionment	\$ 693,735
Prop 56 backfill	303,147
Surplus money investment funds	7,232
CA electronic cigarette excise tax	12,508
Other grants	3,915,614
Interest income	99,998
Unrealized gain (loss) on investments	47,684
Other revenue	<u>115,050</u>
Total revenues	<u>5,194,968</u>

EXPENDITURES

Child Development	
Administrative	450,045
Evaluation	150,211
Program	4,216,202
Debt Services	
Principal	10,460
Interest	540
Capital Outlay	<u>31,070</u>
Total expenditures	<u>4,858,528</u>
Excess (deficiency) of revenue over expenditures	<u>336,440</u>

OTHER FINANCING SOURCES (USES)

Issuance of long-term leases	<u>31,070</u>
Total other financing sources (uses)	<u>31,070</u>
Net change in fund balance	367,510
Fund balance, beginning of year	<u>2,576,252</u>
Fund balance, end of year	<u><u>\$ 2,943,762</u></u>

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
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, 2025

Net change in fund balance - governmental fund	\$ 367,510
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	(6,292)
Net change in OPEB liability	51,564
Net change in pension liability	(40,353)
GASB 87 lease liability repayment reported in the Statement of Activities and not reported in Governmental Funds.	10,460
GASB 87 amortization expenses reported in the Statement of Activities and not reported in Governmental Funds.	(10,109)
Revenue receivables received after ninety days after the fiscal year end are not considered current financial resources and, therefore, are not reported as revenue in the governmental fund.	<u>(89,868)</u>
Change in net position - governmental activities	<u><u>\$ 282,912</u></u>

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

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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

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 (OPEBs). Refer to additional details in Note 10 and 11.

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 10 and 11.

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. As of June 30, 2024, there were receivables of \$173,054 that were not received in the 90 day period after the fiscal year end June 30, 2024 and therefore deferred to the fiscal year 2024-2025 fund financial statements. As of June 30, 2025, there was a receivable for \$83,186 that was not received within 90 days after year end. Therefore, it has been deferred to the fiscal year 2025-2026 fund financial statements.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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

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

Long-Term Liabilities

As of June 30, 2025, the Commission estimated its liability for vested compensated absences to be \$188,271. Compensated absence obligations are considered long-term in nature and are reported in the fund financial statements as expenditures in the period paid or when due and payable at year-end under the modified accrual basis of accounting. Accrued compensated absences of \$33,333 have been classified as current liabilities, as these will likely be used in the next year. The remaining compensated absences have been accrued in the government wide financial statements and are included in long-term liabilities. The compensated absences increased by \$6,292 during this year. The compensated absences are liquidated by the general fund.

C. Due from other Governments

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

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 is 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, 2025, which is prepared on the modified accrual basis of accounting.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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 Executive Director). The "assigned" component is similar to the "committed" component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance:

	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 Executive Director 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 Executive Director 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.

The Commission's policy states that 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; and 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.

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.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

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.

K. Fair Value Measurement

As of July 1, 2015, 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 GASB Statement No. 101 Compensated Absences.

GASB Statement No. 101 - Compensated Absences requires that liabilities for compensated absences be recognized for (a) leave that has not been used and (b) leave that has been used but not yet paid in cash or settled through non-cash means. GASB 101 established a new requirement that a liability be recorded for sick leave benefits that are deemed more likely than not to be taken as time off, when attributable to services already provided as of the date of the financial statements. Prior to GASB 101, no such liability was recorded because the event (an illness, etc.) which caused the employee to be eligible to use banked sick time hours for time off in the future had not occurred as of the date of the Statement of Net Position. The impact on these financial statements is that a liability for compensated absences has been recognized in the government-wide financial statements, and beginning net position has been restated in relation to this change in accounting principle.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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

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. 103, Financial Reporting Model Improvements Issued in April 2024, this Statement is effective for fiscal years beginning after June 15, 2025, and for all reporting periods thereafter. Earlier application is encouraged. If a primary government elects early implementation, all component units are also required to implement this Statement in the same year, consistent with the provisions of paragraph 59 of GASB Statement No. 14.

GASB Statement No. 104, Disclosure of Certain Capital Assets Issued in September 2024, this Statement is effective for fiscal years beginning after June 15, 2025, and for all reporting periods thereafter. Earlier application is encouraged. The Commission is currently evaluating the impact of these Statements on the financial statements.

N. Change in Accounting Principle - GASB 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. As a result, salary related payment that are directly related and incrementally associated with payment for leave is part of compensated absences in the basic financial statements causing the July 1, 2024, balance to be restated as follows:

Net position previously reported, June 30, 2024	\$ 2,082,705
Change in accounting principle	<u>(92,045)</u>
Net position as restated	<u><u>\$ 1,990,660</u></u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, is \$3,633,784. 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 Comprehensive Annual Financial Report (CAFR). 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.

	<u>Carrying Amount</u>	<u>Fair value</u>	<u>Difference</u>
Pooled investments:			
Yolo County	\$ 3,623,480	\$ 3,633,784	\$ 10,304

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. 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:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating as of Year-End</u>	
				<u>AAA</u>	<u>Not Rated</u>
Yolo County	\$ <u>3,633,784</u>	<u>N/A</u>	<u>N/A</u>	\$ <u>-</u>	\$ <u>3,633,784</u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 - CASH AND INVESTMENTS (CONT'D)

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).

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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025 consisted of the following:

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Yolo County	\$ <u>3,633,784</u>	\$ <u>3,633,784</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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.

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, 2025, 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, 2025 of \$3,633,784 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - DUE FROM OTHER GOVERNMENTS AND ACCOUNTS RECEIVABLE

The 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, 2025, were as follows:

Due from other governments:

Prop 10 revenues:

May and June 2025 allocations	\$ 207,027
Q3 CA Electronic Cigarette Excise Tax	3,884
Surplus money investment fund allocations	7,232
Office of Child Abuse Prevention-Road to Resilience	232,185
First 5 California-Multiple Grants	169,638
Other Grants	<u>77,718</u>
Total due from other governments	<u>697,684</u>
Accounts receivable	<u>2,319</u>
Total due from other governments and accounts receivable	<u><u>\$ 700,003</u></u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended June 30, 2025:

	<u>Balance</u> <u>July 01, 2024</u>	<u>Deletions/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2025</u>
Capital assets, being depreciated:			
Furniture, fixtures and equipment	\$ <u>8,669</u>	\$ <u>(8,669)</u>	\$ <u>-</u>
Total capital assets, being depreciated	<u>8,669</u>	<u>(8,669)</u>	<u>-</u>
Less: accumulated depreciation	<u>(8,669)</u>	<u>8,669</u>	<u>-</u>
Total accumulated depreciation	<u>(8,669)</u>	<u>8,669</u>	<u>-</u>
Capital assets, net of depreciation	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Depreciation expense for the fiscal year ended June 30, 2025 was \$0.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - COMMITMENTS - LEASES

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 lease liability and a corresponding right-to-use (ROU) lease asset at lease commencement. The initial lease liability and related ROU asset were measured at \$19,389, using an annual incremental borrowing rate of 2.40%.

During the current fiscal year, the lease was amended to extend the term through November 2027. The amendment did not change the underlying leased asset but modified the lease term and related payment stream. The Commission evaluated the amendment under GASB 87 and determined it to be a lease modification requiring remeasurement of the existing lease. As of the effective date of the modification, the lease liability and related ROU 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 activity for the year ended June 30, 2025:

	<u>Balance</u> <u>July 01, 2024</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2025</u>
Right-to-use leased assets, being amortized			
Right-to-use leased assets	\$ 19,389	\$ 31,070	\$ 50,459
Total right-to-use leased assets	<u>19,389</u>	<u>31,070</u>	<u>50,459</u>
Less: accumulated amortization	<u>(15,753)</u>	<u>(10,109)</u>	<u>(25,862)</u>
Total accumulated amortization	<u>(15,753)</u>	<u>(10,109)</u>	<u>(25,862)</u>
Total Right-to-use leased assets, net	<u>\$ 3,636</u>	<u>\$ 20,961</u>	<u>\$ 24,597</u>

Amortization expense for the fiscal year ended June 30, 2025 was \$10,109.

Right-to-use lease liability

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Lease liability	\$ 4,103	\$ 31,070	\$ (10,460)	\$ 24,713	\$ 10,369
Lease liability, net	<u>\$ 4,103</u>	<u>\$ 31,070</u>	<u>\$ (10,460)</u>	<u>\$ 24,713</u>	<u>\$ 10,369</u>

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2025, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 10,369	\$ 632	\$ 11,001
2027	10,701	299	11,000
2028	<u>3,643</u>	<u>24</u>	<u>3,667</u>
	<u>\$ 24,713</u>	<u>\$ 955</u>	<u>\$ 25,668</u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - GRANTS AND CONTRACTS PAYABLE

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, 2025, the following was owed to grantees and was included in grants and contracts payable:

<u>Grants and Contracts Payable</u>	<u>Program Description</u>	<u>Amount</u>
CommuniCare+OLE	In-Home Therapy for Caregivers	\$ 14,242
CommuniCare+OLE	Welcome baby	267,148
Viva Social Impact Partners	IMPACT Legacy	12,135
Northern Valley Indian Health	Welcome Baby	7,500
Northern California Children's Therapy Center	CalWORK's HVP	110,589
Northern California Children's Therapy Center	Help Me Grow	153,256
RISE, Inc	Help Me Grow	3,400
RISE, Inc	IMPACT legacy	11,571
Yolo County Children's Alliance	Alternative Response	21,625
Yolo County Children's Alliance	Help Me Grow	5,000
Yolo County Children's Alliance	Welcome Baby	82,927
Yolo County Children's Alliance	IMPACT Legacy	6,073
UC Davis	IMPACT Legacy	10,000
Yolo County Office of Education	IMPACT Legacy	11,202
Yolo Crisis Nursery	IMPACT Legacy	11,970
Yolo Crisis Nursery	Attachment & Biobehavioral Cath-Up	28,073
Yolo Crisis Nursery	Mobile Client Navigator	9,659
Other Contracts payable	Multiple	<u>30,144</u>
Total Grants and Contracts Payable		<u><u>\$ 796,514</u></u>

NOTE 7 - CONTINGENCIES

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 - 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 2024-25, the County of Yolo and Yolo County Office of Education provided the following grants to the Commission:

<u>Program</u>	<u>Funding</u>
Attachment and Biobehavioral Catch- up	\$ 137,575
Help Me Grow Program	632,974
Welcome Baby	320,539
Help Me Grow and Childcare Sustainability	23,072
The Child Project: Road to Resilience	170,594
Alternative Response	130,984
Calworks Home Visiting Program	<u>494,930</u>
Total	<u>\$ 1,910,668</u>

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 \$57,104 for all other County services provided during the year ended June 30, 2025.

NOTE 9 - 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, 2025, the Commission expended \$150,211 for program evaluation.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 - 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, 2025, was 33.67%. For the fiscal year ended June 30, 2025, the Commission was required to contribute \$241,339 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, 2025, the Commission reported a liability of \$1,450,021 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. For the year ended June 30, 2025, the Commission recognized a pension expense of \$40,353. As of June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 46,660	\$ -
Change in proportion	580,387	-
Difference between expected and actual experience changes of assumptions	68,916	-
Changes of assumptions	-	-
Employer Contributions paid by the Commission subsequent to the measurement date	<u>241,339</u>	<u>-</u>
Total	<u>\$ 937,302</u>	<u>\$ -</u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONT'D)

The \$241,339 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, 2025.

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, 2024 is to be amortized over the remaining 2 year period.

<u>Year Ended June 30</u>	<u>Amount</u>
2025	\$ 246,076
2026	641,023
2027	(83,569)
2028	<u>(107,567)</u>
Total	<u>\$ 695,963</u>

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 2023 actual contributions to the County's pension plan relative to the total contributions of the County as a whole. As of June 30, 2023, the Commission's proportionate share (based on Contributions) was 0.4986%, and as of June 30, 2024, the Commission's proportionate share was 0.4972%, a decrease of 0.0014%.

The components of the Commission's proportionate share of the Plan net pension liability as of June 30, 2025 and June 30, 2024 are as follows:

Commission Proportionate Share:

	<u>2025</u>	<u>2024</u>
Total Pension liability	\$ 4,933,219	\$ 4,701,511
Less: Plan fiduciary net position	<u>(3,483,198)</u>	<u>(3,204,427)</u>
Net Pension Liability	<u>\$ 1,450,021</u>	<u>\$ 1,497,084</u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONT'D)

For the measurement period ending June 30, 2024 (measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability using standard roll-forward procedures. The Commission's proportion of the County's total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024
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

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, 2024.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONT'D)

The expected rate of return was then adjust to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as followed:

<u>Asset Class(1)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return, (1),(2)</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Equity	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%
	<u>100.00%</u>	

(1) An expected inflation of 2.30% us ed for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

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 percent, 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:

	<u>1.00% Decrease (5.90%)</u>	<u>Current Rate (6.90%)</u>	<u>1.00% Increase (7.90%)</u>
Commission's proportionate share of the County's net pension liability	\$ 2,112,094	\$1,450,021	\$ 905,336

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 Comprehensive Annual Financial Report (CAFR). 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, or visiting.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - 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 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, 2025, was 6.90%. 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*.

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, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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, 2024 are as follows:

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - RETIREE MEDICAL PLAN - OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

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

The Commission's proportionate share of the County's net OPEB liability of the Plan was measured as of June 30, 2024, using an actuarial valuation as of June 30, 2024. As of June 30, 2024, the Commission reported a Net OPEB liability of \$160,934 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 2023-2024 actual contributions to the County's Plan relative to the total contributions of the County as a whole. As of June 30, 2023, the Commission's proportionate share was 0.4372% and as of June 30, 2024, the Commission's proportionate share was 0.4998%, an increase of 0.0626%.

The June 30, 2024 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, 2024; 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 2000-2019 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-2021. The Experience Study Reports may be accessed on the CalPERS website under Forms and Publications.

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - RETIREE MEDICAL PLAN - OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

Changes of Assumptions - No significant change of assumptions were noted for the 2024 year.

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:

<u>Asset Class Component</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	75%	4.56%
Fixed Income	20%	0.78%
Cash	5%	(0.50)%
Total	<u>100%</u>	

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

Discount Rate - The discount rate used to measure the total OPEB liability was 6.25 percent as of June 30, 2024, and 6.25 percent as of June 30, 2023. 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:

	<u>1.00% Decrease (5.25%)</u>	<u>Current Rate (6.25%)</u>	<u>1.00% Increase (7.25%)</u>
Commission's proportionate share of the County's net OPEB liability	<u>\$ 203,459</u>	<u>\$ 160,934</u>	<u>\$ 124,472</u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - RETIREE MEDICAL PLAN - OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rate - The following presents the Net OPEB liability as of June 30, 2024, calculated using the healthcare cost trend rate of 1 percent higher as well as using trend rate 1 percent lower than the current rates:

<u>Healthcare Cost Trend Rate*</u>	<u>1.00% Decrease (Trend - 1%)</u>	<u>Current Rate</u>	<u>1.00% Increase (Trend + 1%)</u>
Commission's proportionate share of the County's net OPEB liability	\$ 145,923	\$ 160,934	\$ 177,641

Covered Participants - As of June 30, 2024, the measurement date, the following numbers of participants were covered by the benefit terms in the County Misc. Plan. Commission employees participate in the County plan as Yolo County employees and, as such, are included in these figures:

	<u>COUNTY</u>
Inactives currently receiving benefits	809
Inactives entitled to but not yet receiving benefits	383
Active employees	<u>1,660</u>
Total	<u><u>2,852</u></u>

Total active participant counts were provided to the actuary as of June 30, 2024.

The inactive counts for those receiving and not receiving benefits were not provided.

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, 2024 is to be amortized over the remaining 3-year period.

For the year ended June 30, 2025, the Commission recognized an OPEB income of \$51,564. As of June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEBs

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ (12,139)
Net difference between expected and actual experience	3,675	(27,793)
Change of assumptions	4,710	(11,301)
Change in proportion	111,041	(12,822)
Employer contributions paid by the Commission subsequent to the measurement date	<u>53,293</u>	<u>-</u>
Total	<u><u>\$ 172,719</u></u>	<u><u>\$ (64,055)</u></u>

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 - RETIREE MEDICAL PLAN - OTHER POSTEMPLOYMENT BENEFIT (CONT'D)

The \$53,293 reported as deferred outflows of resources related to OPEBs 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, 2026.

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, 2024, is to be amortized over the remaining 3-year period:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 14,995
2026	5,083
2027	15,959
2028	15,809
2029	2,113
Thereafter	<u>1,412</u>
Total	<u><u>\$ 55,371</u></u>

NOTE 12 - SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November 28, 2025, the date on which the financial statements were available to be issued. There were no subsequent events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<i>RESOURCES (INFLOWS)</i>				
First 5 California Tobacco Tax Allocations	\$ 1,100,576	\$ 1,100,576	\$ 1,016,622	\$ (83,954)
First 5 California Grants	422,328	430,474	375,977	(54,497)
Other Grants	3,566,397	3,893,484	3,539,637	(353,847)
Other Miscellaneous Income	-	-	115,050	115,050
Unrealized Gain on Investments	-	-	47,684	47,684
Interest Income	<u>20,000</u>	<u>20,000</u>	<u>99,998</u>	<u>79,998</u>
Total resources (inflows)	<u>5,109,301</u>	<u>5,444,534</u>	<u>5,194,968</u>	<u>(249,566)</u>
<i>CHARGES TO APPROPRIATIONS (OUTFLOWS)</i>				
Child Development:				
Personnel Costs	1,338,813	1,450,726	1,405,373	45,353
Program Funding	3,723,639	3,937,804	3,432,149	505,655
Operating Expenses	99,848	100,894	66,619	34,275
Professional Services	176,998	145,182	93,275	51,907
Contingency Funds	22,012	22,760	-	22,760
Less: Indirect received on contracts	<u>(141,546)</u>	<u>(197,263)</u>	<u>(169,958)</u>	<u>(27,305)</u>
Total charges to appropriations (outflows)	<u>5,219,764</u>	<u>5,460,103</u>	<u>4,827,458</u>	<u>632,645</u>
Net change in fund balance	(110,463)	(15,569)	367,510	383,079
Fund Balance, beginning of year	<u>2,576,252</u>	<u>2,576,252</u>	<u>2,576,252</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 2,465,789</u>	<u>\$ 2,560,683</u>	<u>\$ 2,943,762</u>	<u>\$ 383,079</u>

See the accompanying notes to budgetary comparison schedule.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2025**

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 executive director 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.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

NET PENSION LIABILITY

<u>Fiscal Year Ended June 30,</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Commission's proportion of the net position liability	0.4972%	0.4986%	0.4558%	0.3951%
Commissions' proportionate share of the county's net pension liability	\$ 1,450,021	\$ 1,497,084	\$ 1,311,786	\$ 706,046
Commission's proportionate share of covered payroll	\$ 578,658	\$ 545,714	\$ 462,110	\$ 391,487
Commission's proportionate share of the county's net pension liability as a percentage of covered employee payroll	250.58%	274.33%	283.87%	180.35%
Plan fiduciary net position as percentage of the total pension liability	70.61%	68.16%	67.84%	78.69%
Measurement date:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

CONTRIBUTIONS

<u>Fiscal Year Ended June 30,</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contributions	\$ 179,954	\$ 168,898	\$ 144,787	\$ 112,240
Contributions in relations to the actuarially determined contribution	<u>(179,954)</u>	<u>(184,710)</u>	<u>(156,809)</u>	<u>(123,077)</u>
Contributions deficiency (excess)	\$ -	\$ (15,812)	\$ (12,022)	\$ (10,837)
Commission's covered-employee payroll	\$ 578,658	\$ 545,714	\$ 462,110	\$ 391,487
Contributions as a percentage of covered-employee payroll	31.10%	33.85%	33.93%	31.44%

*During the Fiscal Year 2017-18, CalPERS employees participated in various State of California agent pension plans, and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68). Initially reported as \$716,913.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

NET PENSION LIABILITY

<u>Fiscal Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commission's proportion of the net position liability	0.3069%	0.2533%	0.3063%
Commissions' proportionate share of the county's net pension liability	\$ 810,135	\$ 627,316	\$ 709,780
Commission's proportionate share of covered payroll	\$ 292,450	\$ 245,900	\$ 260,523
Commission's proportionate share of the county's net pension liability as a percentage of covered employee payroll	277.02%	278.78%	273.01%
Plan fiduciary net position as percentage of the total pension liability	67.19%	67.79%	68.24%
Measurement date:	June 30, 2020	June 30, 2019	June 30, 2018

CONTRIBUTIONS

<u>Fiscal Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contributions	\$ 78,968	\$ 86,378	\$ 60,299
Contributions in relations to the actuarially determined contribution	<u>(83,184)</u>	<u>(86,378)</u>	<u>(60,299)</u>
Contributions deficiency (excess)	\$ <u>(4,216)</u>	\$ <u>-</u>	\$ <u>-</u>
Commission's covered-employee payroll	\$ 292,450	\$ 295,293	\$ 245,900
Contributions as a percentage of covered-employee payroll	28.44%	29.25%	23.32%

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

NET PENSION LIABILITY

<u>Fiscal Year Ended June 30,</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commission's proportion of the net position liability	0.3530%	0.4923%	0.5129%
Commissions' proportionate share of the county's net pension liability	\$ 826,217	\$ 1,022,270	\$ 866,207
Commission's proportionate share of covered payroll	\$ 287,051	\$ 542,750	\$ 670,560
Commission's proportionate share of the county's net pension liability as a percentage of covered employee payroll	280.16%	260.48%	230.89%
Plan fiduciary net position as percentage of the total pension liability	66.71%	67.41%	72.06%
Measurement date:	June 30, 2017	June 30, 2016	June 30, 2015

CONTRIBUTIONS

<u>Fiscal Year Ended June 30,</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contributions	\$ 61,793	\$ 66,248	\$ 86,150
Contributions in relations to the actuarially determined contribution	<u>(61,793)</u>	<u>(66,248)</u>	<u>(86,150)</u>
Contributions deficiency (excess)	\$ -	\$ -	\$ -
Commission's covered-employee payroll	\$ 260,523	\$ 287,051	\$ 542,750
Contributions as a percentage of covered-employee payroll	23.72%	23.08%	15.87%

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Total Pension Liability (Commission's proportionate share of County)	Fiscal Years Ended June 30,				
	2025	2024	2023	2022	2021
Service cost	\$ 99,761	\$ 94,954	\$ 81,655	\$ 63,538	\$ 47,757
Interest on total pension liability	323,196	307,968	267,243	224,463	167,301
Changes of Benefit terms	-	6,910	-	-	-
Assumption Changes	-	-	130,521	-	-
Actual vs. expected experience	69,660	63,521	(18,976)	11,143	18,463
Benefit payments, including refunds of employee contributions	<u>(247,706)</u>	<u>(234,481)</u>	<u>(203,194)</u>	<u>(164,565)</u>	<u>(123,875)</u>
Net change in total pension liability	244,911	238,872	257,249	134,580	109,646
Change in proportions	-	-	-	-	412,079
Total pension liability - beginning	<u>4,688,310</u>	<u>4,462,638</u>	<u>3,822,316</u>	<u>3,178,708</u>	<u>1,947,385</u>
Total pension liability - ending (a)	\$ <u>4,933,221</u>	\$ <u>4,701,510</u>	\$ <u>4,079,565</u>	\$ <u>3,313,288</u>	\$ <u>2,469,110</u>
Plan Fiduciary Net Position					
Contributions employer (proportionate)	\$ 179,954	\$ 184,710	\$ 156,809	\$ 123,077	\$ 83,184
Contributions employee (proportionate)	49,222	40,334	37,413	29,502	22,494
Net investment income	308,899	188,310	(228,840)	485,617	80,022
Benefits payments	(247,706)	(234,481)	(203,194)	(164,565)	(123,874)
Net plan to plan resource movement	-	105	(333)	-	-
Administrative expenses	(2,600)	(2,226)	(1,874)	(2,133)	(2,255)
Other Misc Income/ (Expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,460</u>	<u>10,460</u>
Net change in plan fiduciary net position	287,769	176,752	(240,019)	471,498	59,571
Change in proportions	-	-	-	-	279,335
Plan fiduciary net position -beginning	<u>3,195,430</u>	<u>3,027,675</u>	<u>3,007,798</u>	<u>2,135,748</u>	<u>1,320,069</u>
Plan fiduciary net position - ending (b)	\$ <u>3,483,199</u>	\$ <u>3,204,427</u>	\$ <u>2,767,779</u>	\$ <u>2,607,246</u>	\$ <u>1,658,975</u>
Net pension liability ending (a)-(b)	\$ <u>1,450,023</u>	\$ <u>1,497,084</u>	\$ <u>1,311,786</u>	\$ <u>706,043</u>	\$ <u>810,135</u>
Plan fiduciary net position as a percentage of the total pension liability	70.61%	68.16%	67.84%	78.69%	67.19%
Covered payroll - as a proportion of Yolo County	\$ 578,658	\$ 545,714	\$ 462,110	\$ 391,487	\$ 292,450
Plan net pension liability/(asset) as a percentage of covered payroll.	250.58%	274.33%	283.87%	180.35%	277.02%
Measurement Date June 30,	2024	2023	2022	2021	2020

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE
NET PENSION LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Total Pension Liability (Commission's proportionate share of County)	Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
Service cost	\$ 37,675	\$ 43,670	\$ 49,606	\$ 59,834	\$ 58,956
Interest on total pension liability	131,913	151,235	167,812	226,314	223,629
Assumption Charges	-	(17,140)	138,094	-	(53,662)
Actual vs. expected experience	26,160	10,072	(7,511)	30,627	(40,205)
Benefit payments, including refunds of employee contributions	<u>(96,614)</u>	<u>(198,430)</u>	<u>(115,185)</u>	<u>(155,554)</u>	<u>(152,525)</u>
Net change in total pension liability	99,133	(10,593)	232,816	161,221	36,193
Change in proportions	(386,724)	(328,360)	(887,582)	(124,512)	(1,516,720)
Total pension liability - beginning	<u>2,234,974</u>	<u>2,482,038</u>	<u>3,136,804</u>	<u>3,100,095</u>	<u>4,580,622</u>
Total pension liability - ending (a)	<u>\$ 1,947,383</u>	<u>\$ 2,143,085</u>	<u>\$ 2,482,038</u>	<u>\$ 3,136,804</u>	<u>\$ 3,100,095</u>
Plan Fiduciary Net Position					
Contributions employer (proportionate)	\$ 56,093	\$ 56,093	\$ 66,165	\$ 85,386	\$ 78,290
Contributions employee (proportionate)	17,053	17,053	22,268	30,807	29,675
Net investment income	83,149	122,012	168,601	11,037	49,586
Benefits payments	(96,614)	(106,540)	(115,185)	(155,554)	(152,525)
Administrative expenses	(900)	(2,243)	(2,239)	(1,307)	(2,500)
Other Misc Income/ (Expense)	<u>3</u>	<u>(4,252)</u>	<u>-</u>	<u>10,460</u>	<u>(10,460)</u>
Net change in plan fiduciary net position	58,784	82,123	264,780	139,970	3,175
Change in proportions	(263,909)	(219,056)	(598,323)	(89,721)	(1,104,587)
Plan fiduciary net position -beginning	<u>1,525,194</u>	<u>1,655,821</u>	<u>2,114,534</u>	<u>2,233,888</u>	<u>3,335,948</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,320,069</u>	<u>\$ 1,518,888</u>	<u>\$ 1,780,991</u>	<u>\$ 2,284,137</u>	<u>\$ 2,234,536</u>
Net pension liability ending (a)-(b)	<u>\$ 627,316</u>	<u>\$ 624,197</u>	<u>\$ 701,047</u>	<u>\$ 852,667</u>	<u>\$ 865,559</u>
Plan fiduciary net position as a percentage of the total pension liability	67.79%	68.24%	66.71%	67.41%	72.06%
Covered payroll - as a proportion of Yolo County	\$ 225,020	\$ 259,986	\$ 294,907	\$ 392,455	\$ 375,157
Plan net pension liability/(asset) as a percentage of covered payroll.	278.78%	273.01%	280.16%	260.48%	230.89%
Measurement Date June 30,	2019	2018	2017	2016	2015

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS*

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

CONTRIBUTIONS

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

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS*

<u>Total OPEB Liability (Commission's proportionate share of County)</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>
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)	-
Assumption charges	(1,547)	-	(5,070)	-
Benefit payments, including refunds of employee contributions	(15,563)	(12,561)	(12,848)	(13,993)
Change in proportions	<u>32,916</u>	<u>(32,356)</u>	<u>(14,672)</u>	<u>-</u>
Net change in total OPEB liability	42,396	(28,115)	(19,922)	9,059
Total OPEB liability - beginning	<u>174,408</u>	<u>202,523</u>	<u>222,445</u>	<u>213,386</u>
Total OPEB liability - ending (a)	\$ <u>216,805</u>	\$ <u>174,408</u>	\$ <u>202,523</u>	\$ <u>222,445</u>
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	<u>(6,420)</u>	<u>(4,611)</u>	<u>(1,192)</u>	<u>-</u>
Net change in plan fiduciary net position	3,506	5,155	10,794	13,209
Plan fiduciary net position - beginning	<u>34,011</u>	<u>28,856</u>	<u>18,062</u>	<u>4,853</u>
Plan fiduciary net position - ending (b)	\$ <u>37,517</u>	\$ <u>34,011</u>	\$ <u>28,856</u>	\$ <u>18,062</u>
Net OPEB liability ending (a)-(b))	\$ <u>179,288</u>	\$ <u>140,397</u>	\$ <u>173,667</u>	\$ <u>204,383</u>
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	2,017

FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

CONTRIBUTIONS

<u>Fiscal Year Ended June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 24,550	\$ 24,230	\$ 20,842	\$ 21,571
Contributions in relation to the actuarially determined contribution	<u>(26,044)</u>	<u>(24,230)</u>	<u>(20,842)</u>	<u>(21,571)</u>
Contribution deficiency (excess)	\$ <u>(1,493)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
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, 2025, 2024, 2023, 2022, 2021, 2020, 2019, and 2018 respectively.

In accordance with Actuarial Standards of Practice, the following methods and assumptions were used for the 2024-25 actuarially determined contribution rates:

1. Actuarial valuation date: June 30, 2024
2. Actuarial cost method: Entry Age Normal
3. Amortization method: Level Percent of Payroll
4. Amortization period: 8.1 year fixed period for 2024-25
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

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-Through Grantor /Program or Cluster</u>	<u>Assistance Listing Number</u>	<u>Pass-Through grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Treasury				
Passed through Yolo County, County Administrator's Office:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	4191	\$ 290,539	\$ 60,013
Coronavirus State and Local Fiscal Recovery Funds	21.027	5698	23,072	-
Passed through City of West Sacramento				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SUB263-187	150,000	84,178
Passed through City of Davis				
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>300,000</u>	<u>168,355</u>
Total U.S. Department of Treasury			<u>763,611</u>	<u>312,546</u>
U.S. Department of Health and Human Services (Subteir = Administration for Children and Families)				
Passed through CA Office of Child Abuse prevention (OCAP):				
Child Abuse and Neglect State grants	93.669	RR-F5Y-24-27	646,709	612,269
Passed through Yolo County Health and Human Services Agency:				
Temporary Assistance for Needy Families (TANF)	93.558	Inter- Departmental MOU	<u>494,930</u>	<u>300,240</u>
Total U.S. Department of Health and Human Services			<u>1,141,639</u>	<u>912,509</u>
Total Expenditures of Federal Awards			<u>\$ 1,905,250</u>	<u>\$ 1,225,055</u>

See the accompanying notes to schedule of expenditures of federal awards

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE, 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 - INDIRECT COST RATE

The Commission has elected to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

Out of the federal expenditures presented in the Schedule, the Commission provided federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor /Program or Cluster	Assistance Listing Number	Expenditures to Subrecipients
U.S. Department of Treasury		
Passed through Yolo County, County Administrator's Office:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 60,013
Passed through City of West Sacramento		
Coronavirus State and Local Fiscal Recovery Funds	21.027	84,178
Passed through City of Davis		
Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>168,355</u>
Total U.S. Department of Treasury		<u>312,546</u>
U.S. Department of Health and Human Services (Subteir = Administration for Children and Families)		
Passed through CA Office of Child Abuse prevention (OCAP):		
Child Abuse and Neglect State grants	93.669	612,269
Passed through Yolo County Health and Human Services Agency:		
Temporary Assistance for Needy Families (TANF)	93.558	<u>300,240</u>
Total U.S. Department of Health and Human Services		<u>912,509</u>
Total Subrecipient Expenditures		<u><u>\$ 1,225,055</u></u>

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***

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, 2025, 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 28, 2025.

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.

Harshmal & Company LLP

San Diego, California
November 28, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited First 5 Yolo Children and Families Commission's (the "Commission"), a component unit of the County of Yolo, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2025. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 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 on compliance for each major federal program. 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, federal statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 considered 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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 identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program 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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by 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 and 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harshmal & Company LLP

San Diego, California
November 28, 2025



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND 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, 2025.

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, 2025.

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:

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.

Harshmal & Company LLP

San Diego, California
November 28, 2025

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Major Federal Program or Cluster</u>
93.669	Child Abuse and Neglect State Grants

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Instances where results of audit follow up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

State Awards:

Internal control over State programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARDS FINDINGS

No matters were reported.

SECTION III - STATE AWARDS FINDINGS

No matters were reported.

**FIRST 5 YOLO CHILDREN AND FAMILIES COMMISSION
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

No matters were reported in the prior year.

**First 5 Yolo Children and Families Commission
Agenda Item Cover Sheet**

Attachments ☐

Agenda Item- Approve and Adopt Fiscal Year 2024-2025 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, 2025, is included in the Commission Packet as Item #06, Attachment A.

Action Requested

Approve and Adopt Fiscal Year 2024-2025 Independent Financial Audit