

## FIRST 5 YUBA COUNTY CHILDREN AND FAMILIES COMMISSION

### Regular Meeting Agenda

**Thursday, January 29, 2026 4:00 p.m.-5:00 p.m.**

This meeting will be held in compliance with the requirements of AB 2449(Government Code 54953(e)) - and will include in person public attendance at **1128 Yuba Street, Youth For Change Building**. The meeting will also be live-cast via [Zoom](#) where members of the public shall have the right to observe and offer public comment. This altered format is in observance of the recommendation by state officials that certain precautions be taken, to address the threat of COVID-19.

#### Join Zoom Meeting

<https://us02web.zoom.us/j/84821568599?pwd=167kxnbXZQCMcymHI40h6aQBDiskNo.1>

Meeting ID: 848 2156 8599 | Passcode: 493379

ITEM	SUBJECT
<b>Call to Order</b>	Roll call and the Pledge of Allegiance
	<b>Opportunity for Public Comments</b> Items not on the Agenda – Limit three minutes per speaker.
<b>Consent Agenda</b>	All matters listed under Consent Agenda are considered to be routine and can be enacted in one motion
<b>1</b>	<b>Approval of Regular Commission Meeting Minutes of December 11, 2026</b>
<i>Commissioner Recusal Reminder</i>	<i>All Commissioners are reminded to recuse themselves from voting on any agenda item that has a real or perceived conflict of interest.</i>
<b>2 Public Hearing/Action</b>	<b>Pursuant to Health and Safety Code § 130140 Annual Audit Review</b> The Commission must conduct a public hearing on its annual independent audit report for the Fiscal Year ending June 30, 2025 and discuss any findings and approve the audit.
<b>3 Public Hearing/Action</b>	<b>Pursuant to Health and Safety Code § 130140 Annual Report to F5CA</b> The Commission must conduct a public hearing on the FY 2024-2025 annual report and review data submission to First 5 California. Additionally, the Commission is asked to approve the report.
<b>4 Discussion/Action</b>	<b>Children's Trust:</b> Commission will review and determine financial need to transfer funding for operating costs.
<b>5 Discussion</b>	<b>Financial Forecasting:</b> The Commission will review financial analysis documents developed by Leanne Link from 2025.
<b>5 Discussion</b>	<b>Executive Director Monthly Activity Report</b> The Commission will receive information on committees, operational and program activities.
<b>Adjourn</b>	

If you are planning to attend and need special accommodation, please contact us at (530) 749-4877 at least three days in advance of the meeting. The schedule of future meetings is posted on the Commission's website, [www.first5yuba.org](http://www.first5yuba.org).

**The next regular Commission meeting will be on February 26, 2026**

**AGENDA ITEM 2****January 29, 2026**

<b>Subject</b>	Public Hearing for Annual Audit Review
<b>Supporting Document(s)</b>	<ul style="list-style-type: none"><li>• External Draft Annual Audit Findings- First 5 Yuba Fiscal Year 2024-2025</li></ul>
<b>Overview</b>	<p>Pursuant to Health and Safety Code § 130140 Annual Audit Review The Commission must conduct a public hearing on its annual independent audit report and discuss audit findings.</p> <p>Additionally, the Commission is asked to approve the report.</p> <p>There were no findings in the 24/25 audit report.</p>
<b>Staff Recommendation</b>	Staff recommends approval for the annual audit
<b>Fiscal Impact</b>	
<b>Action Requested</b>	Following the close of the Public Hearing- a motion to approve the First 5 Yuba annual audit for fiscal year ending June 30, 2025.

**FIRST FIVE YUBA**  
**(A Component Unit of the County of Yuba)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2025**

**FIRST FIVE YUBA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**FIRST FIVE YUBA**  
**Commission Membership**  
**As of June 30, 2025**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Date of Original Appt.</u></b>	<b><u>Current Term Expires</u></b>
Sally Sokoloski	Chair Community Member	11/2015	04/2027
Melissa Shaw	Vice Chair County Representative County Health Department	01/2024	NA
Melinda Staples	Community Member	11/2015	04/2026
Jaime Bartolome	County Representative Dept. Health & Human Services	01/2024	NA
Jon Messick	County Representative Board of Supervisors	12/2024	NA
Rob Gregor	County Representative Office of Education	09/2024	NA
Matt Ricardy	County Representative Chief Probation Officer	09/2024	NA

P.O. Box 160  
Lincoln, CA 95648  
Office (916) 434-1662  
Fax (916) 434-1090

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
First Five Yuba  
Marysville, California

### **Report on Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of First Five Yuba (the Commission), a component unit of the County of Yuba, 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 each major fund of the Commission, as of June 30, 2025, and the respective changes in financial 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 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 and budgetary comparison information on 4-8 and 23 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 supplemental information listed in the table of contents is presented for purposes of additional analysis and are 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 the status of prior audit findings 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 January 21, 2026 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.

Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
January 21, 2026



# **FIRST FIVE YUBA COMMISSION**

## **Management's Discussion and Analysis For the Year Ended June 30, 2025**

First Five Yuba Commission was established in 1998 following the passage of Proposition 10 (Prop 10). The Commission is responsible for the management and investment of Prop 10 revenues in Yuba County. First Five Yuba's vision is "All Yuba County children are healthy and thriving in safe and nurturing family environments and ready to succeed in their educational experiences."

Proposition 10 was approved by California voters in 1998, and established the California Children and Families Commission, known as First 5 California. It authorized the establishment of county commissions in all fifty-eight California counties. Prop 10 generates approximately \$450 million annually from tax on cigarettes and other tobacco products. First 5 California uses 20 percent of the annual revenues for statewide parent education efforts and administration. The remaining 80 percent is divided among county commissions, with county birth rates used to determine annual funding allocations. All Prop 10 revenues must be spent only on promoting, supporting and improving the development of all children, from prenatal through age five.

The work and investments of First Five Yuba are guided by a seven member commission. Commissioners are appointed by the Yuba County Board of Supervisors in compliance with the California Children and Families Act. First Five Yuba is a public entity legally separate and apart from the County, and is considered a component unit of the County due to the operational relationship between First Five Yuba and the County. Commissioners represent the fields of education, health, mental health and local government. As a public entity, the Commission bases its decisions on community input. We observe The Brown Act Open Meetings for Local Legislative Bodies and public comment is always invited and welcome.

What happens from age 0 through 5 strongly influences how a child will function in school and later in life. A clear goal for First 5 Commissions across the state is for children to be socially, emotionally, physically and intellectually ready for school. Four long-range outcomes, or strategic results, have been identified to support this universal Prop 10 goal:

1. Improved Family Functioning: Resilient Families
2. Improved Child Development: Access to Quality Early Learning
3. Improved Child Health: Child Health & Development
4. Improved Systems of Care: Strong Systems and Community Collaboration

Investment opportunities in early care and education benefit families, children, and the community. First Five Yuba's local investment of Prop 10 revenues connects early brain development to school readiness. Our vision, mission, goals and objectives aim to enhance the health and well-being of Yuba County's youngest residents, promoting optimal brain development today and powerful possibilities for the future.

By focusing investment on the 0 through 5 years of peak brain development, Prop 10 has a positive impact on public spending. Significant spending reductions in the areas of special education, welfare assistance and criminal justice will occur as children become better prepared for school and progress toward becoming contributing members of the workforce and society.

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## FIRST FIVE YUBA COMMISSION

### Management's Discussion and Analysis For the Year Ended June 30, 2025

**Government-wide Financial Statements.** The *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 and liabilities, with the difference between the two reported as *net position*.

The *statement of activities* presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets 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 for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements can be found on pages 9-10 of this report.

**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. The Commission, like other local governments, 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 the 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government wide statements.

The Commission adopts an annual appropriated budget for its fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

The fund financial statements can be found on pages 11-12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-22 of this report.

**Required Supplementary Information (RSI).** RSI is presented concerning the Commission's General Fund budgetary schedule. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

### **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceed liabilities by \$2,323,961 at the close of the most recent fiscal year. The Commission's net position decreased overall by \$32,201 during the 2024-2025 fiscal year. This decrease in net position is explained in the governmental activities analysis below and reflected on pages 9 and 10 in the financial statements.

## FIRST FIVE YUBA COMMISSION

### Management's Discussion and Analysis For the Year Ended June 30, 2025

The most significant portion of the Commission's net position is its cash balance of \$2,356,973. Cash is maintained by the County Treasurer in the County's cash and investment pool where interest earned on the Commission's balance is apportioned to the Commission. Another source of resources also resides in the Commission's receivables in the amount of \$191,088 and \$25,963. These receivables represent taxes that were remitted by the State and other outside funding and interest income earned, respectively, but had not been received by the Commission as of June 30, 2025.

The most significant portion of the Commission's liabilities are accounts payable of \$158,884 representing payments due for obligations incurred during the year, but not yet paid. The majority of these accounts payable are comprised of amounts owed to major grantees for quarter 4, April through June 2025.

#### Statement of Net Position Comparison

	FY 2024-25	FY 2023-24	Difference
Total Assets	\$2,574,024	\$2,564,726	\$ 9,298
Total Liabilities	250,063	208,564	41,499
Total Net Position	<u>\$2,323,961</u>	<u>\$ 2,356,162</u>	<u>\$ (32,201)</u>

#### Statement of Activities Comparison

	FY 2024-25	FY 2023-24	Difference
Total Revenues	\$1,382,930	\$ 1,265,814	\$ 164,320
Total Expenses	1,415,131	1,339,574	65,273
Change in Net Position	<u>\$ (32,201)</u>	<u>\$ (73,760)</u>	<u>\$ 41,559</u>

## FIRST FIVE YUBA COMMISSION

### Management's Discussion and Analysis For the Year Ended June 30, 2025

#### **Financial Analysis of the Commission's Governmental Fund**

As noted earlier in the Overview of Financial Statements, fund accounting is used by the Commission to ensure and demonstrate compliance with finance-related legal requirements.

For the year-ended June 30, 2025, the Commission reported an ending fund balance of \$2,366,172, a decrease of \$20,305 or 0.85%, from the prior year.

Under GASB 54 regulations, the Commission has reserved \$2,366,172 or 100% of their funds in the Committed Fund Balance category.

Total revenue consisting of Prop 10 funds, contracts and interest income increased from \$1,265,814 to \$1,382,930, an increase of \$117,116, or 9.3%, from the prior fiscal year. This increase was a result of a funding from new revenue grants and other programs.

Total expenditures increased from \$1,339,286 to \$1,403,235, an increase of \$63,949 or 4.77%, from the prior fiscal year. This increase was primarily due to the increased spending due to increased operations; salaries and benefits, operating expenses, and program expenses. The activity is noted below and on pages 11 and 12 in the financial statements.

#### Statement of Revenues, Expenditures and Changes in Fund Balance Comparison Statement

	FY 2024-25	FY 2023-24	Difference
Total Revenues	\$1,382,930	\$ 1,265,814	\$ 117,116
Expenditures			
Administration	791,481	722,241	69,240
Professional Services	611,754	617,045	(5,291)
Total Expenditures	1,403,235	1,339,286	63,949
Changes in Fund Balance	\$ (20,305)	\$ (73,472)	\$ 53,167

#### **Fund Budgetary Highlight**

Total revenues were over budget by \$36,360 or 2.7%, and total expenditures were under budget by \$111,563 or 7.4%. Although total revenues were over budget by on 2.7%, the Commission continues to pursue other funding sources due in part to the expected lower income from the State of California on cigarette tax in addition to the passage of Proposition 31, a ban on flavored tobacco in the state of California. Newly secured and unplanned revenue sources during the fiscal year accounted for the reduced gap in budget projections. Expenditures were under budget, although expenses did increase from the previous fiscal year.

# **FIRST FIVE YUBA COMMISSION**

## **Management's Discussion and Analysis For the Year Ended June 30, 2025**

### ***Capital Assets and Debt Administration***

#### ***Capital Assets***

The Commission's investment in capital assets for its governmental type activities as of June 30, 2025 is \$0 (net of accumulated depreciation). Additional information is located in Note 4 of this report.

#### ***Debt Administration***

At the end of the current fiscal year, the Commission did not have any long-term obligations outstanding. Other long-term liabilities include compensated absences of \$36,019. Additional information on this liability is located in Note 5 of this report.

#### ***Economic Factors and Next Year's Budget***

The Commission is committed to focusing Prop 10 funds on promoting, supporting and improving the development of all children, from prenatal through age five.

The following economic factors were considered in preparing the Commission's budget for fiscal year 2025-2026:

- Expected continued decrease in Prop 10 tobacco tax revenue due to legislation and reductions in smoking rates.
- Commitment to existing desired results identified in the strategic plan.
- Required new budget reductions across all funded services at a minimum of 10% with respect to Prop 10 continued revenue declines.
- Utilizing the fund balance to maintain program sustainability for the good of the public and other designated Commission initiatives based on community need.
- Explore sustainability opportunities with funded partners to enhance resource efficiency and promote long-term viability.

Future year annual budgets will be adopted in accordance with regularly updated Long Range Financial Plans, and the updated Strategic Plan adopted by the First Five Yuba Commission.

#### ***Requests for Information***

This financial report is designed to provide a general overview of the First Five Yuba 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 Five Yuba Commission, 1114 Yuba Street, Suite 141, Marysville, CA 95901.

Respectfully Submitted,

Ericka Summers  
Executive Director

**FIRST FIVE YUBA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**ASSETS**

Cash in County Treasury	\$ 2,356,973
Accounts Receivable and Due from Other Governments	191,088
Interest Receivable	<u>25,963</u>
<b>Total Assets</b>	<u><u>2,574,024</u></u>

**LIABILITIES**

Accounts Payable	158,884
Accrued Payroll	48,968
Long-term Liabilities:	
Compensated Absences Payable	<u>42,211</u>
<b>Total Liabilities</b>	<u><u>250,063</u></u>

**NET POSITION**

Restricted	<u>2,323,961</u>
<b>Total Net Position</b>	<u><u>\$ 2,323,961</u></u>

See Accompanying Notes to Financial Statements.

**FIRST FIVE YUBA  
STATEMENT OF ACTIVITIES  
JUNE 30, 2025**

**FIRST 5 PROGRAM EXPENSES**

<b>Salaries and Employee Benefits</b>	\$ 628,470
<b>Operating Expenses</b>	
Communications	2,426
Insurance	7,180
IT Network Fees	44,413
Memberships	4,000
Supplies and Office Expenses	10,415
Professional Fees	9,438
Equipment Rental	1,418
Occupancy	27,646
Training and Conferences	8,087
Transportation and Travel	1,161
A-87 County Fees	58,723
<b>Total Operating Expenses</b>	<u>174,907</u>
<b>Program Expenses</b>	
Improved Child Health	296,835
Improved Family Functioning	26,565
Improved Child Development	174,017
Improved Systems of Care	44,972
<b>Total Program Expenses</b>	<u>542,389</u>
<b>Evaluation</b>	<u>69,365</u>
<b>Total Expenses</b>	<u>1,415,131</u>

**PROGRAM REVENUES**

Operating Grants and Contributions:	
Prop 10 & 56 Apportionment	564,831
California Tobacco Control Program (CTCP)	266,920
Home Visiting Program	45,809
IMPACT Funding	50,479
Other Program Revenues	86,116
California Electronic Cigarette Excise Tax (CECET)	8,646
Miscellaneous Revenues	262,114
Surplus Money Investment Funds	4,098
<b>Total Program Revenues</b>	<u>1,289,013</u>
<b>Net Program Revenues (Expense)</b>	(126,118)

**GENERAL REVENUES**

Interest Income	<u>93,917</u>
<b>Change in Net Position</b>	(32,201)
<b>Net Position - Beginning of Year</b>	2,356,162
<b>Net Position - End of Year</b>	<u><u>\$ 2,323,961</u></u>

See Accompanying Notes to Financial Statements.

**FIRST FIVE YUBA  
BALANCE SHEET  
JUNE 30, 2025**

**ASSETS**

Cash in County Treasury	\$ 2,356,973
Accounts Receivable and Due from Other Governments	191,088
Interest Receivable	<u>25,963</u>
<b>Total Assets</b>	<b><u><u>\$ 2,574,024</u></u></b>

**LIABILITIES**

Accounts Payable	\$ 158,884
Accrued Payroll	<u>48,968</u>
<b>Total Liabilities</b>	<b><u>207,852</u></b>

**FUND BALANCES**

Fund Balances:	
Committed for:	
Program sustainability	973,122
First 5 programs	<u>1,393,050</u>
<b>Total Fund Balances</b>	<b><u>2,366,172</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u><u>\$ 2,574,024</u></u></b>

**Reconciliation of the Governmental Fund Balance Sheet  
to the Government - Wide Statement of Net Position - Governmental Activities**

<b>Fund Balance - Total Governmental Fund (from above)</b>	<b>\$ 2,366,172</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported in the governmental fund.	
Compensated Absences	<u>(42,211)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 2,323,961</u></u></b>



**FIRST FIVE YUBA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2025**

**REVENUES**

Operating Grants and contributions:	
Prop 10 & 56 Apportionment	564,831
California Tobacco Control Program (CTCP)	266,920
IMPACT Funding	50,479
Home Visiting Program	45,809
Other Program Revenues	86,116
California Electronic Cigarette Excise Tax (CECET)	8,646
Miscellaneous Revenues	262,114
Surplus Money Investment Funds	4,098
Interest Income	93,917
<b>Total Revenues</b>	<b>1,382,930</b>

**EXPENDITURES**

<b>Salaries and Employee Benefits</b>	616,574
<b>Operating Expenditures</b>	
Communications	2,426
Insurance	7,180
IT Network Fees	44,413
Memberships	4,000
Supplies and Office Expenses	10,415
Professional Fees	9,438
Equipment Rental	1,418
Occupancy	27,646
Minor Equipment	-
Training and Conferences	8,087
Transportation and Travel	1,161
A-87 County Fees	58,723
<b>Total Operating Expenditures</b>	<b>174,907</b>
<b>Program Expenditures</b>	
Improved Child Health	296,835
Improved Family Functioning	26,565
Improved Child Development	174,017
Improved Systems of Care	44,972
<b>Total Program Expenditures</b>	<b>542,389</b>
<b>Evaluation</b>	69,365
<b>Total Expenditures</b>	<b>1,403,235</b>

<b>Net Change in Fund Balance</b>	(20,305)
<b>Fund Balance - Beginning of Year</b>	2,386,477
<b>Fund Balance - End of Year</b>	<b>\$ 2,366,172</b>

**Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balance of Governmental Fund to the  
Government-Wide Statement of Activities - Governmental Activities**

<b>Net Change to Fund Balance - Total Governmental Fund</b>	<b>\$ (20,305)</b>
Total change in net assets for governmental activities in the statement of activities is 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	
There are no differences between the Change to Fund Balance and the Change in Net Position on the Government-wide financial statements	
Change in Compensated Absences	(11,896)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (32,201)</b>

See Accompanying Notes to Financial Statements.

**FIRST FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 1: Nature of the Entity**

First Five Yuba (Commission) was established on December 15, 1998 pursuant to authority granted under the California Children and Families Act of 1998 by the County of Yuba's Board of Supervisors to operate as a separate and legal entity from the County of Yuba. The Commission is considered a component unit of the County of Yuba. The California Children and Families First Act of 1998 (Proposition 10), was adopted by the voters of the State of California on November 3, 1998. The Commission's programs are funded by taxes levied by the State of California on tobacco products.

The Commission's specific purpose is to promote, support and improve the early development of children from the prenatal stage to five (5) years of age, consistent with the goals and objectives of Proposition 10 within the County of Yuba. This purpose shall be accomplished through the establishment, institution, and coordination of appropriate standards, resources, and integrated and comprehensive programs emphasizing community awareness, education, nurturing, childcare, social services, health care and research.

The Commission is administered by a governing board of commissioners. The commissioners consist of one (1) member of the Board of Supervisors, the Chief Probation Officer of Yuba County, the Deputy Director of Health and Human Services, the Yuba County Public Health Administrator, the Yuba County Office of Education Superintendent and two members of the community who represent an area specific to the purpose of the Commission. Community Commissioners serve for three year terms and may renew for additional terms.

**Note 2: Summary of Significant Accounting Policies**

**A. Basis of Presentation and Accounting**

***Government-Wide Statements***

The statement of net position and statement of activities display information about the primary government (Commission). These statements include financial activities of the overall Commission.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including investment income, are presented instead as general revenues.

**FIRST FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. When both restricted and unrestricted resources are available, restricted resources are used only after the unrestricted resources are depleted.

***Fund Financial Statements***

Separate financial statements are provided for the governmental funds. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Proposition 10 taxes investment income are accrued when their receipt occurs within ninety days after the end of the accounting period so as to be both measurable and available. All receivables are expected to be collected within the current year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) value in exchange, include sales taxes, grants, entitlements and donations. On a modified accrual basis, revenues from sales taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Commission reports one major governmental fund, the General Fund. The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the general government.

**B. Due from First 5 CA**

This amount represents receivables from the State government. Management has determined the Commission's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

**C. Capital Assets**

Capital assets are recorded at historical costs or at estimated historical cost if actual historical cost is not available. The Commission defines assets as assets with an initial, individual cost of more than \$1,000 for equipment/furniture and a useful life in excess of one year. Provision is made for depreciation by the straight-line method over estimated useful lives ranging from three to ten years for equipment.

**FIRST FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

**D. State Funds Receivable**

This amount represents receivables from the State of California Children and Families Commission. Management has determined the Commission's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

**E. Compensated Absences Payable**

The Commission accounts for compensated absences in accordance with Governmental Accounting Standards Board Statements No.16. Amounts of vested or accumulated vacation leave are not expected to be liquidated with expendable available financial resources are reported as a long-term liability in the government-wide financial statements. For employees with at least 10 years of employment with Yuba County, sick leave is payable at 25% upon separation.

**F. Net Position/ Fund Balances**

**Net Position**

The government-wide financial statements utilize a net position presentation. The net position is categorized as invested capital assets (net of related debt), restricted and unrestricted. The Commission has invested in capital assets, (net of related debt) and restricted funds.

***Invested in Capital Assets, Net of Related Debt*** – consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowing used for the acquisition, construction, or improvement of those assets.

***Restricted*** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by the law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are awarded, unrestricted resources are used only after restricted resources are depleted.

**Fund Balances**

The Government Accounting Standards Board (GASB) has issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

**FIRST FIVE YUBA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

**Fund Balances (continued)**

- **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.

- **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 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.

- **Committed –**

Two criteria determine the Agency'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 District would be the Board of Directors.
2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

**FIRST FIVE YUBA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

- **Committed (continued)**

Both commitments and modifications or removal must occur prior to the end of reporting period; that is, the fiscal year being reported upon. For 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.

- **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 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 or 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 FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

- **Assigned (continued)**

First Five Yuba 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.

- **Unassigned –**

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

If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned amounts and then unassigned amounts.

**D. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3: Credit Risk, Carrying Value and Market Value of Investments**

All cash at June 30, 2025 is pooled for investment purposes and held by the County of Yuba. The Yuba County Treasury is an external investment pool for the Commission and the Commission is considered an involuntary participant. The investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The County established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasury is accountable to the County Treasury Oversight Committee. The Commission's fair value portion in the pool is the same as the Commission's pool share.

The Commission deposits all funds in interest bearing accounts with Yuba County. The Commission does not own any specific identifiable investments in the pool. Information regarding categorization of cash and investments held in the County can be found in the County of Yuba's financial statements.

**FIRST FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 3: Credit Risk, Carrying Value and Market Value of Investments (continued)**

The fair value of cash was not available at the time of this report, therefore no adjustment was made for GASB 31 compliance.

Pooled Investments:	Carrying
Yuba County	Amount
	<u>\$2,356,973</u>

**Note 4: Capital Assets**

There were no changes in capital assets for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Equipment	\$ 4,797	\$ --	\$ --	\$ 4,797
Less accumulated depreciation	(4,797)	--	--	(4,797)
Capital Assets, Net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**Note 5: Compensated Absences Payable**

Commission employees have accumulated unpaid benefits for compensatory time-off and vacation earned. The Commission also has accumulated unpaid benefits for sick leave. For employees with at least 10 years of employment with Yuba County, sick leave is payable at 25% upon separation. The accumulated benefits will be liquidated in future years as employees elect to use them or payable upon retirement. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations of the year in which they are to be paid; therefore, the total liability is recorded as long-term. The total at June 30, 2025 was \$36,019.

**Note 6: Lease Commitments – Implementation of GASB 87**

The Commission implemented Governmental Accounting Standards (GASB) Statement No. 87, *Leases*, beginning with the fiscal year ended June 30, 2022. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Commission's financial statements and had no impact on the financial statements. Currently the Commission does not have any arrangements/agreements that would be considered leases under GASB 87.



**FIRST FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 7: Defined Benefit Pension Plan**

The Commission contracts with the County of Yuba for personnel. As such, the employees are the employees of the County and not the Commission directly. All full-time employees of the Commission participate as County employees in which the County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participation public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of PERS' annual financial reports may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

**Funding Policy -**

County employees are required by state statute to contribute a portion of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the actuarial members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by CalPERS Board of Administration. For the fiscal year ended June 30, 2025, the employer contribution rate was 7.6% for the miscellaneous plan and approximately 20.7% for the unfunded actuarial liability. The County makes the contributions required of County employees on their behalf and for their account. All of the Commission's employees are classified as members of the County's miscellaneous plan.

**Annual Pension Cost**

The Commission reimbursed the County for the employee and employer pension contributions. The total employer share of the contributions totaled \$119,302 for fiscal year 2024-2025 – this included the Commissions proportionate share of the County's unfunded liability of \$89,352.

Five-Year Trend Information for PERS

Fiscal Year Ended	Annual Pension Cost (APC)	Proportionate Share of the UAL	Percentage of APC Contributed	Net Pension Obligation
06/30/21	\$17,036	\$45,744	100%	--
06/30/22	\$22,281	\$60,756	100%	--
06/30/23	\$23,000	\$68,508	100%	--
06/30/24	\$28,095	\$76,224	100%	--
06/30/25	\$29,950	\$89,352	100%	--

**FIRST FIVE YUBA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**Note 8: Related Party Transactions**

During the fiscal year ended June 30, 2025, the Commission paid the County of Yuba, a related party, \$58,723, for accounting and administrative services and County overhead costs and \$27,646 for the Commission's agreed-upon share of occupancy costs.

**Note 9: Risk Management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions, injuries to employees, employee's health; and natural disasters. The Commission has insurance policies with a private insurance company with the following policies:

General Liability  
Crime Bond  
Property Insurance

The County of Yuba is a member of the California State Association of Counties Excess Insurance Authority (CSAC EIA). CSAC EIA is a member-directed risk sharing pool counties and public entities committed to providing risk coverage programs and risk management services. The Commission is covered under the policy of the County of Yuba. The County of Yuba has the following coverage through the risk pool - Excess and Primary Workers' Compensation. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

**Note 10: Program Evaluation and Cost Allocation**

The Commission spent \$69,365 on contracted program evaluation costs and \$49,326 on internal personnel costs during the fiscal year ended June 30, 2025.

The Commission separates costs into functional categories; Program, Administrative, and Evaluation. Direct expenses to the programs, administration and evaluation are classified accordingly. Personnel costs are allocated to the functions based upon functional timesheets. Indirect costs are allocated to functions based upon the weighted average of direct personnel costs. The allocated costs were as follows:

	General Fund	Adjustment to GW	Government-Wide
Program	\$ 1,091,140	\$10,587	\$1,101,727
Administrative	193,404	357	193,761
Evaluation	118,691	952	119,643
TOTAL	<u>\$ 1,408,569</u>	<u>\$11,896</u>	<u>\$1,415,131</u>

**FIRST FIVE YUBA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**Note 11: Section 30131.4 of the California Tax & Revenue Code Certification**

The Commission has certified that the supplant requirement stated in Section 30131.4 of the California Tax & Revenue Code has been met.

**Note 12: Contingent Liabilities**

The Commission receives funding from the State of California Proposition 10, the Children and Families First Act, to fund programs that promote, support, and improves the early development of children from prenatal through age five. These programs must be in compliance with applicable laws and may be subject to financial and compliance audits by the State. The amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time, although the County's management does not expect such amounts, if any, to be material.

**Note 13: Subsequent Events**

Events subsequent to June 30, 2025 have been evaluated through January 21, 2026, the date at which the Commission's audited financial statements were available to be issued. There was one event that required disclosure:

In August of 2025, the Commission entered into a lease for the office space. The lease begins January 1, 2026 and ends December 31, 2030. The monthly lease payment is \$2,303.84 for the full term of the lease. The lease will be recorded on the books under the appropriate lease standards in the fiscal year 2025-2026.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FIRST FIVE YUBA  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual Amount	Variance With Final Budget
<b>Resources (Inflows)</b>				
Operating Grants, Support and Contributions:				
Prop 10 & 56 Apportionment	\$ 703,455	\$ 644,792	\$ 564,831	\$ (79,961)
Grant Awards and Fee for Service	545,548	690,278	724,182	33,904
Interest and Investment Income	-	11,500	93,917	82,417
Total revenues	<u>1,249,003</u>	<u>1,346,570</u>	<u>1,382,930</u>	<u>36,360</u>
<b>Charges to Appropriations (Outflows)</b>				
<b>Salaries and Employee Benefits</b>	654,113	671,601	616,574	(55,027)
<b>Operating Expenses</b>				
Communications	2,629	4,362	2,426	(1,936)
Insurance	5,000	5,000	7,180	2,180
IT Network Fees	44,413	44,663	44,413	(250)
Memberships	4,875	4,875	4,000	(875)
Supplies and Office Expenses	10,589	12,630	10,415	(2,215)
Professional Fees	15,000	15,000	9,438	(5,562)
Equipment Rental	1,440	1,838	1,418	(420)
Occupancy	28,032	28,032	27,646	(386)
Minor Equipment	5,500	9,500	-	(9,500)
Other	3,000	3,000	-	5,087
Training and Conferences	-	11,975	8,087	
Transportation and Travel	11,271	7,949	1,161	(6,788)
A-87 County Fees	58,723	58,723	58,723	-
<b>Total Operating Expenses</b>	<u>190,472</u>	<u>207,547</u>	<u>174,907</u>	<u>(32,640)</u>
<b>Program Expenses</b>				
Contracts and Grants	466,471	529,659	542,389	12,730
<b>Evaluation</b>	81,994	105,991	69,365	(36,626)
Total Expenditures	<u>1,393,050</u>	<u>1,514,798</u>	<u>1,403,235</u>	<u>(111,563)</u>
Deficiency (Excess) of Revenues over Expenditures	<u>\$ (144,047)</u>	<u>\$ (168,228)</u>	<u>\$ (20,305)</u>	<u>\$ (147,923)</u>

**FIRST FIVE YUBA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

**BUDGET AND BUDGETARY ACCOUNTING**

The Commission prepares and legally adopts a final budget on or before August 30<sup>th</sup> of each fiscal year. The Commission's operations, commencing July 1<sup>st</sup>, is governed by the proposed budget, adopted by the Board of Commissioners in June of the prior fiscal year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only at a formal public meeting. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised estimates as approved by the Commission.

An operating budget is adopted each fiscal year using the modified 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 to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied.

**SUPPLEMENTARY INFORMATION**

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**FIRST FIVE YUBA  
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2025**

There were no findings noted in the June 30, 2024 audit.

DRAFT



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**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
First Five Yuba  
Marysville, 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 each major fund of First Five Yuba (Commission), a component unit of the County of Yuba, 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 January 21, 2026.

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

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

severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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.

Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
January 21, 2026

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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Commissioners  
First Five Yuba  
Marysville, California

### Report on Compliance

#### *Opinion*

We have audited the First Five Yuba's (Commission) 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, First Five Yuba 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 State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, but not for

the purpose of expressing an opinion on the effectiveness of the Commission's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
January 21, 2026

DRAFT

P.O. Box 160  
Lincoln, CA 95648  
Office (916) 434-1662  
Fax (916) 434-1090

January 21, 2026

Board of Commissioners  
First Five Yuba  
Marysville, California

Dear Commissioners,

Thank you again for your confidence in choosing us for your auditing needs. This year the audit was delayed while we waited for the County to complete their accounting and provide reports. Once we had the records from the County, the audit went very smoothly.

In planning and performing our audit of the financial statements of First Five Yuba (the Commission) for the year ended June 30, 2025, we considered the Commission's internal control in order to determine our auditing procedures for the purpose of expressing an opinion 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 separate report dated January 21, 2026 contains our report on the Commission's internal control. This letter does not affect our report dated January 21, 2026 on the financial statements of the Commission. We recommend the Commission consider using internal accounting software to prepare the Commission's separate financial statements. Currently the Commission uses spreadsheets to convert the County records to financial statements at the end of the year. Using the many spreadsheets and formulas creates additional opportunities for errors. Using an accounting software would allow for current financial statements when needed and make it easier to reconcile on a monthly basis.

We wish to thank your Director and staff for their assistance in completing the audit. It was a pleasure to work with you and we look forward to working with you again next year.

Sincerely,

Jensen Smith  
Certified Public Accountants, Inc.

**AGENDA ITEM 3****January 29, 2026**

<b>Subject</b>	State Annual Report Review
<b>Supporting Document(s)</b>	DRAFT Annual Report to First 5 California
<b>Overview</b>	<p>Pursuant to Health and Safety Code § 130140 Review of Annual Report - The Commission must conduct a public hearing on its annual report to First 5 California Children and Families Commission.</p> <p>Additionally, the Commission is asked to approve the 24-25 annual report for submission to the First 5 California in compliance with annual reporting and funding requirements.</p>
<b>Staff Recommendation</b>	Staff recommends approval.
<b>Fiscal Impact</b>	None
<b>Action Requested</b>	Following the close of public hearing, a motion to approve the 2024-2025 Annual First 5 California Report with the provision to make amendments based on any additional audit findings.



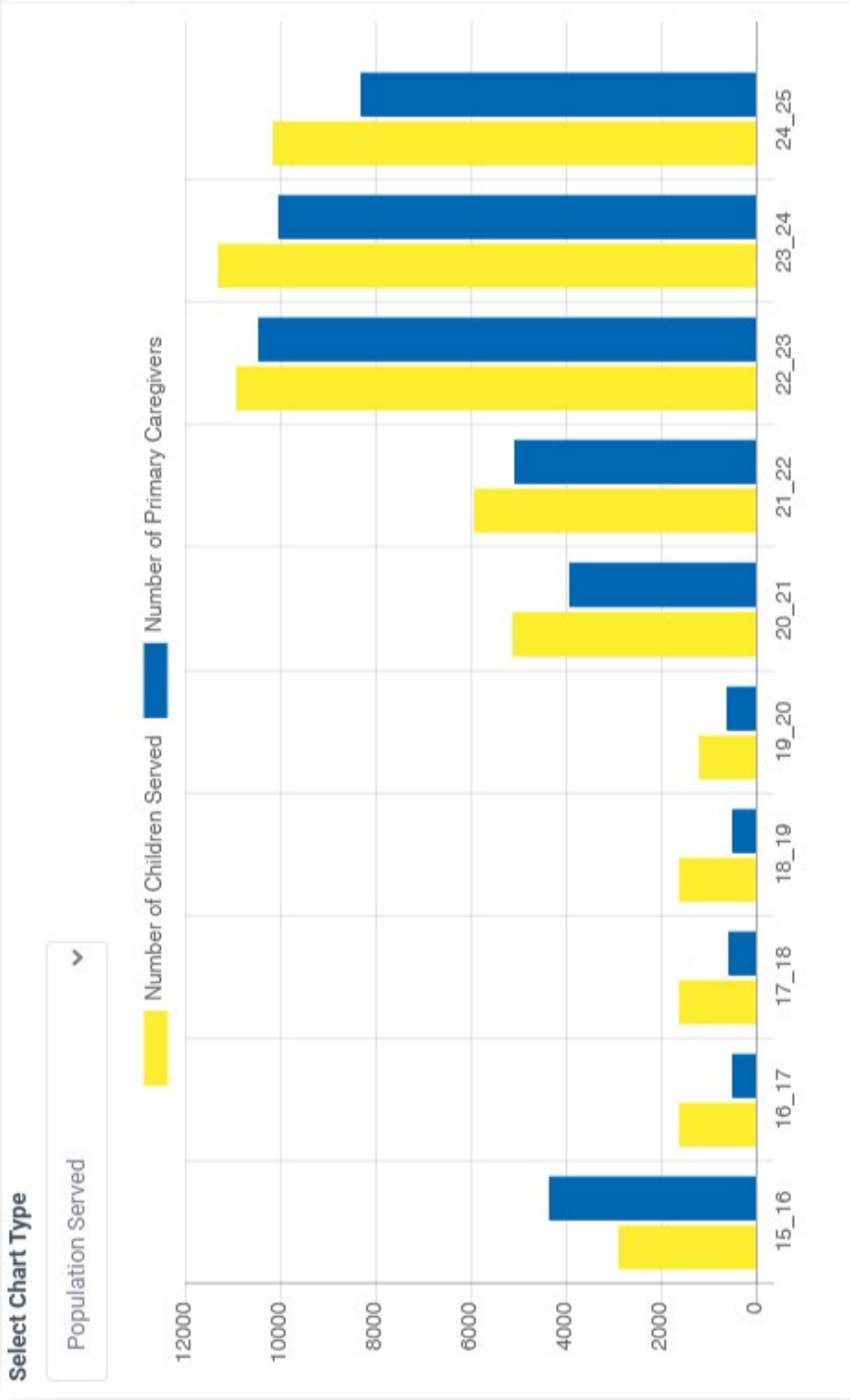
First 5 California Annual Report



Children Served  
10,160  
From Population Totals entered on the AR2



Primary Caregivers Served  
7,276  
From Population Totals entered on the AR2



Revenue

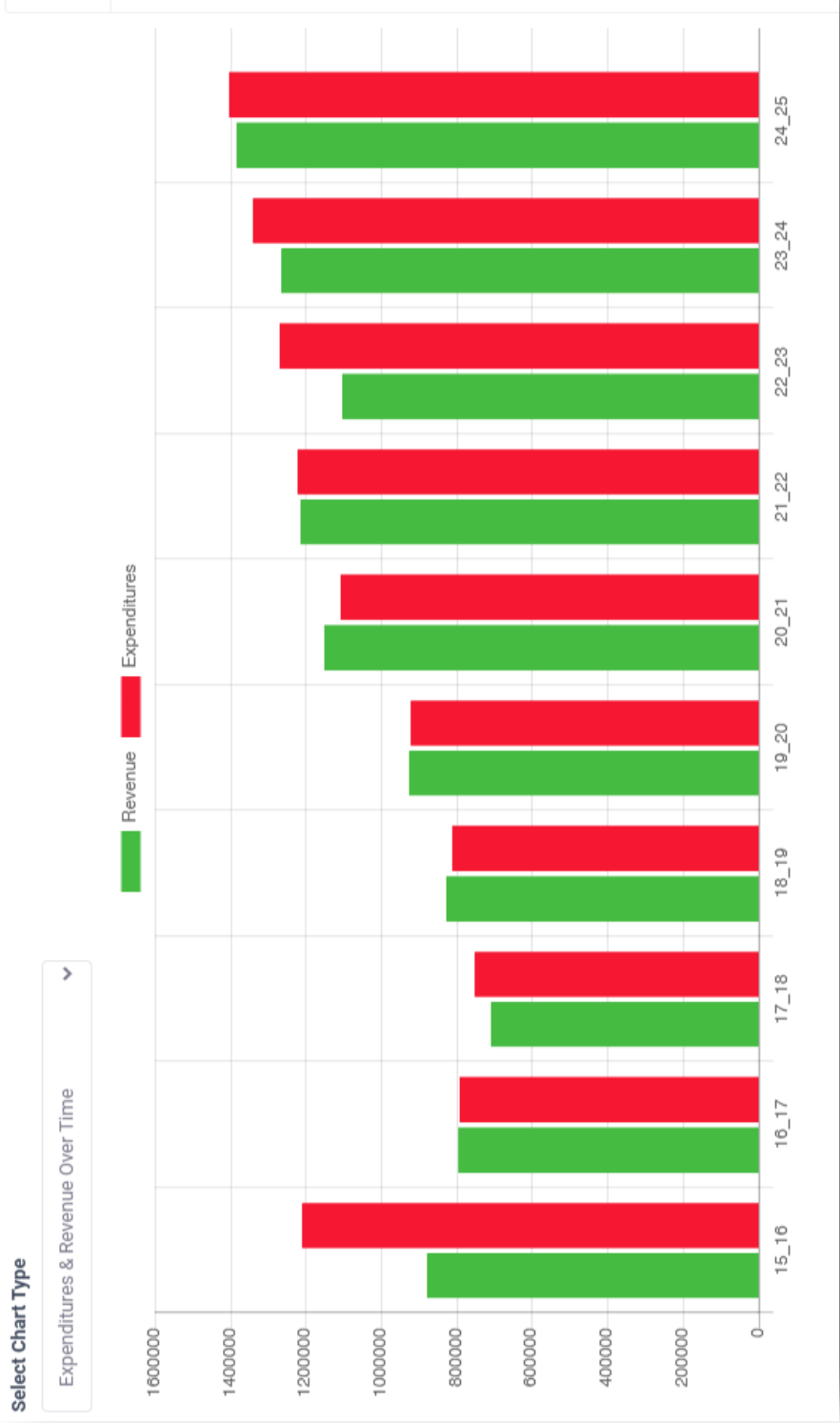
\$1,382,930

Derived from entries on the AR1

Expenditures

\$1,403,235

Derived from entries on the AR1





**Annual Report AR-2**  
**Yuba Demographic Worksheet**  
**July 1, 2024 - June 30, 2025**

**Population Served**

Category	Number
Children Less than 3 Years Old	1,193
Children from 3rd to 6th Birthday	1,715
Children – Ages Unknown (birth to 6th Birthday)	7,252
Primary Caregivers	7,276
Providers	1,048
<b>Total Population Served</b>	<b>18,484</b>

# Primary Language Spoken in Home

Category	Number of Children	Number of Primary Caregivers
English	288	56
Spanish	57	17
Unknown	9,815	7,203
Totals	10,160	7,276

## Race and/or Ethnicity of Population Served

Category	Number of Children	Number of Primary Caregivers
Alaska Native/American Indian	2	0
Asian	22	1
Black/African-American	17	1
Hispanic/Latino	135	79
White	77	0
Two or more races	38	4
Other – Specify with text box Other race/ethnicities not listed on AR form.	0	72
Unknown	9,869	7,119
<b>Totals</b>	<b>10,160</b>	<b>7,276</b>

# Duplication Assessment

Category	Data
Degree of Duplication	15%
Confidence in Data	Moderately confident
Additional Details (Optional)	



# Annual Report AR-1

## Yuba Revenue and Expenditure Summary

### July 1, 2024 - June 30, 2025

## Revenue Detail

Category	Amount
Tobacco Tax Funds	\$577,575
IMPACT Legacy	\$50,497
Small Population County Augmentation Funds	\$0
Home Visiting Coordination Funds	\$45,809
Other First 5 California Funds	\$0
Other First 5 California Funds Description	
Other Public Funds	\$0
Other Public Funds Description	
Donations	\$0
Revenue From Interest Earned	\$93,917
Grants	\$615,132
<b>Grants Description</b> Office of Traffic Safety, California Department of Public Health, Yuba County Probation Grant, Peach Tree Health - All to support Yuba's Strategic plan and provide programs and serves within the 4 main goal areas.	
Other Funds	\$0
Other Funds	
<b>Total Revenue</b>	<b>\$1,382,930</b>

# Improved Family Support

Service	Grantee	Program(s)	Children	Caregivers	Providers	Amount
General Family Support	County Office of Education/School District	<ul style="list-style-type: none"> <li>Five Protective Factors</li> </ul>	80	80	149	\$147,982
General Family Support	CBO/Non-Profit	<ul style="list-style-type: none"> <li>Five Protective Factors</li> </ul>	92	50	29	\$19,685
General Family Support	CBO/Non-Profit	<ul style="list-style-type: none"> <li>Playgroups</li> </ul>	60	51	0	\$33,894
General Family Support	First 5 County Commission	<ul style="list-style-type: none"> <li>Five Protective Factors</li> </ul>	233	95	0	\$0
General Family Support	First 5 County Commission	<ul style="list-style-type: none"> <li>Five Protective Factors</li> </ul>	58	78	0	\$8,665
General Family Support	First 5 County Commission	<ul style="list-style-type: none"> <li>Triple P 2-3</li> </ul>	32	34	0	\$13,601
General Family Support	CBO/Non-Profit	<ul style="list-style-type: none"> <li>Five Protective Factors</li> </ul>	7	5	11	\$33,339
Family Literacy and Book Programs	First 5 County Commission	<ul style="list-style-type: none"> <li>Dolly Parton's Imagination Library</li> </ul>	2527	2527	0	\$25,500
Family Literacy and Book Programs	Other Public	<ul style="list-style-type: none"> <li>Local Model</li> </ul>	457	457	0	\$14,169
Total						\$296,835



## Improved Child Development

Service	Grantee	Program(s)	Children	Caregivers	Providers	Amount
Quality Early Learning and Care Supports	County Office of Education/School District	<ul style="list-style-type: none"> <li>Quality Counts California</li> </ul>	0	0	90	\$18,000
Quality Early Learning and Care Supports	First 5 County Commission	<ul style="list-style-type: none"> <li>Quality Counts California</li> </ul>	23	10	59	\$8,565
Quality Early Learning and Care Supports	First 5 County Commission	<ul style="list-style-type: none"> <li>Not Applicable (Professional Learning Communities )</li> </ul>	0	0	136	\$0
Total						\$26,565

## Improved Child Health

Service	Grantee	Program(s)	Children	Caregivers	Providers	Unique Families	Amount
General Health Education and Promotion	First 5 County Commission	<ul style="list-style-type: none"><li>• Not Applicable (Maternal Mental Health Education )</li></ul>	0	5	109	0	\$3,335
General Health Education and Promotion	First 5 County Commission	<ul style="list-style-type: none"><li>• Not Applicable (Mindful Mamas Support Groups)</li></ul>	6	8	0	0	\$0
General Health Education and Promotion	First 5 County Commission	<ul style="list-style-type: none"><li>• Not Applicable (Stepping with Baby Moms Support Group)</li></ul>	64	42	0	0	\$0
General Health Education and Promotion	Other Public	<ul style="list-style-type: none"><li>• Safety Education</li></ul>	202	142	0	0	\$17,000
General Health Education and Promotion	First 5 County Commission	<ul style="list-style-type: none"><li>• Safety Education</li></ul>	30	30	0	0	\$2,011
General Health Education and Promotion	First 5 County Commission	<ul style="list-style-type: none"><li>• Safety Education</li></ul>	184	138	2	0	\$16,258
Oral Health Education and Treatment	County Office of Education/School District	<ul style="list-style-type: none"><li>• Not Applicable ()</li></ul>	2678	656	210	0	\$9,000
Total							\$174,017

Service	Grantee	Program(s)	Children	Caregivers	Providers	Unique Families	Amount
Early Intervention	First 5 County Commission	<ul style="list-style-type: none"> <li>Care Coordination and Linkage</li> </ul>	783	783	0	0	\$5,597
Early Intervention	County Office of Education/School District	<ul style="list-style-type: none"> <li>Mild-to-Moderate Supports</li> </ul>	68	42	0	0	\$101,721
Early Intervention	County Office of Education/School District	<ul style="list-style-type: none"> <li>Care Coordination and Linkage</li> </ul>	1294	974	66	0	\$19,095
Total							\$174,017

## Improved Systems Of Care

Service	Grantee	Program(s)	Amount
Systems Building	First 5 County Commission	<ul style="list-style-type: none"> <li>Place-Based</li> </ul>	\$9,745
Systems Building	First 5 County Commission	<ul style="list-style-type: none"> <li>Health Systems</li> </ul>	\$9,151
Systems Building	First 5 County Commission	<ul style="list-style-type: none"> <li>Family Resiliency</li> </ul>	\$3,341
Systems Building	First 5 County Commission	<ul style="list-style-type: none"> <li>Health Systems</li> </ul>	\$863
Systems Building	First 5 County Commission	<ul style="list-style-type: none"> <li>Trauma-Informed Care/ACES</li> </ul>	\$21,872
Total			\$44,972

## Expenditure Details

Category	Amount
Program Expenditures	\$542,389
Administrative Expenditures	\$791,481
Evaluation Expenditures	\$69,365
Total Expenditures	\$1,403,235
Excess (Deficiency) Of Revenues Over (Under) Expenses	(\$20,305)

## Other Financing Details

Category	Amount
Sale(s) of Capital Assets	\$0
Other	\$0
Total Other Financing Sources	\$0

# Net Change in Fund Balance

Category	Amount
Fund Balance - Beginning	\$2,386,477
Fund Balance - Ending	\$2,366,172
Net Change In Fund Balance	(\$20,305)

# Fiscal Year Fund Balance

Category	Amount
Nonspendable	\$0
Restricted	\$0
Committed	\$2,366,172
Assigned	\$0
Unassigned	\$0
Total Fund Balance	\$2,366,172

## Expenditure Note

No data entered for this section as of 1/21/2026 3:30:32 PM.



## Annual Report AR-3

### Yuba County Evaluation Summary and Highlights

July 1, 2024 - June 30, 2025

## County Evaluation Summary

### Evaluation Activities Completed, Findings, and Policy Impact

**EVALUATION ACTIVITIES.** In FY 2024-25, First 5 (F5) Yuba County continued to work with Applied Survey Research as an evaluator to support annual evaluation updates, Apricot 360 data management, and annual reporting and presentation of findings to county and state-level partners. **EVALUATION FINDINGS.** Across all F5 Yuba programs, 10,160 children, 7,276 caregivers, and 1,048 providers (duplicated) were served in the following ways: **Family Functioning:** F5 Yuba supported school readiness services, such as school readiness playgroups, parent education classes, and special events. Specifically, Marysville Joint Unified School District (MJUSD) School Readiness program served 80 children, 80 caregivers, and 149 providers; the Camptonville Community Partnership reached 5 parents, 7 children, and 11 providers; and the Yuba Environmental Science Charter Academy supported 92 children, 50 parents, and 29 providers. Playzeum engaged 60 children and 51 parents in developmental playgroups and Play-on-the-Go events. To foster the love of reading, Dolly Parton Imagination Library distributed 71,645 books to 2,527 children, while the Yuba County Public Library engaged 457 children in Story Time, Reading programs, literacy workshops, and special events. Father supports reached 78 fathers and 58 children through Fathers Matter Groups. Probation playgroups and special events brought together 95 families and 233 children. **Improved Child Development:** Child Care Planning Council offered professional development to 90 early childhood educators, while the IMPACT funds helped increase child development competencies among 59 providers. 136 providers participated in professional learning communities. **Child Health:** Olivehurst Public Utility District Aquatics offered water safety classes to 202 children and 142 parents. Over 2,678 children, 656 caregivers, and 210 providers engaged in preventive oral health services or received oral health education through MJUSD Student Health Services, Peach Tree Health Toothmobile, and Smile, CA dental ambassadors. Help Me Grow addressed developmental needs of 783 children and 783 parents through assessment and navigation services. Child Development Behavior Consultant offered individual assessment and behavioral consultation, as well as Parent education classes to 42 families and 68 children. Over 1,294 children, 974 parents, and 66 providers were served by the Family Resource Center (FRC) through home visits, developmental playgroups, special events, and help with basic needs, such as gas cards and diapers. The Stepping with Baby Walking group supported 64 children and 42 caregivers, while the Mindful Mamas Weekly Support Group provided a place of gathering and community to six children and 8 mothers. FRAQMD Pedestrian Safety provided education to 30 children and 30 caregivers, while the California OTS Child Passenger Safety Program served 184 children, 138 caregivers, and 2 providers. Additionally, five mothers and 109 providers attended the Blue Shift Maternal Mental Health Conference. **Systems:** To strengthen systems, F5 Yuba Investment finalized its work educating community on the effects of tobacco use and supporting health care and community agencies with tobacco-free policies and strengthening identification and referrals for quit services under the Building Resilient Families grant. Over 82 providers and 23 agencies attended the Trauma-Responsive Leadership conference, and First 5 Yuba served as the lead agency for the successful Bi-County Home Visiting Collaborative, which is dedicated to creating a coordinated and sustainable local home visiting system that reaches more families and improves service effectiveness.

# County Highlights

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## County Highlight

Over the past year, First 5 Yuba has remained steadfast in its commitment to strengthening early childhood systems, even in the face of limited funding and scarce resources. The organization has intentionally dedicated local resources and staff time to advocacy efforts at both the local and state levels. At the state level, First 5 staff have engaged directly with legislators and actively participated in statewide coalitions and workgroups to ensure that the unique needs of marginalized rural communities and young children are meaningfully represented in policy discussions. Locally, First 5 Yuba has played a pivotal role in the development of Yuba County's Local Prevention Plan (CPP), part of the federal Families First Prevention Services Act (FFPSA). For the first time, FFPSA allows federal Title IV-E funds to be used for child abuse prevention marking a significant shift in how prevention efforts are funded. In Fall of 2024, First 5 Yuba's leadership and advocacy helped secure \$113,000 in local FFPS funds for upstream prevention services identified in the CPP and enhancing the efforts of local partners and strengthening the overall early childhood system in Yuba County. This past year funded partners in the Yuba-Sutter area were offered a Sustainability Workshop Series which was designed to equip grantees with the tools and strategies needed to build long-term sustainability. Across the four workshops grantees refined their vision, mission, and key impact areas, developed structured fund development plans, assessed their funding readiness, and created Impact Snapshots to strengthen their case for investment. Through hands-on activities, peer discussions, and guidance, grantees gained a deeper understanding of grant-seeking strategies, financial sustainability planning, and communication of impact. Each session provided organizations with user-friendly tools, such as the Sustainability Worksheet, Fund Development Action Plan, and Funding Readiness Assessment, which helped grantees identify strengths, address challenges, and position themselves for future funding opportunities. This past year has demonstrated First 5's unwavering commitment and proactive leadership in addressing the challenges facing early childhood programs. In the face of scarce resources and shrinking funding streams, the organization has worked tirelessly to identify sustainable solutions, strengthen existing services, and enhance support systems for young children and their families.





**AGENDA ITEM 4**  
**January 29, 2025**

<b>Subject</b>	Children's Trust Fund Consideration
<b>Supporting Document(s)</b>	1. Refer to Agenda Item 2 Financial Statements
<b>Overview</b>	The Commission will hear updates regarding current financial operations and consider a need to transfer funds to support operational costs. Commission will also hear updates regarding the upcoming mid-year budget.
<b>Staff Recommendation</b>	NA
<b>Fiscal Impact</b>	NA
<b>Action Requested</b>	Transfer of Children's Trust dollars to operating account.

**AGENDA ITEM 5****January 29, 2025**

<b>Subject</b>	Financial Analysis Overview
<b>Supporting Document(s)</b>	<ol style="list-style-type: none"><li>1. Financial analysis data - Leanne Link</li><li>2. Staff Narrative</li></ol>
<b>Overview</b>	The Commission will revisit the financial analysis developed by Leanne Link in November 2025. This report combine with Forecasting report and Staff analysis will provide the commission with broad overview of financial status and future considerations.
<b>Staff Recommendation</b>	NA
<b>Fiscal Impact</b>	NA
<b>Action Requested</b>	NA



## Agenda Item 5

### Financial Analysis and Future Considerations

#### OVERVIEW

In November of 2025 Fiscal Consultant Leanne Link presented information to the Commission at a board meeting regarding the fiscal projections for First 5. Ms. Link informed the commission that the organization has demonstrated strong financial stewardship by aligning program costs with long-term available funding, effectively leveraging grant funds to offset operating expenses, and preserving substantial one-time funds from prior years. Current reserves exceed policy requirements by approximately 2.5 times, providing flexibility to manage expenses and align them with projected revenues.

Ms. Link presented many financial forecasts that show the future state of the commission should no changes in financial planning be considered, they would use all reserves by FY 28/29. Reserves are declining and will require timely corrective action to avoid depletion. Given the current context and the new strategic plan beginning in 2026, the commission should consider at what level they want to present any committed funds given the volatility of Prop 10 revenues and 28% projected decline in revenues. Program expenditures and operating costs must be better aligned with ongoing, but declining, Proposition 10 and Proposition 56 revenues. Continuing to pursue additional grant funding aligned with First 5 objectives may help offset the need for program expense reductions.

#### DISCUSSION:

##### Proposition 10 Budget updates:

- **Current Revenue Status:** Proposition 10 revenues total \$228,229 through December 2025, representing approximately 36% of the annual projected revenue of \$623,133. This is generally consistent with the timing of receipts to date, though continued monitoring is needed given broader revenue volatility. (\*NOTE: current revenue projections are \$73,000 above previous year.... Based on forecasting this is not likely)
- **Administrative Cost Allocation Concerns:** The California Department of Tax and Fee Administration (CDTFA) appears to be allocating a disproportionate share of administrative fees seen up to 40% to Proposition 10 fund. **In contract Prop 10 only represents 17% of total tobacco tax revenues statewide.** Our statewide association is actively reviewing this issue and engaging with CDTFA to seek clarification and potential correction.
- **Birth Rate Projection Updates:** Moving forward, birth rate projections will be reviewed and updated on an annual basis only, rather than more frequently. This change is intended to improve consistency in forecasting and reduce mid-year adjustments that can complicate planning and budgeting.

- **Department of Finance (DOF) Revenue Volatility:** DOF revenue projections continue to fluctuate significantly and have not yet stabilized, creating ongoing uncertainty for Proposition 10 revenue estimates across counties. This volatility has direct implications for community grant planning and sustainability, as fluctuating revenues limit the ability to confidently commit to multi-year funding awards. As a result, caution is warranted when making long-term financial commitments, and conservative assumptions should be used when structuring community grants, and future funding cycles to ensure fiscal stability. Regular monitoring of revenue trends and early decision-making will be critical to avoid overcommitting resources or depleting reserves prematurely.

## **Financial Planning Suggestions**

### **1. Gradual, Planned Use of Reserves**

- Use reserves strategically as a temporary bridge, not a long-term solution, to allow time for thoughtful program adjustments.
- Establish a multi-year drawdown plan that brings reserves closer to policy targets while avoiding sudden service disruptions. (For example more aligned LRFP)

### **2. Align Ongoing Programs to Sustainable Revenues**

- Reassess programs and staffing levels to ensure ongoing costs are aligned with declining Prop 10 and Prop 56 revenues.
  - NOTE: 25/26 Prop 10 staffing levels are currently at 2.3 FTE Salaries and 2.5 FTE benefits
- Prioritize funding for programs with the strongest outcomes, statutory alignment, and community impact.

### **3. Distinguish One-Time vs. Ongoing Funding**

- Avoid committing one-time or reserve funds to ongoing obligations that will be difficult to sustain.
- Limit the use of one-time funds to one-time investments (e.g., capacity building, pilot programs, equipment, or planning).

### **4. Expand and Diversify Revenue Sources**

- Continue to actively pursue grants and partnerships aligned with First 5's mission to offset reductions in discretionary funding.
- Explore regional collaborations or shared services with neighboring counties to reduce costs and increase competitiveness for grants.

### **5. Strengthen Long-Term Financial Forecasting**

- Regularly update 5-year financial projections reflecting conservative revenue assumptions.
- Use forecasts to inform early decision-making rather than reacting once reserve levels become critical.

### **7. Build Flexibility Into Future Budgets**

- Design budgets with built-in contingencies and scalable programs that can expand or contract as revenues change.
- Continue emphasizing strong fiscal stewardship as a core organizational value.

## **OUTCOME**

This staff report is intended to provide the Commission with an overview of the current financial status and to inform future financial decision-making. In February, the Commission will be presented with a range of budgeting options and will be asked to provide clear guidance to staff regarding long-range financial planning. This includes setting priorities for future programming, evaluating funding sustainability, and ensuring that financial decisions align with the strategic goals of First 5 Yuba. The Commission's directives at that time will be critical in shaping both short-term budget allocations and long-term fiscal stability.

**AGENDA ITEM 6**  
**January 29, 2026**

<b>Subject</b>	<b>Executive Director Activity Report: January</b>
<b>Supporting Document(s)</b>	ED report provided at meeting
<b>Overview</b>	The Commission will receive information on committees, First 5 CA and Association updates, operational/program activities, and the Executive Director special report.
<b>Discussion</b>	Further discussion upon inquiry
<b>Recommendation</b>	None
<b>Fiscal Impact</b>	None
<b>Action Requested</b>	None