CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY

A Component Unit of the County of Ventura

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A Component Unit of the County of Ventura

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Commissioners and Administration/Finance Committee
Children and Families First Commission of Ventura County
Ventura, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Children and Families First Commission of Ventura County (Commission), a component unit of the County of Ventura, California, as of and for the fiscal year ended June 30, 2025, and the related notes to the basic 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 position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

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.

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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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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; and
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules on pages 4 through 11 and 25 through 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2025

This section of the Children and Families First Commission of Ventura County's (referred to as the Commission and known as First 5 Ventura County) Annual Financial Report presents management's discussion and analysis of the Commission's financial performance during the fiscal year ended June 30, 2025. Please read in conjunction with the Commission's financial statements and accompanying notes that begin on page 12.

FINANCIAL HIGHLIGHTS

- The Commission received $4,447,826 in tobacco tax revenue, compared to $5,109,088 received in the prior fiscal year, a decrease of $661,262 or 13%.
- The Commission recognized $982,493 in grants and federal financial participation funds, compared to $712,330 leveraged in the prior fiscal year.
- The Commission's expenses totaled $5,524,525 compared to $4,936,269 incurred in the prior fiscal year, an increase of $588,256 or 12%.
- The Commission's assets at June 30, 2025 were $23,885,993, an increase of $1,047,157 or 5%, compared to total assets of $22,838,836 at June 30, 2024.
- The Commission's net position as of June 30, 2025 was $23,412,806, an increase of $1,070,393 or 5%, compared to a net position of $22,342,413 as of June 30, 2024.

OVERVIEW OF SIGNIFICANT EVENTS FOR FY 2024-25

In fiscal year (FY) 2024-25, the Commission implemented the fourth funding year of its five-year strategic plan. Spanning a funding period of July 1, 2021 through June 30, 2026, the Commission has a planned investment of nearly $26 million in local dollars for children prenatal to 5 and their families in Ventura County. To have the greatest impact on strengthening the overall early childhood system of care, the Commission's resources continued to be directed towards designated direct services, advocacy, capacity building and quality improvement, and collaboration to build a comprehensive and integrated service system. The investments in direct services included continuation of the Neighborhoods for Learning and Help Me Grow initiatives.

The Commission's cornerstone initiative and its largest investment, the Neighborhoods for Learning (NfL), is a place-based service model whereby service sites are located in high need neighborhoods so that families can access early learning, and family support and wellness services more easily. Services include 1) Parent and Child Together programs (PACT), which is primarily for families with children ages birth to three and 2) family support services targeting the broader age group of prenatal to five.

Recognizing the negative impact of the pandemic on families with young children, the Commission advocated for its youngest citizens and their families resulting in a contract awarded from the County of Ventura for $3.5 million for pandemic recovery. Beginning in March 2023 and continuing through June 2027, the Commission uses these funds to expand Neighborhood for Learning services countywide and pilot a light-touch home visiting program in the Oxnard Plains, targeting pregnant moms and new parents. The Neighborhoods for Learning were able to reach hundreds of families that would not have been served without the additional resources to fund nine Early Childhood Family Support Specialist positions. Targeting high-need populations, services were provided to women and children impacted by substance use disorders, mental health, and domestic violence at Prototypes, focusing on topics such as attachment and bonding, communication, child development and temperaments, and appropriate discipline.

Several accomplishments were realized this year in the development and implementation of countywide system initiatives in home visitation, access to resources, early intervention, child welfare, and early literacy:

- The Commission advanced home visitation efforts through two grant-funded initiatives. The Welcome EVERY Baby (WEB) pilot program continued with County pandemic recovery funds, aiming to improve

maternal and child health, strengthen prevention efforts, and address service gaps. The Commission also received $145,596 from First 5 California's Regional Home Visiting Technical Assistance grant to strengthen Ventura County's home visiting system within the broader system of support for children and families. As part of Region 7 (Ventura, San Luis Obispo, and Santa Barbara Counties), with First 5 Santa Barbara as fiscal lead, the Commission used these funds to 1) host Ventura County's first Home Visiting Conference, bringing together over 110 home visitors and partners for training on trauma-informed care, maternal mental health, and early childhood development; 2) develop bilingual eligibility tools to help families and care coordinators identify appropriate home visiting programs; and 3) create fiscal leveraging and system-building tools, including supporting steps towards contracting with a Medi-Cal Managed Care Plan. These investments mark the first dedicated resources in Ventura County for home visiting to address systemic barriers and increase access to services.

- The Commission continued as an active partner with the Ventura County Human Services Agency, Children and Family Services on further developing the Ventura County Wellness System. Serving as a vital partner in this effort to create a countywide integrated wellness system for children and their families, the Neighborhoods for Learning initiative launched two innovative pilot projects: Community Pathways and Family Access and Self-Sufficiency Team (FASST). These projects focus on creating healthy families through increased access to services and supports in local neighborhoods where families feel safe.
- Significant progress was made this year with strengthening the partnership with the Ventura County Medi-Cal Managed Care Commission - Gold Coast Health Plan (GCHP). Aligned with a statewide requirement, a Memorandum of Understanding (MOU) between GCHP and the Commission was signed that establishes a framework for coordinating services for Medi-Cal beneficiaries, particularly those prenatal to age five. Furthermore, the Commission began the process of becoming a contracted provider with GCHP, whereby existing direct services provided to participants enrolled in Medi-Cal can be leveraged with Community Health Worker (CHW) benefits. The ability to draw down Medi-Cal resources for CHW-eligible services will become increasingly important in the Commission's sustainability efforts as Proposition 10 revenues continue to decline.
- The Commission continued to promote the importance of early literacy through partnerships. The Neighborhoods for Learning provided ongoing training and technical assistance to library staff on implementing Parent and Child Together classes and hosted regular "First 5 story times" at local libraries. Take 5 and Read to Kids!, the Commission's signature literacy event, returned for the 9th year. Sixty-four celebrity readers helped spread the importance of early literacy message by reading at NfL sites, preschools, and libraries. With donated and purchased books, the Commission distributed approximately 1,200 bilingual books to children in participating programs as part of Take 5.

In the Winter of 2024, the Commission embarked on a comprehensive strategic planning process with the goal of adopting a new Strategic Plan by Spring of 2026, prior to the current plan sunsetting on June 30, 2026.

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 financial statements comprise three components:

1) Government-wide financial statements;
2) Fund financial statements; and
3) Notes to the basic financial statements.

The Commission's financial statements offer key, high-level financial information about its activities.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Commission finances in a manner similar to private-sector business.

The *Statement of Net Position* presents total assets and deferred outflows of resources (if applicable), and total liabilities and deferred inflows of resources (if applicable), with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is changing.

The *Statement of Activities* presents information on how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement include some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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 has established funds to control and manage funding for a particular purpose (e.g., community investment loan fund). The Commission reports all activities under *governmental funds.*

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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. In the fiscal year ended June 30, 2025, the Commission maintained two individual governmental funds.

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

The Commission is considered a legal public entity separate from the County of Ventura (County). However, for financial statement presentation purposes only, the Commission is a component unit of the County.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the Commission's assets, liabilities, and net position comparing June 30, 2025 with June 30, 2024.

Statements of Net Position
As of

ASSETS	June 30, 2025	June 30, 2024	Change in Dollars	Change in Percent
Cash and investments	$ 21,980,692	$ 21,256,071	$ 724,621	3%
Receivables and other assets	1,905,301	1,582,765	322,536	20%
Total assets	$ 23,885,993	$ 22,838,836	$ 1,047,157	5%
LIABILITIES				
Current liabilities	$ 258,475	$ 335,899	$ (77,424)	-23%
Long-term liabilities	214,712	160,524	54,188	34%
Total liabilities	473,187	496,423	(23,236)	-5%
NET POSITION				
Unrestricted	23,412,806	22,342,413	1,070,393	5%
Total liabilities and net position	$ 23,885,993	$ 22,838,836	$ 1,047,157	5%

As of June 30, 2025, the Commission's total assets were $23,885,993, an increase of $1,047,157 or 5% compared to the prior year. The Commission accrued all amounts due to the Commission but not yet received by year-end. These amounts are reflected under receivables and other assets. Receivables and other assets include receivables and prepaid expenses such as amounts due from other governments, loans for preschool facilities, and interest receivables. There was an increase of $322,536 or 20% in receivables and other assets. This increase primarily results from 1) issuing a new loan for a preschool facility in the amount of $175,120, 2) the timing of payments for interest earnings, and 3) higher grant reimbursements at year-end for Neighborhoods for Learning expansion and home visiting coordination and integration activities. This increase is offset by 1) lower tobacco tax distributions for May and June and 2) loan repayments occurring throughout the year which reduced the receivable for the Community Investment Loan Fund.

At the end of FY 2024-25, the Commission also accrued all amounts owed by the Commission but not yet paid by year-end. Liabilities include accounts and contracts payable along with accrued wages and benefits. Overall, liabilities of $473,187 as of June 30, 2025 were commensurate with the $496,423 at June 30, 2024. The minor decrease in total liabilities of $23,236 or 5% is comprised of a lower liability for vendor/contractor reimbursements due at year-end offset by an increase in the amount reported for compensated absences after implementing new financial reporting requirements, resulting in stating a higher liability largely from now capturing the associated cost for payroll taxes and retirement.

The Commission's net position at June 30, 2025 was $23,412,806, an increase of 5% or $1,070,393 compared to a net position of $22,342,413 at June 30, 2024. While the Commission planned for a slight decrease in net position, revenues were sufficient to cover expenses in the current period as most cost centers did not spend their full allocation. Therefore, resources from the existing fund balance were not drawn upon in the current period. The Commission's remaining net position is dedicated for future program sustainability.

The following table summarizes the changes in net position comparing FY 2024-25 with FY 2023-24:

Statements of Activities
For the Fiscal Years Ended

Expenses:	June 30, 2025	June 30, 2024	Change in Dollars	Change in Percent
Program services and systems integration	$ 4,989,432	$ 4,424,439	$ 564,993	13%
Program evaluation (Results-Based Accountability)	267,802	260,206	7,596	3%
Administration	267,291	251,624	15,667	6%
Total expenses	5,524,525	4,936,269	588,256	12%
Program revenues:				
Proposition 10 tobacco tax distribution	4,447,826	5,109,088	(661,262)	-13%
Pandemic Recovery Grant	760,114	619,617	140,497	23%
Federal Revenues:				
Medi-Cal Administrative Activities	26,783	34,078	(7,295)	-21%
Grants - Other	195,596	58,635	136,961	234%
Other income	4,147	396	3,751	947%
Total program revenues	5,434,466	5,821,814	(387,348)	-7%
General revenues (expenses):				
Interest earnings	954,712	830,145	124,567	15%
Surplus Monetary Investment Funds (SMIF)	31,869	34,954	(3,085)	-9%
Unrealized gain (loss) on investments	173,871	235,233	(61,362)	-26%
Total general revenues (expenses)	1,160,452	1,100,332	60,120	5%
Change in net position	1,070,393	1,985,877	(915,484)	-46%
Net position, beginning of year	22,342,413	20,356,536	1,985,877	10%
Net position, end of year	$ 23,412,806	$ 22,342,413	$ 1,070,393	5%

The Commission planned for a minor decrease in net position, utilizing funds from prior years' distributions to support program services in the current period. With higher than anticipated interest earnings combined with lower than planned expenses primarily attributed to staff vacancies, revenues sufficiently covered expenses. Therefore, the resources from the existing fund balance were not drawn upon in the current period. With consideration given to the $173,871 unrealized gain on investments as a result of fair value adjustments, the change in net position (current period revenues less expenses) was $1,070,393.

In FY 2024-25, the Commission spent $4,989,432 on program services and systems integration compared to $4,424,439 in the prior year, an increase of $564,993 or 13%. This rise in spending primarily results from filling staff vacancies to support program strategies and one-time grant costs for home visiting activities.

Program evaluation (Results-Based Accountability) includes expenses for the data software system, external evaluation services, and staffing/operating expenses for the coordination of evaluation activities. Expenses for FY 2024-25 in the amount of $267,802 were commensurate with $260,206 spent in the prior year. The minor increase in expenses is primarily due to a rate increase for the evaluation data system along with higher staffing and operating costs, offset by a decrease in the amount spent on evaluation contractor activities.

In FY 2024-25, administrative expenses were $267,291 compared to $251,624 spent in the prior year, an increase of 6% or $15,667. Administrative expenses in the current period were lower than budgeted, coming in at 86% of the administrative budget. On a modified accrual basis of accounting, which is the method used for establishing the Commission's administrative cost, the net rate came in at 4.9%, below the established cap of 12% of total operating costs.

The Commission received program revenues totaling $5,434,466 in FY 2024-25, a decrease of 7%, or $387,348, compared to the prior year's total program revenues of $5,821,814. The overall decrease in program revenues is largely attributed to the higher-than-expected decline in the tobacco tax distribution. This decrease is offset by higher grant revenues for Neighborhoods for Learning expansion and home visiting coordination and integration activities.

The Commission acquired funding for a variety of projects in FY 2024-25 to leverage Proposition 10 funding. Through grants and federal financial participation (FFP) funds, the Commission expanded and supported: 1) the Neighborhoods for Learning services, including the light-touch Welcome EVERY Baby (WEB) home visiting program pilot; 2) quality improvement in non-traditional early learning settings, e.g., Parent and Child Together programs; 3) service integration and coordination of home visiting efforts; and 4) Help Me Grow services.

The general revenues (from interest earnings), without consideration of the unrealized gain on investments as a result of fair value adjustments, in FY 2024-25 were $986,581, compared to $865,099 in the prior year. This overall increase in interest earnings of $121,482 or 14% is a result of higher interest rates, along with higher cash balances upon which to earn interest. The majority of these interest earnings come from the Commission's funds that are maintained in the Ventura County Treasury Investment Pool. In the prior fiscal year, quarterly yields began at 3.57% and ended the year at 4.58%. For FY 2024-25, rates remained relatively stable at just over 4.50% until the fourth quarter when they fell slightly to 4.35%. Thus, the annual average of quarterly interest rates was 4.49% in FY 2024-25 for funds invested in the County investment pool, compared to the prior year average rate of 4.15%.

The Commission recognized a change in fair value with an unrealized gain on investments of $173,871 in FY 2024-25, compared to the fair value increase of $235,233 recorded in the prior year. After accounting for the gain in fair value for FY 2024-25, the Commission's overall investment portfolio at June 30, 2025 now reflects a total unrealized gain of $238,862.

The Commission's financial position increased by just under $1.1 million in the reporting period, of which $173,871 is from an unrealized gain on investments for the fair value adjustment. The overall financial condition of the Commission remains strong. A portion of the Commission's net position will be used to fill the gap between revenues and designated spending levels in subsequent years.

BUDGETARY HIGHLIGHTS

OPERATING FUND

As presented in the accompanying "Budgetary Comparison Schedule – Operating Fund" on page 25, the Commission projected $6.8 million in total revenues. Of total budgeted revenues, Proposition 10 tobacco tax distributions had been originally budgeted at $4.8 million with the remainder comprised of grant revenues and interest earnings. A forecast prepared in March 2025 estimated tobacco tax revenues at $4.6 million based on a revised estimated decline rate of 10% using current year trend data.

Actual revenues earned for the fiscal year ended June 30, 2025 in the Operating Fund were $5.4 million. Proposition 10 tobacco tax revenues came in below the forecast at $4.4 million. FY 2024-25 tobacco tax revenues for Ventura County were 12.9% lower than the prior fiscal year – a decrease of $661,262. Statewide,

the overall annual decline was 13.0%. The delayed impact of the flavor ban and lower tobacco usage resulted in a higher-than-expected decline for FY 2024-25. In addition to shifts in social attitudes, inflation on tobacco products, and state and federal policies affecting tobacco consumption and tax revenues, other potential contributors to this decline include: purchasing tobacco products online or in other states to avoid the tax and/or flavor ban; lower enforcement; and administrative and management costs imposed by the State.

Birth rates from 2023 published by the California Department of Finance were used to distribute FY 2024-25 Proposition 10 revenues to county commissions based on their proportion of statewide births. There was a very minor increase in proportion for Ventura County (2.091%) compared to the prior year (2.089%), which utilized 2022 birth rates. Thus, Ventura County's rate of revenue decline was mitigated ever so slightly as compared to overall annual decline that occurred statewide.

With new leveraging opportunities and continued partnerships to further the Commission's mission, grant funding and other revenues came in at $979,199. Overall, the amount earned for grants was lower than budgeted primarily due to lower than projected staffing and operating costs for the grant to expand Neighborhoods for Learning services. Interest earnings were $928,086, which were higher than budgeted due to higher interest rates realized between the date the budget was prepared and the close of the fiscal year.

In FY 2024-25, the Commission budgeted just over $7.0 million for Operating Fund expenditures. Actual expenditures in the Operating Fund were $5,451,236. The majority of Commission expenditures are staffing costs - 81% for FY 2024-25. Factors that contributed to the overall budget variance of just under $1.6 million, include: 1) staff vacancies and some staff on a leave of absence, despite making considerable progress filling openings; 2) limited education campaigns and not utilizing all resources budgeted for community capacity building efforts and evaluation projects; and 3) lower costs for/utilization of operating costs, such as supplies, travel, training, and professional/special services.

Revenues sufficiently covered expenditures, therefore, the resources from the existing fund balance were not drawn upon in the current period.

COMMUNITY INVESTMENT LOAN FUND

The Community Investment Loan Fund (Loan Fund), launched in 2008, provides low-cost capital for facilities development, including planning, construction, and amortized loans to create new early care and education spaces. The Commission's implementation partner for the Loan Fund is the Economic Development Collaborative (EDC). As presented in the accompanying "Budgetary Comparison Schedule – Community Investment Loan Fund" on page 26, the Commission allocated $320,000 in FY 2024-25 for the Community Investment Loan Fund. Of that amount, $300,000 was budgeted for loan disbursements.

At the end of FY 2024-25, one new loan was issued in the amount of $175,120 to renovate a facility in Ventura to provide 36 new spaces for infants, toddlers, and preschool-age children. Commission loan funds are leveraged with the City of Ventura and EDC, for a total project cost of $315,000.

Actual revenues earned in FY 2024-25 for the Community Investment Loan Fund represent interest earnings of $58,495 and loan fees of $3,502. Inflows of $53,249 for loan repayments were as expected. While additional loans and their associated earned interest and loan fees were anticipated, no additional loans were processed by June 30, 2025. Revenues in the current period more than cover actual expenditures of $19,101 for costs related to implementing the Loan Fund. Interest earnings that exceed the amount needed to operate the Loan Fund are subsequently transferred to the Operating Fund to help sustain program funding levels.

As of June 30, 2025, this Fund has issued seven (7) loans since its inception, totaling $1,371,988. Five loans have been fully repaid. The two remaining active loan recipients continue to fulfill their obligations and are in good standing.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the current fiscal year, the Commission did not have any capital assets.

Debt Administration

At the end of the current fiscal year, the Commission had long-term obligations outstanding consisting of $214,712 in compensated absences.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

In FY 2025-26, the Commission will implement the last funding year of its five-year strategic plan. The strategic plan maintains key investments in Neighborhoods for Learning, Help Me Grow, and systems-building throughout the county to improve child outcomes in priority areas. The overall local investment is budgeted at $7.2 million inclusive of the Operating Fund and the Community Investment Loan Fund. Strategic investments include over $4.6 million annually for Parent and Child Together (PACT) programs and family wellness support services through the Neighborhoods for Learning initiative. The remainder of funds will be invested in early identification and intervention through Help Me Grow, program and systems integration, results-based accountability, and administration. Additionally, emerging needs will continue to be monitored and addressed by the Commission as relevant.

The Commission is slated to receive a total of $3.5 million from the County of Ventura to address pandemic recovery efforts by expanding Neighborhood for Learning services countywide and piloting a light-touch home visiting program in the Oxnard Plains, targeting pregnant moms and new parents. This grant supports an additional nine direct service positions and implementation continues through June 30, 2027. Subsequently, the Commission plans to utilize available Proposition 10 resources to continue supporting this expansion through June 30, 2029.

The Commission updated its long-range financial plan in April 2025, making a substantial investment in the county's early childhood system at a forecasted spending level of $45.6 million between July 2025 and June 2031. Through designated direct services and its work with community partners, the Commission will focus on playing a critical role in shaping the system of care for young children, and in particular for Ventura County's most vulnerable populations. Investments for direct services include Parent and Child Together programming, family support and wellness services, and early intervention. Systems-building efforts include collaborative partnerships to integrate services, training and capacity building, parent engagement, and building best practices and quality standards for improved outcomes for young children. The strategic direction applies a program and systems integration approach to all of the strategic priorities: comprehensive child health, strong and resilient families, and quality early learning. In addition to investments in direct services, the financial plan allocates resources for program and systems integration, results-based accountability, and administration.

Through strategic planning reviews and ongoing monitoring, the Commission will continue to assess its implementation strategies for key investments to assure program effectiveness, fidelity, and alignment with local, state, and federal priorities, challenges, and opportunities. The Commission will continue to pursue strategies for building its financial resources and identify opportunities for supporting services for young children in Ventura County, including becoming a contracted provider for Ventura County's Medi-Cal Managed Care Plan and draw down dollars to support the Commission's services, such as screenings, care coordination, and home visiting.

While a recent report on projections for Proposition 10 tobacco tax revenues indicates that the initial adverse effect of flavor ban on revenues have reached their peak and are expected to subside, future annual revenues from the Proposition 10 distributions are expected to continue to decline due to the reduction in tobacco usage and decrease in the amount of tobacco sales within the State. Factors contributing to the decline include increased taxes and regulatory factors, shifts in social attitudes, economic factors, such as inflation on cigarette prices, illegal sales to avoid California's tax and ban on flavored tobacco products, and state administrative costs for tax collection and fund management. First 5 Commissions were created through a voter-initiative and not subject to the State budget process, however, the current economic climate may have an impact on tobacco consumption and related tax revenues. To prepare for decreases in future years' revenues, the Commission closely monitors and periodically revises its long-term financial plan.

SUMMARY

Brain research clearly tells us that ages prenatal to 5 are critical years for developing lifelong social, emotional and learning skills. While this period is absolutely key to a child's development, it is also where public investments are the lowest. Together with parents, school districts, community leaders, and social and healthcare agencies, First 5 Ventura County works to fill the gaps through its network of essential services for young children and their families - a network that strengthens futures for children, families and communities. The Commission's local investment and leveraged funding resulted in a total investment of $5.5 million for FY 2024-25. The Commission and its partners will continue to serve children and families and improve the system of care in Ventura County.

This financial report is designed to provide the public with an overview of the Commission's financial operations and conditions. If you have questions about this report or need additional financial information, please contact First 5 Ventura County (Children and Families First Commission of Ventura County), 1363 Donlon Street, Suite 10, Ventura, CA 93003, (805) 648-9990.

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

ASSETS		
Cash and investments	$	21,980,692
Due from other governments		1,078,091
Loans receivable		216,399
Accounts receivable		2,476
Interest receivable		504,532
Prepaid expenses		103,803
Total assets	$	23,885,993
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts and contracts payable	$	162,336
Accrued wages and benefits		96,139
Long-term Liabilities:		
Due within one year:		
Compensated absences		214,712
Total liabilities		473,187
NET POSITION		
Unrestricted		23,412,806
Total liabilities and net position	$	23,885,993

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

EXPENSES		
Program expenses:		
Neighborhoods for Learning	$	3,677,853
Program & Systems Integration		1,092,985
Help Me Grow		199,493
Community Investment Loan Fund - Implementation		19,101
Evaluation expenses - Results-Based Accountability		267,802
Administration expenses		267,291
Total expenses		5,524,525
REVENUES		
Program revenues:		
Proposition 10 tobacco tax distribution		4,447,826
County of Ventura - Pandemic Recovery Grant		760,114
Home Visiting Coordination & Integration Grant		145,596
Federal revenue:		
Medi-Cal Administrative Activities (MAA)		26,783
Grants - Other		50,000
Other and loan fees		4,147
Total program revenues		5,434,466
Net revenue (expense)		(90,059)
General revenues:		
Interest earnings		954,712
Proposition 10 - Surplus Money Investment Fund (SMIF)		31,869
Unrealized gain (loss) on investments		173,871
Total general revenues		1,160,452
Change in net position		1,070,393
Net position, beginning of year		22,342,413
Net position, end of year	$	23,412,806

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2025

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 20,868,481	$ 1,112,211	$ 21,980,692
Due from other governments	1,078,091	-	1,078,091
Loans receivable	-	216,399	216,399
Accounts receivable	2,476	-	2,476
Interest receivable	476,467	28,065	504,532
Prepaid expenses	103,803	-	103,803
Total assets	$ 22,529,318	$ 1,356,675	$ 23,885,993
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and contracts payable	$ 155,797	$ 6,539	$ 162,336
Accrued wages and benefits	96,139	-	96,139
Compensated absences	-	-	-
Total liabilities	251,936	6,539	258,475
Deferred inflows of resources:			
Unavailable revenue	59,907	-	59,907
Fund balances:			
Nonspendable	103,803	216,399	320,202
Restricted	-	-	-
Committed	22,113,672	1,133,737	23,247,409
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	22,217,475	1,350,136	23,567,611
Total liabilities, deferred inflows of resources, and fund balances	$ 22,529,318	$ 1,356,675	$ 23,885,993

Total fund balance from above	$ 23,567,611
Amounts reported for governmental activities in the statement of net position are different because:	
As the focus of the governmental funds is on short-term financing, some assets will not be available to pay current expenditures. Those assets (receivables) are offset by unavailable revenue in the governmental funds.	59,907
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(214,712)
Net position of governmental activities	$ 23,412,806

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
REVENUES			
Program revenues:			
Proposition 10 tobacco tax distribution	$ 4,447,826	$ -	$ 4,447,826
County of Ventura - Pandemic Recovery Grant	760,114	-	760,114
Home Visiting Coordination & Integration Grant	145,596	-	145,596
Federal revenue:			
Medi-Cal Administrative Activities (MAA)	22,844	-	22,844
Grants - Other	50,000	-	50,000
Other and loan fees	645	3,502	4,147
Total program revenues	5,427,025	3,502	5,430,527
General revenues:			
Interest earnings	896,217	58,495	954,712
Proposition 10 - Surplus Money Investment Fund (SMIF)	31,869	-	31,869
Unrealized gain (loss) on investments	165,366	8,505	173,871
Total general revenues	1,093,452	67,000	1,160,452
Total revenues	6,520,477	70,502	6,590,979
EXPENDITURES			
Program expenditures:			
Neighborhoods for Learning	3,613,001	-	3,613,001
Program & Systems Integration	1,101,005	-	1,101,005
Help Me Grow	199,493	-	199,493
Community Investment Loan Fund - Implementation	-	19,101	19,101
Evaluation expenditures - Results-Based Accountability	267,802	-	267,802
Administrative expenditures	269,935	-	269,935
Total expenditures	5,451,236	19,101	5,470,337
Excess (deficiency) of revenues over (under) expenditures	1,069,241	51,401	1,120,642
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	1,069,241	51,401	1,120,642
Fund balances, beginning of year	21,148,234	1,298,735	22,446,969
Fund balances, end of year	$ 22,217,475	$ 1,350,136	$ 23,567,611

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - concluded
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balance - total governmental funds	$	1,120,642
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the governmental funds' statement that do not provide current financial resources are not reported as revenue in the governmental funds.		3,939
The change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		(54,188)
Change in net position of governmental activities	$	1,070,393

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Children and Families First Commission of Ventura County (Commission), known as First 5 Ventura County, was established by the Ventura County Board of Supervisors in 1998 under the provisions of the California Children and Families First Act of 1998 (the Act). The purpose of the Commission is to promote, support, and improve the early development of children from the prenatal stage through five years of age. The Commission's programs are primarily funded by taxes levied by the State of California on tobacco products. Any change to the tobacco tax revenue impacts the Commission's ability to perform services.

The Commission is administered by a governing board of nine voting members. The Ventura County Board of Supervisors appoints the commissioners as follows:

a. One member of the Board of Supervisors.
b. Two members recommended by the County Executive Officer responsible for management of the County's children's services, public health services, behavioral health services, social services and tobacco or other substance abuse prevention and treatment services.
c. A representative recommended by the Local Planning Council of Ventura County.
d. The remaining five members shall be nominated, one each, by the members of the Board of Supervisors, who are either described in (b) above or are: (1) recipients of project services included in the Commission's strategic plan, (2) educators specializing in early childhood development, (3) representatives of a local child care resource or referral agency or child care coordinating group, (4) representatives of a local organization for prevention or early intervention for families at risk, (5) representatives of community-based organizations that have the goal of promoting nurturing and early childhood development, (6) representative of local school districts, or (7) representatives of local medical, pediatric, or obstetric associations or societies.

The Commission is considered a legal public entity separate from the County of Ventura (County). However, the Commission is a component unit of the County for financial reporting purposes.

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

Basis of Presentation and Accounting and Measurement Focus

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

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

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (Governmental Accounting Standards Board).

Government-wide Financial Statements – The government-wide financial statements consist of the statement of net position and the statement of activities and display information about the primary government (the Commission).

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 the related cash flows take place.

The statement of activities presents a comparison of direct expenses and program revenues for the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include grants 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 as general revenues.

Fund Financial Statements – The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balances. These statements are presented on a current financial resources measurement focus. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Revenues are generally considered to be available when they are collected within 90 days of the end of the current fiscal year. All receivables are expected to be collected within the current year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The Commission reports only governmental funds as follows:

Operating Fund – The Operating Fund accounts for the legally authorized activities of the Commission not provided for in other specialized funds. For financial reporting information, the Operating Fund includes the state tobacco tax distribution and investment revenues and program, evaluation, and administration expenditures.

Community Investment Loan Fund – The Community Investment Loan Fund accounts for those funds set aside by terms of the Commission's strategic plan for programs related to providing financing for facilities development of licensed quality child care and preschool.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Investments

The Commission participates in an external investment trust fund managed by the County of Ventura Treasurer. The County Treasurer's investment pool is defined in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The external investment pool commingles the moneys of more than one legally separate entity and invests on the participant's behalf in an investment portfolio for the purpose of increasing investment earnings. Interest earned on the pooled funds is allocated and credited to these funds quarterly. The Commission is required to deposit, but is not required to maintain, the state distributions of the tobacco tax in the County Treasury.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than $5,000 and an estimated useful life of three years. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. There were no capital assets at June 30, 2025.

Compensated Absences

The Commission has estimated vested liabilities for compensated absences which consists of paid time off to be $214,712 as of June 30, 2025. Compensated absence obligations are reported in the fund financial statements as expenditures in the period paid and are not accrued. For the government-wide financial statements, the estimated liabilities as of June 30, 2025 have been accrued in accordance with Governmental Accounting Standards Board (GASB) Statement No. 101 - Compensated Absences (GASB 101) and are included in long-term liabilities.

Effective July 1, 2024, the Commission implemented GASB 101. This statement establishes new accounting and financial reporting guidance for types of employee leave benefits and requires recognition of a liability for leave, including the associated employer-paid payroll taxes and defined contribution retirement plan contributions, that has not been used at fiscal year-end and is more likely than not to be used for time off or paid upon termination. Under GASB 101, leave that has no cap, is event-based/limited purpose, or is a fixed holiday is not recognized as a liability.

Regular-classified employees who are normally scheduled to work an average 40 hours or more per pay period receive paid vacation, sick, floating holidays, and personal leave. Benefits are pro-rated for part-time staff members working between 40 hours and 80 hours per pay period. Based on the criteria for reporting liabilities under GASB 101, the Commission reports liabilities for accrued vacation and floating holidays.

Vacation is a benefit that is earned before it can be taken. It is based on actual hours worked. Vacation accrues at the rate of 3.077 per 80-hour pay period during the first 24 months of employment, 4.62 per 80-hour pay period for 24 to 36 months of employment, and 6.150 per 80-hour pay period subsequent to the 36-month of employment. Earned vacation may accrue to a maximum of one and one-half times the annual accrual rate. Once the maximum accrual amount has been reached, no additional vacation will accrue until their accumulated vacation time falls below the maximum allowable. When extenuating circumstances arise, the Executive Director may grant an exception to this policy. All accrued vacation is considered more likely than not to be used or paid upon termination and is therefore reported as a liability.

Floating holidays are earned annually on January 1st based upon length of service and they may be used on any day during the year but cannot be carried over from one calendar year to the next. Thus, if not taken by December 31, they shall be lost without benefit of compensation. Employees are granted floating holidays based on the number of completed years of service as follows: two (2) days for the first six years; three (3) days for 7 to 9 years; four (4) days for 10 to 14 years; six (6) days for 15 to 19 years; eight (8) days for 20 or more years. New employees hired after June 30 shall receive one (1) floating paid holiday for the calendar year in which they were hired. While floating holidays are not a reimbursable benefit upon termination, they are reported as a liability under GASB 101 because they are more likely than not to be used.

Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Equity

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and any outstanding debt related to the acquisition, construction or improvement of those assets. The Commission did not have any of its net position invested in capital assets at June 30, 2025.
- Restricted net position – Consists of net position with legal limitations imposed on its use by County or State Ordinance and external restrictions by other governments, creditors or grantors. There were no restrictions of net position as of June 30, 2025.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Commission follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, fund balance is divided into five classifications based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable fund balance - includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid expenses or inventory) or (b) legally or contractually required to be maintained intact (e.g., 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 fund balance - includes resources that are subject to constraints for which there are externally enforceable legal restrictions (e.g., funding from the State Commission or foundations that are legally restricted to specific uses; 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 loans outstanding, if those amounts are also subject to legal constraints).
- Committed fund balance - includes amounts that can only be used for specific purposes pursuant to limitations imposed by the Board of Commissioners. Formal action is required by the Board of Commissioners to commit, to modify or remove the commitment. Committed fund balance also includes the minimum fund balance whereby up to six months of operating funds shall be maintained.
- Assigned fund balance - includes amounts that are constrained by the Commission's intent to be used for specific purposes but are neither restricted nor committed. Unless formal authority is delegated to another appointed body or official by the Board of Commissioners, the Board of Commissioners shall be the level of authority to allocate resources to the assigned category.
- Unassigned fund balance - includes fund balance that has not been classified into any of the other categories.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Leases

Short-term leases are leases with a lease term of 12 months or less, excluding those with purchase options. For leases that qualify as short-term, the Commission recognizes the lease payments as an expense based on the payment provisions of the contract. The Commission does not recognize a lease liability or an intangible right-to-use asset for these leases. As of June 30, 2025, the Commission did not have any material leases that exceeded the 12-month threshold for short-term classification under GASB Statement No. 87.

Budgets and Budgetary Accounting

The Commission is legally required to prepare and submit a budget of expected expenditures to the Ventura County Board of Supervisors for their review and comment. The Commission's fiscal year 2024-25 budget was reviewed by the Ventura County Board of Supervisors on May 21, 2024.

The budget is prepared on the modified accrual basis of accounting. The budgetary basis of accounting is different from generally accepted accounting principles because for budgetary purposes investment earnings are recognized when earned. Under generally accepted accounting principles, investments and investment earnings include changes in fair values.

The accompanying Budgetary Comparison Schedule - Operating Fund and Budgetary Comparison Schedule - Community Investment Loan Fund include the budgeted expenditures and transfers for the year, along with management's estimate of revenues for the year. Budgetary control is exercised at the fund level.

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.

New Accounting Pronouncements –

During the fiscal year ended June 30, 2025, the Commission implemented the following standards:

GASB Statement No. 101 – *Compensated Absences.* The requirements of this statement are effective for years beginning after December 15, 2023. The Commission implemented GASB Statement No. 101 during the year ended June 30, 2025. Adoption of this standard requires recognition of a liability for compensated absences when earned rather than when taken or paid, including non-compensable sick leave unless it is unlimited and cannot be converted to service credit. See Note on Compensated Absences beginning on page 18 for the related disclosure of compensated absences and Note 8 on long-term liabilities.

GASB Statement No. 102 – *Certain Risk Disclosures.* The requirements of this statement are effective for years beginning after June 15, 2024. The Commission's net position was not impacted as a result of the adoption of this standard. The required disclosures regarding revenue concentrations are included in Note 9 to the financial statements.

Future Accounting Pronouncements –

Recently released standards by GASB affecting future fiscal years are as follows:

GASB Statement No. 103 – *Financial Reporting Model Improvements.* The requirements of this statement are effective for years beginning after June 15, 2025. The Commission has not yet determined the impact of implementation of this standard on the financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets.* The requirements of this statement are effective for years beginning after June 15, 2025. The Commission has not yet determined the impact of implementation of this standard on the financial statements.

Subsequent Events

The Commission has evaluated subsequent events through October 6, 2025, the date on which the financial statements were available to be issued. There were no subsequent events to disclose.

2. CASH AND INVESTMENTS

The Commission's carrying value of deposits with a bank was $152,144 at June 30, 2025. The corresponding bank balance was $220,286. Bank balances up to $250,000 are covered by the Federal Deposit Insurance Corporation. Any remaining uninsured balance is covered by a written collateral agreement with the financial institution whereby any uninsured deposits will be collateralized with eligible securities having a market value of at least 110% of the amount of the deposits.

At June 30, 2025, the Commission had $21,828,448 held in an external investment pool in the County of Ventura. Investments are stated at fair value, per GASB Statement No. 31 requiring fair value reporting of all investments. The fair value of the County's pooled investments was determined by the County's investment advisory firm. The Commission's investments include recognized but unrealized net gain of $238,862 as of June 30, 2025. Because the County's investment practice is to generally hold investments until maturity, the amount to be collected over the life of the security is known and the risk of market losses is minimized. Therefore, while potential gains or losses are recognized and reported because of the County's investment policy, they are not anticipated to be realized.

The Commission is authorized under the California Government Code to make direct investments. In January 2009, the Commission adopted an investment policy to provide for the prudent investment of funds and the effective management of investment activities, including short-term investments to meet daily cash flow requirements and long-term investments to meet future goals. The policy was updated in April 2019. A minimum of six months of operating funds must be maintained in the Ventura County Treasury Investment Pool or the Local Agency Investment Fund (LAIF). Any remaining funds beyond one year of operating funds may be invested in the Ventura County Treasury Investment Pool or elsewhere as outlined in the *Eligible, Authorized, and Suitable Investments* section of the policy. An investment plan is developed and approved annually by the Commission. All funds are currently invested in the Ventura County Treasury Investment Pool. Reaffirmed in December 2024, the County portfolio has continually maintained a rating of AAAf by Standard & Poor's (S&P), the highest possible rating given by the agency. The rating reflects S&P's opinion that the portfolio is well-managed, creditworthy, well-diversified, and has a low sensitivity to interest rate variations. The portfolio was rated S1+, also the highest ranking given by S&P, for maintaining sufficient liquidity to meet cash flow needs.

The County Treasurer maintains a cash investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the Commission based on the average daily balances on deposit with the County Treasurer. Investment earnings are accrued at year-end.

The County Treasurer invests Commission funds in accordance with the state statutes and the County's investment policy as approved by the Treasury Oversight Committee and the County Board of Supervisors. The policy emphasizes safety, liquidity, and yield and follows the "prudent investor rule." The County Treasurer is authorized by Government Code Section 53635 to invest in U.S. Government Treasury and Agency Securities, certain commercial paper, bankers' acceptances, corporate bonds and notes, repurchase agreements and the State Treasurer Local Agency Investment Fund.

The external investment pool held with the County of Ventura categorizes its fair value measurements within their fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2025, the Commission held no individual investments. All funds are invested in the Ventura County Investment Pool. The Commission's proportionate share of investments in the Ventura County Investment Pool at June 30, 2025 of $21,828,448 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Disclosures in accordance with GASB Statements, including interest rate risk, credit risk, concentration of credit risk, as well as custodial credit risk disclosures for the County's Investment Pool are included in the County's Annual Comprehensive Financial Report. The County of Ventura's financial statements may be obtained by contacting the County of Ventura's Auditor-Controller's office at 800 South Victoria Avenue, Ventura, CA 93009.

3. DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2025 consisted of amounts due to the Commission from the California Children and Families Commission (also known as First 5 California), from the County of Ventura, and First 5 Santa Barbara County as follows:

First 5 California - Tobacco tax revenues for May 2025	$238,803
First 5 California - Tobacco tax revenues for June 2025	261,719
First 5 California - Tobacco tax revenues - CECET for January – March 2025	17,115
County of Ventura – Grant revenues January – June 2025	388,709
County of Ventura – MAA reimbursement for July 2023 – June 2024	34,635
County of Ventura – MAA reimbursement for July 2024 – June 2025	25,272
First 5 Santa Barbara – Grant revenues January – June 2025	111,838
Total due from other governments	$1,078,091

4. LOANS RECEIVABLE

The Community Investment Loan Fund provides low-cost capital for facilities development, including planning, construction and amortized loans to create new early care and education spaces. As of June 30, 2025, the Commission has issued seven loans to preschool providers which were granted under the provisions of the Community Investment Loan Fund. Five loans settled their liability prior to July 1, 2024. Of the two active loans at June 30, 2025, one loan bears interest at 4.25% per year and the other bears interest at 6.50%. Each loan is secured by all assets of the business; personal guarantees; and a deed of trust. The loans are fully amortized over seven (7) years with maturity dates through June 2032. Notes receivable are evaluated for collectability. No provision for loss was considered necessary by management at June 30, 2025. Additional distribution of loan funds is budgeted for the fiscal year ending June 30, 2026. The loans are administered by the Economic Development Collaborative.

5. RETIREMENT PLANS

The Commission has established a 401(a), a defined contribution plan, and a 457, a deferred compensation plan, through International City/County Management Association Retirement Corporation (ICMA RC) doing business as Mission Square. The 401(a) and 457 plans are administered by the Commission with the 401(a) for employer contributions and the 457 for employee contributions. Benefit terms are established and may be amended by the Commission. The 457 plan is administered in accordance with Internal Revenue Code (IRC) Section 457.

The Commission contributes 5% of an employee's salary earnings for all regular classified employees that are regularly scheduled to work 20 hours or more per week. The Commission matches additional contributions, up to 5%, for every percent that the employee contributes to their 457 plan. The maximum contribution by the Commission is 10%. The Commission provides immediate 100% vesting for the participants. The retirement contribution by the Commission for the fiscal year ended June 30, 2025 was $309,526. All contributions made to the 457 plan are solely at the discretion of the employees.

6. INTERFUND TRANSFERS

Any earned interest that exceeds the amount needed to operate the Community Investment Loan Fund are transferred to the Operating Fund to help maintain program funding levels. While there were some excess interest earnings from the prior fiscal year ended June 30, 2024, the Commission did not make a transfer in the fiscal year ended June 30, 2025 as the Commission has temporarily suspended transfers in order to replenish the Community Investment Loan Fund for costs that have exceeded revenues.

7. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to general liability, directors' and officers' liability, public officials' errors and omissions, employment practices, and workers' compensation. The Commission manages these various risks of loss by purchasing commercial insurance coverage. While direct services are provided with parents in the presence of their children at all times, which mitigates risk, a supplemental abuse and molestation policy is purchased to comply with certain service site agreements. There have been no settlements nor are there any claims that are expected to result in a settlement.

8. LONG-TERM LIABILITIES

Long-term liabilities balances and transactions consist of compensated absences for the fiscal year ended June 30, 2025 are as follows:

Type of Leave	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Vacation	$ 152,176	$ 41,986	$ -	$ 194,162	$ 194,162
Floating Holidays	8,348	12,202	-	20,550	20,550
Total Compensated Absences	$ 160,524	$ 54,188	$ -	$ 214,712	$ 214,712

9. ECONOMIC DEPENDENCY AND REVENUE CONCENTRATION

The Commission receives a significant portion of its revenues from Proposition 10 tobacco tax funds under the California Children and Families First Act of 1998. Tobacco tax funds are collected by the State of California and distributed to county commissions based on their proportion of statewide births. Proposition 10 funding represented approximately 67% of the Commission's total revenues for the year ended June 30, 2025.

Because these revenues represent a significant funding source for the Commission, its ability to continue providing services is highly dependent on the continued collection and allocation of Proposition 10 funds. Future declines in tobacco product consumption and changes in legislation affecting tobacco taxation could result in reduced revenues. Additionally, annual changes in the Ventura County's proportion of statewide births are an additional factor affecting the Commission's revenues, which can mitigate or amplify any decline realized.

10. RELATED PARTY TRANSACTIONS

Certain members of the Commission are contractors, directors, or employees of agencies that are funded by the Commission and, accordingly, may receive payments or compensation from those agencies. For the fiscal year ended June 30, 2025, the Commission entered into contracts with these agencies to provide funding of $316,000. Amounts paid under these contracts amounted to $313,988. The Commission's conflict of interest policy prohibits a commissioner from any decision-making process that involves a related agency.

11. PROGRAM EVALUATION – RESULTS-BASED ACCOUNTABILITY

The Commission spent $267,802 on program evaluation during the year ended June 30, 2025 which includes the data software system, the annual evaluation report, evaluation projects, and coordination of evaluation activities.

12. COMMITMENTS - FUNDING FOR PURCHASE OF FIXED ASSETS AND INFRASTRUCTURE PROJECTS

The Commission adopted a policy in 2000 to provide for the granting of funds for the acquisition of fixed assets (commonly known as capital assets). In February 2012, the Commission amended the policy and incorporated provisions for infrastructure projects. In connection with this policy, any funds granted for the purchase of fixed assets or infrastructure projects over $5,000 are structured as no-interest forgivable loans for each year that the grant recipient remains in business and continues operation of the program for which the asset was purchased or the infrastructure investment was made. The Commission recognizes the funding for the acquisition of fixed assets as program expenditures in the year granted. Grant recipients are expected to continue operations of the program for the determined length of time for which the asset was purchased or the infrastructure project was made.

As of June 30, 2025, the Commission had active contracts totaling $690,976 for the purchase of fixed assets and infrastructure projects with $191,375 remaining to be forgiven through September 30, 2029.

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual on Budgetary	Variance with Final
	Original	Final	Basis	Budget
REVENUES				
Program Revenues:				
Proposition 10 tobacco tax distribution	$ 4,828,800	$ 4,828,800	$ 4,447,826	$ (380,974)
County of Ventura - Pandemic Recovery Grant	1,020,000	1,020,000	760,114	(259,886)
Home Visiting Coordination & Integration Grant	-	160,000	145,596	(14,404)
Federal grant revenue:				
Medi-Cal Administrative Activities (MAA)	21,333	21,333	22,844	1,511
Grants - Other	75,000	75,000	50,000	(25,000)
Other	-	-	645	645
Total program revenues	5,945,133	6,105,133	5,427,025	(678,108)
General revenues:				
Interest earnings	720,067	720,067	896,217	176,150
Proposition 10 - Surplus Money Investment Fund (SMIF)	-	-	31,869	31,869
Total general revenues	720,067	720,067	928,086	208,019
Total revenues	$ 6,665,200	$ 6,825,200	$ 6,355,111	$ (470,089)
EXPENDITURES				
Program expenditures:				
Neighborhoods for Learning (NfL)	$ 4,550,700	$ 4,550,700	$ 3,613,001	$ 937,699
Program & Systems Integration	1,330,000	1,472,860	1,101,005	371,855
Help Me Grow	345,000	345,000	199,493	145,507
Evaluation expenditures - Results-Based Accountability	325,000	325,000	267,802	57,198
Administrative expenditures	315,000	315,000	269,935	45,065
Total expenditures	$ 6,865,700	$ 7,008,560	$ 5,451,236	$ 1,557,324
OTHER FINANCING SOURCES (USES)				
Transfers in - from Community Investment Loan Fund	$ -	$ -	$ -	$ -
Total other financing sources and uses	$ -	$ -	$ -	$ -
Net change in fund balance	$ (200,500)	$ (183,360)	$ 903,875	$ 1,087,235
BUDGET-TO-GAAP RECONCILIATION:				
Actual revenue on a budgetary basis			$ 6,355,111	
Differences - budget to GAAP:				
For budgetary purposes investment earnings do not include unrealized gains and losses			165,366	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance			$ 6,520,477	

See accompanying notes to the basic financial statements and auditor's report.

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY
A COMPONENT UNIT OF THE COUNTY OF VENTURA

BUDGETARY COMPARISON SCHEDULE - COMMUNITY INVESTMENT LOAN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on Budgetary Basis	Variance with Final Budget
REVENUES/INFLOWS				
Loan repayments	$ 53,305	$ 53,305	$ 53,249	$ (56)
Loan fees	6,000	6,000	3,502	(2,498)
Total revenues/inflows	59,305	59,305	56,751	(2,554)
General revenues:				
Interest earnings	53,495	53,495	58,495	5,000
Total revenues/inflows	$ 112,800	$ 112,800	$ 115,246	$ 2,446
EXPENDITURES/OUTFLOWS				
Loan implementation	$ 20,000	$ 20,000	$ 19,101	$ 899
Loan disbursements	300,000	300,000	175,120	124,880
Total expenditures/outflows	$ 320,000	$ 320,000	$ 194,221	$ 125,779
OTHER FINANCING SOURCES (USES)				
Transfers out - to Operating Fund	$ -	$ -	$ -	$ -
Net change in fund balance	$ (207,200)	$ (207,200)	$ (78,975)	$ 128,225

BUDGET-TO-GAAP RECONCILIATION:	Actual on Budgetary Basis
Actual revenue/inflows on a budgetary basis	$ 115,246
Differences - budget to GAAP:	
For GAAP purposes loan repayments are not recognized as revenue	(53,249)
For budgetary purposes investment earnings do not include unrealized gains and losses	8,505
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	$ 70,502
Actual expenditures/outflows on a budgetary basis	$ 194,221
Differences - budget to GAAP:	
For GAAP purposes loan disbursements are not recognized as expenditures	(175,120)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	$ 19,101

See accompanying notes to the basic financial statements and auditor's report.

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners and Administration/Finance Committee
Children and Families First Commission of Ventura County
Ventura, 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 the Children and Families First Commission of Ventura County (Commission), a component unit of the County of Ventura, California, as of and for the fiscal year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 6, 2025.

Report on Internal Control over Financial Reporting

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

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

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

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 6, 2025

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

To the Commissioners and Administration/Finance Committee
Children and Families First Commission of Ventura County
Ventura, California

Report on Compliance

Opinion

We have audited the Children and Families First Commission of Ventura County'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 fiscal year ended June 30, 2025.

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 6, 2025