

**CHILDREN AND FAMILIES
COMMISSION OF FRESNO COUNTY**

(A Component Unit of the County of Fresno, California)

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors’ Report	1
Management’s Discussion and Analysis	3
 Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
 Fund Financial Statements:	
Balance Sheet- Governmental Fund	11
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Fund	13
Reconciliation of the Changes in Fund Balance to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual (GAAP)- Governmental Fund	15
 Notes to Financial Statements	 16
 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 32
 Independent Auditors’ Report on State Compliance.....	 34
 Supplementary Information:	
Supplemental Schedule of First 5 California (F5CA) Funding	36



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Children and Families Commission of Fresno County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and major fund of the Children and Families Commission of Fresno County (the Commission), a component unit of the County of Fresno, California, as of and for the year ended June 30, 2019, the related notes to the financial statements, and the respective budgetary comparison for the general fund, which collectively comprise the Commission's 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and major fund of the Commission, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 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 Commission's basic financial statements. The Supplemental Schedule of First 5 California (F5CA) Funding is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Schedule of First 5 California (F5CA) Funding is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplemental Schedule of First 5 California (F5CA) Funding 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 4, 2019, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Commission's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
October 4, 2019



**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

INTRODUCTION

On November 3, 1998, California voters approved Proposition 10, the California Children and Families Act (Act). The Act increased tobacco taxes to provide funds for early childhood development and smoking cessation programs. The passage of this Act created an unprecedented opportunity for Fresno County to mobilize its many resources and create an integrated, coordinated system of care that supports and enhances the lives of children from the prenatal stage up through age five and their families. The intent of the Act is for all California children to be healthy, live in a supportive and healthy family environment, and enter school ready to learn.

The Fresno County (County) Board of Supervisors created the Children and Families Commission of Fresno County (Commission) on December 8, 1998, under the provisions of the Act. The Commission consists of up to seven members appointed by the County Board of Supervisors. The Commission is a public entity legally separate and apart from the County and is considered a component unit of the County due to the operational relationship between the Commission and the County.

This report contains a discussion of key program, management, financial, and performance information for fiscal year 2018-2019 and financial statements that discuss the Commission's financial condition, and the auditor's opinion, which is independent and objective and provides reasonable assurance about whether the financial statements are free from material misstatements. Finally, this comprehensive report contains other statutorily required information that demonstrates management accountability and financial and programmatic performance. As management of the Commission, we offer readers our financial statements and this narrative overview and analysis for the fiscal year ending June 30, 2019.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*, issued June 1999, and GASB Statement No. 37, *Basic Financial Statements – and Management and Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and Statement No. 34, issued in June 2001.

MISSION AND STRATEGIC GOALS

The Commission's mission is to be a catalyst for creating an accessible and effective network of quality services for young children ages 0-5 and their families.

Central to the Commission's mission are the strategic goals of its investments which aim to directly serve children 0-5 and their families and are categorized into a three-tiered investment framework: 1) Children and Families; 2) Community Partners; and, 3) the early childhood system of care.

EXECUTIVE DIRECTOR

Emilia Reyes

COMMISSIONERS

Brian Pacheco, *Chair*
Kari Gilbert
Shantay R. Davies-Balch

Hugo Morales
Marcia Sablan
Dawan Utecht

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FINANCIAL HIGHLIGHTS

- During fiscal year 2018-2019, the Commission allocated and received revenues of approximately \$8.4 million from the State of California as revenues collected under the Children and Families Act.
- During fiscal year 2018-2019, the Commission disbursed approximately \$10.2 million to funded agencies.
- The Commission committed approximately \$5.8 million towards the 2013-2020 Strategic Plan, which will be disbursed in the subsequent fiscal years to fund its investment framework and approximately \$10.9 million of the Commission's fund balance is nonspendable for the Lighthouse for Children facility leverage loan.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The three sections together provide a comprehensive overview of the Commission. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the Commission's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the Commission's operations in more detail. The fund financial statements comprise the remaining statements.
 - **Government funds** statements tell how general governmental services were financed in the short-term as well as what remains for future spending.

The basic financial statements also include notes that explain some of the information within the statements and provide more detailed data. These are followed by a section of required supplementary information which further explains and supports the basic financial statements.

Government-Wide Statements

The government-wide statements report information about the Commission as a whole using accounting methods similar to those used by private-sector companies.

The *Statement of Net Position* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net position*. Changes in net position may serve as a useful indicator of the financial position of the Commission.

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

Also presented in the Government-Wide Financial Statements is a discretely presented component unit, the Lighthouse for Children, Inc. The Lighthouse for Children is a discretely presented component unit because it is a legally separate entity for which the Commission is financially accountable through the appointment of the corporation's board and because it does not provide services exclusively or almost exclusively to the Commission.

Financial information for this component unit is reported and prepared separately from the financial information presented for the primary government entity in a separate column on the Government-Wide Financial Statements as well as throughout the Notes to the Financial Statements. Financial statements for the Lighthouse for Children, Inc. may be obtained from the Children and Families Commission of Fresno County, 2405 Tulare Street, Suite 200, Fresno, California 93721.

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's most significant funds – not the Commission as a whole. Funds are accounting mechanisms that the Commission uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Commission establishes other funds to control and manage money for particular purposes or to show that the Commission is meeting legal responsibility for using certain revenues.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The Commission's total assets were approximately \$31.7 million at the end of the fiscal year. The majority of the Commission's assets are in cash and investments of \$16.1 million with a loan receivable of \$10.9 million.

Cash and investments are maintained in the Commission's checking and savings accounts, the Fresno County investment pool where interest earned on the Commission's balance is apportioned to the Commission, and in an investment account. Please refer to pages 21 through 24 for types of investments and credit ratings. Another asset is the Commission's receivables due from the State Commission for Proposition 10 and 56 taxes (\$2.7 million). These receivables represent taxes remitted by the State but not received by the Commission as of June 30, 2019. The Commission also reports accounts payable of \$2.2 million representing payments due on invoices.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
 STATEMENT OF NET POSITION COMPARISON**

	June 30, 2019	June 30, 2018	Change
ASSETS			
Cash and investments	\$ 16,120,568	\$ 15,083,877	\$ 1,036,691
Due from the state- proposition 10	2,704,113	1,758,478	945,635
Other receivables	1,301,395	1,001,915	299,480
Loans receivable, long-term (related party)	10,956,060	10,956,060	-
Nondepreciable capital assets	27,450	27,450	-
Capital assets, net of accumulated depreciation	573,090	590,694	(17,604)
Total Assets	31,682,676	29,418,474	2,264,202
LIABILITIES			
Current liabilities	2,209,021	2,033,801	175,220
Noncurrent liabilities	45,389	58,443	(13,054)
Total Liabilities	2,254,410	2,092,244	162,166
NET POSITION			
Net investment in capital assets	600,540	618,144	(17,604)
Unrestricted	28,827,726	26,708,086	2,119,640
Total Net Position	\$ 29,428,266	\$ 27,326,230	\$ 2,102,036

In fiscal year 2018-2019, the Commission's net position increased by \$2,102,036, see below. The increase was primarily due to increased program revenues and general revenues received as compared to the prior year.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
 STATEMENT OF ACTIVITIES COMPARISON**

	Year Ended June 30, 2019	Year Ended June 30, 2018	Change
Revenues			
Program revenues	\$ 9,365,298	\$ 8,942,771	\$ 422,527
Grant revenues	2,375,221	2,274,553	100,668
General revenues	974,241	307,828	666,413
Total Revenues	12,714,760	11,525,152	1,189,608
Expenses			
Program services	9,548,088	9,061,037	487,051
Evaluation services	687,817	861,791	(173,974)
Administrative costs	376,819	586,416	(209,597)
Total Expenses	10,612,724	10,509,244	103,480
Change in Net Position	\$ 2,102,036	\$ 1,015,908	\$ 1,086,128

FINANCIAL ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND

For the fiscal year ended June 30, 2019, the Commission reported an ending fund balance of \$28,873,115. The increase of \$2,106,586 over the prior year represents the amount of excess revenues over expenditures for the year ended June 30, 2019. See pages 11 and 13 of the financial statements for the fund financial statements.

Revenue and Expenditure Analysis – Governmental Fund

Total revenues consist of Proposition 10 funds, Proposition 56 funds, external grant revenues, investment earnings, and other revenues. There was a slight increase in total revenues from \$11.5 million, in the prior year, to \$12.7 million for the year ending June 30, 2019. Proposition 10 revenues, compared to the year ended June 30, 2018 decreased by nearly \$100K, while investment earnings increased by \$554K, and back-fill received from Proposition 56 increased by \$522K. Prop 56 funds are disbursed in arrears; these funds are monies received in the current fiscal year based on the prior fiscal year's consumption of applicable products. FY 2018-2019 was the first full year that the tax was in effect, causing increased collection of revenue. Grant revenue from external sources such as First 5 California for IMPACT (Improve and Maximize Programs so All Children Thrive) and Quality Rating and Improvement System (QRIS) efforts along with funding from the University of California, San Francisco (UCSF) for the GLOW! Group Prenatal Care Project increased slightly by \$101K. The Commission's goal to support and enhance the early childhood service system and their commitment to serving the young children and families in Fresno County remained consistent with the prior year.

Examples of program investments during the 2018-2019 fiscal year include the formation of a cross-system, multi-sector Blue Ribbon Equity Panel (BREP) in response to one of the main recommendations of the African American Infant Mortality (AAIM) Needs Assessment commissioned in 2015. The BREP convened to formulate a plan of action to influence policy and practice changes at multiple layers within families, neighborhoods, larger institutions and social structures which have an impact on the wellbeing of African American children. The Commission committed \$25k to develop goals and strategies for the community to commit to in order to improve supports for African American children to reduce the rates of preterm birth and infant mortality.

The Commission, in an effort to explore customized strategies for enhancing early childhood services, committed a total of \$1.5 million in agreements with three entities; Fresno Unified School District (FUSD), Fresno County Department of Social Services (DSS), and Fresno County Superintendent of Schools (FCSS). FUSD and FCSS developed action plans to align and integrate multiple, internal departments to improve service delivery to children ages zero to five and their families. Fresno County DSS engaged in the development of a community infrastructure that supported the creation, support and/or expansion of Neighborhood Resource Centers in metro, urban and rural Fresno County, with a focus on communities with disproportionately higher rates of child maltreatment. These contracts provided means to build internal capacity and service delivery in order to expand impact on the community.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
GOVERNMENTAL FUND ACTIVITIES COMPARISON**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>
Revenues			
Proposition 10 taxes	\$ 8,446,546	\$ 8,546,111	\$ (99,565)
Proposition 56 taxes	918,752	396,660	522,092
Grant revenue	2,375,221	2,274,553	100,668
Interest and Investment Earnings	596,883	43,289	553,594
Other revenue	<u>377,358</u>	<u>264,537</u>	<u>112,821</u>
Total Revenues	<u>12,714,760</u>	<u>11,525,150</u>	<u>1,189,610</u>
Expenditures			
Program services	9,543,538	9,054,529	489,009
Evaluation services	687,817	861,791	(173,974)
Administrative costs	<u>376,819</u>	<u>586,416</u>	<u>(209,597)</u>
Total Expenditures	<u>10,608,174</u>	<u>10,502,736</u>	<u>105,438</u>
Change in Fund Balance	<u>\$ 2,106,586</u>	<u>\$ 1,022,414</u>	<u>\$ 1,084,172</u>

Fund Budgetary Highlights

This section contains an explanation of the significant differences between the Commission's final budget amounts and actual amounts, and original and final budget amounts recorded for revenues and expenditures for fiscal year 2018-2019 as detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (shown on page 15). In fiscal year 2018-2019 the Commission received actual revenues of \$12.7 million compared to the budgeted amount of \$10.6 million. In preparing the budget, the Commission considered variables such as declining tobacco consumption, the effects of changes in legislation, and lower returns on investments. Actual total revenues were \$2 million more than budgeted as Proposition 10 revenues came in at \$447K more than expected and a full year of Proposition 56 revenue backfill was received. Interest and investment revenues were \$572K more than expected, and other revenues came in at \$312K more than expected.

In fiscal year 2018-2019 actual expenditures were \$1.9M less than budgeted due primarily to the completion of grants/contracts that were committed in a preceding fiscal year along with conservative budget monitoring due to the ongoing, expected decline in tobacco revenue in subsequent fiscal years.

In 2016, the passage of Senate Bill X2-7 increased the smoking age from 18 to 21 and Proposition 56 imposed an additional \$2.00 tax on tobacco products and e-cigarettes. Original external projections on the impact of these laws showed a decrease in Proposition 10 Revenue to county commissions by approximately seven percent; however revised estimates, received in January 2018, showed a steeper and more immediate impact of ten percent. Today, the passage of these two pieces of legislation, aimed to reduce tobacco consumption, continue their consequential effect- the gradual decline in revenue for the Commission.

A schedule of the Commission's original and final budget amounts compared with actual revenues and expenses is provided in the audited financial report, see page 15.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets of \$600,540 (net of accumulated depreciation) are for the Huron land and facility and equipment purchased. See Note 5 for more information on capital assets.

At the end of the current fiscal year, the Commission did not have any outstanding long-term debt, however, the Commission does have one long-term obligation for compensated absences. See Note 7 for details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

To develop the 2013-2020 Strategic Plan, Commissioners from the Finance and Program Review Committee met in a series of planning sessions to discuss, review and provide staff with direction on the Commission's financial resources and strategies for the seven-year period of the Strategic Plan and the Long Range Financial Plan (LRFP). The Commission reviews the agency's budget and LRFP annually. The Commission's commitment to continued collaboration with community partners and to leverage resources to maximize funds remains. Due to reduced revenue and limited resources, it is increasingly important to rely on the available expertise and knowledge of the community and to build on initiatives that have strong foundations of evidence. This unified approach not only allows for a more effective use of resources, but it also allows for enhanced focus and greater collective impact.

In preparation for its new strategic plan, the Commission collaborated with community entities to establish a joint early childhood community agenda for Fresno County from preconception to age 5. The process included community engagement with parents, caregivers and service providers. The feedback received, complemented by the momentum of existing community efforts, formed the basis of the new 2020-2025 Strategic Plan which outlines investments to address the challenges Fresno County families with young children are facing in responsive and innovative ways.

The following approximate program allocations show the Commission's funding priorities for the upcoming year:

- Help Me Grow Fresno County - \$500k
- Direct Service Programs – \$2 million
- Community Learning Center – \$823k
- Patient-Centered Prenatal Care - \$450k
- African American Infant Mortality Prevention - \$960k
- Quality Rating Improvement Systems– Local High-Quality Training & Technical Assistance - \$1.1 million
- Innovation & Learning - \$200k

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Commission's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Children and Families Commission of Fresno County, 2405 Tulare Street, Suite 200, Fresno, CA 93721.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government	Component Unit
ASSETS		
Cash and investments	\$ 16,120,568	\$ 222,262
Due from the state- proposition 10 and 56	2,704,113	-
Other receivables	1,301,395	-
Loans receivable, long-term (related party)	10,956,060	-
Capital assets, not being depreciated	27,450	649,080
Capital assets, net of accumulated depreciation	573,090	13,768,494
Total Assets	31,682,676	14,639,836
LIABILITIES		
Accounts payable and accrued expenses	2,182,497	28,862
Accrued payroll and related taxes	26,524	-
Long-term liabilities		
Portion due within one year:		
Compensated absences	22,030	-
Portion due in more than one year:		
Compensated absences	23,359	-
Notes payable	-	15,714,000
Total Liabilities	2,254,410	15,742,862
NET POSITION		
Net investment in capital assets	600,540	(1,296,426)
Unrestricted	28,827,726	193,400
Total Net Position	\$ 29,428,266	\$ (1,103,026)

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

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
Governmental Activities:					
Child development services	\$ 10,612,724	\$ -	\$ 11,740,519	\$ 1,127,795	
Total Primary Government	<u>\$ 10,612,724</u>	<u>\$ -</u>	<u>\$ 11,740,519</u>	<u>1,127,795</u>	
Component Unit					
Lighthouse for Children, Inc.	\$ 662,528	\$ 148,000	\$ 300		\$ (514,228)
Total Component Unit	<u>\$ 662,528</u>	<u>\$ 148,000</u>	<u>\$ 300</u>		<u>(514,228)</u>
General Revenues:					
Interest and Investment Earnings				596,885	1,133
Miscellaneous Income				377,356	200
Total General Revenues				<u>974,241</u>	<u>1,333</u>
Change in Net Position				2,102,036	(512,895)
Net Position, Beginning of Year				<u>27,326,230</u>	<u>(590,131)</u>
Net Position, End of Year				<u>\$ 29,428,266</u>	<u>\$ (1,103,026)</u>

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

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2019**

ASSETS

Current Assets	
Cash and investments	\$ 16,120,568
Due from the state- proposition 10 and 56	2,704,113
Other receivables	1,301,395
Loans receivable, long-term (related party)	<u>10,956,060</u>
Total Assets	<u><u>\$ 31,082,136</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable and accrued expenses	\$ 2,182,497
Accrued payroll and related taxes	<u>26,524</u>
Total Liabilities	<u>2,209,021</u>
Fund Balance	
Nonspendable	10,956,060
Restricted	105,468
Committed	5,825,130
Assigned	<u>11,986,457</u>
Total Fund Balance	<u>28,873,115</u>
Total Liabilities and Fund Balance	<u><u>\$ 31,082,136</u></u>

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

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
RECONCILIATION OF GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position:

Total Fund Balance - Governmental Fund	\$ 28,873,115
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund (net of accumulated depreciation of \$219,191).	600,540
The compensated absences liability is not due in the current period and, therefore are not included in the governmental fund.	<u>(45,389)</u>
Total Net Position - Governmental Activities	<u>\$ 29,428,266</u>

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

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

REVENUES

Proposition 10 taxes	\$ 8,446,546
Proposition 56 taxes	918,752
Grant revenue	2,375,221
Interest and investment earnings	596,885
Other revenue	<u>377,356</u>
 Total Revenues	 <u>12,714,760</u>

EXPENDITURES

Program services	9,543,538
Evaluation services	687,817
Administrative costs	<u>376,819</u>
 Total Expenditures	 <u>10,608,174</u>

Net Change in Fund Balance	2,106,586
 Fund Balance, Beginning of Year	 <u>26,766,529</u>
 Fund Balance, End of Year	 <u><u>\$ 28,873,115</u></u>

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

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
RECONCILIATION OF THE CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of the Governmental Fund to the Statement of Activities:

Net change in Fund Balance - Governmental Fund	\$ 2,106,586
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$17,604) exceeded capital outlay (\$0) in the current period.	(17,604)
Long-term liabilities are not due during the current year and, therefore, the change is not recorded in the governmental fund.	<u>13,054</u>
Change in Net Position - Governmental Activities	<u><u>\$ 2,102,036</u></u>

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

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET TO ACTUAL (GAAP)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Proposition 10 taxes	\$ 9,436,598	\$ 8,000,000	\$ 8,446,546	\$ 446,546
Proposition 56 taxes	-	-	918,752	918,752
Grant revenue	2,046,463	2,538,361	2,375,221	(163,140)
Interest and investment earnings	25,000	25,000	596,885	571,885
Other revenue	50,000	65,000	377,356	312,356
Total Revenues	<u>11,558,061</u>	<u>10,628,361</u>	<u>12,714,760</u>	<u>2,086,399</u>
EXPENDITURES				
Salaries and benefits	1,820,169	1,545,733	1,208,241	337,492
Supplies and services	517,171	521,957	367,447	154,510
Evaluation program expenditures	900,000	799,980	619,918	180,062
Grant expenditures	8,320,721	9,663,563	8,412,568	1,250,995
Total Expenditures	<u>11,558,061</u>	<u>12,531,233</u>	<u>10,608,174</u>	<u>1,923,059</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,902,872)</u>	2,106,586	<u>\$ 4,009,458</u>
Fund Balance, Beginning of Year			<u>26,766,529</u>	
Fund Balance, End of Year			<u>\$ 28,873,115</u>	

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

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Children and Families Commission of Fresno County (the Commission), a component unit of Fresno County, was established by Fresno County Ordinance, Chapter 2.38, pursuant to the provision of Health and Safety Code Section 130140. The Commission was established for the support and improvement of early childhood development within Fresno County consistent with, and in furtherance of, the purposes of the California Children and Families Commission (the State), pursuant to Health and Safety Code Section 130125(b). The Commission consists of seven members appointed by the Fresno County Board of Supervisors.

The State of California implemented the "California Children and Families Act of 1998" which provides for the Commission to receive proceeds from tax on tobacco products. The monies are allocated to local Children and Families Commissions by the State based on the number of births in each county in proportion to the total number of births in all counties.

The governmental reporting entity consists of the Commission and its component unit, Lighthouse for Children, Inc. Component units are legally separate organizations for which the Commission is financially accountable or organizations whose nature and significant relationship are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61, and thus is included in the financial statements of the Commission. The component unit, although a legally separate entity, is reported in the financial statements using the discrete presentation method because it does not provide services exclusively or almost exclusively to the Commission and to emphasize that it is a legally separate organization.

The discretely presented component unit, Lighthouse for Children, Inc., is governed by a board whose majority comprises First5 Commissioners. The Lighthouse for Children is a Nonprofit Public Benefit Corporation. The specific charitable purposes of this corporation are: (i) to provide the vision and means for Fresno County children to enter school in good health, ready and able to learn, and emotionally well-developed by providing culturally, individually, and developmentally-appropriate parenting and nurturing support and access to resources regarding health care, nutrition, and smoking prevention and cessation; (ii) to serve as an incubator for knowledge in the community regarding child welfare and development; (iii) to generally carry out the goals of the Children and Families Commission of Fresno County; and (iv) to develop infrastructure that promotes the social welfare of Fresno County children and their parents, and enables the corporation to better accomplish the above-stated purposes, which may include acquiring, owning, operating, and leasing property within a low-income community to community charities and businesses. This corporation is also authorized to receive contributions and to make donations to, and otherwise aid and support, legally permissible undertakings consistent with the above-stated purposes. Separate financial statements are prepared for Lighthouse for Children, Inc. and may be obtained from the Children and Families Commission of Fresno County, 2405 Tulare Street, Suite 200, Fresno, California 93721.

The basic financial statements included in this report are intended to present the financial position and results of operations of only the Commission. They are not intended to present the financial position and the results of operations of the County of Fresno taken as a whole. For additional information regarding the County of Fresno, please refer to the Comprehensive Annual Financial Report available from the County of Fresno.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The basic financial statements of the Commission are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*, and related standards. GASB Statement No. 34 established standards for external financial reporting for all state and local government entities which includes a Management’s Discussion and Analysis section, a Statement of Net Position, a Statement of Activities, and, if applicable, a Statement of Cash Flows. The financial statements consist of the following:

- Government-Wide Financial Statements-

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. The Statement of Net Position presents the financial condition of the governmental activities of the Commission at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Commission’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Commission, with certain limited exceptions.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

- Fund Financial Statements-

The Commission’s governmental fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 9 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, compensated absences are recorded only when payment is due.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for the governmental fund.

The Commission reports the following major governmental fund:

The **General Fund** is the general operating fund of the Commission and accounts for all revenues and expenditures of the Commission.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues – Exchange and Non-Exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year.

Expenses/Expenditures: On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Investments: The Commission is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

State statutes and the Commission’s Investment Policy authorize the Commission to invest in U.S. Government Treasury and Agency Securities, bankers’ acceptances, commercial paper, corporate bonds and notes, repurchase agreements, and the State Treasurer’s Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer.

Accounts Receivable: The Commission utilizes the allowance method of accounting for and reporting uncollectible or doubtful accounts. At June 30, 2019, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

Loans Receivable, Long-Term (Related Party): Loans receivable are due from Chase NMTC Lighthouse Investment Fund, LLC, in connection with the new market tax credit NMTC loans recorded by the Commission's discretely presented component unit, Lighthouse for Children, Inc. The loan is recorded for the full amount and the entire outstanding balance plus any unpaid interest is due on the maturity date, December 13, 2038.

Capital Assets: Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of the asset are capitalized. The Commission does not possess any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings:	15-90 years
Building Improvements:	10-80 years
Leasehold Improvements:	5-20 years
Equipment:	3-20 years

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows and Inflows of Resources: Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the Commission recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the Commission that is applicable to a future reporting period.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the Commission that is applicable to a future reporting period.

Use of Estimates: The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accrued Liabilities and Long-Term Obligations: All current and long-term obligations are reported in the government-wide financial statements. Compensated absences that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment at year end.

Compensated Absences: The Commission maintains a Paid Time Off (PTO) program that combines vacation and sick leave benefits into a single PTO bank. Beginning with an eligible employee's first day of employment, PTO will accrue at a rate of 6.154 hours per pay period. After five years of continuous employment, the accrual rate will increase to 7.69 hours per pay period. Once 300 hours are accrued, PTO will no longer accrue until some of the previously accrued PTO is taken. After some PTO is taken, PTO again begins to accrue at the usual rate. In order to receive PTO pay, the employee must take time off. Payment in lieu of PTO will not be made, except at the time of employment status change, i.e., from a position that earns PTO to a position that does not earn vacation, or at the time of termination of employment. In the basic financial statements, these amounts are referred to a "Compensated Absences."

In the governmental fund financial statements, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations or retirements prior to year-end, and payment of the liability is made subsequent to year-end. This is in accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Fund Equity: In the fund financial statements, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Commission is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable* – Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority (The Board of the Children and Families Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest-level action to remove or change the constraint.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued):

- *Assigned* – Amounts the Commission intends to use for a specific purpose. Intent can be expressed by the Commission or by an official or body to which the Board of Commissioners delegates the authority.
- *Unassigned* – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Commission establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved contracts. Assigned fund balance is established by the Commission through adoption or amendment of the budget, or future year budget, plan as intended for a specific purpose.

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

Net Position: Net position represents the residual interest in the Commission's assets after liabilities are deducted. In accordance with GASB Statement No. 34, the fund equity section on the Statement of Net Position was combined to report total net position and present it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position, net investment in capital assets includes capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Budgeting Procedures: The Commission is required to prepare a budget each year based on estimates of revenues and expected expenditures. The budget is adopted on a basis consistent with GAAP. Budgetary control is exercised at the major object level. All changes to the budget during the year require the approval of the Commission. All unencumbered annual appropriations lapse at the end of each fiscal year.

Governmental Accounting Standards Update: During the year ending June 30, 2019, the Commission implemented the following standards with no financial impact on the financial statements:

GASB Statement No. 83 – *Certain Asset Retirement Obligations*. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update (continued):

GASB Statement No. 90 – *Majority Equity Interests- an amendment of GASB Statements No. 14 and No 61*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through October 4, 2019, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows :

Governmental activities	\$ 16,120,568
Component unit	<u>222,262</u>
Total Cash and Investments	<u><u>\$ 16,342,830</u></u>

Cash and investments as of June 30, 2019, consist of the following:

Cash in banks	\$ 1,699,966
Investments	<u>14,420,602</u>
Total Governmental Activities Cash and Investments	16,120,568
Component unit cash in banks	<u>222,262</u>
Total Cash and Investments	<u><u>\$ 16,342,830</u></u>

Policies and Practices: The Commission is authorized under California Government Code to make direct investments. Details regarding the types of allowable investments and any limitations are listed under General Authorizations of this Note.

Investment in County Treasury: - The Commission is considered to be a voluntary participant in an external investment pool as the Commission deposits many receipts and collections of monies with the County Treasurer. The fair value of the Commission's investment in the pool is reported in the financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations: As per the *California Government Code* and the Commission’s Investment Policy, limitations to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Power Agency (JPA) Pools (other investment pools)	N/A	None	None

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 – CASH AND INVESTMENTS (continued)

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

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasuries	\$ 4,492,277	\$ -	\$ -	\$ 4,492,277
Federal Agencies (non-callable)	407,947	-	-	407,947
Federal Agency Mortgage Backed Securities	254,862	-	-	254,862
Supranationals	500,218	-	186,165	314,053
Municipal Obligations	116,795	-	116,795	-
Negotiable Certificates of Deposit	962,272	100,273	861,999	-
Corporate Notes	3,199,750	778,258	542,140	1,879,352
Asset-Backed Securities	1,023,635	4,638	87,949	931,048
Money Market Mutual Funds	80,531	80,531	-	-
County Pooled Investment Funds	3,382,315	3,382,315	-	-
	<u>\$ 14,420,602</u>	<u>\$ 4,346,015</u>	<u>\$ 1,795,048</u>	<u>\$ 8,279,539</u>

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Commission's investment in the County Pool is not required to be rated, nor has it been rated as of June 30, 2019.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of June 30, 2019										
			AAA	AA+	AA	AA-	A+	A	A-	A-1+	BBB+	Not Rated	
U.S. Treasuries	\$ 4,492,277	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,492,277
Federal Agencies (non-callable)	407,947	N/A	-	407,947	-	-	-	-	-	-	-	-	-
Federal Agency Mortgage Backed Securities	254,862	N/A	-	254,862	-	-	-	-	-	-	-	-	-
Supranationals	500,218	AAA	500,218	-	-	-	-	-	-	-	-	-	-
Municipal Obligations	116,795	N/A	-	-	-	116,795	-	-	-	-	-	-	-
Negotiable Certificates of Deposit	962,272	A-	-	-	-	603,068	-	258,931	-	100,273	-	-	-
Corporate Notes	3,199,750	A-	-	-	154,640	175,449	360,844	1,011,051	856,716	-	641,050	-	-
Asset-Backed Securities	1,023,635	AA	744,686	-	-	-	-	-	-	-	-	-	278,949
Money Market Mutual Funds	80,531	AAA	80,531	-	-	-	-	-	-	-	-	-	-
County Pooled Investment Funds	3,382,315	N/A	-	-	-	-	-	-	-	-	-	-	3,382,315
	<u>\$ 14,420,602</u>		<u>\$ 1,325,435</u>	<u>\$ 662,809</u>	<u>\$ 154,640</u>	<u>\$ 895,312</u>	<u>\$ 360,844</u>	<u>\$ 1,269,982</u>	<u>\$ 856,716</u>	<u>\$ 100,273</u>	<u>\$ 641,050</u>		<u>\$ 8,153,541</u>

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk: The Investment Policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*. Investments in any one issuer that represent five percent or more of the total investments are as follows:

Issuer	Investment Type	Reported Amount	% of Total Investments
Fresno County Investment Pool	Investment Pool	\$ 3,382,315	23.5%
U.S. Treasury Negotiable Certificates of Deposit	Treasury Securities	\$ 4,492,277	31.2%
Asset-Backed Securities	Treasury Securities	\$ 962,272	6.7%
		\$ 1,023,635	7.1%

Custodial Credit Risk-Deposits: This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, \$1,560,862 of the Commission's bank balance was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Commission.

Custodial Credit Risk-Investments: This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Commission has no custodial credit risk exposure for investments because all of the Commission's investments are held in a third-party custodian bank in the name of the Commission.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Commission applies generally accepted accounting principles for fair value measurements of financial assets and liabilities. These accounting principles define fair value and establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques. The Commission uses appropriate valuation techniques to determine value based on inputs available.

When available, the Commission measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The following description summarizes the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position.

The three levels of inputs used to measure fair value are as follows:

Level 1 – Values measured using quoted prices in active markets for identical investments. The fair value of these financial instruments and investments is based on quoted market prices or dealer quotes in active markets. The fair value of the Commission's investments were measured using quoted market prices in active markets.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Commission did not have any assets reported at fair value with Level 2 inputs for the year ended June 30, 2019.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Commission did not have any assets reported at fair value with Level 3 inputs for the year ended June 30, 2019.

The table below presents the level within the fair value hierarchy at which investments are measured at June 30, 2019:

Fair Value Measurements on a Recurring Basis

Investment Type	Total	Level 1	Level 2	Level 3
U.S. Treasuries	\$ 4,492,277	\$ 4,492,277	\$ -	\$ -
Federal Agencies (non-callable)	407,947	407,947	-	-
Federal Agency Mortgage Backed Securities	254,862	254,862	-	-
Supranationals	500,218	500,218	-	-
Municipal Obligations	116,795	116,795	-	-
Negotiable Certificates of Deposit	962,272	962,272	-	-
Corporate Notes	3,199,750	3,199,750	-	-
Asset-Backed Securities	1,023,635	1,023,635	-	-
Money Market Mutual Funds	80,531	80,531	-	-
County Pooled Investment Funds	3,382,315	3,382,315	-	-
	<u>\$ 14,420,602</u>	<u>\$ 14,420,602</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 consisted of intergovernmental grants, entitlements, state apportionments and local sources. All receivables consisted of the following:

	Governmental Unit	Component Unit
State Government		
Proposition 10	\$ 1,785,361	\$ -
Proposition 56	918,752	-
Other Sources	1,301,395	-
	<u>\$ 4,005,508</u>	<u>\$ -</u>

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 – CAPITAL ASSETS

Capital assets activity related to governmental activities for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Unit				
Capital assets not being depreciated:				
Land	\$ 27,450	\$ -	\$ -	\$ 27,450
Total capital assets not being depreciated	27,450	-	-	27,450
Capital assets being depreciated:				
Equipment	88,119	-	-	88,119
Buildings and improvements	704,162	-	-	704,162
Total capital assets being depreciated	792,281	-	-	792,281
Less accumulated depreciation:				
Equipment	88,119	-	-	88,119
Buildings and improvements	113,468	17,604	-	131,072
Total accumulated depreciation	201,587	17,604	-	219,191
Total capital assets being depreciated, net	590,694	(17,604)	-	573,090
Total capital assets, net	<u>\$ 618,144</u>	<u>\$ (17,604)</u>	<u>\$ -</u>	<u>\$ 600,540</u>

Depreciation expense charged to the governmental unit for the year ended June 30, 2019, was \$17,604.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 – CAPITAL ASSETS (continued)

Capital assets activity related to the discretely presented component unit for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Component Unit				
Capital assets not being depreciated:				
Land	\$ 649,080	\$ -	\$ -	\$ 649,080
Total capital assets not being depreciated	649,080	-	-	649,080
Capital assets being depreciated:				
Furniture and equipment	31,191	-	-	31,191
Buildings and improvements	15,427,481	-	-	15,427,481
Total capital assets being depreciated	15,458,672	-	-	15,458,672
Less accumulated depreciation:				
Furniture and equipment	8,035	4,455	-	12,490
Buildings and improvements	1,292,001	385,687	-	1,677,688
Total accumulated depreciation	1,300,036	390,142	-	1,690,178
Total capital assets being depreciated, net	14,158,636	(390,142)	-	13,768,494
Total capital assets, net	<u>\$ 14,807,716</u>	<u>\$ (390,142)</u>	<u>\$ -</u>	<u>\$ 14,417,574</u>

Depreciation expense charged to the component unit for the year ended June 30, 2019, was \$390,142.

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable consists of the following as of June 30, 2019:

	Governmental Unit	Component Unit
Program grantees	\$ 2,116,073	\$ -
Vendors	66,424	28,862
	<u>\$ 2,182,497</u>	<u>\$ 28,862</u>

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 – LONG TERM OBLIGATIONS

Long term obligations activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 58,443	\$ 94,422	\$ (107,476)	\$ 45,389	\$ 22,030
Component Unit					
Notes payable	15,714,000	-	-	15,714,000	-
Total	\$ 15,772,443	\$ 94,422	\$ (107,476)	\$ 15,759,389	\$ 22,030

Compensated Absences – Governmental Activities: Compensated absences, which combines vacation and sick leave benefits into a single PTO bank, amounted to \$45,389 at June 30, 2019.

Notes Payable – Component Unit: The component unit, Lighthouse for Children, Inc. was created by the Commission as a Qualified Active Low Income Community Business (QALICB) to take advantage of a New Market Tax Credit (NMTC) financing structure in order to build a facility within a low-income community. The NMTC transaction structure involves a leverage lender (Children and Families Commission of Fresno County) who provided funding into a newly created investment fund (Fund). An investor, who benefits from the NMTCs, then provided the equity into the Fund. The Fund then loaned the full amount of the financial transaction to two community development entities, who in turn loaned the funds to the Lighthouse for Children, Inc. The following four notes payable from Lighthouse for Children, Inc. combine to represent the total \$15,714,000 loan:

QLICI Loan A note from LIIF Sub-CDE XXIV, LLC, dated December 13, 2013, in the original amount of \$5,410,400. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of \$68,743 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.39% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.

\$ 5,410,400

QLICI Loan B note from LIIF Sub-CDE XXIV, LLC, dated December 13, 2013, in the original amount of \$2,349,600. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of \$29,853 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.39% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.

2,349,600

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 – LONG TERM OBLIGATIONS (continued)

Notes Payable – Component Unit (continued):

QLICI Loan A note from Central Valley NMTC Sub IV, LLC, dated December 13, 2013, in the original amount of \$5,545,660. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of \$70,413 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.3837% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.

\$ 5,545,660

QLICI Loan B note from Central Valley NMTC Sub IV, LLC, dated December 13, 2013, in the original amount of \$2,408,340. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of \$30,579 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.3837% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.

2,408,340

Total notes payable

15,714,000

Less current portion due:

-

Notes payable, long-term portion:

\$ 15,714,000

The minimum future principal and interest payments are summarized as follows:

	Principal	Estimated Interest Payments	Estimated Total Debt Service
Years ending June 30:			
2020	\$ -	\$ 217,923	\$ 217,923
2021	290,718	217,420	508,138
2022	587,507	210,845	798,352
2023	595,697	202,655	798,352
2024	604,001	194,351	798,352
2025-2029	3,148,678	843,082	3,991,760
2030-2034	3,374,351	617,409	3,991,760
2035-2039	3,616,200	375,560	3,991,760
2040-2044	3,496,848	116,995	3,613,843
	<u>\$ 15,714,000</u>	<u>\$ 2,996,240</u>	<u>\$ 18,710,240</u>

Interest expense relating to the above notes payable was \$236,084 for the year ended June 30, 2019.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 – POSTEMPLOYMENT BENEFITS

The Fresno County Children and Families Commission 401(a) Plan is a defined contribution pension plan established by the Commissioners of the Commission and administered through ICMA-RC, a non-profit independent financial services corporation. The provisions and contribution requirements of the Plan are established and may be amended by the Commissioners of the Commission. The Plan covers all full-time employees, and provides for immediate 100 percent vesting for the participants. The Commission makes contributions of 8.74 percent of compensation to the plan. The Commission made contributions to the Plan amounting to \$63,160 for the year ended June 30, 2019.

The Commission also offers its employees a deferred compensation plan created in accordance with IRC Section 457 and administered through ICMA-RC, a non-profit independent financial services corporation. The plan, available to all full-time Commission employees, permits them to defer a portion of their current salary until future years. The Commission is not required to make contributions to the plan, and all contributions made to the plan are solely at the discretion of the employees.

NOTE 9 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed and assigned (See Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2019, is as follows:

Nonspendable:	
Lighthouse for Children Facility Loan	\$ 10,956,060
Restricted:	
Outside Grant Funding	105,468
Committed:	
Awarded and unpaid grants	5,825,130
Assigned:	
First 5 Initiatives	<u>11,986,457</u>
Total Fund Balance	<u><u>\$ 28,873,115</u></u>

NOTE 10 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, employee's health and natural disasters. The Commission manages these various risks of loss by purchasing commercial insurance coverage. Their policy includes coverage for bodily injury, property damage, personal injury, automobile liability, directors' and officers' liability, public officials' errors and omissions, and non-owned and hired autos. In addition, the Commission maintains a workers' compensation insurance policy and a health benefits insurance package for its employees. Settlements have not exceeded covered amounts for the past three years.

NOTE 11 – EVALUATION EXPENDITURES

The Commission spent \$687,817 on program evaluation during the fiscal year ended June 30, 2019.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12 – ECONOMIC DEPENDENCY

The Commission received the majority of its funding from one source, taxes imposed by Section 30131.2 of the California Tax and Revenue Code. This code imposes additional taxes on the sale of cigarettes and tobacco products. The total amount of funding from the additional taxes was \$9,365,298, or 73.66%, of the total revenue for the year ended June 30, 2019. The Commission is thus subject to possible risk of reductions in services and/or closure due to potential future changes of Section 30131.2 of the California Tax and Revenue Code.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grantee Obligations: As of June 30, 2019, the Commission's remaining obligations with grantees of \$5,825,130 is included in committed fund balance.

Litigation: The Commission is not currently a party to any legal proceedings.

New Market Tax Credits: Lighthouse for Children, Inc. was created by the Commission as a Qualified Active Low Income Community Business (QALICB) to take advantage of a New Market Tax Credit (NMTC) financing structure in order to build a facility within a low-income community. Lighthouse for Children, Inc. was created as a 501(c)(3) non-profit public benefit corporation to act as the QALICB, as the Commission is not eligible to be the QALICB.

New Market Tax Credits are designed to infuse private sector capital into distressed communities by providing a tax credit for taxpayers who make qualified investments into designated Community Development Entities (CDEs). The NMTC transaction structure involves a leverage lender (Children and Families Commission of Fresno County) to provide funding into a newly created investment fund (Fund). The investor then provides the equity into the Fund. The Fund then loans the full amount of the financial transaction to the CDE, who in turn loans the funds to the QALICB. The NMTC transaction is active for seven years. At the end of seven years, the investor will "put" the transaction and Commission will acquire 100 percent interest in the Fund. At that time, the QALICB will likely dissolve and the Commission will acquire title to the property.

There is some nominal risk of tax credit recapture if Lighthouse for Children, Inc. acting as the QALICB, fails to maintain its obligations in the transaction. If the IRS recaptures the credits, the Commission may be responsible for repayment of the entire equity amount. The likelihood of this occurring is minimal as it is the Commission's intent to take whatever steps are necessary to ensure compliance with all NMTC requirements.

Master Lease Agreement – Related Party: The Commission has entered into a master lease agreement with Lighthouse for Children, Inc. (Landlord), the Commission's discretely presented component unit, in which the Commission will act as Master Tenant in a facility that is currently under construction. Landlord is obtaining New Market Tax Credit (NMTC) financing to provide for the construction of the facility which will be used as a child care center, a community learning center, office space for the Commission's operations, and any other activities that fulfill the specific charitable purposes of Lighthouse for Children, Inc. Master Tenant will pay an annual base rent of \$148,000 to the landlord for the property payable in equal monthly installments as stated in the agreement. Landlord and Master Tenant intend to operate the property in a manner that complies with NMTC requirements.



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

To the Board of Commissioners
Children and Families Commission of Fresno County

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, the discretely presented component unit, and major fund of the Children and Families Commission of Fresno County (the Commission), as of and for the year ended June 30, 2019, the related notes to the financial statements, and the respective budgetary comparison for the general fund, which collectively comprise the Commission's financial statements as listed in the table of contents, and have issued our report thereon dated October 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Compliance and Other Matters

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

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
October 4, 2019



INDEPENDENT AUDITORS’ REPORT ON STATE COMPLIANCE

To the Board of Commissioners
 Children and Families Commission of Fresno County

Compliance

We have audited the Children and Families Commission of Fresno County’s (the Commission) compliance with the requirements specified in the State of California’s *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller’s Office, applicable to the Commission’s statutory requirements identified below for the year ended June 30, 2019.

Management’s Responsibility

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

Auditors’ 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 Benefit Policies	2	Yes

Opinion

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2019.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
October 4, 2019

**CHILDREN AND FAMILIES
COMMISSION OF FRESNO COUNTY**

(A Component Unit of the County of Fresno, California)

SUPPLEMENTARY INFORMATION

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
 SUPPLEMENTAL SCHEDULE OF
 FIRST 5 CALIFORNIA (F5CA) FUNDING
 FOR THE YEAR ENDED JUNE 30, 2019**

<u>Program or Project Title</u>		<u>REVENUE F5CA FUNDS</u>	<u>EXPENDITURES</u>	<u>CHANGE IN NET POSITION</u>	<u>NET POSITION BEG OF YEAR</u>	<u>NET POSITION END OF YEAR</u>
First 5 IMPACT Program	F5CA Program Funds	\$ 1,691,781	\$ 1,691,781	\$ -	\$ -	\$ -
	County, Local Funds	1,566,194	1,566,194	-	-	-
TOTAL F5CA FUNDS		\$ 3,257,975	\$ 3,257,975	\$ -	\$ -	\$ -