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**FIRST 5 ALAMEDA COUNTY COMMISSION MEETING AGENDA**

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**Thursday, October 18, 2018**

**First 5 Alameda County  
1115 Atlantic Ave.  
Alameda, CA 94501  
Conference Room A**

9:00 AM – 11:30 AM

**Commissioners:** Chair: Renee Herzfeld, Vice Chair: Cecilia Echeverría , Wilma Chan, Lori Cox, Tomás A. Magaña M.D., Scott Coffin, Kimi Watkins-Tartt, Pamela Simms-Mackey M.D.

**Alternates:** Quamrun Eldridge, Michelle Love, Vanessa Cedeño

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- 1. Public Comment (for items not listed on the agenda) - Limited to 3 minutes per speaker**
- 2. Approval of Minutes from August 9, 2018**
- 3. Staff Announcements**

**CONSENT**

- 4. Contract Authorizations**
- 5. Biennial Conflict of Interest Disclosure**

**INFRASTRUCTURE**

- 6. 2019 Commission Calendar Draft**
- 7. FY 2017-18 Financial Audit Presentation**
- 8. FY 2017-18 Investment Report**
- 9. Chandler Asset Management Investment Presentation**

**PROGRAM**

- 10. School Readiness Presentation**
- 11. Kindergarten Transition Presentation**

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Commission Meeting Agenda

October 18, 2018

**Information about the First 5 Conference Center**

- The First 5 Conference Center is wheelchair accessible. Please notify us 3 business days in advance if you need special assistance so we can make reasonable arrangements to ensure accessibility.
- Please refrain from wearing strongly scented products to the Conference Center in consideration of those who may experience chemical sensitivities.

12. **Alameda County & City of Oakland Child Care and Early Education Initiatives**
13. **State Commission and Association Updates**
14. **Legislation and Public Policy Update**
  - **Environmental Health Statement adoption**
  - **Tobacco Policy and Education update**

#### **MISCELLANEOUS**

15. **Communication from Commissioners**
16. **Adjournment**

#### **Information about the First 5 Conference Center**

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- Please refrain from wearing strongly scented products to the Conference Center in consideration of those who may experience chemical sensitivities.




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**FIRST 5 ALAMEDA COUNTY COMMISSION MEETING MINUTES**


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**Thursday, August 9, 2018**
**First 5 Alameda County  
1115 Atlantic Ave.  
Alameda, CA 94501  
Conference Room E**

8:00 AM – 9:30 AM

**Commissioners:** Chair: Renee Herzfeld, Wilma Chan (arrived after voted concluded), Lori Cox, Scott Coffin, Kimi Watkins-Tartt, Pamela Simms-Mackey M.D.

**Alternates:** Vanessa Cedeño

**Absent:** Vice Chair: Cecilia Echeverría, Tomás A. Magaña M.D.

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**Chair Herzfeld called the meeting to order at 8:05 AM.**

**1. Public Comment**

There was no Public Comment.

**2. Approval of Minutes from June 21, 2018**

Commission Action: The Commission approved the June 21, 2018 minutes upon motion by Commissioner Simms-Mackey, seconded by Commissioner Coffin and unanimously carried with no abstentions (6 in favor, 0 opposed, 0 abstentions).

**3. Staff Announcements**

Ms. Kristin Spanos, CEO stated First 5 Alameda County (F5AC) hosted the First 5 California Commission meeting on July 26<sup>th</sup>. Program presentations included University of California San Francisco researchers discussing Maternal and Infant Health Assessment Survey results as well as SupplyBank.org presenting information about their diaper bank program. F5AC's presentation highlighted Help Me Grow, Quality Counts, Neighborhoods Ready for School and the Fathers Corp program. Malia Ramler, Lisa Erickson, Kevin Bremond, and Loren Farrar co-presented. Ms. Spanos expressed appreciation to Commissioners Herzfeld and Coffin for participating in the morning meet and greet with First 5 CA staff and Commissioners.

Ms. Spanos requested a special Commission meeting and closed session to discuss organizational restructure, CEO goals, performance and to outline the upcoming six months. The closed session would ideally take place in the beginning of September. Ms. Spanos also requested individual meetings with each Commissioner prior to the closed session.

**INFRASTRUCTURE**

**4. Contract Authorizations**

Ms. Christine Hom, Interim Chief of Staff presented a brief overview of the contract authorizations.

Chair Herzfeld facilitated the following vote:

- Protiviti - \$100,000

Commission Action: The Commission approved the contract above upon motion by Commissioner Simms-Mackey, seconded by Commissioner Cox, and unanimously carried with no abstentions (6 in favor, 0 opposed, 0 abstentions).

Commissioner Simms-Mackey facilitated the following vote:

- YMCA of the East Bay - \$12,000

Commission Action: The Commission approved the contract above upon motion by Commissioner Alternate Cedeño, seconded by Commissioner Coffin, and unanimously carried with Chair Herzfeld abstaining from the vote (5 in favor, 0 opposed, 1 abstention).

Commissioner Simms-Mackey facilitated the following votes:

- Lorita Riga - \$15,000
- Alameda County General Services Agency - \$31,000

Commission Action: The Commission approved the contracts above upon motion by Commissioner Watkins-Tartt, seconded by Commissioner Alternate Cedeño, and unanimously carried with Chair Herzfeld and Commissioner Cox abstaining from the vote (4 in favor, 0 opposed, 2 abstentions).

## PROGRAM

### 5. Alameda County & City of Oakland Child Care and Early Education Initiatives

Commissioner Alternate Cedeño provided a high level update on the Alameda County Child Care and Early Education Initiative. The Alameda County Board of Supervisors (BOS) voted to table Measure A and not move forward with placing the measure on the November ballot. Commissioner Alternate Cedeño stated results of recent polling that indicated the same level of approval as it did in June. The BOS also discussed if the measure were to move forward to the November ballot, it would be competing with several other tax measures which would lessen the chances of the measure passing. There is hope that a campaign will be run in 2020, and there was voiced commitment to support such an effort by the BOS. Commissioner Chan stated leftover funds in the Measure A account will be used to hire consultants to conduct focus groups in areas that did not vote in favor of measure A.

Ms. Spanos met with a number of funders who were supportive of a second run. East Bay Community Foundation contributed \$50K to the planning phase for the initiative. They have generously offered to have F5AC repurpose the funding for agency use. Ms. Spanos stated the planning group should begin to think about messaging for the 2020 campaign. There were several lessons learned in the election. The campaign could have done better outreach in areas such as Hayward and Fremont. Chair Herzfeld commented that in areas such Hayward and South County cities, the group needs to continue to build relationships with the citizens in these areas to keep conversation alive leading up to 2020.

Commissioner Cox inquired about structure and partnership. With the loss in the election, will the partnerships just come to an end? Chair Herzfeld stated a number of resource and referral agencies have cleaned up and centralized waiting lists during the process. Ms. Spanos stated the conversations around structure have halted, but the agency will continue to make investments in technology.

Ms. Spanos introduced David Silver, Director of Education, Office of Mayor Libby Schaaf and Michael George, City of Oakland to present an update on the City of Oakland, Children's Initiative. The signatures are counted and the Oakland Children's Initiative will be on the ballot in November. This ballot initiative is a city parcel tax that will expand access to high quality preschool to approximately 4,000 Oakland three and four year olds and increase access to college for 4,500 Oakland youth through scholarships and mentoring opportunities. First 5 Alameda County endorsed the Oakland Children's Initiative.

Mr. Silver stated if the initiative passes, children (age 3-4) would be removed from waitlists. Since the campaign moved forward based on the signature route, a majority vote of 51% would be needed for it to pass. The latest polling showed a 70% approval rating with 72% leaning towards voting for it. Mr. George stated the initiative has gained momentum as well as additional organizational endorsements since the previous update such as the Alameda Labor Council, Black Wellness Council and Children Now. The Children's Initiative Citizens' Oversight Commission would be formed to oversee the funding and program.

Commissioner Chan asked if parts of the funding would be held by various agencies. Mr. Silver stated if F5AC is selected as the fiscal agent, the agency would administer only the Early Education portion of the funding. An estimated \$16-18M in funding could potentially be generated. The funding would be able to serve about 3K 3-4 year olds and get them off the waitlist for pre-school. Commissioner Chan asked if there are spaces to fill them. Mr. Silver stated they are currently having conversations with the Oakland Unified School District (OUSD) and Superintendent. There's an interest and the group has been looking at potential facilities for expansion.

Mr. Silver stated the initiative guidelines were changed in the signature version. First funding priority will be given to public agencies to expand public programs in all areas of the City, particularly programs at OUSD and City of Oakland Head Start. OUSD currently serves about half of the city's pre-k population.

Chair Herzfeld inquired about the implementation process and when F5AC would have to decide to accept the role if the measure passes and when an RFP would be released. Ms. Spanos stated there was a commitment of a planning year if the County's measure had passed. The city planning process would be less than a year.

Commissioner Cox stated the agency should maintain a county wide presence and focus within the organization if the City of Oakland measure passes.

Commissioner Simms-Mackey expressed her support for the agency to be the fiscal agent for the funding.

Commissioner Watkins-Tartt stated the agency will need to be mindful with the messaging and communication.

Commissioner Chan stated F5AC should wait and see what the RFP details are before making a decision. Ms. Spanos added that F5AC would also like to see the administrative costs detailed in the RFP.

**MISCELLANEOUS**

**6. Communication from Commissioners**

There was no communication from Commissioners.

**7. Adjournment**

Chair Herzfeld adjourned the meeting at 9:25 AM.



**To: First 5 Alameda County Commission**

**From: Christine Hom, Interim Chief of Staff**

**Date: October 18, 2018**

**Subject: Contract Authorizations**

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**REQUESTED ACTION**

To review and approve the following contract authorizations.

**BACKGROUND**

Per our Financial Policies, Section VII. Purchasing and Contracting, the Commission must approve contract/award amounts in excess of \$50,000. The following awards require specific authorization from the Commission.

**Applied Survey Research - \$11,000**

First 5 Alameda County is requesting approval of a FY2016-18 \$11,000 contract amendment with Applied Survey Research (ASR) to expand the existing evaluation of children with mild to moderate developmental delay being conducted in order to enhance data collection efforts by increasing the study's sample size. This multi-year evaluation required the collection of pre and post intervention measures of children's functioning. Due to attrition of families from the interventions and invalid pre-test scores on the Developmental Profile (a measure of the children's risk for developmental delay in five domains), data collection to gather valid Developmental Profiles from children needs to continue into April 2019 in order to achieve at least 20 children from each of the six agencies providing interventions. Twenty complete and valid profiles are minimally necessary to have the statistical power for analytic comparisons. The request of an additional \$11,000 will cover costs for the joint deliverable shared by First 5 Alameda and First 5 Contra Costa (F5CC) Counties for data collection and analysis and brings the aggregate FY 2016-19 contract amount to \*\$68,900 for which Commission approval is needed.

Fiscal impact: Funding of \$11,000 will be received from First 5 Contra Costa County and will be added to the First 5 agency budget via the mid-year budget modification process in February 2019.

**Applied Survey Research - \$35,000**

First 5 Alameda County is requesting approval of a FY2018-19 \$35,000 sole source contract with ASR to conduct a 2019 school readiness assessment of children in Alameda County, with a targeted size of approximately 75 schools, 95 classrooms and 2,400 children. ASR's work includes conducting outreach and recruitment of districts and schools who will participate in the assessment, finalizing parent consent forms,

conducting teacher trainings, providing technical assistance to teachers, collecting, processing and analyzing data and presenting the report.

The addition of a \$35,000 contract and \$11,000 contract amendment brings the aggregate FY2016-19 contract amount to \*\$214,205 for which Commission approval is needed.

Fiscal impact: Prop 10 funding is budgeted.

\*First 5 currently has the following contracts with Applied Survey Research:

- FY2016-18 contract for \$57,900 for evaluation of children with developmental vulnerabilities.
- FY2017-18 contract for \$110,305 to conduct the 2017 School Readiness assessment (and a Longitudinal Study).

Action requested: Approve an aggregate FY 2016-19 \$214,205 contract amount with Applied Research Survey.

**Asian Health Services - \$50,000**

First 5 Alameda County is requesting approval of a FY2018-19 \$50,000 sole source contract with Asian Health Services to support the implementation of automated developmental screening integration into their Electronic Health Record (EHR) system. Asian Health Services, along with the other community health clinics part of the Alameda County Community Health Clinic Network (CHCN), is currently in the process of migrating to a new EHR system using Epic (epic.com) software. Funding will be used for the development of Epic requirements with regard to developmental screening and the corresponding clinic work flows, as well as other associated costs including training.

Fiscal Impact: Funding is budgeted and provided by the Thomas J. Long Foundation grant.

Action Requested: Approve a FY2018-19 \$50,000 contract with Asian Health Services.

**DDG Training & Consulting - \$12,000**

First 5 Alameda County is requesting approval of a FY2018-19 \$12,000 contract amendment with DDG Training & Consulting (DDG) to develop a comprehensive plan to build professional and organizational capacity around family engagement for the Neighborhoods Ready for School (NRFS) grantees. DDG’s plan will address how to effectively engage families and communities by providing training and technical assistance on the core components, implementing the World Café approach and providing onsite consultation and technical assistance to each NRFS site. The addition of \$12,000 brings the FY 2018-19 aggregate contract amount to \$122,550 for which Commission approval is needed.

Fiscal Impact: Prop 10 funding is budgeted.

\*First 5 currently has the following contracts with DDG Training & Consulting:

- FY2018-19 contract for \$85,550 to act as a member of the Project LAUNCH Expansion Technical Assistance Team to enhance parent and community engagement throughout the early childhood system in Fresno, Nevada, and San Francisco Counties by supporting and training system leaders and providers in implementing a World Café approach.
- FY2018-19 contract (approved and pending execution) for \$25,000 to provide consulting services for curriculum development and technical assistance for Fatherhood Partnership; providing facilitation services for Fatherhood Partnership Training Series.

Action Requested: Approve an aggregate FY2018-19 \$122,550 contract amount with DDG Training & Consulting.



**Health Management Associates - \$73,000**

First 5 Alameda County is requesting approval of a FY2018-19 \$73,000 sole source contract with Health Management Associates (HMA) to support and facilitate Help Me Grow sustainability conversations with Alameda County Health Care Services Agency, Alameda County Social Services Agency, and the Alameda Alliance for Health. HMA has deep expertise in healthcare financing and will facilitate a structured process to create a shared understanding of the role of Help Me Grow as part of the public safety net system, identify how it interacts with other related efforts, facilitate a process to generate sustainability options and develop a plan for pursuing viable options.

Fiscal Impact: \$64,700 of Prop 10 funding is budgeted and \$8,300 will be utilized from the Thomas J. Long Foundation grant.

Action Requested: Approve a FY2018-19 \$73,000 contract with Health Management Associates.

**RECOMMENDATION**

That the Commission approve the above contract authorizations.

Submitted by:

Reviewed by:

\_\_\_\_\_  
Christine Hom  
Interim Chief of Staff

\_\_\_\_\_  
Kristin Spanos  
Chief Executive Officer



**To:** First 5 Alameda County Commission  
**From:** Christine Hom, Interim Chief of Staff  
**Date:** October 18, 2018  
**Subject:** 2018 Biennial Conflict of Interest Code review and amendment

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**ACTION REQUESTED:**

To review and approve F5AC's revised Conflict of Interest Code.

**BACKGROUND:**

In May 2006 First 5 Alameda County adopted conflict of interest policies to be in compliance with Government Code 87300. Conflict of interest disclosure must be undertaken by an individual in an organization who can authorize or recommend authorization of payment of funds. On an annual basis, Commissioners and designated staff are required to complete the Statement of Economic Interests Form 700 to disclose any financial interests and conflicts.

On a biennial basis, First 5 Alameda County is required to review its conflict of interest policy, denote any changes and submit verification of review to the Alameda County Board of Supervisors as the code reviewing body. The attachment contains updates including new positions, revisions of titles of existing positions and the deletion of positions that no longer exist or no longer make/participate in making financial related decisions.

Disclosure categories are as follows:

**Category 1**

All business positions, investments in, or income (including gifts and loans) received from any entities that provide services of the type which are eligible to receive Proposition 10 funding.

**Category 2**

All interests in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the agencies.

**Category 3**

All business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell services or supplies of a type utilized by the agency and associated with the job assignment of designated position assigned to this disclosure category.

**Category 4**

Individuals who perform under contract the duties of any designated position shall be required to file statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendations or counsel to the agency which could affect financial interest shall be required to file Statements of Economic Interests, unless they fall within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by the Chief Executive Officer (or head) of the agency.

**RECOMMENDATION:**

That the Commission approve F5AC's revised Conflict of Interest Code.

Submitted by:

Reviewed by:

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Christine Hom  
Interim Chief of Staff

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Kristin Spanos  
Chief Executive Officer



**FIRST 5 ALAMEDA COUNTY CONFLICT OF INTEREST CODE**

**APPROVED BY F5AC COMMISSION ON MAY 25, 2006**

**APPROVED BY ALAMEDA COUNTY BOARD OF SUPERVISORS ON MAY 22, 2007**

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**Conflict of Interest Code of  
The First 5 Commission of Alameda County**

The terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the First 5 Commission of Alameda County.

All designated employees shall file their statements of economic interests with the First 5 Commission of Alameda County. Upon receipt of the statements of the Board members and the Chief Executive Officer, the agency shall make and retain a copy and forward the originals to the Alameda County Board of Supervisors, which shall be the filing officer. Statements for all other designated employees shall be retained by the First 5 Commission of Alameda County, and shall be made available for public inspection and reproduction. (Gov. Code section 81008.)

APPENDIX A

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Board of Commissioners	1, 2, 3
Ex-Officio Representatives	1, 2, 3
Consultants*	4

APPENDIX B

Disclosure Categories of Staff

**Category 1**

All business positions, investments in, or income (including gifts and loans) received from any entities that provide serves of the type which are eligible to receive Proposition 10 funding.

**Category 2**

All interests in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the agencies.

**Category 3**

All business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell services or supplies of a type utilized by the agency and associated with the job assignment of designated position assigned to this disclosure category.

**Category 4**

Individuals who perform under contract the duties of any designated position shall be required to file statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendations or counsel to the agency which could affect financial interest shall be required to file Statements of Economic Interests, unless they fall within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by the Chief Executive Officer (or head) of the agency.

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\* The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position" is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. A copy of the written determination is a public record and shall be retained by the agency and made available for public inspection in the same manner and location as this conflict of interest code

A list of the individuals required to file disclosures under this category and their respective levels of disclosure is on file in the Commission's Chief Executive Officers' office.

APPENDIX A

**Designated Position**

**Assigned Disclosure Category**

Board of Commissioners	1, 2, 3
Ex-Officio Representatives	1, 2, 3
Consultants*	4

**CONFLICT OF INTEREST DISCLOSURE CATEGORIZATIONS CY 2018**

<b>Title</b>	<b>Disclosure Category</b>	<b>Individual</b>
Commissioner, Chair	1, 2, 3	Renee Herzfeld
Commissioner, Vice Chair	1, 2, 3	Cecilia Echeverria
Commissioner	1, 2, 3	Wilma Chan
Commissioner	1, 2, 3	Scott Coffin
Commissioner	1, 2, 3	Lori Cox
Commissioner	1, 2, 3	Tomas Magana
Commissioner	1, 2, 3	Pamela Simms-Mackey
Commissioner	1, 2, 3	Kimi Watkins-Tartt
Commissioner Alternate	1, 2, 3	Vanessa Cendeno
Commissioner Alternate	1, 2, 3	Quamrun Eldredge
Commissioner Alternate	1, 2, 3	Michelle Love
Ex-Officio Representatives	4	None
Consultants	4	None

APPENDIX B

Disclosure Categories of Staff

**CONFLICT OF INTEREST DISCLOSURE CATEGORIZATION CY 20186**

Title	Disclosure Category	Employee
Accounting and Contracts Manager	1, 2, 3	Canteros
Chief Executive Officer	1, 2, 3	<del>Burger</del> <a href="#">Spanos</a>
<del>Chief Operating Officer</del>	<del>1, 2, 3</del>	<del>Spanos</del>
Contracts and Budget Specialist	1, 2, 3	Perez
Contracts and Budget Specialist	1, 2, 3	<del>Beaufort</del> <a href="#">Chan</a>
Communications Specialist	3	<del>McClune</del> <a href="#">Vacant</a>
Community Grants Program Officer	1, 2, 3	Barnes
Community Grants Program Officer	1, 2, 3	Gregor
<a href="#">Director of Operations &amp; Technology</a>	<a href="#">1, 2, 3</a>	<a href="#">Vacant</a>
<a href="#">Director of Planning, Policy &amp; Evaluation</a>	<a href="#">1, 2, 3</a>	<a href="#">Vacant</a>
<a href="#">Director of Programs</a>	<a href="#">1, 2, 3</a>	<a href="#">Vacant</a>
<del>Early Care &amp; Education Professional Development Programs Manager</del>	<del>1, 2, 3</del>	<del>Fierer</del>
Early Care & Education Specialist	1, 2, 3	Jerene
<a href="#">Early Childhood Dental Site Coordinator</a>	<a href="#">1, 2, 3</a>	<a href="#">Toscano-Gutierrez</a>
Early Childhood <a href="#">Special</a> Projects Coordinator	1, 2, 3	<del>Tomblin</del> <a href="#">Howard</a>
Early Childhood Strategies Coordinator	1, 2, 3	Erickson
ECE Program Administrator (Quality Improvement)	1, 2, 3	Bansal
Evaluation Specialist	1, 2, 3	Bernzweig
Evaluation Specialist	1, 2, 3	Wellenkamp
<a href="#">Fathers Corps Manager</a>	<a href="#">1, 2, 3</a>	<a href="#">Young</a>
Fathers Corps Program Administrator	1,2,3	Bremond
<a href="#">Finance Manager</a>	<a href="#">1, 2, 3</a>	<a href="#">Brumley</a>
Finance Officer	1, 2, 3	Hom

Help Me Grow Administrator	1, 2, 3	Farrar
Help Me Grow Program Administrator	1, 2, 3	Turner
Help Me Grow Community Liaison	3	Cheng
Help Me Grow Community Liaison	3	Sanchez
Help Me Grow Community Liaison	3	<del>Toscano</del> -GutierrezChen
Help Me Grow Prevention Manager	1, 2, 3	<del>Ahede</del> Montgomery
Help Me Grow Services Program Coordinator	1, 2, 3	Otero
Human Resources Administrator	1, 2, 3	<del>McDonald</del> Vacant
<u>Human Resources Analyst</u>	<u>1, 2, 3</u>	<u>Shah</u>
Information Systems Administrator	1, 2, 3	Allen
Office Manager	1, 2, 3	<del>Denzel</del> Black-Edwards
<u>Payroll &amp; Accounting Manager</u>	<u>1, 2, 3</u>	<u>Quach</u>
Perinatal Program Services Manager	1, 2, 3	<del>Jones</del> Wilson
Planning and Community Grants Senior Administrator	1,2,3	Forti
Program Administrator, Training @ First 5	1, 2, 3	Hoch
<u>Quality Counts Analyst</u>	<u>3</u>	<u>Kamo</u>
<u>Quality Counts Rating Manager</u>	<u>3</u>	<u>Jackson</u>
Quality Improvement Coach	3	Lara
Quality Improvement Coach	3	Lo
Quality Improvement Coaching Manager	1, 2, 3	<del>Smith</del> Lewis
Quality Rating Improvement Systems Administrator	1, 2, 3	<del>Dean</del> Vacant
<del>Quality Rating Improvement Systems Rater</del>	<del>3</del>	<del>Hale</del>
<del>Senior Administrator, Evaluation &amp; Technology</del>	<del>1, 2, 3</del>	<del>Hwang</del>
Senior Administrator, Continuum of Care and Linkages	1, 2, 3	Keener
Senior Administrator, Community & Provider Capacity Building	1, 2, 3	Ramler
<u>Senior Administrator, Data &amp; Evaluation</u>	<u>1, 2, 3</u>	<u>Vacant</u>
<u>Senior Administrator, Policy</u>	<u>1, 2, 3</u>	<u>Tomblin</u>
<u>Technology Officer</u>	<u>1, 2, 3</u>	<u>Vacant</u>





**Draft October 2018**

ALL MEETINGS ARE SUBJECT TO CHANGE. MEMBERS OF THE PUBLIC CAN CALL 510-227-6900 TO VERIFY DATE AND TIME.

**2019 MEETING CALENDAR**

<b>MONTH</b>	<b>EXECUTIVE COMMITTEE 8:00 AM – 9:30 AM</b>	<b>COMMISSION 9:00 AM - 11:30 AM</b>	<b>AGENDA ITEMS</b>
<b>FEBRUARY</b>	Thursday, February 14 1115 Atlantic Ave. Alameda Conference Room E	Thursday, February 21 1115 Atlantic Ave. Alameda Conference Room A	<ul style="list-style-type: none"> <li>• Election of Officers</li> <li>• Mid-Year Budget Modification</li> <li>• Mid-Year Investment Update</li> <li>• Investment Policy Revisions</li> </ul>
<b>APRIL</b>	Thursday, April 11 1115 Atlantic Ave. Alameda Conference Room E	Thursday, April 18 1115 Atlantic Ave. Alameda Conference Room A	<ul style="list-style-type: none"> <li>• First reading of FY 2019-21 Budget</li> <li>• First reading of FY 2019-20 Strategic Plan</li> <li>• First reading of Long Range Financial Plan</li> <li>• First 5 CA Annual Report</li> </ul>
<b>JUNE</b>	Thursday, June 13 1115 Atlantic Ave. Alameda Conference Room E	Thursday, June 20 1115 Atlantic Ave. Alameda Conference Room A	<ul style="list-style-type: none"> <li>• Final approval of FY 2019-21 Budget</li> <li>• Contract Authorizations</li> <li>• Final Approval of FY 2019-20 Strategic Plan</li> <li>• Final Reading of Long Range Financial Plan</li> <li>• Financial Policies Revisions</li> <li>• ACERA 401(h)</li> <li>• Personnel Policies</li> <li>• GASB 54 Fund Balance Commitment</li> </ul>
<b>AUGUST</b>	Thursday, August 8 1115 Atlantic Ave. Alameda Conference Room E	Thursday, August 15 1115 Atlantic Ave. Alameda Conference Room A	
<b>OCTOBER</b>	Thursday, October 10 1115 Atlantic Ave. Alameda Conference Room E	Thursday, October 17 1115 Atlantic Ave. Alameda Conference Room A	<ul style="list-style-type: none"> <li>• FY 2018-19 Financial Audit Report</li> </ul>
<b>DECEMBER</b>	Thursday, December 7 1115 Atlantic Ave. Alameda Conference Room E	Thursday, December 12 1115 Atlantic Ave. Alameda Conference Room A	<ul style="list-style-type: none"> <li>• F5AC Annual Report</li> </ul>



**FIRST 5 ALAMEDA COUNTY**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**FIRST 5 ALAMEDA COUNTY**  
**JUNE 30, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
First 5 Alameda County  
Alameda, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of the First 5 Alameda County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the First 5 Alameda County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the First 5 Alameda County as of June 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in the notes to the financial statements, the First 5 Alameda County implemented the provisions of Governmental Accounting Standards Board Statement No.75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" and Statement No. 85 "*Omnibus 2017*". Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, notes to the budgetary data, schedule of proportionate share of the net pension liability and OPEB liability and schedule of contributions of pension and OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 Information*

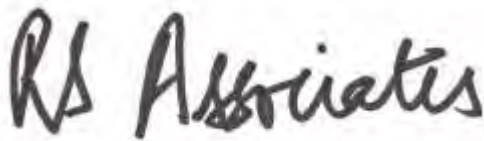
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the First 5 Alameda County's basic financial statements. The schedule of revenues and expenditures by fund source and fund balance of CCFC funds for First 5 Programs listed in the table of contents is presented for purposes of additional analysis and is not required part of the basic financial statements.

The schedule of revenue and expenditures by fund source and fund balance of CCFC funds for First 5 Programs is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2018, on our consideration of the First 5 Alameda County'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 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 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 First 5 Alameda County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "RS Associates". The letters are cursive and somewhat stylized.

San Ramon, California

October 16, 2018

**FIRST 5 ALAMEDA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

This Management's Discussion & Analysis is intended to serve as a narrative overview and analysis of the financial activities of First 5 Alameda County for the year ended June 30, 2018. The information presented should be read in conjunction with the information furnished in the financial statements and notes to the financial statements (beginning on page 10).

**FINANCIAL HIGHLIGHTS**

- At the end of the Fiscal Year (FY) 2017-2018, First 5 Alameda County had assets of \$43.4 million and liabilities of \$11 million. The assets consist primarily of \$33.9 million in cash and investments and \$4.5 million in capital assets. Total liabilities consist primarily of \$3.6 million in accounts payable and accrued liabilities and \$6.7 million in net pension liability, resulting in a net position of \$32.6 million which was available to meet First 5 Alameda County's ongoing operating expenses.
- During 2017-18, First 5 Alameda County revenues were approximately \$18.8 million, representing a slight increase over the prior year. Total expenditures were \$18.1 million compared to \$18.3 million in the prior year.
- Revenue from the Proposition 10 tobacco tax measure was \$11.4 million, a decrease of approximately \$1.3 million over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The First 5 Alameda County financial statements include the statement of net position, statement of activities and the statement of revenues, expenses and changes in fund balance – budget and actual. Notes to the financial statements are also included.

The statement of net position provides information about the financial position of First 5 Alameda County as a whole on full accrual basis, similar to that used in the private sector. The statement of activities provides information about First 5 Alameda County's revenues and all its expenses, also on full accrual basis, with the emphasis on measuring net revenues and expenses of each of First 5 Alameda County's divisions.

The statement of activities explains in detail the change in net position for the year. All First 5 Alameda County's assets and liabilities are current (generally within 12 months).

The statement of revenues, expenses and changes in fund balance – budget and actual, presents First 5 Alameda County's budget comparisons between the original budget and the final amended budget compared with actual resource inflows and outflows.

The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in the financial statements.

**STATEMENT OF NET POSITION**

The net position of First 5 Alameda County decreased by \$974,438 from the prior year. The composition of net position as of June 30, 2018 and 2017 is shown in the following table:

(All Amounts in \$millions)	<u>FY 2018</u>	<u>FY 2017</u>	<u>Change</u>
Cash and investments	\$ 33.9	\$ 35.9	\$ (2.0)
Receivables	4.9	3.8	1.1
Prepaid expenses	0.1	0.1	-
Capital assets (Net)	4.5	4.6	(0.1)
	<hr/>	<hr/>	<hr/>
Total assets	43.4	44.4	(1.0)
	<hr/>	<hr/>	<hr/>
Deferred Outflows	2.9	3.2	(0.3)
Accrued payroll & employee benefits	0.1	0.6	(0.5)
Other accrued liabilities	4.1	4.2	(0.1)
Net OPEB liability	0.1	0	0.1
Net pension liability	6.7	8.0	(1.3)
	<hr/>	<hr/>	<hr/>
Total liabilities	11.0	12.8	(1.8)
	<hr/>	<hr/>	<hr/>
Deferred Inflows	2.7	0.7	2.0
Net position	\$ <u>32.6</u>	\$ <u>34.1</u>	\$ <u>(1.5)</u>

Fiscal year 2017-2018 is the twelfth full year of investment of funds outside of the Alameda County Treasury's investment pool. The fair market value of these investments was \$27.1 million as of June 30, 2018. During FY 2017-2018 fees charged by money managers and custodial services totaled \$33,939 compared to \$36,604 in the prior year, a decrease of \$2,665. Recent economic indicators show that the economy remains strong which speaks favorably for future performance of the portfolio. Investment Earnings increased to \$453,334 in FY 2017-18. The net investment loss of \$31,236 was due to unrealized loss of \$455,343.

Receivables primarily consist of Prop 10 tobacco taxes (May and June 2018 are typically received after the end of the fiscal year). Total assets decreased slightly as did total liabilities compared to the prior year. The recognition of our net pension liabilities, in accordance with the reporting requirements of Governmental Accounting Standards (GASB 68) that became effective in FY 2014-15 is based on an actuarial valuation of pension plan assets and liabilities provided by the Alameda County Employee Retirement Association (ACERA), which administers our pension plan. Deferred inflows and outflows relate to the net pension liability of \$6.7 million that was recognized in the current fiscal period in accordance with GASB 68. This liability reduces the net position as of the end of the fiscal year but has no effect on fund balance. The notes to the financial statements provide a full accounting of all deferred inflows and outflows related to this



liability.

**STATEMENT OF ACTIVITIES**

During the year ended June 30, 2018, First 5 Alameda County’s net position decreased by approximately \$1.5 million from the prior year. This change in net position is shown in the following table:

(All amounts in \$millions)	<u>FY 2018</u>	<u>FY 2017</u>	<u>Change</u>
Total program revenues	\$ 6.5	\$ 5.2	\$ 1.3
Total program expenses	18.8	19.3	0.5
Program loss	(12.3)	(14.1)	1.8
General revenues	11.3	13.0	(1.7)
Change in net position	(1.0)	(1.1)	0.1
Net position, beginning of year	34.0*	35.2	(1.2)
Net position, end of year	\$ 33.0	\$ 34.1	\$ (1.1)

\*Adjusted for Net OPEB liability

Program Revenues include: \$0.8 million for MediCal Administrative Activities (MAA) accounting for invoices submitted in prior years; \$100,000 from the Packard Foundation, \$152,997 from The Center for Social Policy, \$200,000 from Sunlight Giving, \$1,342,000 from the Thomas J. Long Foundation; \$1,018,973 from inter-agency sources within Alameda County, \$1,010,595 from First 5 California for the IMPACT program, and a total of \$1.2 million from all federal sources. MAA reimbursements for FY 2016-17 were invoiced earlier this year and are expected to be received in FY 2018-19 due to processing delays at the State Department of Health Care Services.

FY 2017-18 represents the first year of the FY 2017-21 4-year strategic plan. Total Program Expenses decreased by \$500,000 from the prior year. Total General Revenues decreased by approximately \$1.3 million. Prop 10 tobacco tax revenues decreased by \$1.3 million over the prior year and are expected to decline an average of 2.5%-3.5% annually for the foreseeable future. FY 2017-18 was the first year that Prop 56 tobacco tax revenues were received in the amount of \$501,977. Tobacco taxes are allocated to counties in proportion to the number of births in each county. In addition to the Alameda County birth rate, Tobacco tax allocations are affected by a variety of factors including statewide tobacco sales, tax collection methods, birth rate changes in the other counties and new tobacco related legislation.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

At mid-year, the Commission authorized an increase of \$164,283 to the operating budget resulting in a final budget of \$20,754,437.

COMPARISON OF BUDGET TO ACTUAL

The following table presents a budget to actuals comparison of revenues and expenditures for the current fiscal year.

(All amounts in \$ millions)	<u>Final Budget</u>	<u>Actuals</u>	<u>**Variance</u>
<b>Revenues:</b>			
Prop 10 Tobacco tax	\$ 10.7	\$ 11.4	\$ (0.7)
Sustainability fund	3.5	0	3.5
Interagency income	2.2	0.9	1.3
Grants	3.0	4.7	(1.7)
Fiscal leveraging	0.9	1.8	(0.9)
Investment income	0.4	0	0.4
Miscellaneous income	0	0	0
<b>Total revenues</b>	<b>\$ 20.7</b>	<b>\$ 18.8</b>	<b>\$ (1.9)</b>
<b>Expenditures:</b>			
	<u>Budget</u>	<u>Actuals</u>	<u>**Variance</u>
Personnel	\$ 7.5	\$ 7.5	0
Program contracts/grants/MOUs	11.9	9.3	2.6
Operating expenses	0.6	0.6	0
General expenses	0.7	0.7	0
<b>Total expenditures</b>	<b>\$ 20.7</b>	<b>\$ 18.1</b>	<b>\$ 2.6</b>
<b>Excess of expenditures over revenues</b>	<b>\$ 0</b>	<b>\$ 0.7</b>	<b>\$ 0.7</b>

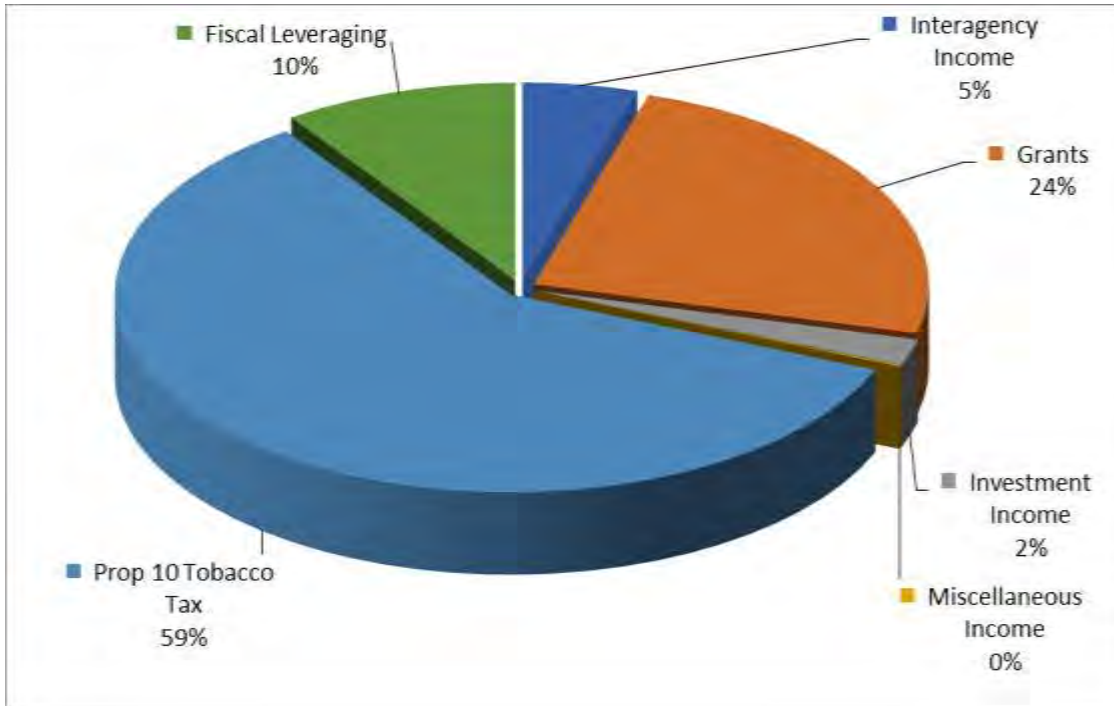
\*\* Cost savings and higher than budgeted revenues are shown as positive variances.

The final budget anticipated a drawdown of \$3.5 million from the Sustainability Fund for FY 2017-2018 for agency program and operations. However, largely due to savings in contract expenditures, and receipts from MAA deferred revenue, reserves from the Sustainability Fund were not used. The Sustainability Fund is First 5 Alameda County’s reserve fund which was set aside to cover expenditures and future costs as the expected decline of tobacco tax revenue occurs.

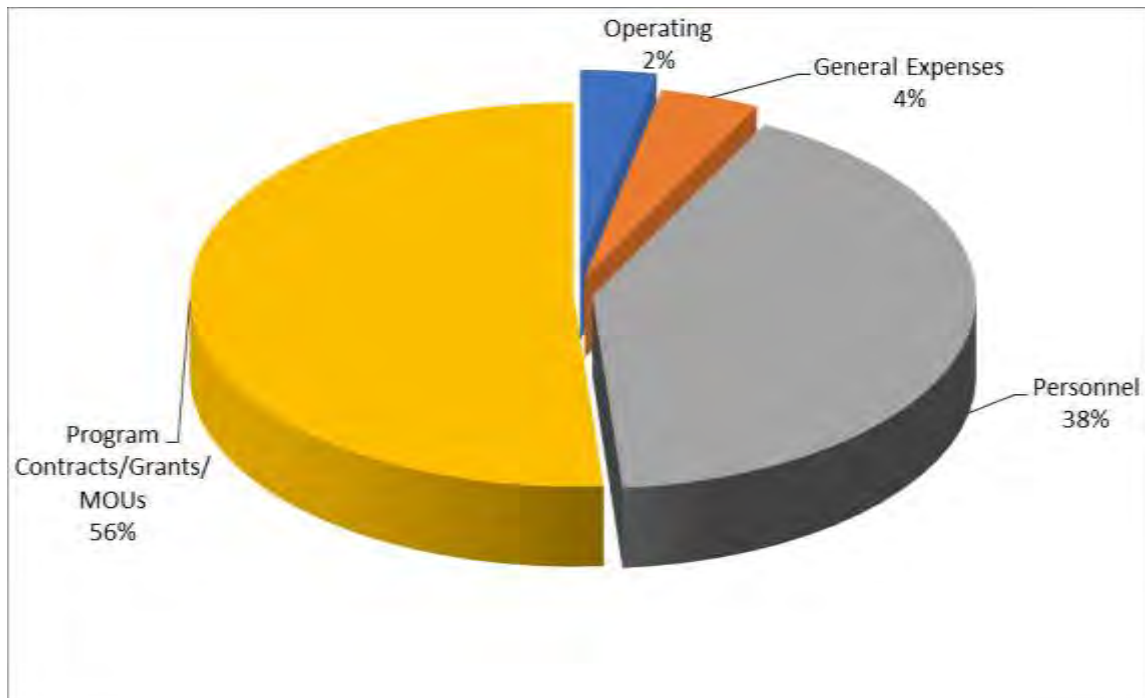
Actuals for Personnel, Operating and General expenses were near equal to their respective budgeted amounts. Program Contracts/Grants/MOUs were budgeted at \$11.9 million whereas actual expenses were approximately \$9.3 million, a savings of approximately \$2.6 million due to planned delays in programming or planned carry over of unspent monies to FY 2018-19.

Following are graphs of First 5 Alameda County's revenue by source and expenditures by category for FY 2017-2018:

### FY 2017-18 ACTUAL REVENUE BY SOURCE



### FY 2017-18 ACTUAL EXPENDITURES



## **SUMMARY OF KNOWN FACTS, DECISIONS OR CONDITIONS**

The following are currently known facts, decisions or conditions that are expected to have a significant impact on the financial position or changes in financial position of First 5 Alameda County:

Tobacco tax receipts for First 5 Alameda County for FY 2017-18 show a slight increase from the prior year due to the first time receipt of Proposition 56 tobacco tax dollars. Tobacco tax revenue projections are based on California Department of Finance and First 5 California projections for county commissions. State revenue projections and backfill projections decreased by an average of 20% due to the following assumed factors:

- The passage of Proposition 56 which levied a \$2 increase on tobacco products including e-cigarettes had assumed a greater amount of backfill due to the inclusion of e-cigarettes
- The actual revenue data collected thus far indicates that backfill did not increase as projected
- The increase in smoking age to 21 that took effect in 2016 is presumed to affect the overall decline in consumption

For the next fiscal year, Proposition 10 and Proposition 56 tobacco taxes are expected to increase by up to 15% due to the backfill for the new \$2 dollar tobacco tax.

FY 2017-18 represented the first year of the new four year FY 2017-21 strategic plan. The Strategic Plan includes ten core strategies that integrate the many different services and supports focused on specific target populations and outcomes. Due to the anticipated decline in tobacco tax revenues, planned program reductions will be reflected in the latter years of the strategic plan.

All of the above factors were considered in preparing First 5 Alameda County's budget for FY 2017-2018.

## **REQUESTS FOR INFORMATION**

The annual financial report is designed to provide a general overview of the First 5 Alameda County's finances and operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kristin Spanos, Chief Executive Officer, First 5 Alameda County, 1115 Atlantic Avenue, Alameda, CA 94501.

**FIRST 5 ALAMEDA COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**Assets:**

Cash and investments (Note 2)	\$	33,884,430
Tobacco taxes receivable		2,225,368
Other receivables		2,660,410
Interest receivable		138,702
Prepaid expenses		3,531
Capital assets, net (Note 3)		<u>4,526,216</u>
 Total assets		 <u>43,438,657</u>
 Deferred outflows of resources		
Related to pension		2,710,292
Related to OPEB		<u>199,239</u>
 Total deferred outflows of resources		 <u>2,909,531</u>

**Liabilities:**

Accrued payroll		121,752
Employee benefits payable		66,202
Accrued vacation		400,448
Accounts payable and accrued liabilities		3,615,074
Net OPEB liability		101,306
Net pension liability		<u>6,731,962</u>
 Total liabilities		 <u>11,036,744</u>
 Deferred inflows of resources		
Related to pension		2,059,585
Related to OPEB		<u>613,729</u>
 Total deferred inflows of resources		 <u>2,673,314</u>

**Net position:**

Invested in capital assets		4,526,216
Unrestricted		<u>28,111,914</u>
 Total net position	\$	 <u><u>32,638,130</u></u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants and Contributions	<u>Net Expenses</u>
Governmental activities:			
Communications	\$ 229,818	\$	\$ (229,818)
Early Identification	2,712,223	2,057,431	(654,792)
Fatherhood	416,808	113,000	(303,808)
Innovation	161,451	100,000	(61,451)
Neighborhoods Ready for School	1,913,104	539,381	(1,373,723)
Policy & Evaluation	2,143,278	73,950	(2,069,328)
Parent Engagement/Parent Support	2,918,342	554,319	(2,364,023)
Quality Early Childhood Education	3,815,750	2,139,380	(1,676,370)
Training	478,421	31,797	(446,624)
Administration	<u>4,101,957</u>	<u>937,293</u>	<u>(3,164,664)</u>
Total governmental activities	<u>\$ 18,891,152</u>	<u>\$ 6,546,551</u>	<u>(12,344,601)</u>
General revenues:			
Tobacco tax			11,368,602
Investment earnings			(31,236)
Miscellaneous			<u>32,797</u>
Total general revenues			<u>11,370,163</u>
Change in net position			(974,438)
Net position - beginning (Note 9)			<u>33,612,568</u>
Net position - ending			<u>\$ 32,638,130</u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2018**

<b>Assets:</b>	
Cash and investments	\$ 33,884,430
Tobacco taxes receivable	2,225,368
Interest receivable	138,702
Other receivables	2,660,410
Prepaid expenses	<u>3,531</u>
Total assets	<u>38,912,441</u>
Total assets and deferred outflows of resources	<u>\$ 38,912,441</u>
<b>Liabilities:</b>	
Accrued payroll	\$ 121,752
Payroll taxes and employee benefits payable	66,202
Accounts payable and accrued liabilities	<u>3,615,074</u>
Total liabilities	<u>3,803,028</u>
Deferred inflows of resources	
Unavailable revenue	<u>1,039,024</u>
<b>Fund balance:</b>	
Nonspendable:	
Non-spendable	3,531
Committed:	
Program contracts	3,207,820
Assigned	30,859,038
Total fund balance	<u>34,070,389</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 38,912,441</u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total governmental fund balance	\$	34,070,389
Amounts reported in governmental activities in the statement of net position		
Accrued vacation not treated as an expenditure in governmental funds		(400,448)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds		(6,731,962)
Some liabilities, including net OPEB obligations, are not due and payable in the current period and therefore are not reported in the funds		(101,306)
Revenues which are deferred inflows on the fund financial statements because they are not currently available, are reported as revenue in the Government-wide Statement of Activities		1,039,024
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to pensions.		2,710,292
Deferred outflows of resources related to OPEB.		199,239
Deferred inflows of resources related to OPEB		(613,729)
Deferred inflows of resources related to pension		(2,059,585)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		<u>4,526,216</u>
Total net position - governmental activities	\$	<u><u>32,638,130</u></u>

The accompanying notes are an integral part of these financial statements



**FIRST 5 ALAMEDA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**REVENUES:**

Prop 10 Tobacco tax	\$ 11,368,602
Interagency income	915,973
Grants:	
Federal	1,173,066
State	1,594,371
Private	1,913,083
Fiscal Leveraging:	
Medi-Cal Administrative Activities (MAA)	1,854,148
Investment income	(31,236)
Miscellaneous income	32,797
Total revenues	<u>18,820,804</u>

**EXPENDITURES:**

Personnel:	
Salaries	5,031,195
Benefits	2,485,151
Sub-total	<u>7,516,346</u>
Program Contracts/Grants/MOU's:	
Contracts	8,959,997
Grants	7,448
Child development corps stipends	22,000
Training stipends	61,533
Professional services contracts	246,239
Sub-total	<u>9,297,217</u>
Training expenses:	
Copy/printing	53,686
Food/hospitality	73,936
Space rental	16,092
Honoraria	20,782
Postage	9,037
Professional services	21,526
Supplies	283,516
Travel	68,861
Employee cell phones	-
Staff development/training	52,186
Sub-total	<u>599,622</u>
General expenses:	
Communications	194,634
Copying/printing	14,306
Equipment purchase	99,729
Postage	4,002
Insurance	42,141
Membership	46,504
Professional services	195,773
Space rental	6,355
Utilities	53,185
Janitorial services	35,071
Dues and taxes	20,804
Maintenance	41,941
Supplies	517
Miscellaneous expenses	4,364
Sub-total	<u>759,326</u>
Total expenditures	<u>18,172,511</u>
Net change in fund balance	648,293
Fund balance - beginning of year	<u>33,422,096</u>
Fund balance - end of year	<u>\$ 34,070,389</u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

Net change in governmental fund balance	\$	648,293
are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeds the capital outlays in the current period.		(114,680)
Earned revenues which are deferred on the fund financial statements because they are not currently available, are reported as revenue.		(904,088)
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefit earned net of employee contributions is reported as pension expense		(545,932)
Governmental funds report district OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension benefit earned net of employee contributions is reported as pension expense		(27,933)
Change in compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(30,098)</u>
Change in net position of governmental activities	\$	<u><u>(974,438)</u></u>

The accompanying notes are an integral part of these financial statements

**FIRST 5 ALAMEDA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Background** - First 5 Alameda County was established in accordance with California Health and Safety Code Section 130140, which was enacted as a result of the passage of the California Children and Families Act of 1998 (Proposition 10). This act levies a 50-cent tax on tobacco products, of which 80 percent of the revenues are distributed to county commissions established specifically to fund programs for the purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age. Information on the Commission can be found on the Internet at <http://www.first5alameda.org/>.

**Government-wide financial statements** (i.e. the statement of net assets and the statement of activities) report information on all governmental activities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of position presents First 5 Alameda County's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is reported in three categories.

- *Investment in capital assets* consist of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. There were no unrestricted net position.
- *Unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The statement of activities demonstrates the degree to which direct expenses of each program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Indirect expenses are allocated to programs based on the percentage of costs per program to total costs. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a program. Tobacco taxes are reported as general revenues.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay

**FIRST 5 ALAMEDA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

liabilities of the current period. First 5 Alameda County uses a 90-day availability period for revenue recognition for all governmental fund revenues. All revenues are considered susceptible to accrual. Revenues include fiscal leveraging which consists of revenue from federal Title 19 funds for services to people who are eligible for or who receive Medi-Cal. Revenue is provided on a reimbursement basis for programs with eligible activities. Federal funding sources include Medi-Cal Administrative Activities (MAA). Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is First 5 Alameda County's policy to use restricted resources first.

First 5 Alameda County uses a General Fund to account for all its activities.

**Fund Balance** – Following is a description of the Commission's fund balance classifications:

- **Nonspendable** – Includes amounts that cannot be spent because they are either (a) not in spendable form (inventories, prepaid amounts, etc.) or (b) legally or contractually required to be maintained intact (such as the corpus of principal of a permanent fund).
- **Restricted** – Includes amounts with constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of First 5 Alameda County Board. Those committed amounts cannot be used for any other purpose unless First 5 Alameda County Board removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts. First 5 Alameda County establishes grants allocation amounts for specific programs and/or recipient by formal Commission Board vote.
- **Assigned** – Includes amounts First 5 Alameda County intends to be used for specific purposes that are neither restricted nor committed.
- **Unassigned** – Resources that cannot be reported in any other classification.

First 5 Alameda County applies restricted resources first when an expense is incurred for purposes for which both restricted and other funds are available, then First 5 Alameda County applies amount to the committed fund balance followed by assigned and then unassigned.

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First 5 Alameda County uses a General Fund to account for all its activities.

**Capital Assets** – Capital assets, which consist of furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by First 5 Alameda County as assets with an initial, individual cost of more than \$5,000, and an estimated useful life of more than one year. Such assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of all assets ranging from 5 to 27.5 years.

**Compensated Absences** – It is First 5 Alameda County’s policy to permit employees to accumulate earned but unused vacation, sick and paid time-off benefits. The total amount of the compensated absences liability is recorded in the government –wide financial statement and compensated absences expense is charged to the various departments.

**Pensions** - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of First 5 Alameda County’s Alameda County Employees’ Retirement Association (ACERA) plan and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by ACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post Employment Benefits (OPEB)** - For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and pension expense, information about the fiduciary net position of First 5 Alameda County’s Alameda County Employees’ Retirement Association (ACERA) plan and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by ACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Unavailable Revenue** – Under the modified accrual basis of accounting, revenue is recognized in the fund financial statements if it has been collected after year-end within the Commission’s established availability period of 90 days. All other accrued revenues due to the Commission are recognized as unavailable revenue at year – end in the fund financial statements. Governmental funds recognized unavailable revenue where receivables are not available to liquidate liabilities of the current period. Unavailable revenues of \$1,039,024 was recognized as revenue in the government wide financial statements.

**Income Taxes** – First 5 Alameda County is an instrumentality of the State of California. It is exempt from income taxes under Revenue Code Section 115.

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**Use of Estimates** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**New Accounting Pronouncements** - The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*

Establishes new accounting and financial reporting requirements for OPEB plans improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and Statement No. 57, OPEB Measurements by Agent Employers and Agent MultipleEmployer Plans. The requirements of this statement are effective for First 5 Alameda County's fiscal year ending June 30, 2018.

Statement No. 85 *"Omnibus 2017"*

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this statement are effective for First 5 Alameda County's fiscal year ending June 30, 2018.

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**NOTE 2: CASH AND INVESTMENTS**

The following is a summary of deposits and investments as of June 30, 2018:

	Investment Maturities in Years			Total Fair Value	Moody's Credit Rating	Portfolio Allocation
	Less than 1	1-3	3-5			
Cash and cash deposits:	\$	\$	\$	\$ 1,740,197	Not rated	5%
Investments:						
Investment in County pool	4,951,042			4,951,042	Not rated	15%
Money market mutual funds	23,347			23,347	Aaa	
Negotiable CDs	920,000			920,000	Aaa	3%
U.S. Treasury obligations		4,743,362	2,730,220	7,473,582	Aaa	22%
Federal agency securities		4,971,029	3,276,552	8,247,581	Aaa	24%
Supernational		985,828	772,948	1,758,776	See below	5%
Asset backed security	6,556	1,147,925	613,719	1,768,200	Aaa	5%
Corporate bonds and notes	1,365,110	2,736,773	2,899,822	7,001,705	See below	21%
Total investments	\$ 7,266,055	\$ 14,584,917	\$ 10,293,261	32,144,233		95%
Total cash and investments				\$ 33,884,430		<u>100%</u>

The supernational funds were rated by Moody's at June 30, 2018 as follows:

Aaa	\$ 1,519,357
NR	<u>239,419</u>
	<u>\$ 1,758,776</u>

The corporate bonds and notes were rated by Moody's at June 30, 2018 as follows:

A1	\$ 2,464,731
A2	2,229,896
A3	943,904
Aa2	182,216
Aa3	342,830
Aaa	<u>838,128</u>
	<u>\$ 7,001,705</u>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure

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to fair value losses from rising interest rates, First 5 Alameda County's investment policy limits the average portfolio maturity to three years. The investment policy states that First 5 Alameda County shall not directly purchase securities maturing more than six years from the date of purchase, unless matched to a specific cash flow.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. First 5 Alameda County's investment policy limits investments to (a) U.S. Treasury obligations, (b) federal agency obligations (including notes issued by corporations under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program) and (c) securities that, at the time of purchase, are rated or collateralized as follows:

- Collateralized mortgage obligations – Planned Amortization Classes, Level 1, collateralized only by Government National Mortgage Association obligations.
- Domestic corporate bonds and notes rated at least A by Standard and Poors (S&P) or A2 by Moody's.
- Certificates of deposit, time deposits and banker's acceptances issued by the top 20 rated domestic banks ranked by total assets, rated at least B/C by the Thomson BankWatch, A-1 by S&P, or P-1 by Moody's.
- Commercial paper rated A-1 by Standard and Poors or P-1 by Moody's.
- Repurchase agreements collateralized by U.S. Treasury or government agency securities.
- Local agency obligations rated A-1/P-1 short-term or Aa/AA long-term.

No more than 30% of the portfolio may be invested in each of the following categories of securities:

- Collateralized mortgage obligations
- Domestic corporate bonds and notes
- Negotiable certificates of deposit
- Bankers' acceptances
- Commercial paper
- Repurchase agreements
- Reverse repurchase agreements
- State of California obligations
- Local agency obligations
- Any other obligation that does not bear the full faith and credit of the U.S. government or which is not fully collateralized or insured.

No more than 70% of the total portfolio may be invested in all the foregoing instruments at any time.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. First 5 Alameda County's investment policy limits the amount that may be invested in the securities of any one issuer to five percent of the portfolio, except for securities of the U.S. Treasury. First 5 Alameda County has \$4,951,042 invested in the County of Alameda Treasurer's investment pool at June 30, 2018.



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The County’s investment policy limits the investment maximum average maturity to two years; Authorized investments include debts issued by the County; U.S. Treasury securities; bankers’ acceptances; federal, state and local government securities; commercial paper; medium-term corporate notes; negotiable certificates of deposit; state investment pool (Local Agency Investment Fund); money market and mutual funds; mortgage-backed obligations; repurchase agreements; and reverse repurchase agreements. Additional information regarding deposit custodial credit, interest and credit risks, and securities lending transactions of the County investment pool is presented in the notes of the County’s basic financial statements.

**Custodial Credit Risk for Deposits** – Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities in the possession of an outside party. The Organization places its cash and investments with credit worthy and high quality financial institutions. Cash balance is insured by Federal Deposit Insurance Corporation (FDIC) upto \$250,000. At June 30, 2018, the bank balance of First 5 Alameda County’s bank deposit exceeded FDIC’s insurance limit by \$1,748,209.

**Fair Value Measurements**

First 5 Alameda County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The Pool has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Fair value measurement using			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Asset backed securities	\$ 1,768,200	\$ 1,768,200	\$	\$
Federal agency securities	8,247,581	8,247,581		
Negotiable CD	920,000	920,000		
Money Market funds FI	23,347	23,347		
Supernational	1,758,776	1,758,776		
US Corporate	7,001,704	7,001,704		
US Treasury	7,473,583	7,473,583		
Total investments at fair value	27,193,191	23,347	27,169,844	
Pooled investments with County	4,951,042			
Total pooled and direct investments	\$ 32,144,233	\$ 23,347	\$ 27,169,844	\$

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Information regarding fair value of the County investment pool is presented in the notes of the County's basic financial statements.

**NOTE 3: CAPITAL ASSETS**

A Summary of changes in capital assets recorded in governmental activities follows:

	Balance June 30, 2017	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,096,265	\$ _____	\$ _____	\$ 1,096,265
Total capital assets not being depreciated:	1,096,265			1,096,265
<hr/>				
Capital assets being depreciated:				
Building	4,148,408			4,148,408
Furniture and equipment	278,496	57,436		335,932
Total capital assets being depreciated:	4,426,904	57,436		4,484,340
<hr/>				
Less accumulated depreciation for:				
Building	628,546	150,851		779,397
Furniture and Equipment	253,727	21,265		274,992
Total accumulated depreciation	882,273	172,116		1,054,389
Total capital assets being Depreciated, net	3,544,631	(114,680)		3,429,951
Total capital assets, net	\$ 4,640,896	\$ (114,680)	\$ _____	4,526,216

Depreciation expense for the year ended June 30, 2018 was \$172,116.

**NOTE 4: RETIREMENT PLAN**

**A: Plan Description**

First 5 Alameda County provides retirement benefits through the Alameda County Employees' Retirement Association (ACERA). ACERA began operations on January 1, 1948, and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, procedures and policies adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for Alameda County and participating special districts located in the County, including First 5 Alameda County. ACERA is not under the control of the Alameda County Board of Supervisors.

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ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by state law and are subject to amendment only by an act of the State of California legislature.

All full-time regular First 5 Alameda County employees are required by statute to become members of ACERA. Membership for these employees is effective on the first day of the second pay period following the employee's hire date. Safety membership includes employees who are in active law enforcement, probation officers and juvenile hall counselors. General membership includes all other eligible classifications. As of June 30, 2018, 56 First 5 Alameda County employees are members of ACERA, and all members are General members.

General members enrolled in Tiers 1, 2 or 3 are eligible to retire once they attain the age of 70 regardless of service or at age 50 with five or more years of retirement service credit and a total of 10 years of qualifying membership. A non- Tier 4 General member with 30 years of service is eligible to retire regardless of age. General members enrolled in Tier 4 are eligible to retire once they have attained the age of 52 and have acquired five years of retirement credit, or at age 70 regardless of service.

The retirement benefits the member will receive is based upon age of retirement, final average compensation, years of retirement service credit and retirement plan and tier.

The Tiers and their basic provisions are listed below:

Tier Name	Service Retirement Governing Code	Effective Date	Basic Provisions	Final Average Salary Period
General Tier 1	31676.12	Various	2% at 57; maximum 3% COLA	Highest 1-year
General Tier 2	31676.1	June 30, 1983	2% at 61; maximum 2% COLA	Highest 3-year
General Tier 4	7522.2	January 1, 2013	2.5% at 67; maximum 2% COLA	Highest 3-year

For members enrolled in Tiers 1 and 2 the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 4.

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The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse to domestic partner. There are four optional retirement allowances the members may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or names beneficiary having an insurable interest in the life of the member.

**Contributions** – The participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from ACERA’s actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of December 31, 2017 was 24.83% of compensation.

Members are required to make contributions to ACERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of December 31, 2017 was 8.98% of compensation.

**B: Pension liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2018, First 5 Alameda County reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	\$	Proportionate Share of Net Pension Liability 6,731,962
General		

The net pension liability (NPL) is allocated based on the actual employer contributions. The steps used for allocation are as follows:

- First calculate the ratio of the employer’s contributions to the total contributions to the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer’s proportionate share of the NPL for the membership class.

If the employer is in several membership classes, the employer’s total allocated NPL is the sum of its allocated NPL to the total NPL of all employers.

The reporting date and the measurement date for the plan under GASB 67 are December 31, 2017. Consistent with the provisions of GASB 68, the assets and liabilities measured as of December 31, 2017 are not adjusted or “rolled forward” to the June 30, 2018 reporting date. Other results such as the total deferred inflows and outflows would also be allocated on the same proportionate share determined above. First 5 Alameda County’s proportionate share of the net pension liability for the plan as of December 31, 2016 and 2017 was as follows:

Proportion – December 31, 2016	0.358%
Proportion – December 31, 2017	0.334%

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For the year ended June 30, 2018, First 5 Alameda County recognized pension expense of \$1,500,854. At June 30, 2018, First 5 Alameda County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 488,649	\$
Changes in proportion and differences between employer's contributions and proportionate share of contributions	159,214	
Change in assumptions	2,048,148	
Difference between expected and actual experience in the Total Pension Liability.	14,281	
Changes in proportion and differences between employer's contributions and proportionate share of contributions.		(113,912)
Changes of assumptions		(179,805)
Net excess of actual over projected earnings on pension plan investments		(1,360,776)
Difference between expected and actual experience in the Total Pension Liability		(405,092)
	\$ 2,710,292	\$ (2,059,585)
Total	\$ 2,710,292	\$ (2,059,585)

\$488,649 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2019	\$ 378,394
2020	216,529
2021	-252,537
2022	-278,423
2023	98,905

**C: Actuarial Assumptions** – The total pension liabilities (TPL) as of December 31, 2017 and December 31, 2016 were measured by actuarial valuations as of December 31, 2016 and December 31, 2015, respectively. The actuarial assumptions used to develop the December 31, 2017 and December 31, 2016 TPLs are the same assumptions used in the December 31, 2017 and December 31, 2016 funding valuations for ACERA, respectively. The following actuarial assumptions were applied to all periods included in the measurement:

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December 31, 2017 and December 31, 2016

Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.25%
Inflation	3.00%
Salary Increases	3.90% to 8.30%, vary by service including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation.

Details of the underlying mortality assumptions and all other actuarial assumptions can be seen in the ACERA actuarial report.

**Discount rate:** The discount rate used to measure the Total Pension Liability was 7.25% as of December 31, 2017 and 7.60% as of December 31, 2016. ACERA's understanding is that Article 5.5 of the Statute, which authorizes the allocation of 50% of excess earnings to the SRBR, does not allow for the use of a different investment return assumption for funding than is used for interest crediting. In order to reflect the provisions of Article 5.5, we have treated future allocations to the SRBR as an additional outflow against the Plan's Fiduciary Net Position in the GASB crossover.

The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at rates equal to the actuarially determined contribution rates<sup>6</sup> plus additional future contributions that would follow from the future allocation of excess earnings to the SRBR. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% and 7.60% was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2017 and December 31, 2016 respectively.

The long-term expected rate of return on pension plan investments for funding valuation purposes was using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of December 31, 2017 are summarized in the table below.

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<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term (Arithmetic) Expected Real Rate of Return</b>
Domestic Large Cap Equity	22.40%	5.75%
Domestic Small Cap Equity	5.60%	6.37%
Developed International Equity	19.50%	6.89%
Emerging Market Equity	6.50%	9.54%
U.S. Core Fixed Income	11.25%	1.03%
High Yield Bonds	1.50%	3.99%
International Bonds	2.25%	0.19%
TIPS	2.00%	0.98%
Real Estate	8.00%	4.47%
Commodities	3.00%	3.78%
Hedge Fund	9.00%	4.30%
Private Equity	9.00%	7.60%
<b>Total</b>	<b>100%</b>	

**Sensitivity of the Net Pension Liability to changes in the discount rate** – The following represents the Net Pension liability of ACERA as of December 31, 2017 which is allocated to all employers, calculated using the discount rate of 7.25% as well as what ACERA’s Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate

1% Decrease	6.25%
Net Pension Liability	\$11,536,980
Current Discount Rate	7.25%
Net Pension Liability	\$6,731,962
1% Increase	8.25%
Net Pension Liability	\$2,757,338

**D: Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued ACERA’s financial reports.

**E: Payable to the Pension Plan**

At June 30, 2018, First 5 Alameda County reported a payable of \$52,836, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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**NOTE 5: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**A: The Plan**

First 5 Alameda County provides other post employment benefits (OPEB) through the Alameda County Employees' Retirement Association (ACERA). ACERA began operations on January 1, 1948, and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, procedures and policies adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for Alameda County and participating special districts located in the County, including First 5 Alameda County. ACERA is not under the control of the Alameda County Board of Supervisors.

The management of ACERA is vested with the ACERA Board of Retirement. The Board consists of nine members and two alternates. The County Treasurer is a member of the Board of Retirement by law and is elected by the general public. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two active members are elected by the General members; one active member and one alternate are elected by the Safety members; one retired member and one alternate are elected by the retired members. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his term as County Treasurer.

ACERA provides benefits to eligible employees.

*Membership Eligibility:*

*Service Retirees:* Retired with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from ACERA)

*Disabled Retirees:* A minimum of 10 years of service is required for non-duty disability. There is no minimum service requirement for duty disability.

ACERA provides monthly medical allowance, medicare benefit reimbursement plan, dental and vision plan deferred benefit and death benefit.

**B: OPEB liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB:**

As of June 30, 2018, First 5 Alameda County reported net OPEB liabilities for of \$101,306 for its proportionate shares of the net OPEB liability. The net OPEB liability is allocated based on the actual employer contributions. The steps used for allocation are as follows:

- First calculate the ratio of the employer's contributions to the total contributions to the membership class.
- This ratio is multiplied by the net OPEB liability to determine the employer's proportionate share of the net OPEB liability.

The reporting date and the measurement date for the plan under GASB 74 are December 31, 2017. Consistent with the provisions of GASB 75, the assets and liabilities measured as of December 31, 2017 are not adjusted or "rolled forward" to



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the June 30, 2018 reporting date. Other results such as the total deferred inflows and outflows would also be allocated on the same proportionate share determined above. First 5 Alameda County's proportionate share of the net OPEB for the plan as of December 31, 2016 and 2017 was as follows:

Proportion – December 31, 2016	0.371%
Proportion – December 31, 2017	0.369%

For the year ended June 30, 2018, First 5 Alameda County recognized OPEB expense of \$27,875. At June 30, 2018, First 5 Alameda County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 14,366	\$
Change in assumptions	184,873	
Difference between expected and actual experience in the Total Pension Liability.		
Changes in proportion and differences between employer's contributions and proportionate share of contributions.		(3,114)
Net excess of actual over projected earnings on OPEB plan investments.		(542,815)
Difference between expected and actual experience in the Total OPEB Liability.		(67,800)
	<hr/>	<hr/>
Total	\$ <u>199,239</u>	\$ <u>(613,729)</u>

\$14,366 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Year ended June 30,		
	2019	\$ (115,640)
	2020	(115,640)
	2021	(115,640)
	2022	(115,640)
	2023	20,063
	2024	13,641

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**C: Actuarial assumptions**

The total OPEB liabilities as of December 31, 2017 and December 31, 2016 were measured by actuarial valuations as of December 31, 2016 and December 31, 2015, respectively. The actuarial assumptions used to develop the December 31, 2017 and December 31, 2016 the total OPEB liabilities are the same assumptions used in the December 31, 2017 and December 31, 2016 funding valuations for ACERA, respectively. The following actuarial assumptions were applied to all periods included in the measurement:

December 31, 2017,

Investment rate of return	7.25% net of OPEB plan investment expense
Inflation	3.00%
Health care premium trend rates	
Non-Medicare medical plan	Graded from 7.00% to ultimate 4.50% over 10 years
Medicare medical plan	Graded from 6.50% to ultimate 4.50% over 8 years
Dental/Vision and Medicare Part B	4.50%
Other assumptions	Same as those proposed in the experience study for the period December 1, 2013 through November 30, 2016

**Discount rate:** The discount rate used to measure the Total OPEB Liability was 7.25% as of December 31, 2017 and 7.60% December 31, 2016. The projection of cash flows used to determine the discount rate assumed benefit are paid out of current OPEB SRBR assets. Based on those assumptions, the SRBR OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments for current plan members. Therefore the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of December 31, 2017 and December 31, 2016.

The long-term expected rate of return on pension plan investments for funding valuation purposes was using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of December 31, 2017 are summarized in the table below.

**FIRST 5 ALAMEDA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term (Arithmetic) Expected Real Rate of Return</b>
Domestic Large Cap Equity	22.40%	5.75%
Domestic Small Cap Equity	5.60%	6.37%
Developed International Equity	19.50%	6.89%
Emerging Market Equity	6.50%	9.54%
U.S. Core Fixed Income	11.25%	1.03%
High Yield Bonds	1.50%	3.99%
International Bonds	2.25%	0.19%
TIPS	2.00%	0.98%
Real Estate	8.00%	4.47%
Commodities	3.00%	3.78%
Hedge Fund	9.00%	4.30%
Private Equity	9.00%	7.60%
<b>Total</b>	<b>100%</b>	

**Sensitivity of the Net Pension Liability to changes in the discount rate** – The following presents the Net OPEB Liability (NOL) of ACERA as of December 31, 2017, calculated using the discount rate of 7.25%, as well as what ACERA’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

1% Decrease	6.25%
Net Pension Liability	\$586,814
Current Discount Rate	7.25%
Net Pension Liability	\$101,306
1% Increase	8.25%
Net Pension Liability	\$(302,524)

**NOTE 6: COMMITMENTS AND CONTINGENT LIABILITIES**

First 5 Alameda County has received funds from various Federal, state and local programs. It is possible that at some future date, funding sources may be discontinued if First 5 Alameda County was found not in compliance with any applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, First 5 Alameda County does not expect such disallowed amount, if any, to materially affect the financial statements.

First 5 Alameda County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. First 5 Alameda County has purchased commercial insurance coverage for general

**FIRST 5 ALAMEDA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

liability, workers' compensation, employee liability; fidelity, and property coverage. There were no settlements or claims during the year ended June 30, 2018.

**NOTE 7: PROGRAM EVALUATION COSTS**

First 5 Alameda County spent \$2,137,499 on program evaluation during year ended June 30, 2018.

**NOTE 8: RELATED PARTY TRANSACTIONS**

The legally required composition of First 5 Alameda County includes a County Supervisor, Directors of County agencies and representatives of agencies and constituencies concerned with children. Many of the programs funded by the Commission are operated by organizations represented by Commissioners. Commissioners may abstain from voting on issues and participating in discussions directly related to their respective organizations. The following table shows those contracts awarded from the fiscal year 2017-18 to agencies represented by Commissioners:

<u>Contracts</u>	<u>Contract Amount</u>
UCSF Benioff Children's Hospital and Research Center at Oakland	\$ 15,000
4 Cs of Alameda County	555,000
Alameda County Health Care Services Agency	1,720,000
	\$ 2,290,000

**NOTE 9: PRIOR PERIOD ADJUSTMENT**

Beginning net position as previously reported at June 30, 2017	\$ 34,100,431
Prior period adjustment – implementation of GASB 75:	
Net pension liability (measurement date)	(502,287)
Deferred Outflows – First 5 Alameda County's contribution made during fiscal year 2017	14,424
	\$ 33,612,568

**NOTE 10: EVALUATION OF SUBSEQUENT EVENTS**

The management of First 5 Alameda County reviewed the results of operations for the period of time from its year end June 30, 2018 through October 16, 2018, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FIRST 5 ALAMEDA COUNTY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Prop 10 Tobacco tax	\$ 10,989,783	\$ 10,684,183	\$ 11,368,602	\$ 684,419
Sustainability fund	4,169,183	3,544,529		(3,544,529)
Interagency income	1,579,562	2,241,127	915,973	(1,325,154)
Grants:				
Federal	1,526,215	1,113,695	1,173,066	59,371
State	84,279	583,775	1,594,371	1,010,596
Private	949,272	1,146,797	1,913,083	766,286
Other	141,471	141,471		(141,471)
Sub-total	<u>2,559,766</u>	<u>2,985,738</u>	<u>4,680,520</u>	<u>1,694,782</u>
Fiscal Leveraging:				
Medi-Cal Administrative Activities (MAA)	900,000	900,000	1,854,148	954,148
Investment income	375,000	375,000	(31,236)	(406,236)
Miscellaneous income	16,860	23,860	32,797	8,937
Total revenues	<u>20,590,154</u>	<u>20,754,437</u>	<u>18,820,804</u>	<u>(1,933,633)</u>
<b>EXPENDITURES:</b>				
Personnel:				
Salaries	5,413,335	5,082,194	5,031,195	50,999
Benefits	2,651,473	2,457,075	2,485,151	(28,076)
Sub-total	<u>8,064,808</u>	<u>7,539,269</u>	<u>7,516,346</u>	<u>22,923</u>
Program Contracts/Grants/MOU's:				
Contracts	10,109,211	11,032,614	8,959,997	2,072,617
Grants	250,000	308,400	90,981	217,419
Professional services contracts	810,328	536,579	246,239	290,340
Sub-total	<u>11,169,539</u>	<u>11,877,593</u>	<u>9,297,217</u>	<u>2,580,376</u>
Training expenses:				
Copy/printing	5,000	5,000	53,686	(48,686)
Space rental	12,500	27,500	16,092	11,408
Food/Hospitality	62,500	98,000	73,936	24,064
Honoraria	10,000	12,500	20,782	(8,282)
Postage	10,000	10,000	9,037	963
Professional services	334,282	62,647	21,526	41,121
Supplies	151,525	303,729	283,516	20,213
Travel	30,000	46,204	68,861	(22,657)
Staff development/training	35,000	51,995	52,186	(191)
Sub-total	<u>650,807</u>	<u>617,575</u>	<u>599,622</u>	<u>17,953</u>
General expenses:				
Communications	148,000	198,000	194,634	3,366
Copying/printing	30,000	30,000	14,306	15,694
Equipment purchase	90,000	90,000	99,729	(9,729)
Postage	10,000	10,000	4,002	5,998
Insurance	130,000	30,000	42,141	(12,141)
Membership	47,000	52,000	46,504	5,496
Professional services	125,000	185,000	195,773	(10,773)
Space rental	4,000	4,000	6,355	(2,355)
Utilities	36,000	36,000	53,185	(17,185)
Janitorial services	40,000	40,000	35,071	4,929
Dues and taxes	20,000	20,000	20,804	(804)
Maintenance	25,000	25,000	41,941	(16,941)
Other general expenses			4,364	(4,364)
Supplies			517	(517)
Sub-total	<u>705,000</u>	<u>720,000</u>	<u>759,326</u>	<u>(39,326)</u>
Total expenditures	<u>20,590,154</u>	<u>20,754,437</u>	<u>18,172,511</u>	<u>2,581,926</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$</u> 648,293	<u>\$</u> 648,293

**FIRST 5 ALAMEDA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**NOTE TO THE BUDGETARY DATA**

First 5 Alameda County adopts an annual budget, which covers the Governmental Fund. All appropriations lapse at fiscal year end and then are rebudgeted for in the coming fiscal year. The budget is prepared on a cash basis of accounting.

A mid-year budget review is performed and the budget is amended by passage of a resolution. Additional appropriations not included in the amended budget resolution must be approved by First 5 Alameda County.

**FIRST 5 ALAMEDA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

Last 10 Fiscal Years*	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability		0.358%	0.349%	0.326%	0.321%
Proportionate share of the Net Pension Liability	\$ 6,731,962	\$ 8,035,666	\$ 7,383,341	\$ 5,674,306	\$ 4,116,118
Covered employee payroll (1)	\$ 4,562,701	\$ 4,416,769	\$ 4,239,645	\$ 3,957,401	\$ 4,191,989
Proportionate share of the Net Pension liability as a percentage of covered-employee payroll	147.54%	181.94%	174.15%	143.38%	98.19%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.93%	76.88%	76.89%	81.06%	85.92%

(1) Covered-employee payroll includes only Compensation Earnable and Pensionable Compensation that would go into the determination of retirement benefits.

\*Additional years will be presented as they become available.



**FIRST 5 ALAMEDA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**SCHEDULE OF CONTRIBUTIONS -PENSIONS**

Last 10 Fiscal Years*	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 910,867	\$ 897,742	\$ 808,996	\$ 764,451
Contributions in relation to the actuarially determined contribution	\$ 910,867	\$ 897,742	\$ 808,996	\$ 764,451
Contribution deficiency (excess)	_____	_____	_____	_____
Covered – employee payroll	\$ 4,562,701	\$ 4,416,769	\$ 4,239,645	\$ 3,957,401
Contribution as a percentage of covered employee payroll	19.96%	20.33%	19.08%	19.32%

\*Additional years will be presented as they become available

**Notes to schedule:**

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation Date	12/31/2016
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	Prior to January 1, 2012, the total UAAL was amortized on a 30-year decreasing period, with 21 years remaining as of December 31, 2011 (and 16 years remaining as of December 31, 2016). On or after January 1, 2012, any new UAAL resulting from plan amendments are amortized over separate decreasing 15-year periods; early retirement incentive programs (ERIPs) are amortized over separate decreasing 5-year periods; assumption and method changes are amortized over separate decreasing 20-year periods; and experience gains/losses are also amortized over separate decreasing 20-year periods.

**FIRST 5 ALAMEDA COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

Asset Valuation method	The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Inflation	3.25%
Salary Increases	4.15% to 7.45%, vary by service including inflation.
Investment rate of return	7.6%, net of pension plan investment expense, including inflation.
Retirement age	60 years
Mortality	RP-2000 Combined Healthy Mortality table

**FIRST 5 ALAMEDA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**

Last 10 Fiscal Years*	<u>2018</u>
Proportion of the net pension liability	
Proportionate share of the Net OPEB Liability	\$ 101,306
Covered – employee payroll (1)	\$ 4,562,701
Proportionate share of the Net OPEB liability as a percentage of covered-employee payroll	2.22%
Plan Fiduciary Net Position as a percentage of the Total Net OPEB Liability	97.33%

(1) *Covered-employee payroll includes only Compensation Earnable and Pensionable Compensation that would go into the determination of retirement benefits.*

\*Fiscal year 2018 was the 1<sup>st</sup> year of implementation, therefore only one year is shown.

**FIRST 5 ALAMEDA COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**SCHEDULE OF CONTRIBUTIONS -OPEB**

Last 10 Fiscal Years*		2018
Contractually required contribution (actuarially determined) (1)	\$	N/A
Contributions in relation to the actuarially determined contribution	\$	N/A
		<hr/>
Contribution deficiency (excess)		<hr/>
Covered – employee payroll (2)	\$	4,562,701
Contribution as a percentage of covered employee payroll		

\*Additional years will be presented as they become available

**Notes to schedule:**

- (1) Benefits are funded by employer contributions to the 401(h) account and similar amounts are transferred from the SRBR to the Employers Advance Reserve to backfill the employer contributions that would have otherwise been made to the Retirement Plan.
- (2) Covered-employee payroll shown represents Compensation Earnable and Pensionable Compensation and is defined as the payroll of employees that are provided with OPEB through the OPEB plan.

**SUPPLEMENTARY INFORMATION**

**FIRST 5 ALAMEDA COUNTY**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY FUND SOURCE AND FUND BALANCE OF CCFC**  
**FUNDS FOR FIRST 5 PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

		<u>IMPACT</u>
		<u>CCFC Funds</u>
<b>REVENUE:</b>		
Retention Incentives - First 5 Improve and Maximize Programs so All Children Thrive	\$	<u>1,010,595</u>
Total revenues		<u>1,010,595</u>
<b>EXPENDITURES - Current:</b>		
Salaries and employee benefits		
Salaries and employee benefits		89,246
Other		<u>921,349</u>
Total expenditures		<u>1,010,595</u>
Excess of revenues over expenditures		
Beginning fund balance		
Ending fund balance		
	\$	<u><u>                    </u></u>



**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**

Board of Commissioners  
First 5 Alameda County  
Alameda, 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, major fund of First 5 Alameda County as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the First 5 Alameda County’s basic financial statements and have issued our report thereon dated October 16, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, First 5 Alameda County’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First 5 Alameda County’s internal control. Accordingly, we do not express an opinion on the effectiveness of First 5 Alameda County’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.

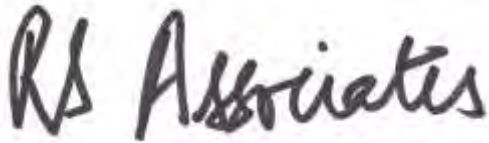
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

### **Compliance and other Matters**

As part of obtaining reasonable assurance about whether First 5 Alameda County'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the First 5 Alameda County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "RS Associates". The letters are cursive and somewhat stylized.

San Ramon, California  
October 16, 2018





## **INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Commissioners  
First 5 Alameda County  
Alameda, California

### **Compliance**

We have audited the First 5 Alameda County's 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, 2018.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

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

### **Opinion**

In our opinion, the First 5 Alameda County compiled, 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, 2018.



San Ramon, California  
October 16, 2018

**FIRST 5 ALAMEDA COUNTY  
STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2018**

There were no material findings reported in the prior year.



**To:** First 5 Alameda County Commission  
**From:** Christine Hom, Interim Chief of Staff  
**Date:** October 18, 2018  
**Subject:** FY 2017-18 Year End Investment Report, July 1, 2017 – June 30, 2018

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#### **REQUESTED ACTION**

To review the FY 2017-18 Investment Report covering July 1, 2017 – June 30, 2018.

#### **BACKGROUND OF ACTIVITIES**

The investment objectives of the First 5 Alameda County Agency are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all requirements that may be reasonably anticipated; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

The performance objective of the First 5 Alameda County Agency portfolio is to earn a total rate of return that exceeds the total rate of return on identified benchmarks.

In 2005-06, First 5 Alameda County transferred \$34,000,000 from the Sustainability Fund held by the Alameda County Treasurer's investment pool to outside money managers. This report summarizes the activity and status of the investment portfolio as of June 30, 2018.

#### **PORTFOLIO HIGHLIGHTS**

The Investment Report shows the performance of funds that are invested with portfolio manager Chandler Asset Management. At the end of the last fiscal year (June 30<sup>th</sup> 2017), the total market value of the portfolio was \$27,302,342 at a cost of \$27,356,012. The market value of the combined portfolios as of June 30, 2018 is \$27,193,191 at a cost of \$27,705,768.

**INVESTMENT REPORT****Investment Income**

Investment income is primarily derived from interest or yield payments on securities held in the investment portfolio. Typically, interest income from each security is received semi-annually. The money managers buy, sell and exchange securities consistent with the First 5 Alameda County Investment Policy in order to optimize overall yields.

Total investment earnings for the year ending June 30, 2018 was \$453,334.

**Investment Fees**

Fees include those levied by the portfolio manager and the fees levied by the account custodian (Union Bank). The total fees paid during this period were \$33,939.

**Investment Activity**

The Investment Activity shows all transactions affecting our portfolio. A purchase of securities increases the value of the portfolio whereas the sale of securities decreases the total portfolio value and may result in a gain or loss on the transaction.

**Market Value and Unrealized Gains and Losses**

There was an unrealized loss of \$512,577 at the end of June 2018. This is determined by comparing the Cost and the Market Value of the portfolio on that date. It implies that a loss would have been realized, had the portfolio been liquidated on June 30th. Since the portfolio was not liquidated, this section is for informational purposes only. Government entities are legally required (GASB 31) to report unrealized gains and losses on investments.

**Yield Benchmarks**

TBD

**FISCAL IMPACT**

The total realized investment earnings and interest received (net of fees) for July 1, 2017 – June 30, 2018 was \$422,792.

**REQUESTED ACTION**

To review the FY 2017-18 year end investment report.

Submitted by:

Reviewed by:

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Christine Hom  
Interim Chief of Staff

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Kristin Spanos  
Chief Executive Officer

**First 5 Alameda County  
Investment Report - Chandler Asset Management  
For the Period July 1, 2017 - June 30, 2018**

**INVESTMENT INCOME:**

<i>Interest Received</i>	\$ 453,334
Total Investment Earnings	\$ 453,334
<i>Less:</i>	
Investment Fees (Chandler)	(30,543)
Union Bank Custodial Fees	(3,396)
<i>Net Investment Income</i>	<u>\$ 422,792</u>

**INVESTMENT ACTIVITY:**

Portfolios - Cost Basis at 6/30/17	\$ 27,356,012
Purchases	\$ 19,722,935
Maturities	\$ (4,644,653)
Sales	\$ (12,878,434)
Principal Pay Downs	\$ (1,850,093)
Portfolios - Cost Basis at 6/30/18	\$ 27,705,768

**COST VS. MARKET VALUE:**

Portfolios at Market 6/30/18	\$ 27,193,191
Portfolios at Cost 6/30/18	27,705,768
<i>Unrealized Gain (Loss) at 6/30/18</i>	<u>\$ (512,577)</u>

## APPROXIMATE YIELD AND BENCHMARKS (Annualized) for FY 2017-18:

Chandler Asset Management	TBD
Local Agency Investment Fund (LAIF)	1.38%
Alameda County Treasurer's Pool	TBD



Account Number  
991

Account Name  
FIRST 5 ALAMEDA/CHANDLER

### Account Statement

#### Statement Period

June 1, 2018 through June 30, 2018

### Asset Detail - Principal Portfolio

#### Cash & Cash Equivalents

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ of Portfolio	Percentage of Portfolio	Current Yield	Estimated Annual Income
Money Market Funds									
FEDERATED GOVERNMENT OBLIG FD I MMKT	60934N10S	23,590.8900	23,590.89	23,590.89	1,0000	0.09%	0.09%	1.82%	430.36
*** CASH MANAGEMENT SWEEP ***					06/29/2018				
60934N104									

Total Cash & Cash Equivalents

\$23,590.89      \$23,590.89      0.09%      1.82%      \$430.36

#### Government Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ of Portfolio	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury									
UNITED STATES TREAS NTS 1.2500%	912828J01	625,000.0000	617,589.98	612,206.25	97.9530	2.27%	2.27%	1.28%	7,812.50
2/29/2020					06/29/2018				
UNITED STATES TREAS NTS 1.3750%	912828J84	600,000.0000	600,587.95	588,330.00	98.0550	2.16%	2.16%	1.40%	8,250.00
3/31/2020					06/29/2018				
UNITED STATES TREAS NTS 1.3750%	912828VF4	620,000.0000	616,131.76	605,608.00	97.8400	2.23%	2.23%	1.41%	9,525.00
5/31/2020					06/29/2018				
UNITED STATES TREAS NTS 1.6250%	912828XN7	600,000.0060	606,798.89	580,702.00	98.1170	2.16%	2.16%	1.66%	9,750.00
7/31/2020					06/29/2018				
UNITED STATES TREAS NTS 1.3750%	912828L32	600,000.0000	600,189.51	585,096.00	97.5160	2.15%	2.15%	1.41%	8,250.00
8/31/2020					06/29/2018				
UNITED STATES TREAS NTS 1.3750%	912828L99	500,000.0000	492,450.90	486,405.00	97.2810	1.79%	1.79%	1.41%	6,875.00
10/31/2020					06/29/2018				
UNITED STATES TREAS NTS 1.3750%	912828N89	155,000.0000	151,912.63	150,270.95	96.9490	0.55%	0.55%	1.42%	2,131.25
1/31/2021					06/29/2018				







Account Number  
91

Account Statement

Account Name  
FIRST 5 ALAMEDA/CHANDLER

Statement Period

June 1, 2018 through June 30, 2018

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 2.0000% 2/28/2021	912828B90	600,000.0000	616,853.57	590,646.00	96.4410 06/29/2018	2.17%	2.03%	12,000.00
UNITED STATES TREAS NTS 1.2500% 3/31/2021	912828037	555,000.0000	542,145.81	535,087.70	96.4140 06/29/2018	1.97%	1.30%	6,937.50
UNITED STATES TREAS NTS 1.1250% 9/30/2021	912828134	555,000.0000	545,614.55	528,787.35	95.2770 06/29/2018	1.94%	1.18%	6,243.75
UNITED STATES TREAS NTS 1.7500% 2/28/2022	912828J43	580,000.0000	569,512.10	561,219.60	96.7620 06/29/2018	2.06%	1.81%	10,150.00
UNITED STATES TREAS NTS 2.1250% 6/30/2022	912828X60	450,000.0000	456,382.37	440,280.00	97.8400 06/29/2018	1.62%	2.17%	9,562.50
UNITED STATES TREAS NTS 1.8750% 8/31/2022	912828L24	250,000.0000	250,108.26	241,845.00	95.7380 06/29/2018	0.89%	1.94%	4,687.50
UNITED STATES TREAS NTS 1.7500% 9/30/2022	912828L57	540,000.0000	534,009.38	519,383.60	95.1840 06/29/2018	1.91%	1.82%	9,450.00
UNITED STATES TREAS NTS 2.1250% 12/31/2022	912828N30	450,000.0000	443,003.91	438,696.00	97.4880 06/29/2018	1.61%	2.18%	9,562.50
Federal Govt Agency								
FEDERAL HOME LOAN MTGE CORP MED TERM NTS 1.250% 09/01/2019	3137EADK2	210,000.0000	209,890.80	207,388.70	96.7470 06/29/2018	0.76%	1.27%	2,625.00
FEDERAL NATL MTG ASSN 1.7500% 9/1/2019	313560Z61	240,000.0000	239,867.76	236,058.40	99.1910 06/29/2018	0.88%	1.76%	4,200.00



Account Number  
091

Account Name  
FIRST 5 ALAMEDA/CHANDLER

### Account Statement

#### Statement Period

June 1, 2018 through June 30, 2018

### Asset Detail - Principal Portfolio (continued)

#### Government Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDERAL HOME LOAN MORTGAGE CORP 1.250% 10/02/2019	3137EADM8	615,000.0000	607,073.60	605,658.15	98.4810 06/29/2018	2.23%	1.27%	7,667.50
FEDERAL HOME LOAN MTG CORP NOTES DTD 04/04/2013 1.375% 05/01/2020	3137EADR7	625,000.0000	624,150.00	612,137.50	97.9420 06/29/2018	2.26%	1.40%	8,593.75
FEDL NATL MTG ASSN BONDS DTD 04/27/2015 1.50% 06/22/2020	3135G0D75	620,000.0000	620,334.80	607,432.60	97.9730 06/29/2018	2.23%	1.53%	9,300.00
FEDERAL HOME LOAN MORTGAGE CORP 1.875% 11/17/2020	3137EAEK1	275,000.0000	274,287.43	269,918.00	98.1520 06/29/2018	0.99%	1.91%	5,156.25
FEDERAL NATL MTG ASSN 1.5000% 11/30/2020	3135G0F73	625,000.0000	614,175.00	608,293.75	97.3270 06/29/2018	2.24%	1.54%	9,375.00
FEDERAL HOME LOAN BANKS 1.375% 02/18/2021	3130A7CV5	525,000.0000	522,879.00	508,221.00	96.8040 06/29/2018	1.87%	1.42%	7,218.75
FEDERAL NATL MTG ASSN 1.3750% 2/26/2021	3135G0J20	620,000.0000	617,378.04	599,943.00	96.7650 06/29/2018	2.21%	1.42%	8,525.00
FEDERAL NATL MTGE ASSN NOTES 1.250% 05/06/2021	3135G0K69	360,000.0000	301,020.00	288,627.00	96.2090 06/29/2018	1.06%	1.30%	3,750.00
FEDERAL NATIONAL MTG ASSN 2.75% 6/22/2021	3135G0U35	425,000.0000	425,625.00	425,378.25	100.0890 06/29/2018	1.56%	2.75%	11,687.50
FEDERAL HOME LOAN BANKS 1.125% 07/14/2021	3130ASQ55	330,000.0000	326,950.80	315,783.60	95.6920 06/29/2018	1.16%	1.18%	3,712.50
FEDL HOME LOAN MTG CORP NOTES DTD 08/12/2016 1.125% 08/12/2021	3137EAE9	550,000.0000	545,952.00	524,870.50	95.4310 06/29/2018	1.93%	1.18%	6,187.50





Account Number  
31

Account Statement

Account Name  
FIRST 5 ALAMEDA/CHANDLER

Statement Period  
June 1, 2018 through June 30, 2018

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDL NATL MTG ASSN NOTES DTD 08/19/2016 1.25% 08/17/2021	313560N8Z	225,000.0000	223,783.43	215,275.50	95.6780 06/29/2018	0.79%	1.31%	2,812.50
FEDL NATL MTG ASSN NOTES DTD 10/07/2016 1.375% 10/07/2021	313560O89	200,000.0000	190,782.00	191,710.00	95.8550 06/29/2018	0.70%	1.43%	2,750.00
FEDERAL NATL MTGE ASSN NOTES 2.000% 01/05/2022	313560S38	600,000.0000	602,190.00	584,814.00	97.4650 06/29/2018	2.15%	2.05%	12,000.00
FEDERAL NATL MTG ASSN 1.8750% 4/5/2022	313560T45	560,000.0000	559,915.44	542,908.80	96.9480 06/29/2018	2.00%	1.93%	10,500.00
FEDL NATL MTG ASSN NOTES DTD 10/06/2017 2.00% 10/05/2022	313560T78	500,000.0000	499,000.00	483,870.00	96.7740 06/29/2018	1.78%	2.07%	10,000.00
FEDERAL NATL MTGE ASSN NOTES 2.375% 01/19/2023	313560T94	425,000.0000	410,473.00	417,316.00	98.1920 06/29/2018	1.53%	2.42%	10,093.75
<b>Total Government Obligations</b>			<b>\$16,075,023.68</b>	<b>\$15,721,168.20</b>		<b>57.81%</b>	<b>1.63%</b>	<b>\$256,362.50</b>

Corporate Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
AMERICAN HONDA FIN CORP MTN 2.1250% 10/10/2018	07665WACS	90,000.0000	91,079.25	89,920.80	99.9120 06/29/2018	0.33%	2.13%	1,912.50
PRAXAIR INC 1.2500% 11/17/2018	74005PBH6	165,000.0000	162,404.55	164,222.85	99.5290 06/29/2018	0.60%	1.26%	2,062.50





Account Number

Account Statement

Account Name

Statement Period

FIRST 5 ALAMEDA/CHANDLER

June 1, 2018 through June 30, 2018

Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	Asset Identifier	Shares/Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
GENERAL ELEC CAP CORP 2.300 01/14/2019	36962G7G3	400,000.0000	406,260.00	399,096.00	99.7740 06/29/2018	1.47%	2.31%	9,200.00
CISCO SYS INC SR NT 2.1250% 03/01/2019	17275RAR3	190,000.0000	160,866.20	179,550.00	99.7500 06/29/2018	0.66%	2.13%	3,825.00
US BANCORP BONDS DTD 04/24/2014 2.20% 04/25/2019	91159HHH6	335,000.0000	336,314.35	333,713.60	99.6160 06/29/2018	1.23%	2.21%	7,370.00
HSBC USA INC 2.2500% 6/23/2019	40434CAC3	200,000.0000	201,022.00	198,608.00	99.3040 06/29/2018	0.73%	2.27%	4,500.00
BERKSHIRE HATHAWAY FIN 1.300% 06/15/2019	084664CK5	165,000.0000	184,820.55	182,215.75	98.4950 06/29/2018	0.67%	1.32%	2,405.00
BANK OF NEW YORK NOTES DTD 09/11/2014 2.30% 09/11/2019	06406HCW7	320,000.0000	321,632.75	318,268.80	99.4590 06/29/2018	1.17%	2.31%	7,360.00
COSTCO WHSL CORP NEW SR NT 1.750% 02/15/2020	22160KAG0	105,000.0000	104,889.75	103,343.10	98.4220 06/29/2018	0.38%	1.78%	1,837.50
QUALCOMM INC 2.2500% 5/20/2020	74752AD5	160,000.0000	159,228.00	157,641.60	98.5260 06/29/2018	0.58%	2.28%	3,600.00
ACE INA HOLDINGS 2.30% 11/03/2020	00440EAT4	340,000.0000	341,601.40	333,951.40	98.2210 06/29/2018	1.23%	2.34%	7,820.00
MICROSOFT CORP SR NOTES DTD 11/03/2015 2.00% 11/03/2020	5949186G8	160,000.0000	159,872.00	157,476.80	98.4230 06/29/2018	0.58%	2.03%	3,200.00
EXXON MOBIL CORP 2.222% 03/01/2021	36231GAV4	415,000.0000	419,645.45	407,364.00	98.1600 06/29/2018	1.50%	2.26%	9,221.30





Branch Number  
1091

Account Name  
FIRST 5 ALAMEDA/CHANDLER

## Account Statement

### Statement Period

June 1, 2018 through June 30, 2018

## Asset Detail - Principal Portfolio (continued)

### Corporate Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
JOHN DEERE CAPITAL CORP MTN 2.800% 03/04/2021	24422ESL4	182,000.0000	186,428.06	180,482.12	99.1660 06/29/2018	0.56%	2.82%	5,095.00
GENERAL DYNAMICS DTD 05/11/2018 3.0% 05/11/2021	369550BE7	345,000.0000	342,578.25	343,882.55	99.6790 06/29/2018	1.26%	3.01%	10,350.00
STATE STREET CORP 1.950% 05/19/2021	857477AV6	215,000.0000	214,888.20	208,287.70	96.8780 06/29/2018	0.77%	2.01%	4,192.50
MICROSOFT CORP 1.550% 08/08/2021	594918BP8	285,000.0000	284,662.35	273,289.35	95.8910 06/29/2018	1.00%	1.52%	4,417.50
ORACLE CORP SR NT 1.900% 09/15/2021	66389XBK0	350,000.0000	342,163.50	333,347.00	95.2420 06/29/2018	1.23%	1.99%	6,850.00
TOYOTA MOTOR CREDIT CORP 2.6000% 1/11/2022	892367DP7	350,000.0000	344,477.20	342,832.00	97.9520 06/29/2018	1.26%	2.55%	9,100.00
US BANCORP DTD 01/24/2017 2.625% 01/24/2022	91159HHP8	165,000.0000	154,716.20	161,437.65	97.8410 06/29/2018	0.59%	2.68%	4,331.25
OCCIDENTAL PETE CORP DEL 2.6000% 4/15/2022	674595CK9	330,000.0000	322,126.20	322,637.70	97.7690 06/29/2018	1.19%	2.66%	8,580.00
ELI LILLY & CO DTD 05/09/2017 2.35% 05/15/2022	532457BD0	350,000.0000	353,052.00	340,515.00	97.2900 06/29/2018	1.25%	2.42%	8,225.00
PNC BK NA PITTSBURG PA FR 2.450% 07/28/2022	69353RFE3	380,000.0000	379,965.80	366,795.00	96.5250 06/29/2018	1.35%	2.54%	9,310.00
IBM CR CORP MTN BE 2.2000% 9/8/2022	44932HAC7	340,000.0000	334,247.20	325,288.20	95.6730 06/29/2018	1.20%	2.30%	7,460.00



Account Number  
091

Account Name  
FIRST 5 ALAMEDA/CHANDLER

### Account Statement

#### Statement Period

June 1, 2018 through June 30, 2018

### Asset Detail - Principal Portfolio (continued)

#### Corporate Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
JPMORGAN CHASE 2.9720% 1/15/2023	48128BAB7	295,000.0000	292,153.25	287,318.20	97.3960 06/29/2018	1.06%	3.05%	8,767.40
DEERE JOHN CAP CORP MTNS BE 2.8000% 3/6/2023	24422ETG4	150,000.0000	145,521.00	146,362.50	97.5750 06/29/2018	0.54%	2.87%	4,200.00
<b>Collateralized Passthroughs</b>								
TOYOTA AUTO RECV OWN TR 2016 A-2A 1.0600% 5/15/2019 ORIGINAL FACE VALUE \$225,000.00	89231LAB3	6,560.0100	6,559.48	6,555.75	99.9350 06/29/2018	0.02%	1.06%	69.54
HONDA AUTO RECV 2017-1 A-2 1.4200% 7/22/2019 ORIGINAL FACE VALUE \$160,000.00	43814TAB8	32,832.1100	32,831.32	32,785.82	99.8590 06/29/2018	0.12%	1.42%	466.22
JOHN DEERE OWNER TR 2017 A-2 1.5000% 10/15/2019 ORIGINAL FACE VALUE \$120,000.00	47787XAB3	45,626.9900	45,626.81	45,549.42	99.8300 06/29/2018	0.17%	1.50%	684.40
NISSAN AUTO RECV 2017-A-A-2A 1.4700% 1/15/2020 ORIGINAL FACE VALUE \$115,000.00	654747AB0	53,297.0400	53,296.77	53,154.20	99.7320 06/29/2018	0.20%	1.47%	783.47
HONDA AUTO RECV 2016-2 A-3 1.3900% 4/15/2020 ORIGINAL FACE VALUE \$170,000.00	43814QAC2	96,291.7700	96,289.90	95,779.50	99.4680 06/29/2018	0.35%	1.40%	1,339.46







Account Number  
081

Account Name  
FIRST 5 ALAMEDA/CHANDLER

## Account Statement

### Statement Period

June 1, 2018 through June 30, 2018

## Asset Detail - Principal Portfolio (continued)

### Corporate Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Collateralized Passthroughs								
JOHN DEERE OWNER TR 2016 A-3 1.3600% 4/15/2020 ORIGINAL FACE VALUE \$235,000.00	47788MAC4	115,949.9800	115,930.73	115,426.05	99.5490 06/29/2018	0.42%	1.37%	1,576.91
JOHN DEERE OWNER TR 2017-B A-2A 1.5900% 4/15/2020 ORIGINAL FACE VALUE \$80,000.00	47788BAB0	50,263.2300	50,258.86	50,072.23	99.6200 06/29/2018	0.18%	1.60%	799.19
TOYOTA AUTO RECV OWN TR 2016 A-3 1.3000% 4/15/2020 ORIGINAL FACE VALUE \$315,000.00	89231UAD9	182,534.0400	182,524.71	181,575.74	99.4750 06/29/2018	0.67%	1.31%	2,372.94
TOYOTA AUTO RECV OWN TR 2017 A-2A 1.5800% 7/15/2020 ORIGINAL FACE VALUE \$295,000.00	89237RAB4	235,977.6300	235,975.38	234,854.38	99.5240 06/29/2018	0.86%	1.59%	3,728.45
TOYOTA AUTO RECV OWN TR 2018 A-2A 2.1000% 10/15/2020 ORIGINAL FACE VALUE \$340,000.00	89238BAB8	340,000.0000	339,965.25	339,728.40	99.6260 06/29/2018	1.25%	2.11%	7,140.00
HONDA AUTO RECV 2017-2 A-3 1.6800% 8/16/2021 ORIGINAL FACE VALUE \$160,000.00	43811BAC8	160,000.0000	157,512.50	157,646.40	98.5250 06/29/2018	0.58%	1.71%	2,688.00
JOHN DEERE OWNER TR 2017-B A-3 1.8200% 10/15/2021 ORIGINAL FACE VALUE \$93,000.00	47788BAD6	93,000.0000	92,265.66	91,648.71	98.5470 06/29/2018	0.34%	1.85%	1,692.60



Account Number  
391

Account Name  
FIRST 5 ALAMEDA/CHANDLER

### Account Statement

#### Statement Period

June 1, 2018 through June 30, 2018

### Asset Detail - Principal Portfolio (continued)

#### Corporate Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Collateralized Passthroughs</b>								
JOHN DEERE OWNER TR 2018 A-3 2.6600% 4/18/2022 ORIGINAL FACE VALUE \$90,000.00	47788CAC6	90,000.0000	89,993.53	89,537.40	06/29/2018	0.33%	2.67%	2,394.00
AMERICAN EXPRESS CR TR 2017 - A 1.9300% 9/15/2022 ORIGINAL FACE VALUE \$279,000.00	02587AAJ3	279,000.0000	274,662.42	274,884.75	06/29/2018	1.01%	1.96%	5,384.70
<b>Certificate of Dep-Negotiable</b>								
BANK NOVA SCOTIA HOUSTON TEX 1.5700% 8/9/2018	064176XH6	480,000.0000	480,000.00	479,745.60	06/29/2018	1.76%	1.57%	7,536.00
BANK OF MONTREAL CTF OF DEP 1.760% 11/07/2018	06371ETT4	440,000.0000	440,000.00	440,000.00	11/06/2017	1.62%	1.76%	7,744.00
<b>Total Corporate Obligations</b>			<b>\$9,469,288.78</b>	<b>\$9,345,802.02</b>		<b>34.37%</b>	<b>2.16%</b>	<b>\$201,412.33</b>

#### Non-US Securities

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Supranational Obligations</b>								
INTER AMERN DEV BK GLOBAL MT 1.6250% 5/12/2020	4581X0CX4	455,000.0000	453,921.65	447,292.30	06/29/2018	1.64%	1.65%	7,393.75
INTERNATIONAL FIN CORP 2.2500% 1/25/2021	45950KCM0	545,000.0000	541,364.20	538,536.30	06/29/2018	1.99%	2.28%	12,262.50







Account Number  
091

Account Name  
FIRST 5 ALAMEDA/CHANDLER

**Account Statement**

**Statement Period**

June 1, 2018 through June 30, 2018

**Asset Detail - Principal Portfolio (continued)**

**Non-US Securities**

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Supranational Obligations</b>								
INTER AMERN DEV BK GLOBAL MT 2.1250% 1/18/2022	4581X0CW6	545,000.0000	544,329.65	533,527.75	97.8950 06/29/2018	1.96%	2.17%	11,581.25
INTER AMERN DEV BK GLOBAL MT 1.7500% 9/14/2022	4581X0CZ9	250,000.0000	246,912.50	239,420.00	95.7660 06/29/2018	0.89%	1.83%	4,375.00
<b>Non - US Corporate Bonds</b>								
ROYAL BK CDA 2.5000% 1/19/2021	78012KKU0	350,000.0000	351,326.50	343,854.00	98.2440 06/29/2018	1.26%	2.54%	8,750.00
<b>Total Non-US Securities</b>			<b>\$2,137,854.50</b>	<b>\$2,102,630.35</b>		<b>7.73%</b>	<b>2.11%</b>	<b>\$44,362.50</b>
<b>Total Principal Portfolio</b>			<b>\$27,705,767.85</b>	<b>\$27,193,191.46</b>		<b>100.00%</b>	<b>1.85%</b>	<b>\$502,567.69</b>
<b>Total Account Values</b>			<b>\$27,705,767.85</b>	<b>\$27,193,191.46</b>		<b>100.00%</b>	<b>1.85%</b>	<b>\$502,567.69</b>

# First 5 Alameda County

Period Ending  
September 30, 2018



<b>SECTION 1</b>	<b>Economic Update</b>
<b>SECTION 2</b>	<b>Account Profile</b>
<b>SECTION 3</b>	<b>Portfolio Holdings</b>
<b>SECTION 4</b>	<b>Transactions</b>

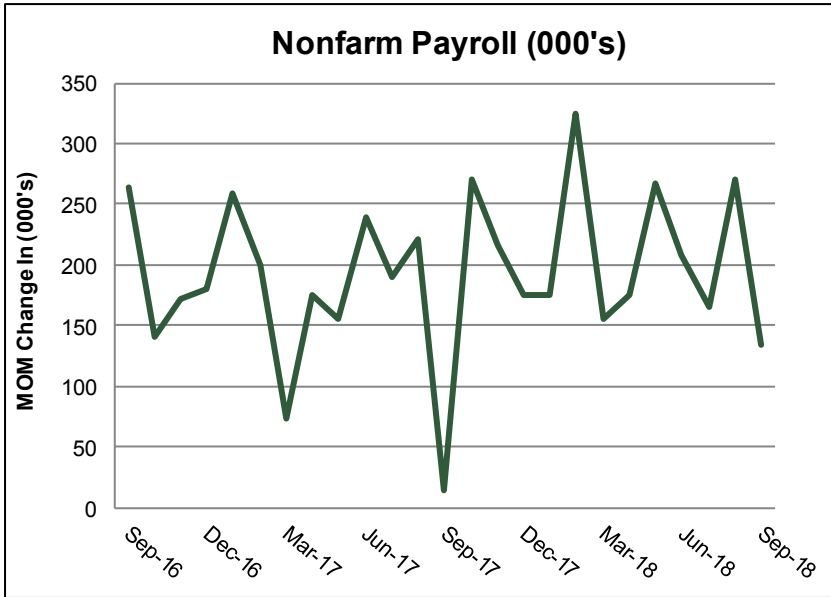
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**SECTION 1**

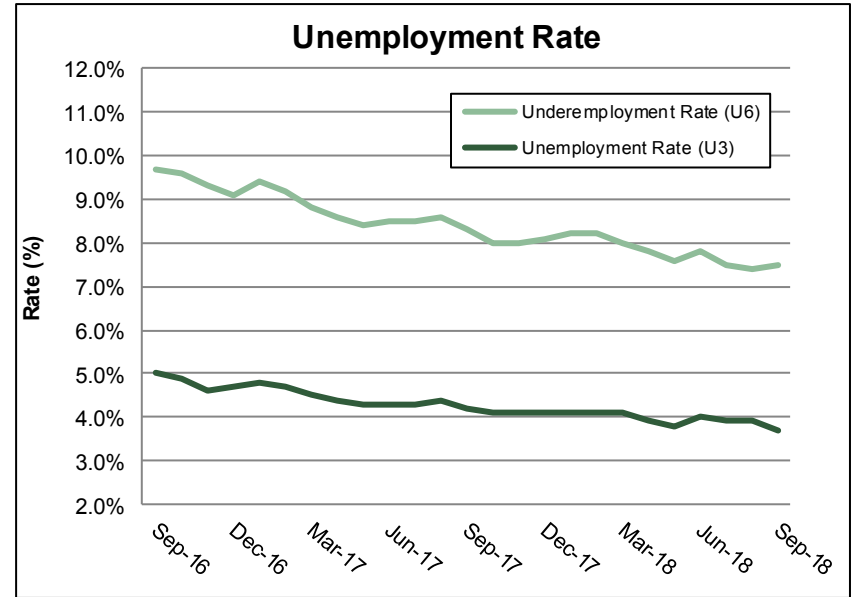
**Economic Update**



- As expected, the Federal Open Market Committee (FOMC) voted to raise the fed funds target rate by 25 basis points to a range of 2.00%-2.25% at the September 26th meeting. The vote was unanimous, including a vote from the new Board of Governors Vice Chair, Richard Clarida. The Fed raised its median forecast for GDP growth in 2018 and 2019 and left its forecasts for unemployment and inflation relatively unchanged. The Fed also kept its fed funds rate forecasts unchanged with the exception of the longer-run target which increased slightly to 3.0%. The Fed's forecast points to one more fed funds rate hike this year and three more hikes next year. Once again, in its policy statement, the FOMC noted that economic activity has been rising at a "strong rate" and policymakers expect that further gradual increases in the fed funds rate will be appropriate. The FOMC continues to believe risks to the economic outlook are roughly balanced. Market participants believe there is a very high probability that there will be another rate hike in December.
- Economic data remains favorable but predictive economic indicators suggest that economic growth is unlikely to accelerate. Although the labor market is strong and consumer confidence is high, we do not believe the economy is close to overheating. The Core PCE Index suggests that inflation is in line with the Fed's 2.0% target. Market participants are forecasting annualized GDP growth of about 3.0% in the third quarter, 2.8% in the fourth quarter, and 2.5% next year.
- Treasury yields increased in September. At month-end, the 2-year Treasury yield was up 19 basis points to 2.82%, while the 10-year Treasury yield was up 20 basis points to 3.06%. The spread between 2- and 10-year Treasury yields remained narrow at just 24 basis points at month-end. Over the past 20 years, the average spread between 2- and 10-year Treasuries has been about 140 basis points. We foresee an upward bias to rates across the Treasury yield curve but believe that the yield curve will remain quite flat over the intermediate-term.

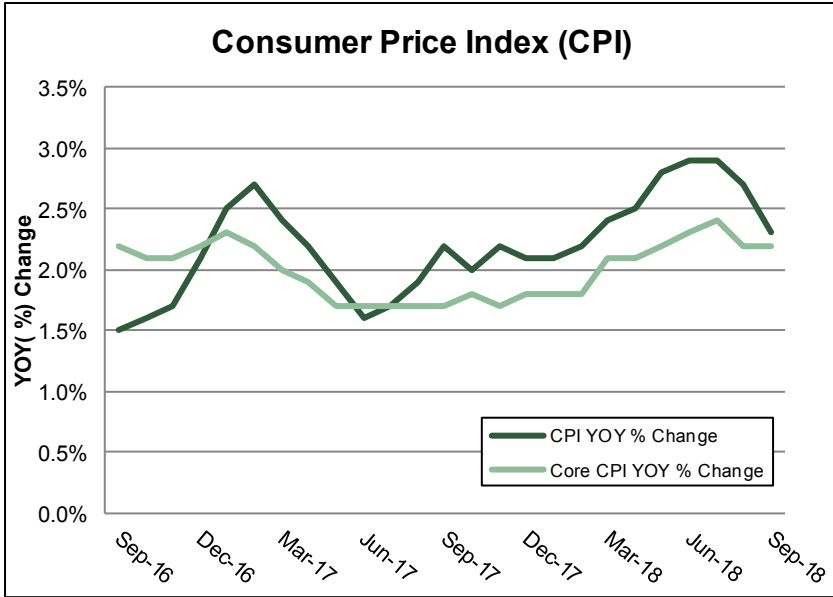


Source: US Department of Labor

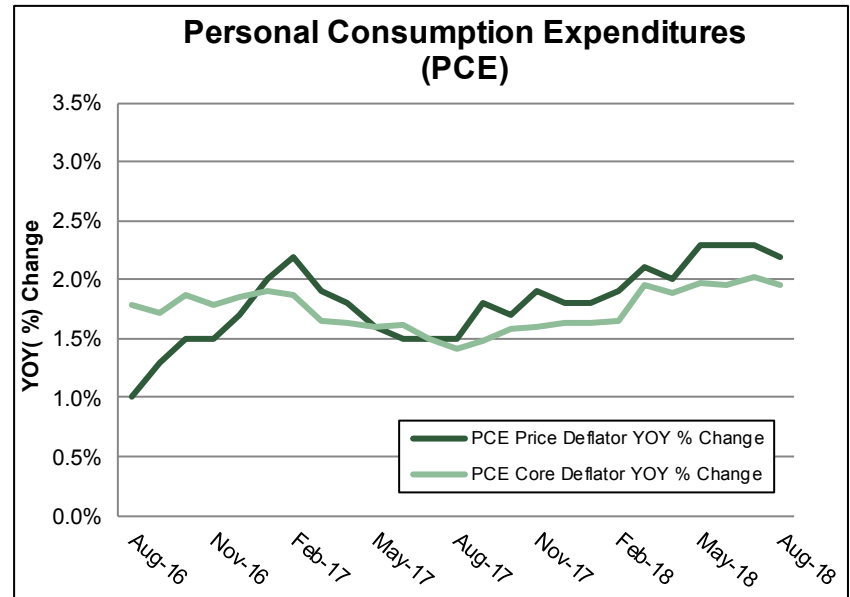


Source: US Department of Labor

U.S. payrolls rose by 134,000 in September, below the consensus forecast of 185,000. However, July and August payrolls were revised up by a total of 87,000. On a trailing 3-month and 6-month basis payrolls increased by an average of 190,000 and 203,000 per month, respectively, more than enough to absorb new entrants into the labor market. The unemployment rate declined further in September to 3.7% from 3.8% in August. The labor participation rate was unchanged month-over-month at 62.7%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased to 7.5% from 7.4% in August. Wages rose 0.3% in September on a month-over-month basis, in line with expectations. Wages were up 2.8% on a year-over-year basis in September, versus up 2.9% year-over-year in August. The average workweek was unchanged at 34.5 hours. Overall, the September employment report indicates the labor market remains strong, and there is steady but modest upward pressure on wages.

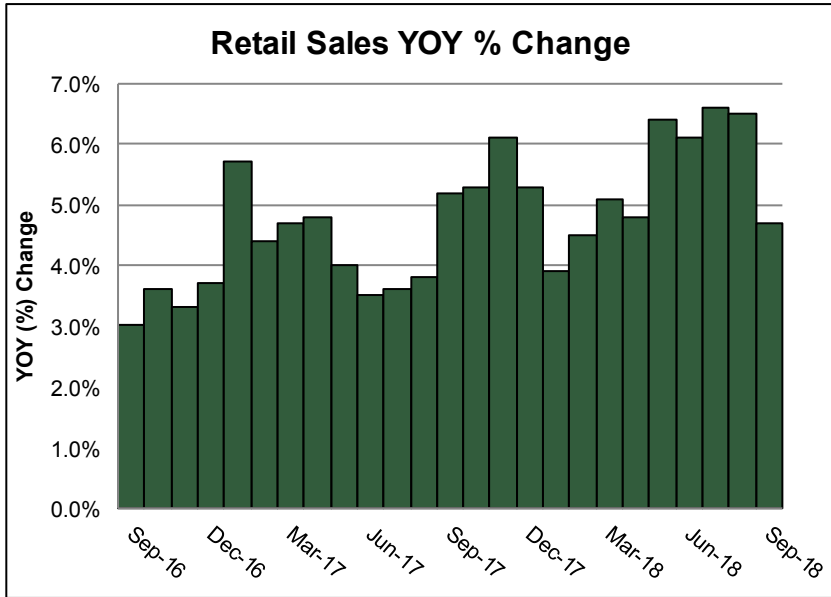


Source: US Department of Labor



Source: US Department of Commerce

The Consumer Price Index (CPI) was up 2.3% year-over-year in September, versus up 2.7% year-over-year in August. Core CPI (CPI less food and energy) was up 2.2% year-over-year in September, unchanged from 2.2% year-over-year in August. The Personal Consumption Expenditures (PCE) index was up 2.2% year-over-year in August, down slightly from 2.3% year-over-year in July. Core PCE (excluding food and energy) was up 2.0% on a year-over-year basis in August, unchanged from 2.0% in July. Core PCE inflation, which is the Fed's primary inflation gauge, remains in line with the Fed's 2.0% target.



Source: US Department of Commerce



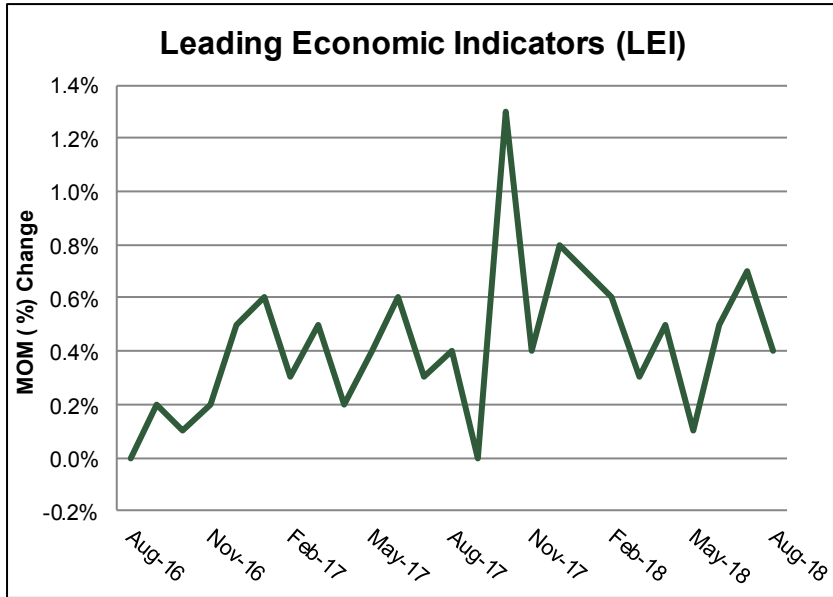
Source: The Conference Board

On a year-over-year basis, retail sales were up 4.7% in September, versus up 6.5% year-over-year in August. On a month-over-month basis, retail sales increased just 0.1% in September, well below expectations for a 0.6% increase. E-commerce and furniture sales were strong in September while department store sales declined. The Consumer Confidence Index remains very strong at 138.4 in September, up from 134.7 in August. Ongoing strength in the labor market continues to support consumer confidence and spending trends.

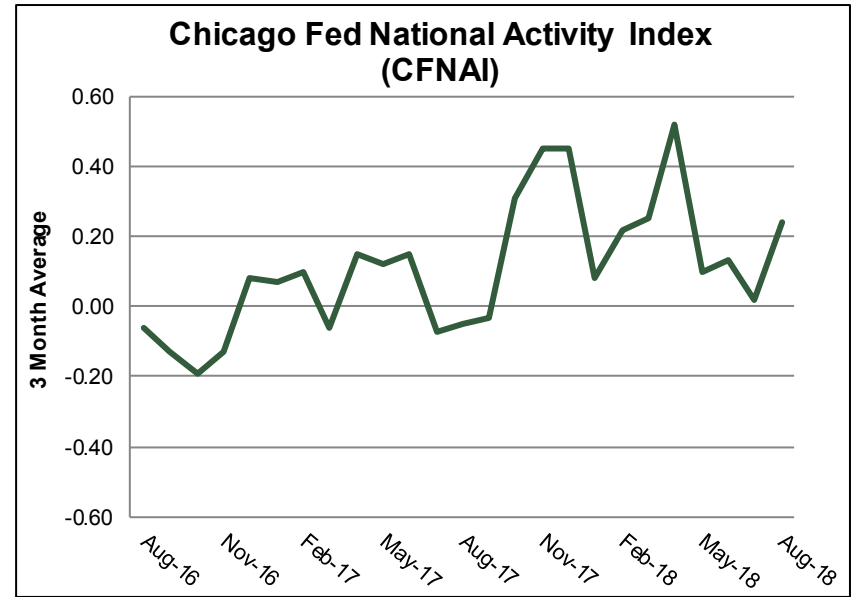




# Economic Activity

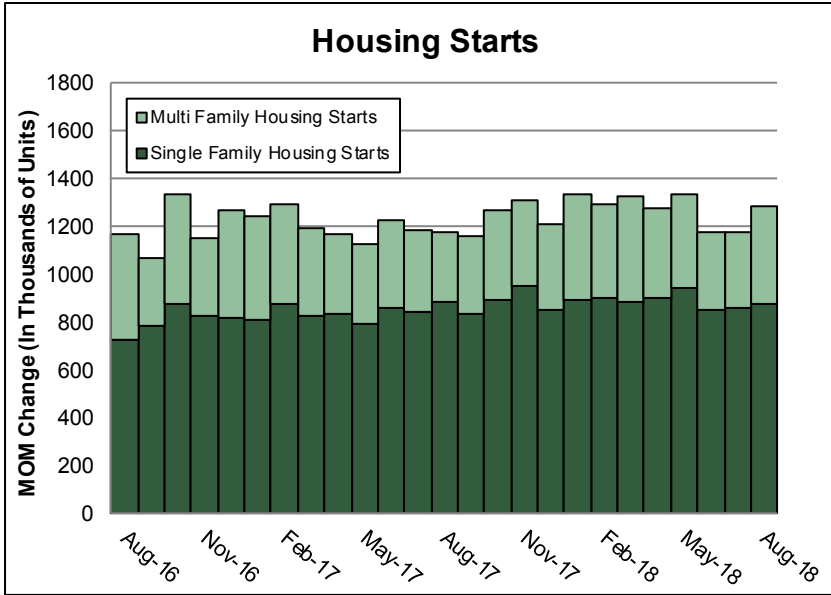


Source: The Conference Board

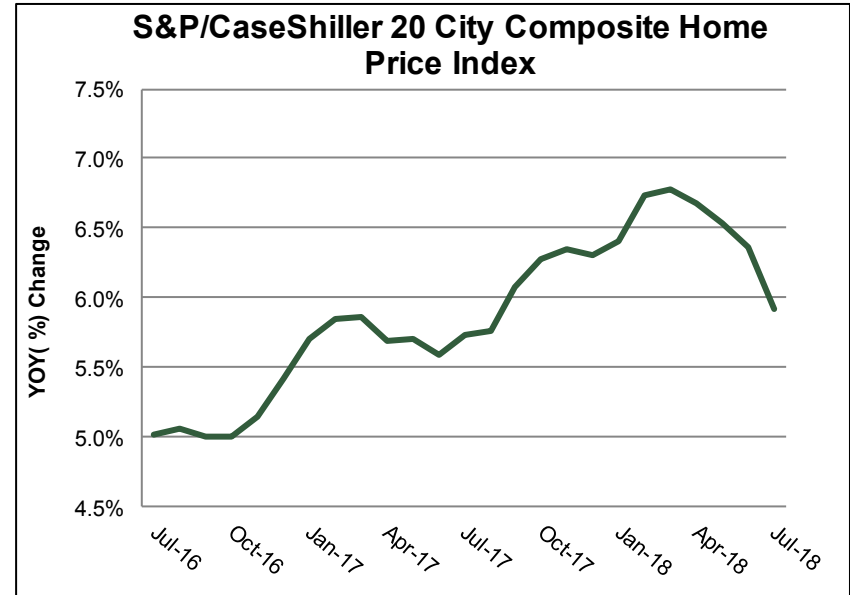


Source: Federal Reserve Bank of Chicago

The Index of Leading Economic Indicators (LEI) rose 0.4% month-over-month in August, following a 0.7% increase in July. According to the Conference Board, the index points to solid US economic growth for the remainder of the year. However, the Conference Board also warns that industrial companies that are more sensitive to business cycles should prepare for a possible moderation in economic growth next year. The Chicago Fed National Activity Index (CFNAI) was unchanged month-over-month in August at 0.18, suggesting that economic activity remains steady. On a 3-month moving average basis, the index increased to 0.24 in August from 0.02 in July.

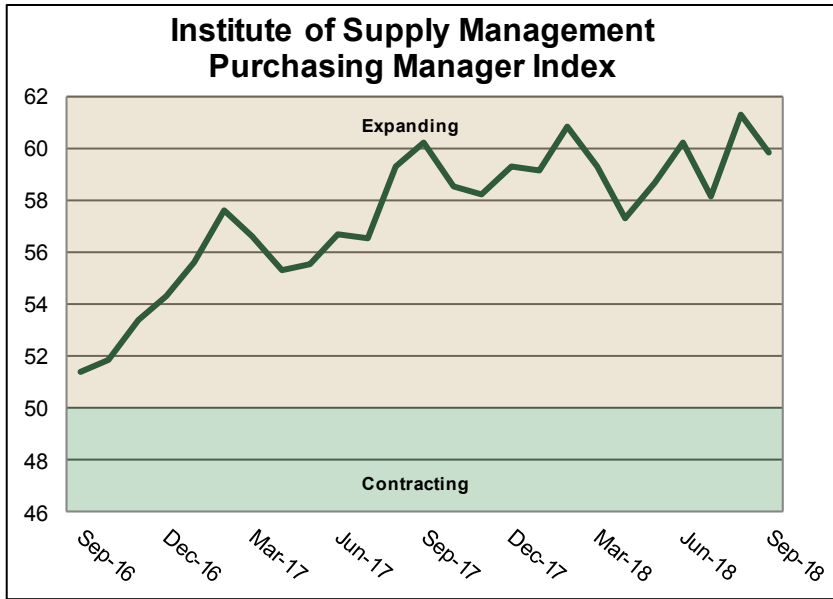


Source: US Department of Commerce

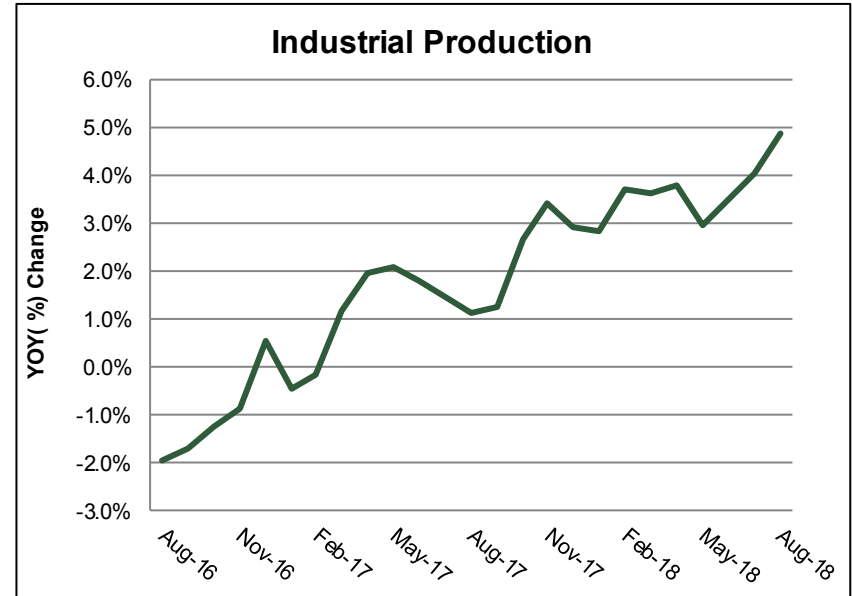


Source: S&P

Total housing starts increased 9.2% in August. Single-family starts increased 1.9% in August while multi-family starts surged 29%. However, permits fell 5.7% in August. According to the Case-Shiller 20-City home price index, home prices were up 5.9% year-over-year in July, versus 6.4% in June. Housing data tends to be volatile on a month-over-month basis. Broadly speaking, the housing sector is facing a few different headwinds including supply constraints, rising mortgage interest rates, and a shortage of skilled labor, and housing trends have softened.



Source: Institute for Supply Management



Source: Federal Reserve

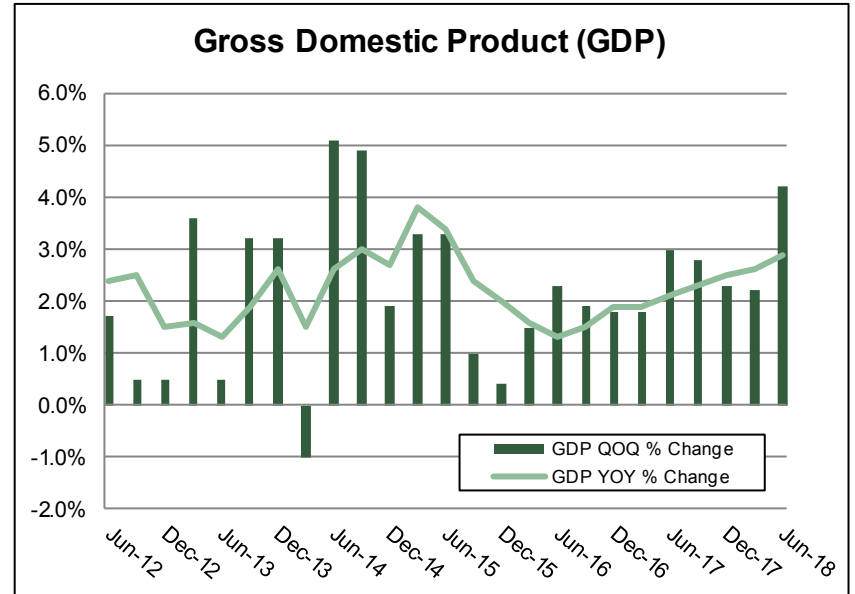
The Institute for Supply Management (ISM) manufacturing index edged down to 59.8 in September from 61.3 in August (the highest level since May 2004). A reading above 50.0 suggests the manufacturing sector is expanding. The Industrial Production index was up 4.9% year-over-year in August versus up 4.0% year-over-year in July. On a month-over-month basis, the manufacturing component of the index edged up just 0.2% in August, following a 0.3% increase in July, pointing to modest growth in the sector. Capacity Utilization increased to 78.1% in August from 77.9% in July, but remains below the long-run average of 79.8% indicating there is still excess capacity for growth.



# Gross Domestic Product (GDP)

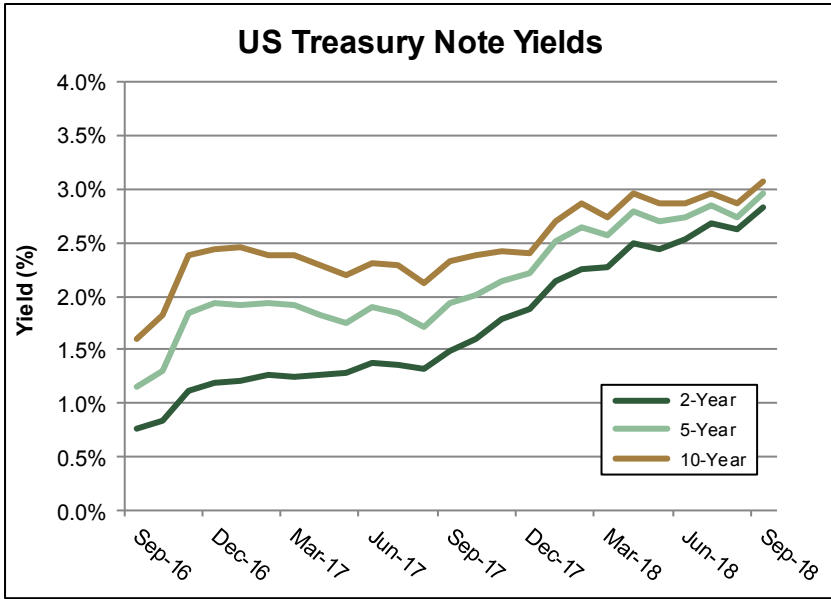
Components of GDP	9/17	12/17	3/18	6/18
Personal Consumption Expenditures	1.5%	2.6%	0.4%	2.6%
Gross Private Domestic Investment	1.5%	0.1%	1.6%	-0.1%
Net Exports and Imports	0.0%	-0.9%	0.0%	1.2%
Federal Government Expenditures	-0.1%	0.3%	0.2%	0.2%
State and Local (Consumption and Gross Investment)	-0.1%	0.2%	0.1%	0.2%
<b>Total</b>	<b>2.8%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>4.2%</b>

Source: US Department of Commerce

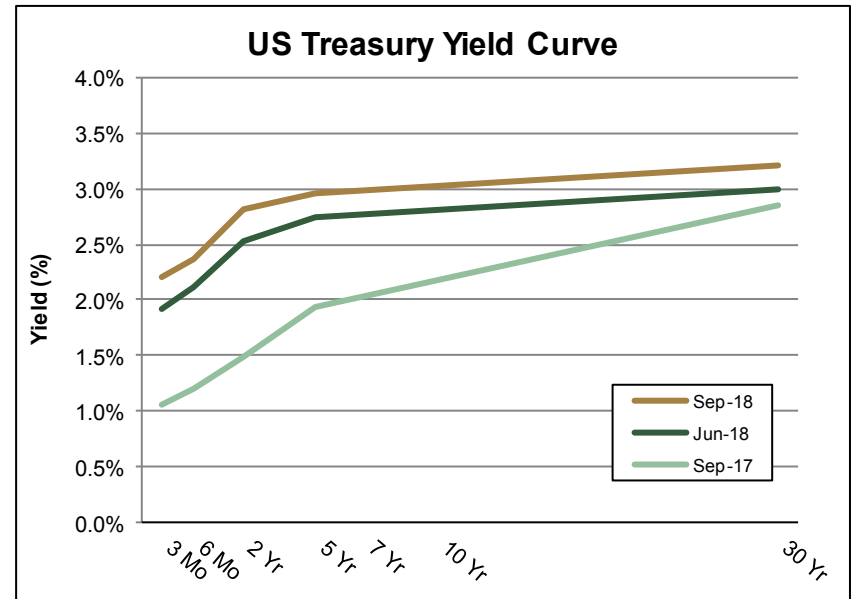


Source: US Department of Commerce

Annualized second quarter GDP grew at an annualized pace of 4.2%, according to the third estimate, following growth of 2.2% in the first quarter. Consumer spending and exports were particularly strong in the second quarter. Market participants estimate the economy grew 3.0% in the third quarter. GDP growth is expected to ease back toward the 2.5%-3.0% range in the fourth quarter.



Source: Bloomberg



Source: Bloomberg

On a year-over-year basis, Treasury yields have increased and the Treasury yield curve has flattened. The spread between 2-Year and 10-year Treasury yields has narrowed from 85 basis points to 24 basis points, year-over-year as of September month-end. Rate hikes by the Federal Reserve have put upward pressure on rates, while supply and demand imbalances, technical factors, and subdued inflation expectations have contributed to the curve flattening.

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**SECTION 2**

**Account Profile**



## Investment Objectives

The investment objectives of the First 5 Alameda County Agency are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all requirements that may be reasonably anticipated; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

## Chandler Asset Management Performance Objective

The performance objective of the First 5 Alameda County Agency portfolio is to earn a total rate of return that exceeds the total rate of return on a market benchmark index of 1-5 Year Government securities.

## Strategy

In order to achieve this objective, the portfolio invests in high-quality money market instruments, US Treasury securities, Agency securities, and high-grade corporate securities.



## First 5 Alameda County

September 30, 2018

### COMPLIANCE WITH INVESTMENT POLICY

*Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy.*

Category	Standard	Comment
Treasury Issues	6 years max maturity	Complies
Agency Issues	AAA or equivalent by a NRSRO; 5 years max maturity	Complies
Municipal Securities and Local Agency Obligations	A-1 or equivalent short term rating by two NRSROs; A or equivalent long term rating by a NRSRO; 30% maximum; 5% max issuer; 5 years max maturity	Complies
Supranationals	"AA" rated or higher by a NRSRO; 30% maximum; 5% max per issuer; 5 years max maturity; US dollar denominated senior unsecured unsubordinated obligations; Guaranteed by IBRD, IFC or IADB	Complies
Commercial Paper	"A-1" or higher by a NRSRO; "A" or higher issuer rating by a NRSRO, if long term debt issued; 25% maximum; 5% max issuer; 270 days max maturity; Issuer is a corporation organized and operating in the U.S. as a general corporation with assets in excess of \$500 million; or organized within the U.S. as a special purpose corp, trust, or limited liability company	Complies
Negotiable Certificates of Deposit	A or equivalent long term rating by a NRSRO; A1 or equivalent short term rating by a NRSRO; 30% maximum; 5 years max maturity	Complies
Medium Term Notes	A or equivalent by a NRSRO; 30% maximum; 5% max issuer; 5 years max maturity; Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S.	Complies
Mortgage Pass-through and Asset Backed Securities	"AA" or equivalent by a NRSRO; "A" rated issuer or higher by a NRSRO, if long term debt; 20% maximum; 5% max issuer; 5 years max maturity	Complies
Money Market Mutual Funds	AAA or equivalent by a NRSRO; 20% maximum; Invest only in securities and obligations authorized in California statutes; "no load" and have constant NAV of \$1.00	Complies
Repurchase Agreements	1 year max maturity; Collateralized by US Treasuries or Federal Instrumentality Securities; Not used by investment advisor	Complies
Local Agency Investment Fund - LAIF	Not used by investment advisor	Complies
Prohibited Investments	Any company in the tobacco business; Reverse repurchase agreements; CMOs; futures and options; inverse floaters; ranges notes; interest-only strips from mortgaged backed securities; zero interest accrual securities; foreign currency denominated securities	Complies
Maximum Per Issuer	5% per issuer; except US Government and Agencies	Complies
Weighted Average Maturity	3 years maximum	Complies
Maximum maturity	6 years maximum	Complies





# Portfolio Characteristics

## First 5 Alameda County

	9/30/2018		6/30/2018
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.68	2.64	2.64
Modified Duration	2.55	2.39	2.41
Average Purchase Yield	n/a	2.00%	1.91%
Average Market Yield	2.85%	2.93%	2.72%
Average Quality**	AAA	AA/Aa2	AA/Aa1
Total Market Value		27,404,875	27,341,450

\*ICE BAML 1-5 Yr US Treasury/Agency Index

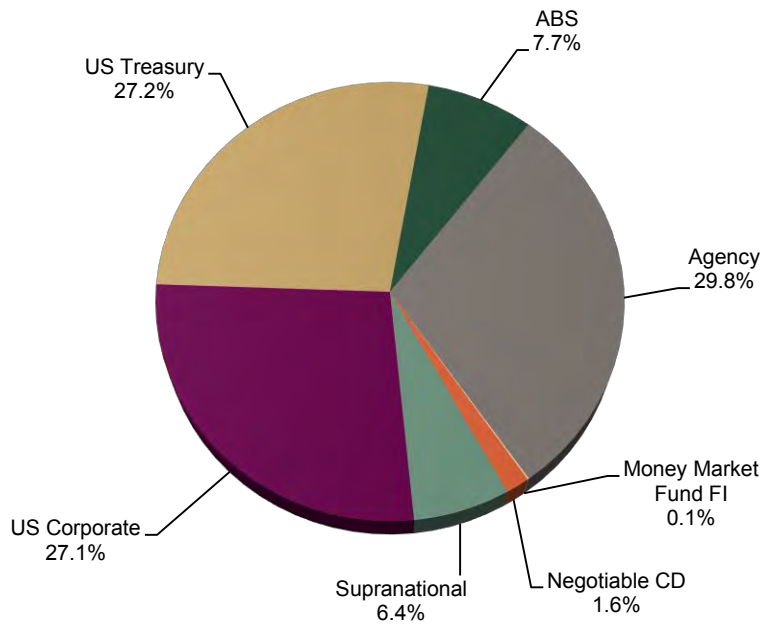
\*\*Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.



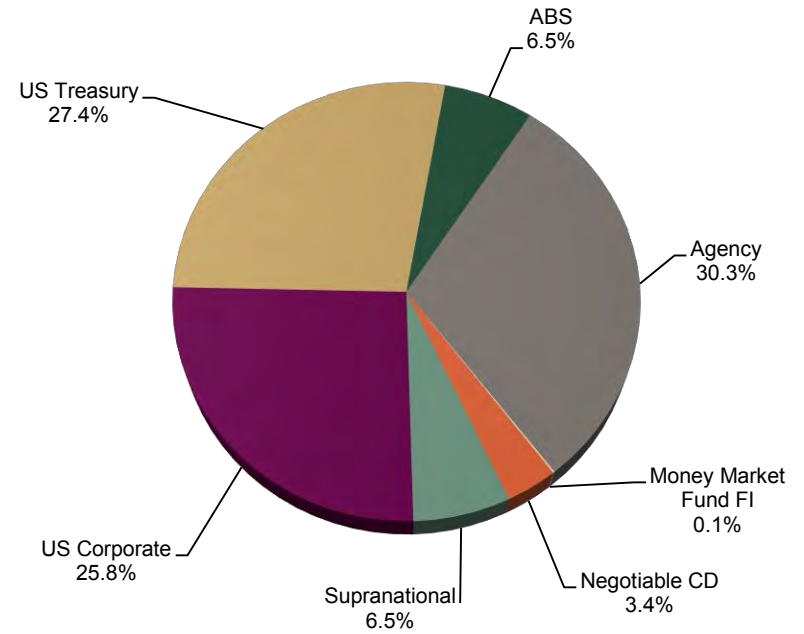
# Sector Distribution

## First 5 Alameda County

September 30, 2018



June 30, 2018



**First 5 Alameda County – Account #10022**
**As of 9/30/2018**

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	27.24%
Federal National Mortgage Association	Agency	20.11%
Federal Home Loan Mortgage Corp	Agency	6.65%
Inter-American Dev Bank	Supranational	4.45%
Federal Home Loan Bank	Agency	3.00%
Toyota ABS	ABS	2.35%
John Deere ABS	ABS	2.14%
International Finance Corp	Supranational	1.97%
US Bancorp	US Corporate	1.82%
Honda ABS	ABS	1.68%
Bank of Montreal Chicago	Negotiable CD	1.63%
Microsoft	US Corporate	1.58%
Exxon Mobil Corp	US Corporate	1.49%
General Electric Co	US Corporate	1.47%
PNC Financial Services Group	US Corporate	1.34%
General Dynamics Corp	US Corporate	1.27%
Royal Bank of Canada	US Corporate	1.26%
Toyota Motor Corp	US Corporate	1.26%
Eli Lilly & Co	US Corporate	1.25%
Oracle Corp	US Corporate	1.23%
Chubb Corporation	US Corporate	1.23%
Deere & Company	US Corporate	1.20%
IBM Corp	US Corporate	1.19%
Occidental Petroleum Corporation	US Corporate	1.19%
Bank of New York	US Corporate	1.16%
JP Morgan Chase & Co	US Corporate	1.06%
American Express ABS	ABS	1.00%
Paccar Financial	US Corporate	0.99%
State Street Bank	US Corporate	0.76%
Honda Motor Corporation	US Corporate	0.74%

**First 5 Alameda County – Account #10022**
**As of 9/30/2018**

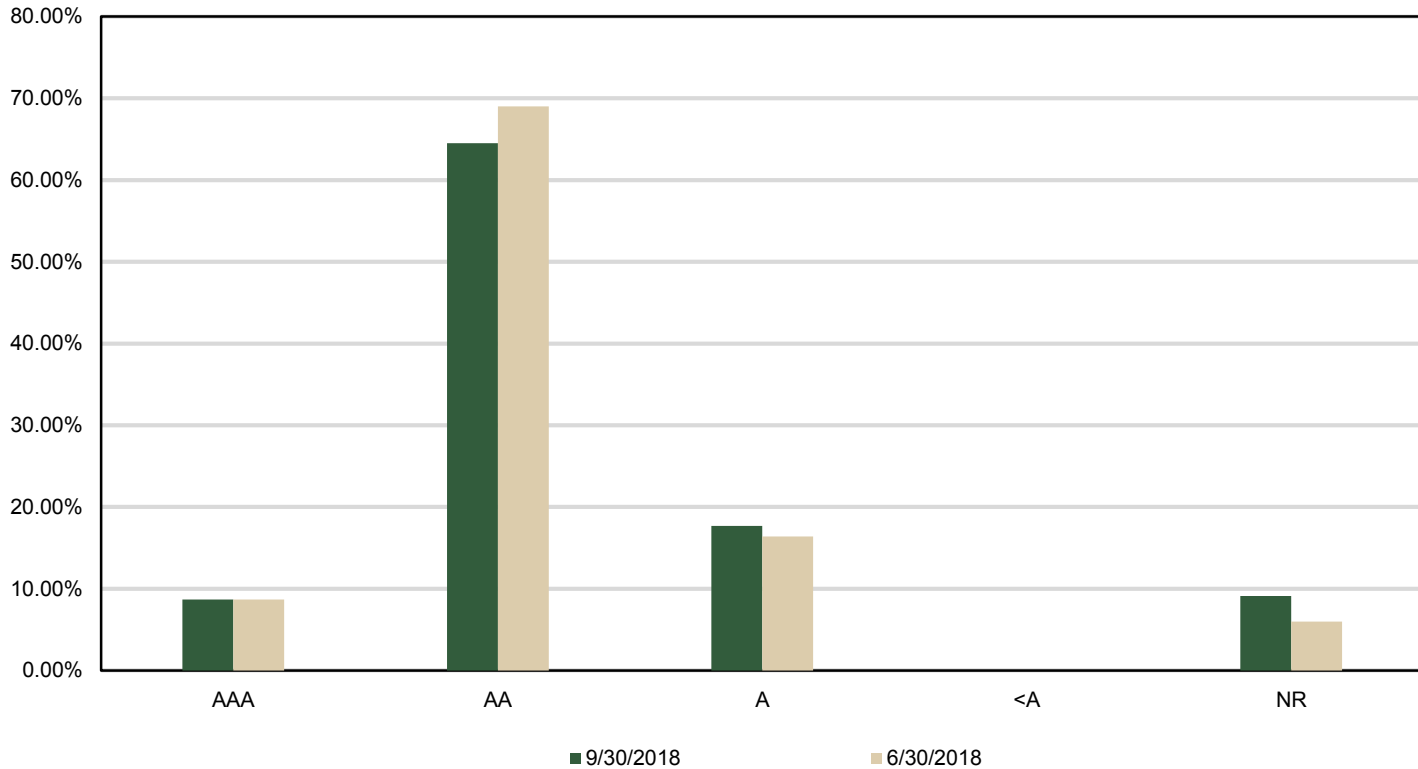
Issue Name	Investment Type	% Portfolio
HSBC Holdings PLC	US Corporate	0.73%
Berkshire Hathaway	US Corporate	0.67%
Cisco Systems	US Corporate	0.66%
Praxair	US Corporate	0.60%
Qualcomm Inc	US Corporate	0.58%
JP Morgan ABS	ABS	0.45%
Costco Wholesale Corporation	US Corporate	0.38%
Federated GOVT Obligation MMF	Money Market Fund FI	0.12%
Nissan ABS	ABS	0.10%
<b>Total</b>		<b>100.00%</b>



# Quality Distribution

## First 5 Alameda County

September 30, 2018 vs. June 30, 2018



	AAA	AA	A	<A	NR
09/30/18	8.7%	64.5%	17.7%	0.0%	9.1%
06/30/18	8.7%	69.0%	16.4%	0.0%	6.0%

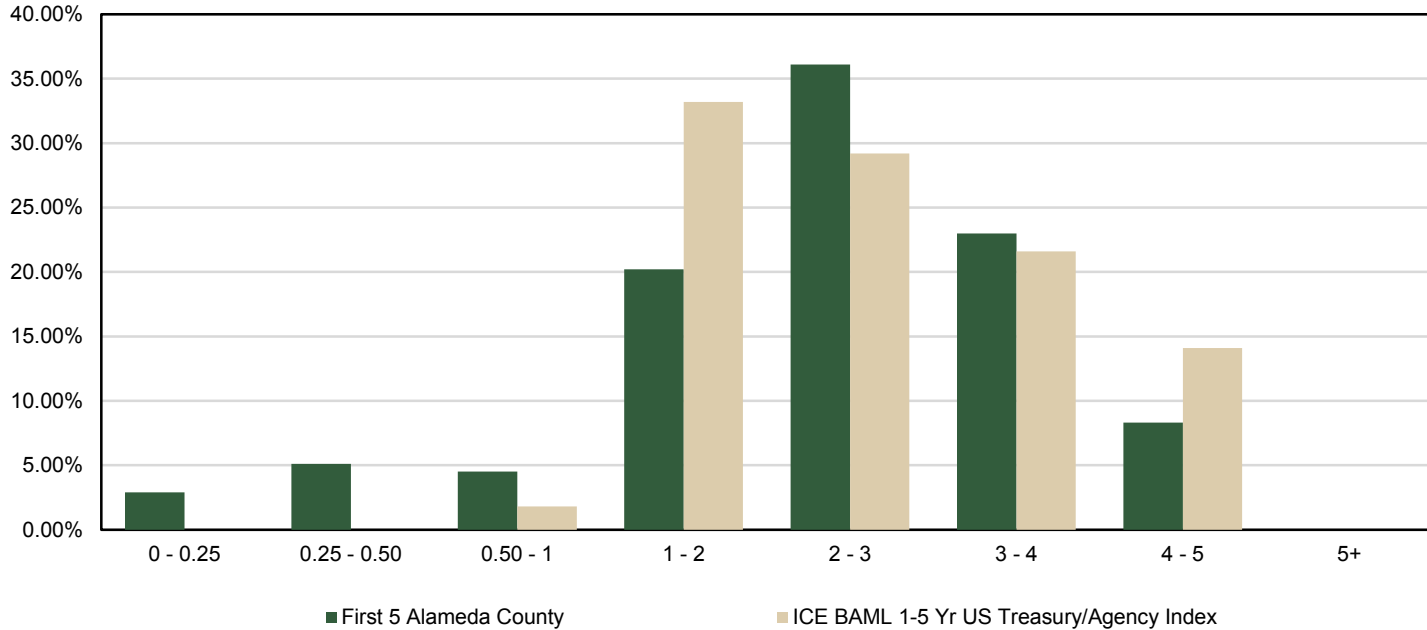
Source: S&P Ratings



# Duration Distribution

## First 5 Alameda County

Portfolio Compared to the Benchmark as of September 30, 2018



	<b>0 - 0.25</b>	<b>0.25 - 0.50</b>	<b>0.50 - 1</b>	<b>1 - 2</b>	<b>2 - 3</b>	<b>3 - 4</b>	<b>4 - 5</b>	<b>5+</b>
Portfolio	2.9%	5.1%	4.5%	20.2%	36.1%	23.0%	8.3%	0.0%
Benchmark*	0.0%	0.0%	1.8%	33.2%	29.2%	21.6%	14.1%	0.0%

\*ICE BAML 1-5 Yr US Treasury/Agency Index



# Investment Performance

## First 5 Alameda County

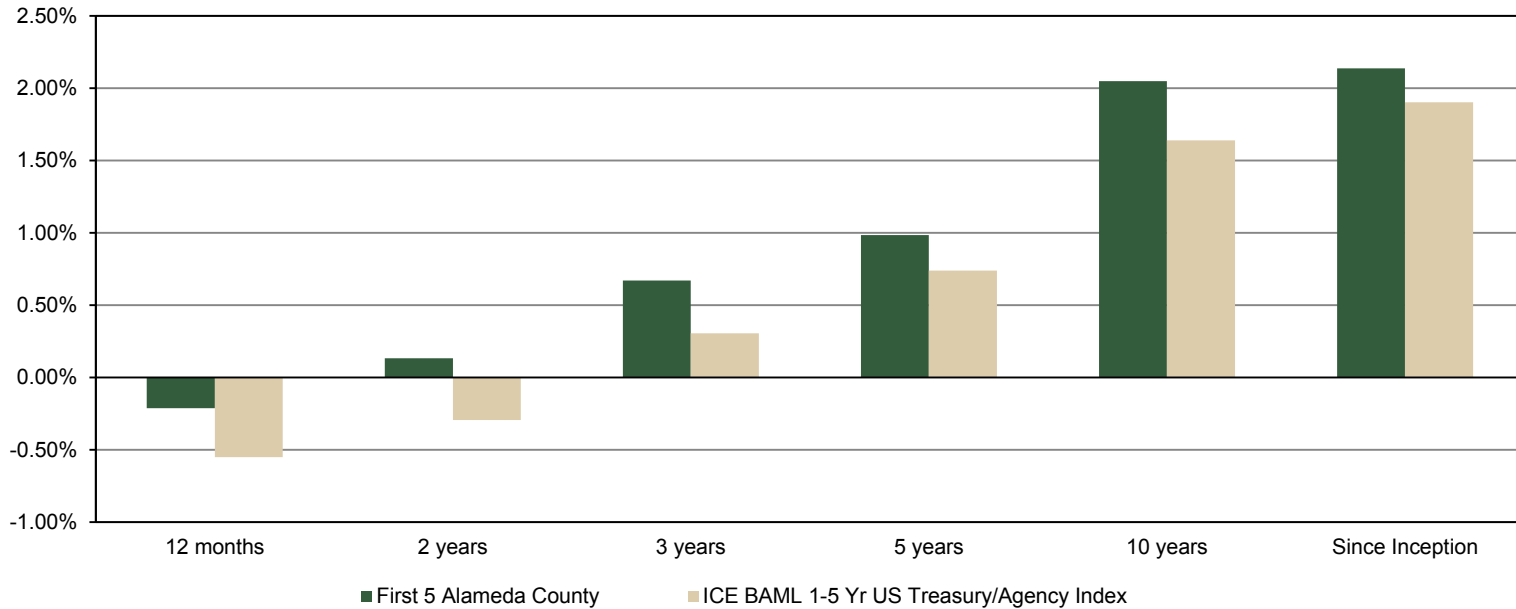
Period Ending

September 30, 2018

Total Rate of Return

Annualized Since Inception

November 30, 2007



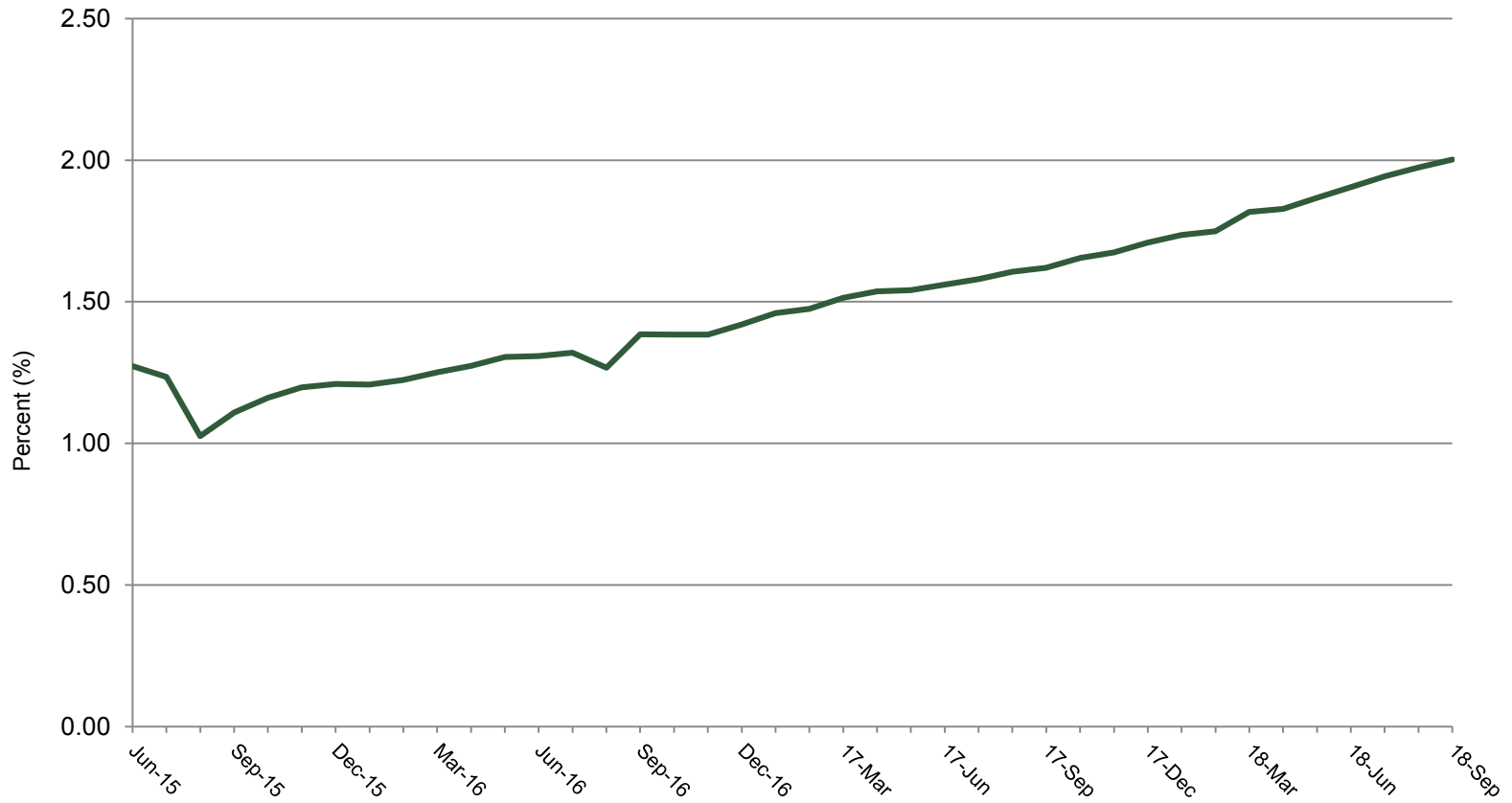
	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
First 5 Alameda County	0.26%	-0.21%	0.13%	0.67%	0.99%	2.05%	2.14%
ICE BAML 1-5 Yr US Treasury/Agency Index	0.06%	-0.55%	-0.29%	0.30%	0.74%	1.64%	1.90%

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



# Historical Average Purchase Yield

**First 5 Alameda County  
Purchase Yield as of 9/30/2018 = 2.00%**





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**SECTION 3**

**Portfolio Holdings**



# Holdings Report

First 5 Alameda County - Account #10022

For the Month Ending 9/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
47787XAB3	John Deere Owner Trust 2017-A A2 1.500% Due 10/15/2019	16,414.22	02/22/2017 1.50%	16,414.16 16,414.16	99.93 2.65%	16,402.58 10.94	0.06% (11.58)	Aaa / NR AAA	1.04 0.06
654747AB0	Nissan Auto Receivables 2017-A A2A 1.470% Due 01/15/2020	28,696.29	03/21/2017 1.47%	28,696.14 28,696.14	99.87 2.46%	28,659.03 18.75	0.10% (37.11)	Aaa / NR AAA	1.29 0.13
47788MAC4	John Deere Owner Trust 2016-A A3 1.360% Due 04/15/2020	78,537.61	02/23/2016 1.37%	78,525.25 78,525.25	99.68 2.62%	78,284.55 47.47	0.29% (240.70)	Aaa / NR AAA	1.54 0.26
89231UAD9	Toyota Auto Receivables 2016-B 1.300% Due 04/15/2020	128,174.53	05/02/2016 1.31%	128,167.98 128,167.98	99.56 2.67%	127,614.53 74.06	0.47% (553.45)	Aaa / AAA NR	1.54 0.32
43814QAC2	Honda Auto Receivables 2016-2 A3 1.390% Due 04/15/2020	67,113.46	05/24/2016 1.40%	67,112.16 67,112.16	99.61 2.61%	66,851.43 41.46	0.24% (260.73)	Aaa / NR AAA	1.54 0.32
47788BAB0	John Deere Owner Trust 2017-B A2A 1.590% Due 04/15/2020	36,492.09	07/11/2017 1.60%	36,488.92 36,488.92	99.74 2.58%	36,396.54 25.79	0.13% (92.38)	Aaa / NR AAA	1.54 0.26
89237RAB4	Toyota Auto Receivable 2017-C A2A 1.580% Due 07/15/2020	178,397.40	07/25/2017 1.59%	178,395.69 178,395.69	99.60 2.61%	177,677.20 125.27	0.65% (718.49)	Aaa / AAA NR	1.79 0.39
89238BAB8	Toyota Auto Receivables Owner 2018-A A2A 2.100% Due 10/15/2020	340,000.00	01/23/2018 2.12%	339,965.25 339,965.25	99.70 2.70%	338,988.50 317.33	1.24% (976.75)	Aaa / AAA NR	2.04 0.50
161571HF4	Chase CHAIT 2016-A5 1.270% Due 07/15/2021	125,000.00	09/27/2018 2.11%	123,540.04 123,540.04	98.87 2.75%	123,587.75 70.56	0.45% 47.71	NR / AAA AAA	2.79 0.77
43811BAC8	Honda Auto Receivables 2017-2 A3 1.680% Due 08/16/2021	160,000.00	04/27/2018 2.62%	157,512.50 157,512.50	98.74 2.91%	157,991.04 119.47	0.58% 478.54	Aaa / AAA NR	2.88 1.03
47788BAD6	John Deere Owner Trust 2017-B A3 1.820% Due 10/15/2021	93,000.00	Various 2.48%	92,265.66 92,265.66	98.63 3.01%	91,725.71 75.23	0.33% (539.95)	Aaa / NR AAA	3.04 1.16
47788CAC6	John Deere Owner Trust 2016-B A4 2.660% Due 04/18/2022	90,000.00	02/21/2018 2.68%	89,993.53 89,993.53	99.27 3.13%	89,339.94 106.40	0.33% (653.59)	Aaa / NR AAA	3.55 1.62
43815HAC1	Honda Auto Receivables Owner 2018-3 A3 2.950% Due 08/22/2022	235,000.00	08/21/2018 2.98%	234,967.76 234,967.76	99.67 3.12%	234,227.56 192.57	0.86% (740.20)	Aaa / NR AAA	3.90 2.10
02587AAJ3	American Express Credit 2017-1 1.930% Due 09/15/2022	279,000.00	06/21/2018 2.92%	274,662.42 274,662.42	98.61 2.98%	275,132.22 239.32	1.00% 469.80	Aaa / NR AAA	3.96 1.33
47788EAC2	John Deere Owner Trust 2018-B A3 3.080% Due 11/15/2022	275,000.00	07/18/2018 3.10%	274,979.16 274,979.16	99.83 3.18%	274,540.47 376.44	1.00% (438.69)	Aaa / NR AAA	4.13 2.11
<b>Total ABS</b>		<b>2,130,825.60</b>	<b>2.36%</b>	<b>2,121,686.62</b>	<b>2.88%</b>	<b>2,117,419.05</b> <b>1,841.06</b>	<b>7.73%</b> <b>(4,267.57)</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.87</b> <b>1.08</b>

<b>Agency</b>									
3137EADM8	FHLMC Note 1.250% Due 10/02/2019	65,000.00	Various 1.53%	64,162.24 64,162.24	98.62 2.65%	64,104.36 403.99	0.24% (57.88)	Aaa / AA+ AAA	1.01 0.98
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	625,000.00	09/29/2015 1.41%	624,150.00 624,150.00	97.82 2.79%	611,387.50 3,580.73	2.24% (12,762.50)	Aaa / AA+ AAA	1.59 1.54
3135G0D75	FNMA Note 1.500% Due 06/22/2020	620,000.00	09/29/2015 1.49%	620,334.80 620,334.80	97.86 2.77%	606,761.76 2,557.50	2.22% (13,573.04)	Aaa / AA+ AAA	1.73 1.68



# Holdings Report

## First 5 Alameda County - Account #10022

For the Month Ending 9/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	275,000.00	11/21/2017 1.96%	274,287.43 274,287.43	98.00 2.85%	269,506.05 1,919.27	0.99% (4,781.38)	Aaa / AA+ AAA	2.13 2.05
3135G0F73	FNMA Note 1.500% Due 11/30/2020	625,000.00	12/29/2015 1.87%	614,175.00 614,175.00	97.19 2.85%	607,436.88 3,151.04	2.23% (6,738.12)	Aaa / AA+ AAA	2.17 2.10
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	525,000.00	02/17/2016 1.46%	522,879.00 522,879.00	96.58 2.87%	507,020.33 862.24	1.85% (15,858.67)	Aaa / AA+ AAA	2.39 2.32
3135G0J20	FNMA Note 1.375% Due 02/26/2021	620,000.00	Various 1.47%	617,378.04 617,378.04	96.54 2.87%	598,550.48 828.82	2.19% (18,827.56)	Aaa / AA+ AAA	2.41 2.34
3135G0K69	FNMA Note 1.250% Due 05/06/2021	300,000.00	06/29/2016 1.18%	301,020.00 301,020.00	95.94 2.88%	287,809.80 1,510.42	1.06% (13,210.20)	Aaa / AA+ AAA	2.60 2.52
3135G0U35	FNMA Note 2.750% Due 06/22/2021	425,000.00	06/28/2018 2.70%	425,629.00 425,629.00	99.52 2.93%	422,947.68 3,116.67	1.55% (2,681.32)	Aaa / AA+ AAA	2.73 2.59
3130A8QS5	FHLB Note 1.125% Due 07/14/2021	330,000.00	10/04/2016 1.33%	326,950.80 326,950.80	95.35 2.87%	314,670.84 794.06	1.15% (12,279.96)	Aaa / AA+ AAA	2.79 2.71
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	550,000.00	09/26/2016 1.28%	545,952.00 545,952.00	95.17 2.89%	523,407.50 842.19	1.91% (22,544.50)	Aaa / AA+ AAA	2.87 2.78
3135G0N82	FNMA Note 1.250% Due 08/17/2021	225,000.00	10/04/2016 1.37%	223,783.43 223,783.43	95.52 2.88%	214,927.88 343.75	0.79% (8,855.55)	Aaa / AA+ AAA	2.88 2.79
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	200,000.00	10/27/2016 1.50%	198,782.00 198,782.00	95.54 2.93%	191,070.20 1,329.17	0.70% (7,711.80)	Aaa / AA+ AAA	3.02 2.90
3135G0S38	FNMA Note 2.000% Due 01/05/2022	600,000.00	04/25/2017 1.92%	602,190.00 602,190.00	97.11 2.93%	582,679.20 2,866.67	2.14% (19,510.80)	Aaa / AA+ AAA	3.27 3.11
3135G0T45	FNMA Note 1.875% Due 04/05/2022	560,000.00	06/19/2017 1.88%	559,915.44 559,915.44	96.47 2.94%	540,214.08 5,133.33	1.99% (19,701.36)	Aaa / AA+ AAA	3.52 3.33
3135G0T78	FNMA Note 2.000% Due 10/05/2022	500,000.00	10/17/2017 2.04%	499,000.00 499,000.00	96.19 3.01%	480,972.00 4,888.89	1.77% (18,028.00)	Aaa / AA+ AAA	4.02 3.78
3135G0T94	FNMA Note 2.375% Due 01/19/2023	425,000.00	Various 2.72%	418,473.00 418,473.00	97.49 3.00%	414,318.48 2,018.75	1.52% (4,154.52)	Aaa / AA+ AAA	4.31 4.03
3137EAEN5	FHLMC Note 2.750% Due 06/19/2023	350,000.00	07/20/2018 2.86%	348,243.00 348,243.00	98.77 3.03%	345,697.10 2,940.97	1.27% (2,545.90)	Aaa / AA+ AAA	4.72 4.35
3135G0U43	FNMA Note 2.875% Due 09/12/2023	540,000.00	09/12/2018 2.96%	537,786.00 537,786.00	99.16 3.06%	535,437.54 733.13	1.96% (2,348.46)	NR / NR AAA	4.95 4.57
<b>Total Agency</b>		<b>8,360,000.00</b>		<b>8,325,091.18</b>	<b>2.90%</b>	<b>8,118,919.66</b>	<b>29.77%</b>	<b>Aaa / AA+</b>	<b>2.95</b>
						<b>39,821.59</b>	<b>(206,171.52)</b>	<b>Aaa</b>	<b>2.80</b>

### Money Market Fund FI

60934N104	Federated Investors Government Obligations Fund	33,608.30	Various 1.89%	33,608.30 33,608.30	1.00 1.89%	33,608.30 0.00	0.12% 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>33,608.30</b>		<b>33,608.30</b>	<b>1.89%</b>	<b>33,608.30</b>	<b>0.12%</b>	<b>Aaa / AAA</b>	<b>0.00</b>
						<b>0.00</b>	<b>0.00</b>	<b>Aaa</b>	<b>0.00</b>



# Holdings Report

First 5 Alameda County - Account #10022

For the Month Ending 9/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Negotiable CD</b>									
06371ETT4	Bank of Montreal Chicago Yankee CD 1.760% Due 11/07/2018	440,000.00	11/06/2017 1.76%	440,000.00 440,000.00	100.00 1.76%	440,000.00 7,055.64	1.63% 0.00	P-1 / A-1 F-1+	0.10 0.10
<b>Total Negotiable CD</b>		<b>440,000.00</b>	<b>1.76%</b>	<b>440,000.00</b>	<b>1.76%</b>	<b>440,000.00</b> <b>7,055.64</b>	<b>1.63%</b> <b>0.00</b>	<b>Aaa / AA</b> <b>Aaa</b>	<b>0.10</b> <b>0.10</b>

<b>Supranational</b>									
4581X0CX4	Inter-American Dev Bank Note 1.625% Due 05/12/2020	455,000.00	04/05/2017 1.70%	453,921.65 453,921.65	98.04 2.87%	446,097.02 2,854.81	1.64% (7,824.63)	Aaa / AAA AAA	1.62 1.57
45950KCM0	International Finance Corp Note 2.250% Due 01/25/2021	545,000.00	Various 2.49%	541,364.20 541,364.20	98.42 2.96%	536,362.30 2,248.13	1.97% (5,001.90)	Aaa / AAA NR	2.32 2.23
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 01/18/2022	545,000.00	01/10/2017 2.15%	544,329.65 544,329.65	97.15 3.04%	529,474.04 2,348.42	1.94% (14,855.61)	Aaa / NR AAA	3.30 3.14
4581X0CZ9	Inter-American Dev Bank Note 1.750% Due 09/14/2022	250,000.00	09/26/2017 2.01%	246,912.50 246,912.50	95.18 3.05%	237,959.50 206.60	0.87% (8,953.00)	NR / NR AAA	3.96 3.77
<b>Total Supranational</b>		<b>1,795,000.00</b>	<b>2.12%</b>	<b>1,786,528.00</b>	<b>2.97%</b>	<b>1,749,892.86</b> <b>7,657.96</b>	<b>6.41%</b> <b>(36,635.14)</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.66</b> <b>2.55</b>

<b>US Corporate</b>									
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	90,000.00	Various 1.84%	91,079.25 91,079.25	99.99 2.57%	89,988.30 908.44	0.33% (1,090.95)	A2 / A+ NR	0.03 0.03
74005PBH6	Praxair Note 1.250% Due 11/07/2018	165,000.00	01/08/2015 1.68%	162,404.56 162,404.56	99.85 2.73%	164,747.72 825.00	0.60% 2,343.16	A2 / A NR	0.10 0.10
36962G7G3	General Electric Capital Corp Note 2.300% Due 01/14/2019	400,000.00	Various 1.83%	406,260.00 406,260.00	99.90 2.63%	399,605.20 1,967.78	1.47% (6,654.80)	A2 / A A	0.29 0.29
17275RAR3	Cisco Systems Note 2.125% Due 03/01/2019	180,000.00	Various 2.02%	180,856.20 180,856.20	99.85 2.48%	179,728.02 318.75	0.66% (1,128.18)	A1 / AA- NR	0.42 0.42
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.200% Due 04/25/2019	335,000.00	Various 2.04%	336,314.35 336,314.35	99.75 2.64%	334,166.52 3,193.67	1.23% (2,147.83)	A1 / A+ AA-	0.57 0.56
40434CAC9	HSBC USA Inc Note 2.250% Due 06/23/2019	200,000.00	06/20/2017 1.99%	201,022.00 201,022.00	99.67 2.71%	199,331.60 1,225.00	0.73% (1,690.40)	A2 / A AA-	0.73 0.72
084664CK5	Berkshire Hathaway Note 1.300% Due 08/15/2019	185,000.00	08/08/2016 1.33%	184,820.55 184,820.55	98.79 2.70%	182,769.09 307.31	0.67% (2,051.46)	Aa2 / AA A+	0.87 0.86
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	320,000.00	Various 2.16%	321,632.75 321,632.75	99.52 2.82%	318,451.20 408.89	1.16% (3,181.55)	A1 / A AA-	0.95 0.93
22160KAG0	Costco Wholesale Corp Note 1.750% Due 02/15/2020	105,000.00	02/05/2015 1.77%	104,889.75 104,889.75	98.38 2.96%	103,302.05 234.79	0.38% (1,587.70)	A1 / A+ A+	1.38 1.34
747525AD5	Qualcomm Inc Note 2.250% Due 05/20/2020	160,000.00	06/11/2015 2.49%	158,228.00 158,228.00	98.69 3.07%	157,905.92 1,310.00	0.58% (322.08)	A2 / A- NR	1.64 1.58
594918BG8	Microsoft Callable Note Cont. 10/03/20 2.000% Due 11/03/2020	160,000.00	10/29/2015 2.02%	159,872.00 159,872.00	98.23 2.88%	157,167.68 1,315.56	0.58% (2,704.32)	Aaa / AAA AA+	2.10 2.01



# Holdings Report

First 5 Alameda County - Account #10022

For the Month Ending 9/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.300% Due 11/03/2020	340,000.00	02/06/2017 2.17%	341,601.40 341,601.40	98.18 3.21%	333,815.40 3,214.89	1.23% (7,786.00)	A3 / A A	2.10 2.00
78012KKU0	Royal Bank of Canada Note 2.500% Due 01/19/2021	350,000.00	12/11/2017 2.37%	351,326.50 351,326.50	98.37 3.24%	344,287.65 1,750.00	1.26% (7,038.85)	Aa2 / AA- AA	2.31 2.21
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	415,000.00	Various 1.97%	419,645.45 419,645.45	98.01 3.08%	406,753.54 768.44	1.49% (12,891.91)	Aaa / AA+ NR	2.42 2.33
24422ESL4	John Deere Capital Corp Note 2.800% Due 03/04/2021	182,000.00	05/24/2017 2.12%	186,428.06 186,428.06	99.16 3.16%	180,471.38 382.20	0.66% (5,956.68)	A2 / A A	2.43 2.32
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	345,000.00	Various 3.25%	342,578.25 342,578.25	99.47 3.21%	343,154.94 4,025.00	1.27% 576.69	A2 / A+ NR	2.61 2.47
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	215,000.00	05/16/2016 1.96%	214,888.20 214,888.20	96.75 3.25%	208,015.51 1,537.25	0.76% (6,872.69)	A1 / A AA-	2.64 2.52
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	285,000.00	Various 1.57%	284,662.35 284,662.35	95.98 3.03%	273,550.41 650.36	1.00% (11,111.94)	Aaa / AAA AA+	2.86 2.76
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.900% Due 09/15/2021	350,000.00	11/29/2016 2.40%	342,163.50 342,163.50	96.55 3.13%	337,933.75 295.56	1.23% (4,229.75)	A1 / AA- A	2.96 2.84
89236TDP7	Toyota Motor Credit Corp Note 2.600% Due 01/11/2022	350,000.00	03/14/2018 3.04%	344,477.20 344,477.20	97.85 3.30%	342,462.05 2,022.22	1.26% (2,015.15)	Aa3 / AA- A+	3.28 3.10
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 01/24/2022	165,000.00	01/19/2017 2.66%	164,716.20 164,716.20	97.76 3.34%	161,304.83 806.09	0.59% (3,411.37)	A1 / A+ AA-	3.32 3.13
674599CK9	Occidental Petroleum Callable Note Cont 3/15/2022 2.600% Due 04/15/2022	330,000.00	06/18/2018 3.27%	322,126.20 322,126.20	97.30 3.42%	321,079.11 3,956.33	1.19% (1,047.09)	A3 / A A	3.54 3.31
532457BQ0	Eli Lilly & Co Note 2.350% Due 05/15/2022	350,000.00	08/24/2017 2.15%	353,052.00 353,052.00	97.12 3.20%	339,920.35 3,107.22	1.25% (13,131.65)	A2 / AA- A	3.62 3.41
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.450% Due 07/28/2022	380,000.00	07/25/2017 2.45%	379,965.80 379,965.80	96.25 3.50%	365,753.04 1,629.25	1.34% (14,212.76)	A2 / A A+	3.83 3.60
44932HAC7	IBM Credit Corp Note 2.200% Due 09/08/2022	340,000.00	11/29/2017 2.58%	334,247.20 334,247.20	95.68 3.38%	325,324.92 477.89	1.19% (8,922.28)	A1 / A+ A+	3.94 3.72
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 01/15/2023	295,000.00	02/09/2018 3.19%	292,153.25 292,153.25	97.40 3.63%	287,319.68 1,850.90	1.06% (4,833.57)	A3 / A- AA-	4.30 3.96
24422ETG4	John Deere Capital Corp Note 2.800% Due 03/06/2023	150,000.00	05/21/2018 3.48%	145,521.00 145,521.00	97.76 3.35%	146,639.55 291.67	0.54% 1,118.55	A2 / A A	4.43 4.12
02665WCJ8	American Honda Finance Note 3.450% Due 07/14/2023	110,000.00	07/11/2018 3.49%	109,809.70 109,809.70	99.85 3.48%	109,832.47 790.63	0.40% 22.77	A2 / A+ NR	4.79 4.35
69371RP59	Paccar Financial Corp Note 3.400% Due 08/09/2023	270,000.00	08/06/2018 3.41%	269,889.30 269,889.30	99.54 3.50%	268,750.98 1,326.00	0.99% (1,138.32)	A1 / A+ NR	4.86 4.42
<b>Total US Corporate</b>		<b>7,522,000.00</b>	<b>2.39%</b>	<b>7,506,630.97</b>	<b>3.12%</b>	<b>7,383,532.86</b> <b>40,897.09</b>	<b>27.09%</b> <b>(123,098.11)</b>	<b>A1 / A+</b> <b>A+</b>	<b>2.48</b> <b>2.34</b>
<b>US Treasury</b>									
912828UQ1	US Treasury Note 1.250% Due 02/29/2020	625,000.00	Various 1.53%	617,589.98 617,589.98	97.92 2.75%	612,011.88 669.02	2.24% (5,578.10)	Aaa / AA+ AAA	1.42 1.39



# Holdings Report

First 5 Alameda County - Account #10022

For the Month Ending 9/30/2018

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828J84	US Treasury Note 1.375% Due 03/31/2020	600,000.00	10/23/2015 1.35%	600,587.95 600,587.95	97.97 2.77%	587,812.80 22.66	2.15% (12,775.15)	Aaa / AA+ AAA	1.50 1.47
912828VF4	US Treasury Note 1.375% Due 05/31/2020	620,000.00	Various 1.51%	616,131.76 616,131.76	97.70 2.80%	605,735.04 2,864.96	2.22% (10,396.72)	Aaa / AA+ AAA	1.67 1.62
912828XM7	US Treasury Note 1.625% Due 07/31/2020	600,000.00	09/29/2015 1.38%	606,798.89 606,798.89	97.88 2.82%	587,296.80 1,642.66	2.15% (19,502.09)	Aaa / AA+ AAA	1.84 1.78
912828L32	US Treasury Note 1.375% Due 08/31/2020	600,000.00	09/29/2015 1.37%	600,189.51 600,189.51	97.32 2.82%	583,921.80 706.49	2.13% (16,267.71)	Aaa / AA+ AAA	1.92 1.87
912828L99	US Treasury Note 1.375% Due 10/31/2020	500,000.00	Various 1.71%	492,425.33 492,425.33	97.06 2.84%	485,293.00 2,877.04	1.78% (7,132.33)	Aaa / AA+ AAA	2.09 2.02
912828N89	US Treasury Note 1.375% Due 01/31/2021	155,000.00	12/28/2016 1.88%	151,912.63 151,912.63	96.67 2.86%	149,835.40 359.07	0.55% (2,077.23)	Aaa / AA+ AAA	2.34 2.27
912828B90	US Treasury Note 2.000% Due 02/28/2021	600,000.00	04/26/2016 1.40%	616,853.57 616,853.57	98.00 2.86%	587,976.60 1,027.62	2.15% (28,876.97)	Aaa / AA+ AAA	2.42 2.33
912828Q37	US Treasury Note 1.250% Due 03/31/2021	555,000.00	12/13/2016 1.81%	542,145.81 542,145.81	96.14 2.86%	533,601.98 19.06	1.95% (8,543.83)	Aaa / AA+ AAA	2.50 2.43
912828T34	US Treasury Note 1.125% Due 09/30/2021	555,000.00	11/09/2016 1.48%	545,614.56 545,614.56	94.97 2.89%	527,076.84 17.15	1.92% (18,537.72)	Aaa / AA+ AAA	3.00 2.91
912828J43	US Treasury Note 1.750% Due 02/28/2022	580,000.00	03/13/2017 2.14%	569,512.10 569,512.10	96.26 2.91%	558,295.24 869.20	2.04% (11,216.86)	Aaa / AA+ AAA	3.42 3.28
912828XG0	US Treasury Note 2.125% Due 06/30/2022	450,000.00	08/15/2017 1.82%	456,382.37 456,382.37	97.19 2.92%	437,343.75 2,416.61	1.60% (19,038.62)	Aaa / AA+ AAA	3.75 3.55
912828L24	US Treasury Note 1.875% Due 08/31/2022	250,000.00	09/26/2017 1.87%	250,108.26 250,108.26	96.11 2.93%	240,283.25 401.42	0.88% (9,825.01)	Aaa / AA+ AAA	3.92 3.73
912828L57	US Treasury Note 1.750% Due 09/30/2022	540,000.00	10/17/2017 1.99%	534,009.38 534,009.38	95.56 2.93%	516,016.44 25.96	1.88% (17,992.94)	Aaa / AA+ AAA	4.00 3.82
912828N30	US Treasury Note 2.125% Due 12/31/2022	450,000.00	01/25/2018 2.46%	443,003.91 443,003.91	96.75 2.94%	435,392.55 2,416.61	1.60% (7,611.36)	Aaa / AA+ AAA	4.25 4.00
<b>Total US Treasury</b>		<b>7,680,000.00</b>	<b>1.67%</b>	<b>7,643,266.01</b>	<b>2.85%</b>	<b>7,447,893.37</b> <b>16,335.53</b>	<b>27.24%</b> <b>(195,372.64)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>2.56</b> <b>2.47</b>
<b>TOTAL PORTFOLIO</b>		<b>27,961,433.90</b>	<b>2.01%</b>	<b>27,856,811.08</b>	<b>2.93%</b>	<b>27,291,266.10</b> <b>113,608.87</b>	<b>100.00%</b> <b>(565,544.98)</b>	<b>Aa1 / AA</b> <b>Aaa</b>	<b>2.64</b> <b>2.39</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>27,404,874.97</b>			

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**SECTION 4**

**Transactions**



# Transaction Ledger

First 5 Alameda County - Account #10022

June 30, 2018 through September 30, 2018

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	07/16/2018	02665WCJ8	110,000.00	American Honda Finance Note 3.45% Due: 07/14/2023	99.827	3.49%	109,809.70	0.00	109,809.70	0.00
Purchase	07/23/2018	3137EAEN5	350,000.00	FHLMC Note 2.75% Due: 06/19/2023	99.498	2.86%	348,243.00	1,122.92	349,365.92	0.00
Purchase	07/25/2018	47788EAC2	275,000.00	John Deere Owner Trust 2018-B A3 3.08% Due: 11/15/2022	99.992	3.10%	274,979.16	0.00	274,979.16	0.00
Purchase	08/09/2018	69371RP59	270,000.00	Paccar Financial Corp Note 3.4% Due: 08/09/2023	99.959	3.41%	269,889.30	0.00	269,889.30	0.00
Purchase	08/28/2018	43815HAC1	235,000.00	Honda Auto Receivables Owner 2018-3 A3 2.95% Due: 08/22/2022	99.986	2.98%	234,967.76	0.00	234,967.76	0.00
Purchase	09/14/2018	3135G0U43	540,000.00	FNMA Note 2.875% Due: 09/12/2023	99.590	2.96%	537,786.00	0.00	537,786.00	0.00
Purchase	09/28/2018	161571HF4	125,000.00	Chase CHAIT 2016-A5 1.27% Due: 07/15/2021	98.832	2.11%	123,540.04	57.33	123,597.37	0.00
	<b>Subtotal</b>		<b>1,905,000.00</b>				<b>1,899,214.96</b>	<b>1,180.25</b>	<b>1,900,395.21</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>1,905,000.00</b>				<b>1,899,214.96</b>	<b>1,180.25</b>	<b>1,900,395.21</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	07/13/2018	3137EADK2	75,000.00	FHLMC Note 1.25% Due: 08/01/2019	98.758	2.46%	74,068.50	421.88	74,490.38	25.80
Sale	07/20/2018	3137EADK2	135,000.00	FHLMC Note 1.25% Due: 08/01/2019	98.762	2.47%	133,328.30	792.19	134,120.49	51.44
Sale	07/23/2018	3135G0ZG1	240,000.00	FNMA Note 1.75% Due: 09/12/2019	99.167	2.50%	238,000.80	1,528.33	239,529.13	-1866.96
Sale	07/23/2018	3137EADM8	150,000.00	FHLMC Note 1.25% Due: 10/02/2019	98.513	2.52%	147,769.50	578.13	148,347.63	-297.23
Sale	09/13/2018	3137EADM8	400,000.00	FHLMC Note 1.25% Due: 10/02/2019	98.597	2.61%	394,388.00	2,236.11	396,624.11	-456.63
	<b>Subtotal</b>		<b>1,000,000.00</b>				<b>987,555.10</b>	<b>5,556.64</b>	<b>993,111.74</b>	<b>-2,543.58</b>





# Transaction Ledger

First 5 Alameda County - Account #10022

June 30, 2018 through September 30, 2018

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	08/09/2018	06417GXH6	480,000.00	Bank of Nova Scotia Yankee CD 1.57% Due: 08/09/2018	100.000		480,000.00	7,640.67	487,640.67	0.00
	<b>Subtotal</b>		<b>480,000.00</b>				<b>480,000.00</b>	<b>7,640.67</b>	<b>487,640.67</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>1,765,506.20</b>				<b>1,753,061.30</b>	<b>22,251.39</b>	<b>1,775,312.69</b>	<b>-2,531.04</b>



*2018 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.*

*Information contained herein is confidential. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.*

*Performance results are presented gross-of-fees and represent the client's Total Return. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.*

*Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.*

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*Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.*

# Alameda County Kindergarten Readiness and Later Achievement



First 5 Alameda County

October 18, 2018

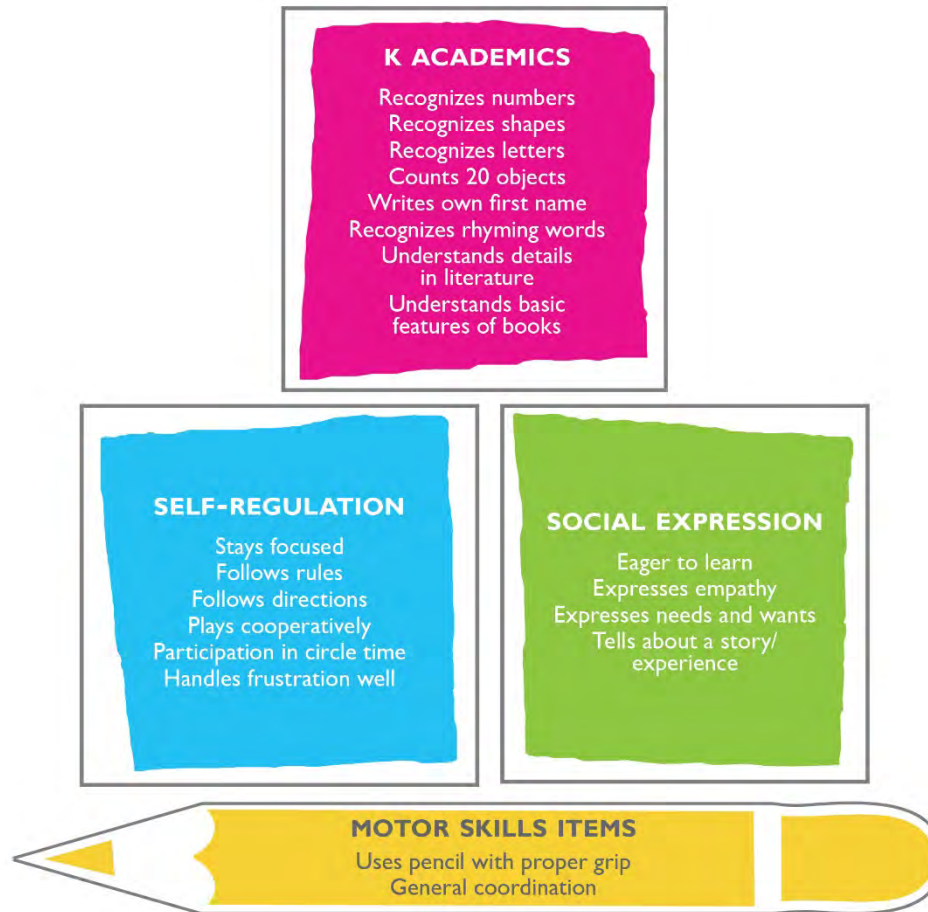


# Agenda

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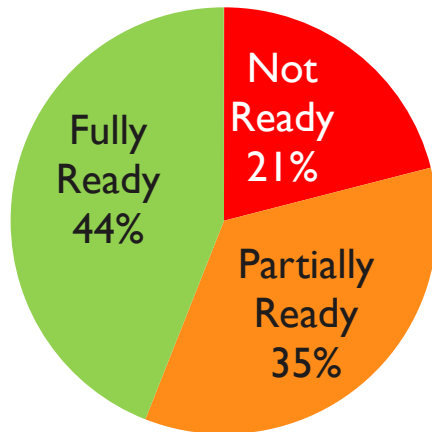
- Review of results from 2017 Kindergarten Readiness Assessment
  - How many children in Alameda County were ready for kindergarten?
  - Significant predictors of kindergarten readiness
  - Summary and implications
- Results from 2018 Longitudinal Study
  - What academic paths were taken by the most- and least-ready kindergartners?
  - Significant predictors of third grade academic outcomes
  - Summary and implications

# Building Blocks of Readiness

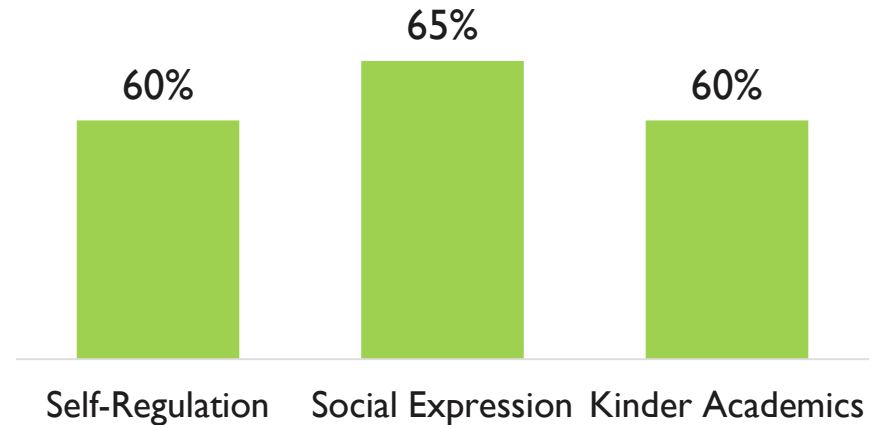


# School Readiness in 2017

Percent Ready Across Building Blocks



Percent Ready by Building Blocks



N=1,367-1,444.

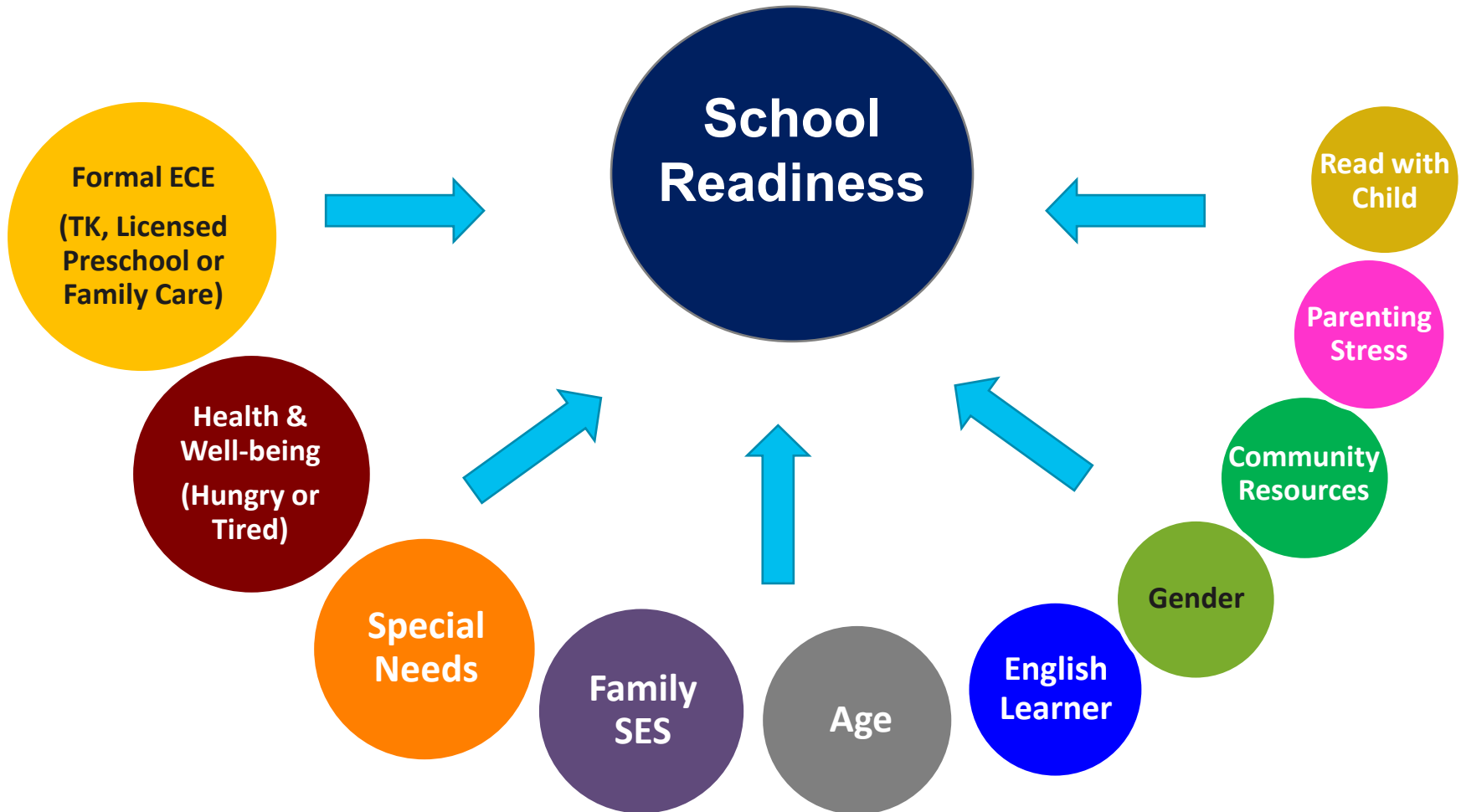
Note: Data were weighted to approximate race/ethnicity and EL representation.

**Fully Ready:** Mean score of 3.25 or higher in all three domains: Self-Regulation, Social Expression and K.Academics.

**Partially Ready:** Mean score of 3.25 or higher in one or two domains.

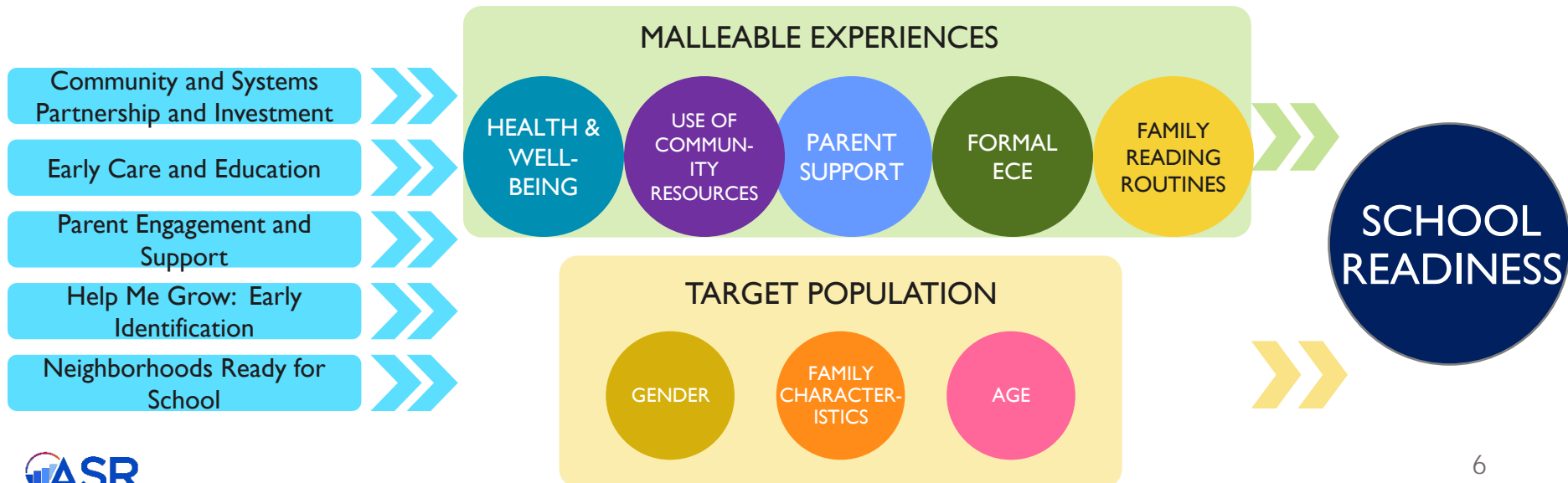
**Not Ready:** Mean score below 3.25 in all three domains.

# Predictors of Readiness in 2017



# Summary and Implications

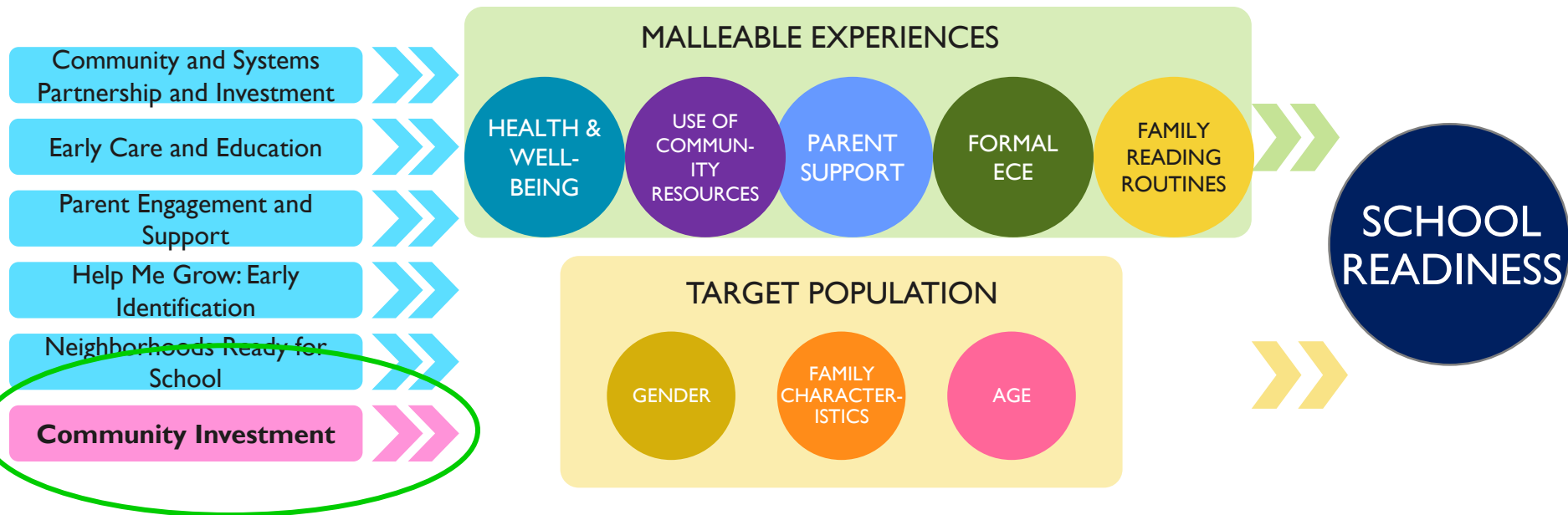
- Current study validates findings from prior countywide studies and the need for systemic approach across the county to readiness gaps
- First 5 strategies address some of the predictors of readiness by improving the quality of children's early experiences and increasing investments in family and community supports





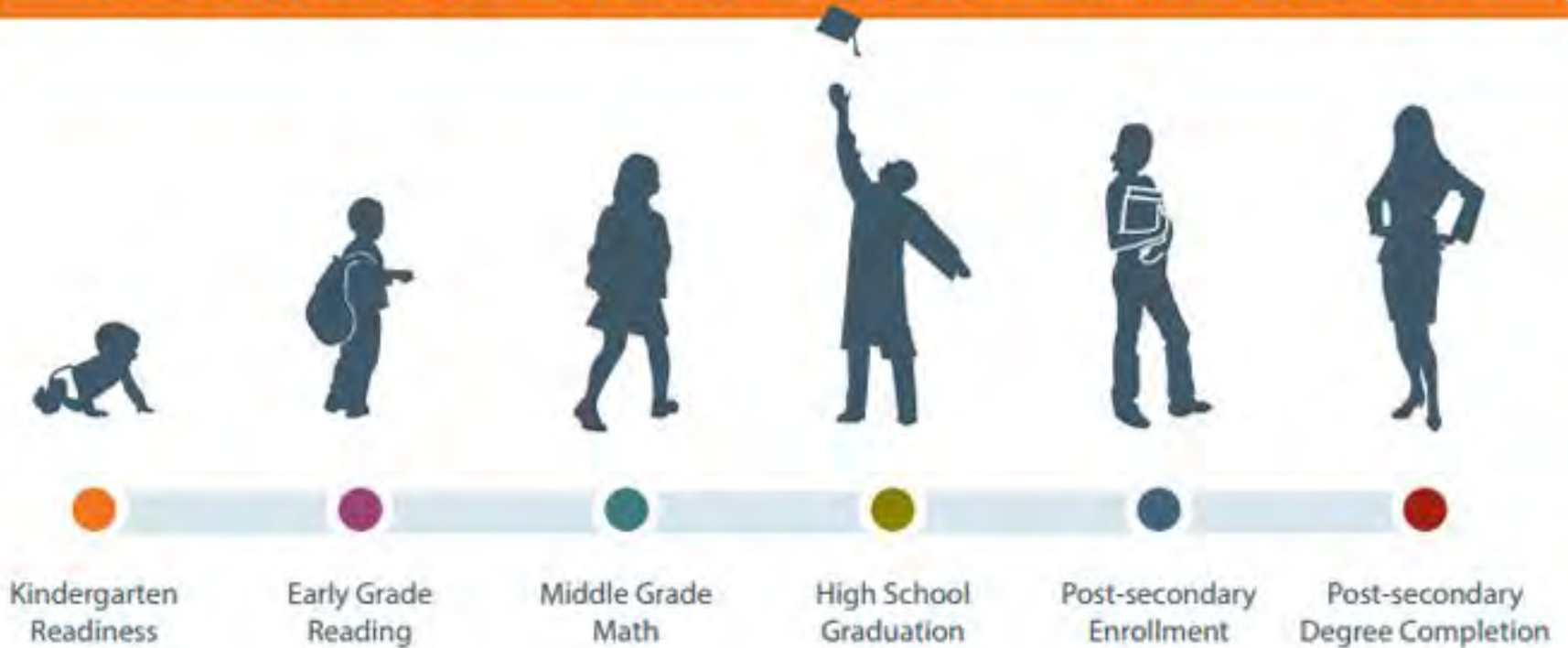
# Summary and Implications

- Raising readiness levels in the county will require investment from the broader community, including public, private, and nonprofit agencies from across sectors



# Kindergarten Readiness Sets Stage for Later Success

IMPROVING EDUCATION OUTCOMES, FROM CRADLE TO CAREER



# 2018 Longitudinal Study

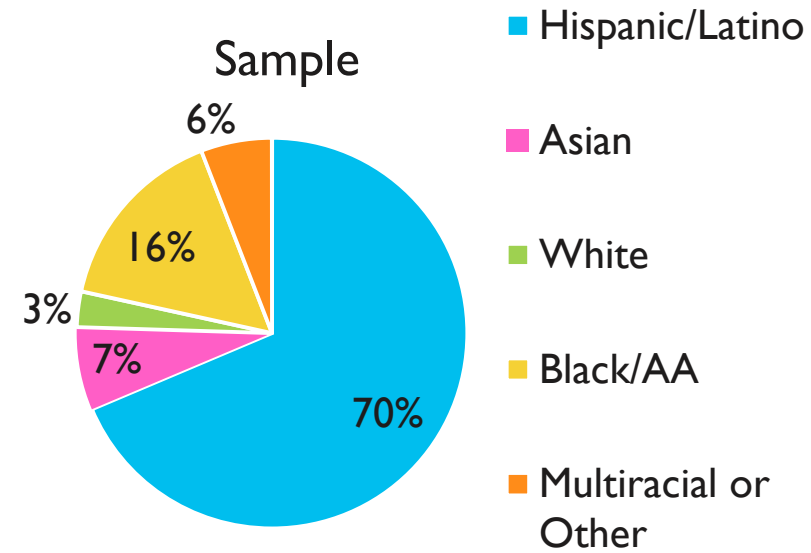
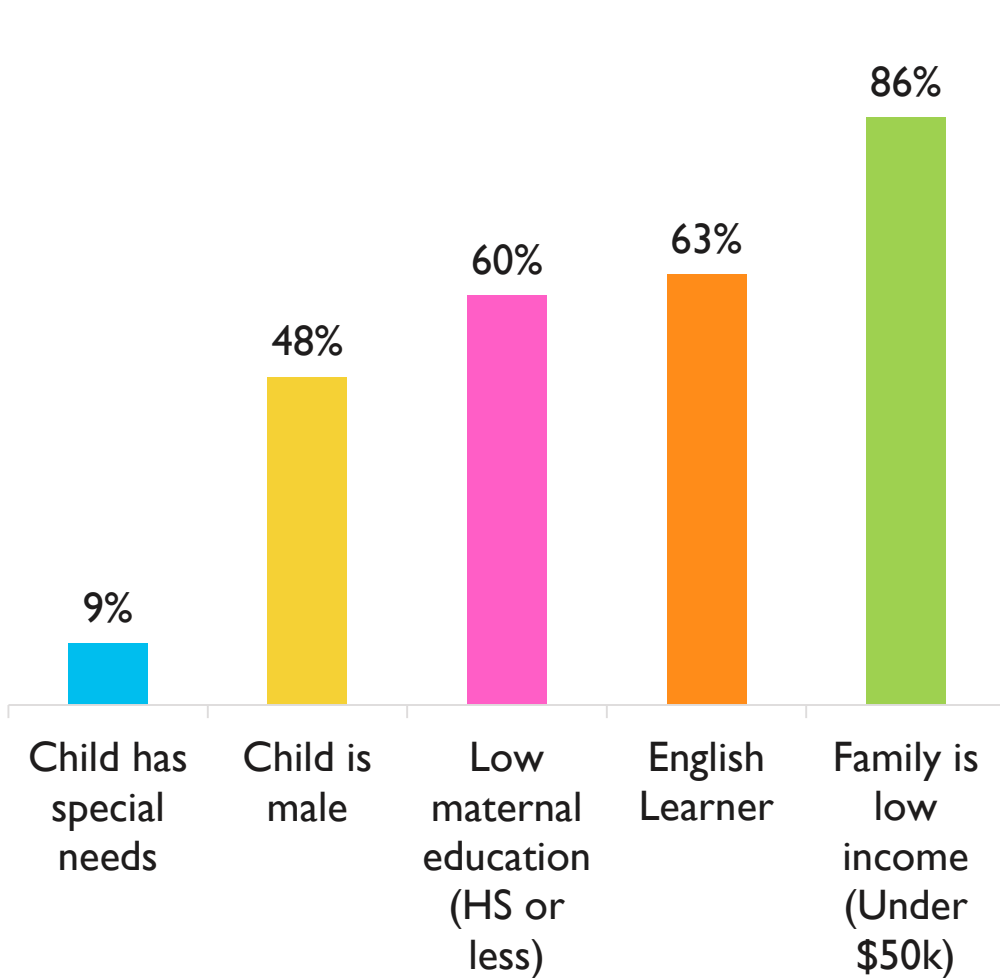


# Background and Sample

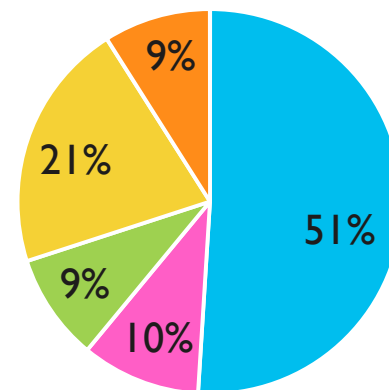
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- ASR conducted readiness assessments in 2010, 2011, and 2013
- In 2018, we obtained third grade outcome data for HUSD and OUSD children in the assessment
- Focus of longitudinal study on third grade Math and ELA Smarter Balanced Assessment scores
  - 519 students with KOF scores and third grade assessment scores

# Sample Characteristics: Demographics

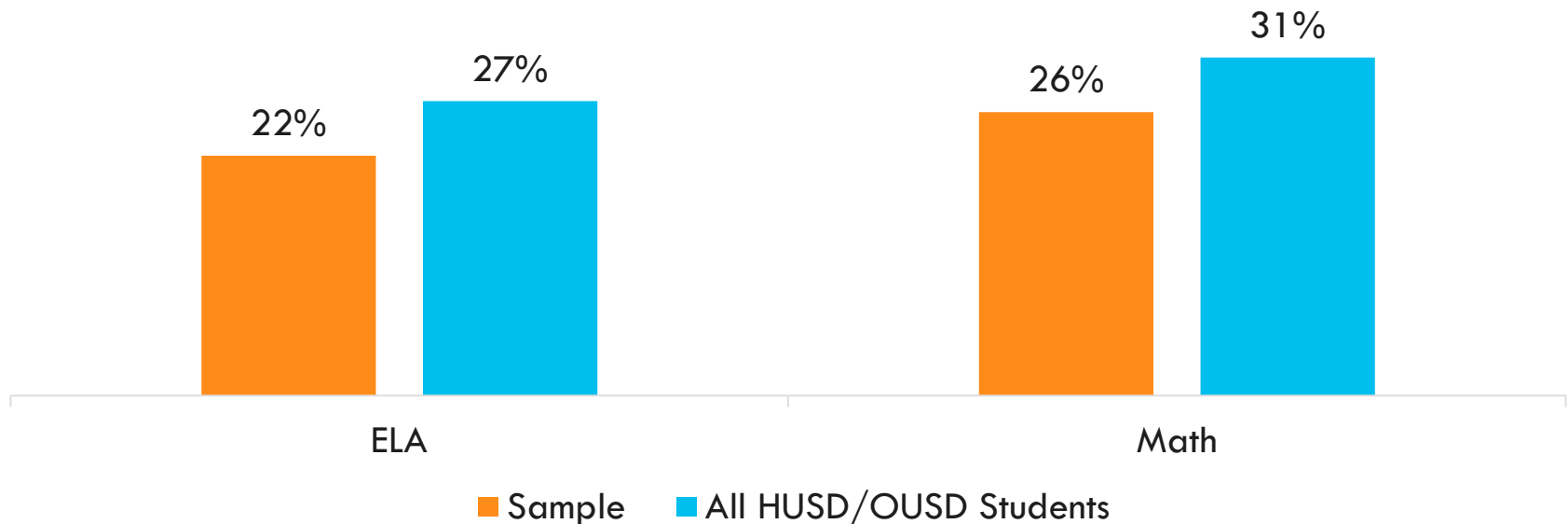


All HUSD/OUSD Students



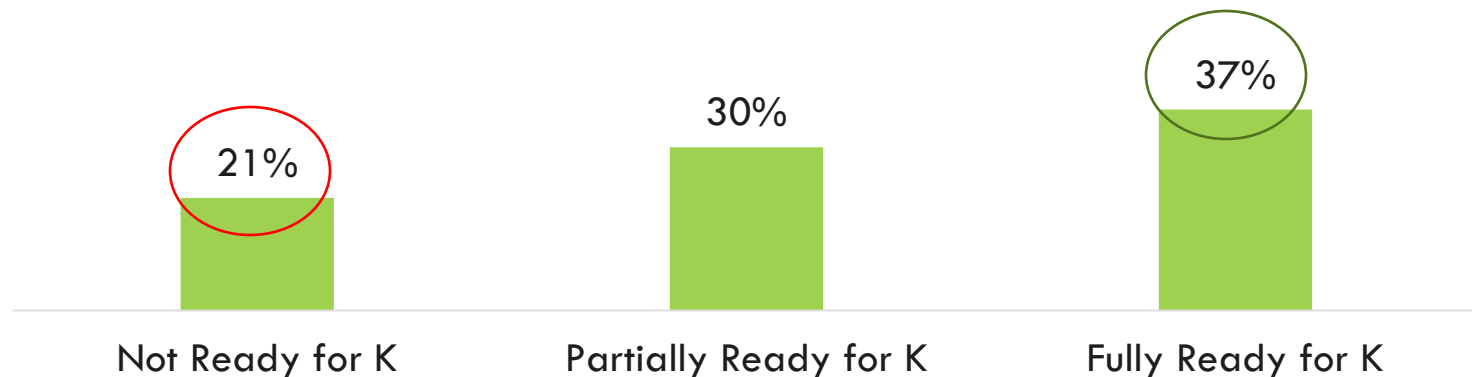
# Sample Characteristics: 3<sup>rd</sup> Grade Outcomes

- Students in sample attended lower performing schools in kindergarten
- Compared to the general student population in OUSD and HUSD, the sample had lower 3<sup>rd</sup> grade achievement



# Comparing Kindergarten Readiness and 3<sup>rd</sup> Grade Achievement

Percent Meeting Math and/or ELA Standards, by Kindergarten Readiness



# Achievement Gaps Start Early

Healthy,  
enriching  
environments  
prenatal to 5

Ready  
for K

3<sup>rd</sup> grade  
proficiency

8<sup>th</sup> grade  
proficiency

High  
school  
graduation

College  
and  
career  
ready





# Achievement Gaps

---

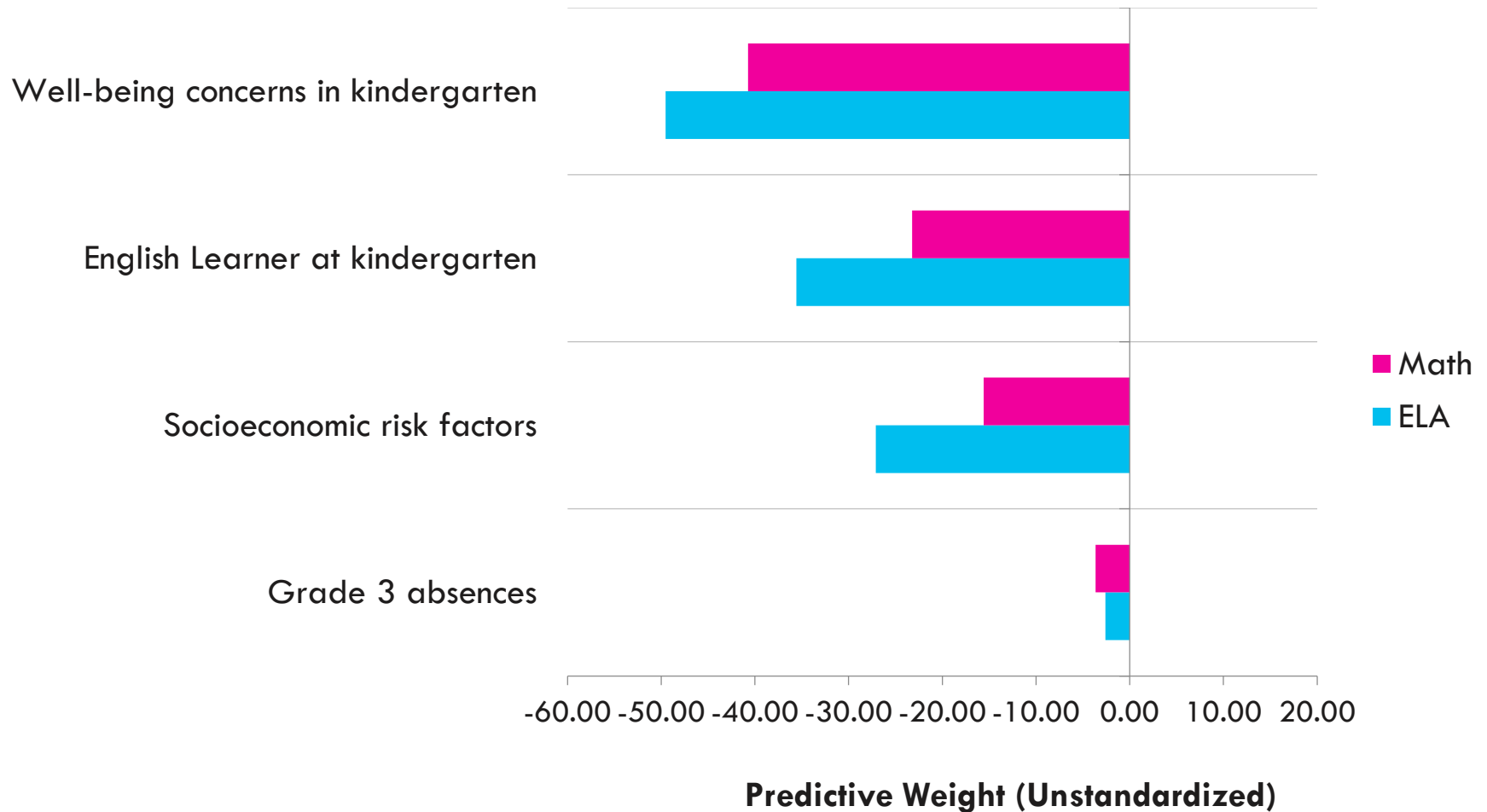
- Disparities in kindergarten readiness persisted for several subgroups:
  - Children who came to school tired, sick, or hungry compared to healthy children
  - Black/African-American and Hispanic/Latino children compared to White and Asian children
  - Children from lower SES families compared to more affluent children
  - English Learners compared to non-English Learners

# Achievement Gaps, cont.

---

- Achievement gap has been attributed in other research to
  - Economic inequality and its effects on brain development
  - Differences in access to well-resourced schools and neighborhoods
  - Structural racism and implicit bias
  - Differences in exposure to toxic stress

# Predictors of 3<sup>rd</sup> Grade Achievement



# Cumulative Effects of Protective Factors

## Predictors

Not Hungry, Tired, Ill

Not English Learner

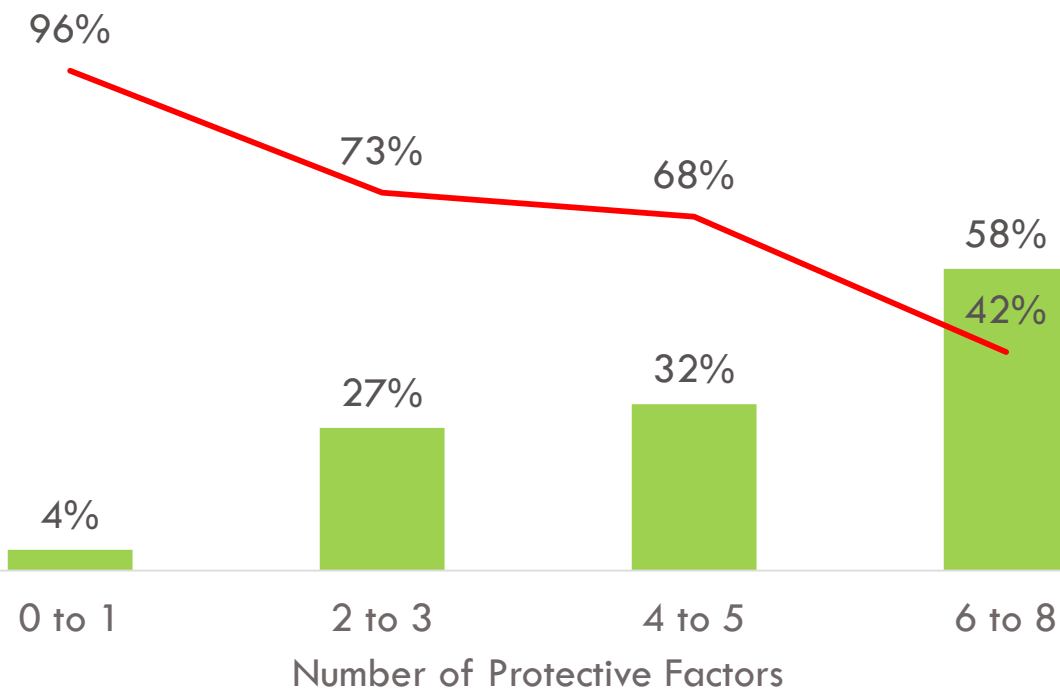
No Special Needs/IEP

Higher SES

Regular School Attendance

Read to 5+ times/week

Attended ECE



Meets Math and/or ELA standards

Meets neither Math nor ELA standards

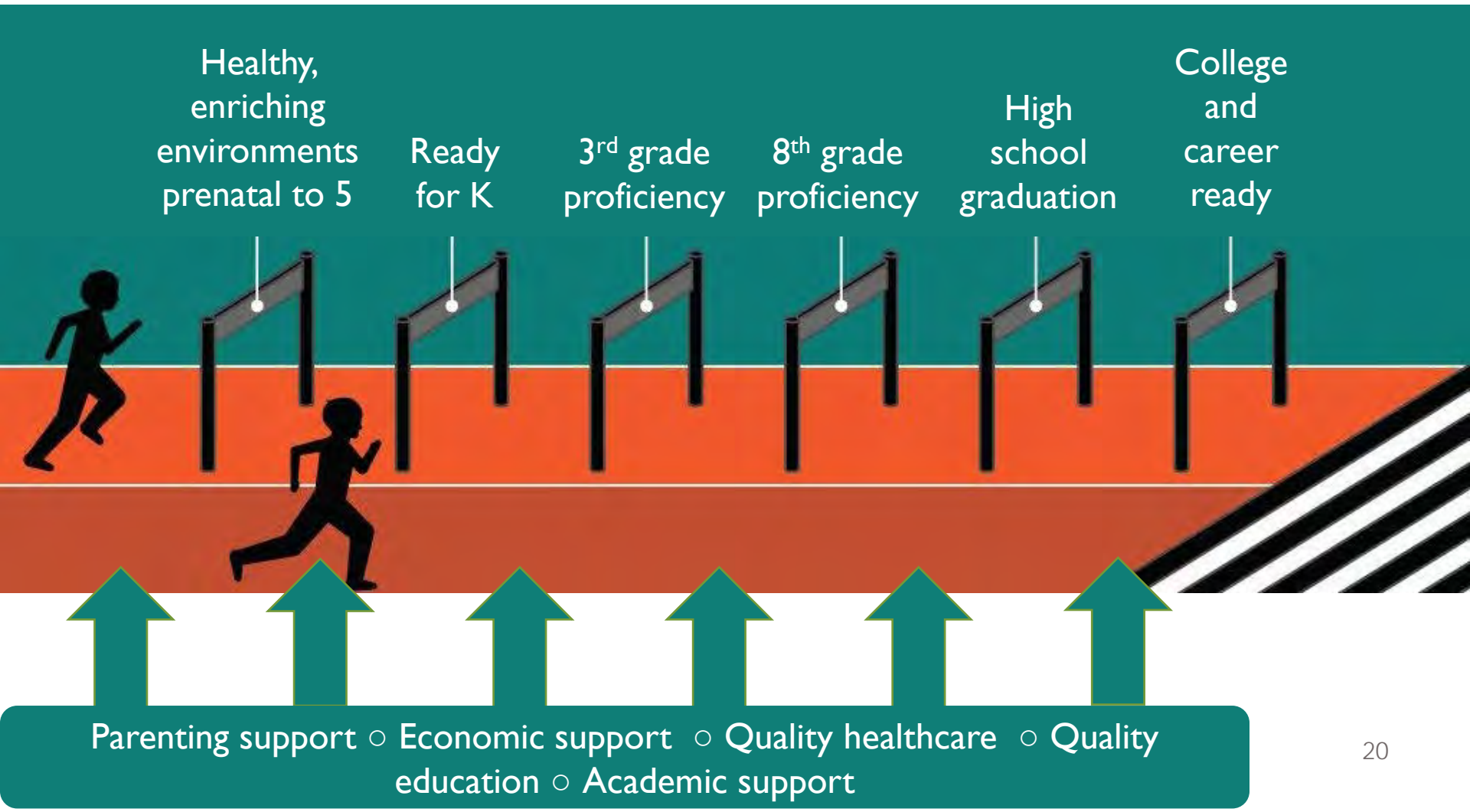
Source: Kindergarten Observation Form, Parent Information Form, HUSD/OUSD administrative data. N=514

# Summary and Implications

---

- Achievement gaps observed in kindergarten are persistent
- Third grade academic success is strongly related to
  - Child health and well-being
  - Socioeconomic Status
  - English proficiency
  - Attendance
- Services, supports, and resources for children and parents/caregivers (e.g., those related to basic needs) may help close the achievement gap
- Findings highlight the importance of early intervention to ensure children are on track to succeed later in life

# Achievement gaps start early, but there are multiple points for intervention



# Questions?

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**Christina Branom**

Branom@appliedsurveyresearch.org

**Penny Huang**

Penny@appliedsurveyresearch.org

# Kindergarten Readiness Programs 17-18

Child, Family, Community and School



Maria Sujo, M. A.  
Kindergarten Readiness Program Manager

Sept, 7, 2018



# History

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- Began with a part time School Readiness Coordinator
- Limited resources spread throughout the District
- Shifted toward concentrating resources in three neighborhoods/elementary schools
- Goal was to pilot effective strategies in these neighborhoods to scale across the District
- Increased the School Readiness Coordinator position to full time
- Aligned the school readiness strategy with the District's Community School Schools framework

# Why this work matters:

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- Over ½ of children are not kinder-ready
- Over ½ of children have no preschool experience
- Informal channels of communication between ECE-elementary schools



# Kindergarten Readiness Goals:



1. Kids are ready for school (K/TK)



1. Families have what they need to support their child's growth and well being



1. Providers are better able to support families and children under 5



# Kindergarten Readiness Strategies

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## Summer PreK:

- Kinder-Readiness program:(Children are ready for school) prioritizes children with little to no preschool experience and refugee/newcomers
- Focus:family engagement and early intervention



## Kinder Transition Plans & School Readiness activities in ES:

- Kinder transition plans, K TTL cohort, early learning family workshops
- Playgroups & Parent cafes – connection point to health, early intervention and enrolment resources



## Horizontal alignment within CSSS department:

Systems in place for children & families get adequate resources at school

- 4 annual CSM trainings on kinder transition plans (CSM early learning toolkit)
  - Train and partner with Family Engagement & Health and Wellness to serve 0-5 families at school sites and CFRC
- Kinder Transition Forms





# 1. Summer Pre-K (SPK)

## SPK Sites:

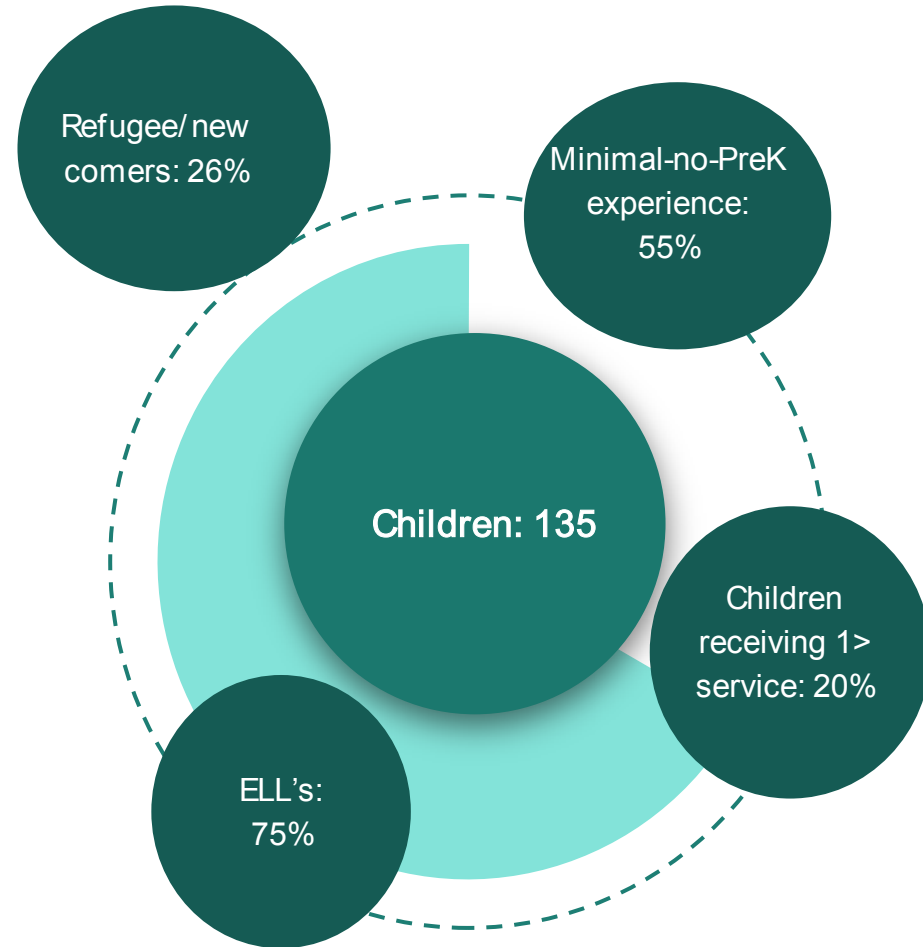
Hoover  
MLK  
Garfield (2)  
Global  
Futures  
New Highland



## Program Highlights

- Emphasis on family engagement
- Interdepartmental & community wrap-around support
- Early intervention: ASQ's, dental screenings and mental health supports

# Oakland Summer PreK: Demographic

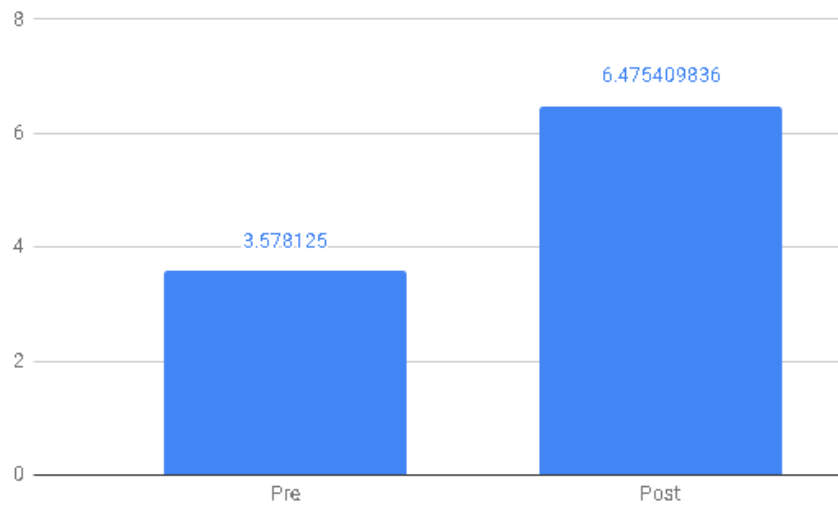




# Supporting young ELL's: language & literacy

- Play based teaching strategies (SE)
- Teacher developed early literacy curriculum (multi-sensorial, back-forth exchanges, sorting, crafting )
- SEEDS

Pre/Post Assessment (letter sounds)



## 2. Kinder Transition Plans and School Readiness Activities

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# Kinder Transition Teacher Leader Program

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Cohort of PreK & K/TK teachers on colocated CDC/elementary school working towards readiness goals.

- Hoover-Tubman
- Acorn Woodland
- MLK
- Garfield
- Brookfield
- **Bella Vista**
- **ICS**
- **Reach**
- **Allendale**





## Kindergarten Readiness Goals:

- Support PreK transition to elementary school by helping children familiarize with school landscape
- Inform school community of the value of collaboration between Prek-K/TK teachers to support school readiness
- Engage PreK families in learn what to expect in elementary school



# Kinder Transition Teacher Leaders Impact

## Acorn Woodland mother:

*Yes! The teachers shared ways to help with separating.. This has helped her stay in after school program though she still cries, but she is getting better.*

## Total # of children participants:

228 preschoolers

## KTTL Support clusters:

28 teachers & staff

- ECE MHC
- NTC Coaches
- CSM's
- School librarians



# 3. Horizontal alignment to support families and young children

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Positioning the school as a 0-5 resource





# Central Family Resource Center

## 0-5 drop-in Play-Group

### Play Group Goals:

1. Families to have a space to build kindergarten readiness skills.
1. Connect families to community and district resources
1. Offer space for families to build community with other families and strengthen parenting skills.



### 17 weeks

- MHC (JFCS)
- Early literacy series (Lit Lab)
- Bananas
- PreK enrollment
- Media literacy
- Refugee/newcomer program



# 0-5 CFRC Drop-in Play Group



- Total of 134 children, 52 unduplicated children under 5
- average attendance: 9 children
- majority <3
- Parent-teacher classified position pipeline



# Kinder/TK Transition Form

1. Support a smooth transition into K/TK
2. Provide strength-based pertinent info about child:
  - What is special about the child?
  - Successful teaching strategies!
  - Occurrences in child life that may affect transition?



# Kinder/TK Transition Forms

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## Total: 15 PreK classrooms participated

- 203 forms completed
- 28 ES schools
- 8 COST referrals



## Teacher Feedback

*It was incredibly helpful. I especially appreciated the category about ways to help the student succeed and the learning style description, because the previous teacher listed specific strategies used to support the child. I could immediately start using these strategies when the student started in my class.'*

**Megan Stimpson (kindergarten Teacher)**

## School year 19-20

- Scale to all preschool classrooms ~900 kids





# Systems Impact Across Community Schools



**Health & Wellness Dept:** FHA position re-design with EC focus (health services, family support and enrollment)



**Central Family Resource Center:** 0-5 menu of services



**Community Schools Partnerships:** kindergarten readiness strategies in ES CSM worksplan

Kinder Readiness toolkit toolkit



**ECE:** Transition forms used universally

(I/T) playgroups at CDC's

Linkage with Family Engagement/LSA

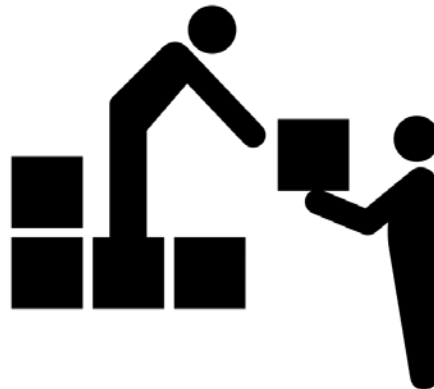


**Behavioral Health:** COST referrals thru Transition Forms

# Success Attributions:


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- Northstar of programming: children families and providers (capacity building)
- Collaboration: Horizontal alignment (CSM's) support clusters, **teacher leadership**
- **Coordination:** Position dedicated to develop a framework, hold vision, organize people and identify teams



# Program Impact & Sustainability

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- Building capacity of providers  
Teacher Leadership  System change independent  
of funding
- Alignment with Oakland Starting Strong & Smart Initiative
- FRC committee-exchange of ideas
- OFCY RFP 2019-2022
- Measure AA funding
- Hellman integration



**To:** First 5 Alameda County Commission

**From:** Kristin Spanos, CEO

**Date:** October 18, 2018

**Subject:** Position Statement on Children’s Environmental Health

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**REQUESTED ACTION**

That the Commission review and approve the following position statement.

**BACKGROUND**

Over 84,000 chemicals have been registered for use in the U.S., but less than 1% have been tested for human safety. The burden of avoiding harmful chemicals falls on consumers, and the burden of exposure disproportionately impacts our most vulnerable citizens, including children, people of lower socio-economic status, and people of color.

Young children are more vulnerable to environmental health hazards because their organs are still developing, they spend time close to the ground where contaminants accumulate, and they have a higher intake of air, water, and food per unit of body weight compared with adults. With more than one million children in California under six years of age attending child care programs and spending the majority of their waking weekday hours, it is critical to minimize environmental contaminants in child care facilities.

There is a broad set of chemicals common in child care settings that can disrupt healthy development, resulting in lifelong increases in cancer risk, decreased fertility, asthma, obesity, or learning and developmental disorders. Chemicals of concern include flame retardants, antimicrobials, bisphenols (like BPA) and phthalates, heavy metals, fluorinated stain/water/oil resistant treatments, formaldehyde and other Volatile Organic Compounds (VOCs), and polyvinyl chloride (PVC). Due to inadequate or nonexistent limits on harmful chemicals in consumer products, child care programs can expose children to harmful chemicals. Providers do not intend to expose children to these chemicals, but can do so unknowingly when making decisions because they lack information. Where chemicals of concern can be found in child care settings:

- Art supplies
- Building / construction materials
- Carpets
- Cleaners, sanitizers, disinfectants, and soaps
- Food and water sources
- Food service supplies
- Furniture
- Nap mats

- Office products
- Paint
- Pesticides
- Playground materials
- Toys

**PURPOSE AND PROPOSED STATEMENT:**

**First 5 Alameda County endorses *A Blueprint for Protecting Children’s Environmental Health: An Urgent Call to Action*** by the Children’s Environmental Health Network<sup>i</sup>. The Blueprint emphasizes urgent action to make children's health a priority for our nation. It outlines the steps that are necessary for progress towards protecting children's environmental health, and for developing a solid foundation to support future commitments moving forward. It is a high-level resource that is available to assist leaders in our communities and the children's environmental health field in prioritizing the needs of our children.

To achieve the vision laid out in the Blueprint, the unique characteristics of child care programs will need to be considered locally. It will take a dedicated, coordinated effort to protect children’s health in the face of multiple environmental health threats. **First 5 Alameda County supports policies, practices, and partnerships that promote environmentally healthy early care and education settings**, and ultimately support children’s health, readiness to learn, and ability to thrive.

**FISCAL IMPACT**

There is no fiscal impact.

**RECOMMENDATION**

That the Commission approve the proposed position statement.

Submitted by:

Reviewed by:

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Kristin Spanos  
Chief Executive Officer

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Page Tomblin  
Senior Administrator, Policy

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<sup>i</sup> <http://cehn.org/resources/blueprint-for-protecting-childrens-health/>