**FIRST 5 FRESNO COUNTY**  
**ADMINISTERED BY CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY**

**DATE:**  Wednesday, October 21, 2020

**TIME:**  12:00 p.m. – Regular Meeting

Per the Governor of California’s Executive Order N-29-20 issued on March 17, 2020, this Regular Meeting will be via Zoom using the following link  
https://zoom.us/j/93008296833?pwd=eHJRdm1wWHBWb0k0RmdmNjdpcHhNJT09

Meeting ID: 930 0829 6833 and Password: 134530. The public may participate in the meeting, as otherwise permitted under the Brown Act, by joining using the link above.

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<th>ITEM</th>
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<tr>
<td>1. CALL TO ORDER</td>
<td></td>
<td>Chair Pacheco</td>
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<td>2. POTENTIAL CONFLICTS OF INTEREST</td>
<td>Chair Pacheco</td>
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<td>Any Commission Member who has potential conflict of interest may now identify the item and excuse themselves from discussing and voting on the matter.</td>
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<td>3. CONSENT AGENDA – ITEM 3a – 3d</td>
<td>Chair Pacheco</td>
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<td>See attached Consent Agenda.</td>
<td>F. González, E.D.</td>
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<tr>
<td>Overview: These matters are routine in nature and are usually approved by a single vote. Prior to action by the Commission, the public will be given the opportunity to comment on any Consent Item.</td>
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<td>4. PUBLIC HEARING - STATE ANNUAL REPORT AND FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2019-2020</td>
<td>F. González, E.D.</td>
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<td>5. STATE ANNUAL REPORT AND FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2019-2020</td>
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<td>6. CONFLICT OF INTEREST POLICY REVISIONS</td>
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<td>8. EXECUTIVE DIRECTOR REPORT</td>
<td>F. González, E.D.</td>
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<td>9. PUBLIC COMMENT</td>
<td>F. González, E.D.</td>
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<td>Limit two minutes per speaker. Public Comment is also taken on individual agenda items throughout the meeting at the conclusion of each agenda item.</td>
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<td>10. ANNOUNCEMENTS / INFORMATION SHARING</td>
<td>Chair Pacheco</td>
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<td>11. ADJOURNMENT</td>
<td>Chair Pacheco</td>
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**NOTE:**  NEXT REGULAR MEETING – DECEMBER 9, 2020

2405 Tulare St.  
Fresno, CA 93721

**NOTE:** If you need disability modification or accommodation in order to participate in this meeting, please contact the Commission office at (559) 558-4900 at least 48 hours prior to the start of the meeting. Government Code Section 54954.2(a).
DATE:  Wednesday, October 21, 2020
TIME:  12:00 p.m. – Regular Meeting

CONSENT AGENDA
(Any Commissioner may pull any Consent Item for discussion or separate vote.)

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<td>3b. Action</td>
<td>INTERNAL POLICIES &amp; PROCEDURES - ANNUAL REVIEW</td>
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<td>3c. Action</td>
<td>CONFLICT OF INTEREST CODE – BIENNIAL REVIEW</td>
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<td>3d. Action</td>
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CONSENT AGENDA ITEM NO. 3a

RECOMMENDED ACTION:

Approve Commission Meeting Minutes – August 19, 2020

ACTION SUMMARY MINUTES
August 19, 2020 – 11:30 a.m.

PRESENT: Commissioners: Brian Pacheco, Kari Gilbert, Hugo Morales, Marcia Sablan, Shantay Davies-Balch,

ABSENT: Dawan Utech

STAFF: Fabiola González, Alix Hillis, Hannah Norman, Mayra Diaz, Cindy Jurado Hernandez, Cecilia Paredes, Lupita Ramirez, Karen Rangel, Liliana Salcedo, Johnathan Zepeda, Ken Price (Legal Counsel)

1. CALL TO ORDER

2. POTENTIAL CONFLICTS OF INTEREST: Any Commission Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.

None heard.

3. CONSENT AGENDA – ITEMS 3a

These matters are routine in nature and are usually approved by a single vote. Prior to action by the Commission, the public is given the opportunity to comment on a consent item. Any Commission Member may pull any consent item for discussion or separate vote.

Public Comment: None heard.

Motion by: Morales Second by: Gilbert
Ayes: Pacheco, Gilbert, Morales, Sablan, Davies-Balch
Noes: None heard.

4. AGREEMENT RENEWAL WITH WEST FRESNO FAMILY RESOURCE CENTER IN SUPPORT OF THE FRESNO GROWS – BEST BABIES ZONE

Commissioner Davies-Balch joined the meeting at 11:36 a.m. and disclosed a conflict of interest with item number 4 of the agenda and recused herself.
5.FIRST 5 CALIFORNIA HOME VISITATION COORDINATION AGREEMENTS

Commissioner Davies-Balch reentered the meeting.

Public Comment: None.

Motion by: Gilbert Second by: Davies-Balch
Ayes: Pacheco, Gilbert, Morales, Sablan, Davies-Balch
Noes: None heard.

6. CONSIDERATION OF EXECUTIVE DIRECTOR COMPENSATION

Public Comment: None.

Motion by: Morales Second by: Davies-Balch
Ayes: Pacheco, Gilbert, Morales, Sablan, Davies-Balch
Noes: None heard.

7. DIAPER HUB PROJECT UPDATE

Public Comment: None.

No action required.

8. EXECUTIVE DIRECTOR UPDATE

Public Comment: None heard.

No action required.

9. PUBLIC COMMENT

Public Comment:

Angelica Perez, with Centro La Familia Advocacy Services and Site Director for the Kerman Neighborhood Resource Center, expressed her gratitude to the Commission for their continued support to the agency and families in rural communities.

No action required.

10. ANNOUNCEMENTS/INFORMATION SHARING

Consent Agenda Item 3a
Public Comment: None heard.

No action required.

11. ADJOURNMENT

Public Comment: None heard.

Motion by: Gilbert       Second by: Davies-Balch
Ayes: Pacheco, Gilbert, Morales, Sablan, Davies-Balch
Noes: None heard.
CONSENT AGENDA ITEM NO. 3b

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Internal Policies & Procedures - Annual Review

RECOMMENDED ACTION:


BACKGROUND:

On October 14, 2020, the Finance and Program Review Committee reviewed the updates and recommended this item for full Commission consideration.

1. **Accounting Policies and Procedures Manual:**

The Commission’s Accounting Policies and Procedures ensure internal procedures align with Governmental Accounting Standards Board (GASB), the First 5 Association Financial Management Guide, and industry standards. Accounting policies provide high-level guidance and focus attention on critical executive responsibilities associated with accounting for the Commission. The following updates are presented for review and approval:

   - The addition of the Commission's Secretary/Treasurer to the payment approval process in Section 3, Article D “Payment Approval Authorizations” as an additional authorizer to potentially avoid stall of business
   - Added reference, in Section 3, Article M “Payroll”, to the Compensation Policy to clarify various process/staff roles and how to report unusual items on related reports
   - Updates to process to accommodate remote working needs (i.e. change “print” to “save” or the addition of terms like “electronically”)
   - Updates to timelines due to infrequent utilization of processes- including Petty Cash reconciliation and review
   - Edits to improve clarity and sentence consolidation

2. **Administrative and Programmatic Procurement Policies and Procedures Manual:**

The Commission is required by ordinance to develop and adhere to procurement policies and procedures related to its purchasing of and/or contracting for goods and services that are consistent with applicable federal and state laws and regulations. Commission staff and Legal Counsel recommend the following updates for review and approval:
- The addition of a statement on the Commission’s commitment to equity throughout its procurement practices
- Clarification in Section I, “Mistakes in Proposals Prior to Opening of Proposals”
- Updates to Section J “Acceptance, Review, and Selection” regarding scoring and points
- Revisions to language used to improve clarity and to accommodate electronic processes
- The addition of Section T “Commission Business Continuation”

3. Investment Policy:

The Commission’s Investment Policy provides the framework for investment decision-making for the future of the Commission. In collaboration with PFM Asset Management, LLC, the Commission’s investment firm, staff annually review and update the Investment Policy to ensure internal procedures align with the First 5 Association Financial Management Guide, Governmental Accounting Standards Board (GASB), and industry standards. The following updates are presented for your review and approval:

- Deletion of the no longer relevant final note in Section 6 “Delegation Authority”
- Change of tense from future tense to present tense in Section 9 “Authorized Financial Dealers and Institutions”
- Updates to Section 21 “Trading and Sales of Investments” to align with the management design of the portfolio

4. Capital Assets and Depreciation Policy:

The Commission’s Capital Assets and Depreciation Policy is a guide for the tracking and reporting capital assets. The following updates are presented for review and approval:

- Updates to change “the Fixed Assets Module” to “the Commission’s fixed asset tracking system” in order to generalize the tool that is used for listing assets
- Addition of a clear reference to GASB & Generally Accepted Accounting Principles (GAAP)
- Change Business Director to “Director or staff responsible for Commission operations/business (Designee)” to allow for staff title or role change
- Various clarifying language and sentence consolidation

5. Travel Policies and Procedures Manual:

The Commission’s Travel Policies and Procedures ensure official travel taken on behalf of the Commission is accomplished in a manner that meets business needs and minimizes cost. The following updates are presented for review and approval:

- Clearly state the reliance of the policy on the U.S. General Services Administration guidelines
- Updates to clarify language on Travel Expense Claim Form procedure
- Revision to mileage reimbursement and vehicle rental language for clarity in Section 8, Article A
- The addition of Section 8, Article A, Number 3 on Auto Allowance
- Revisions to sentence structure to eliminate redundancies

Fiscal Impact: Action on this agenda item will have no fiscal impact.

CONCLUSION:

Annual review and updates to Commission’s policies ensure efficiency, further transparency, cost effectiveness and internal controls. Upon approval, staff will update all internal files as well as post the most updated version of all policies and procedures on the Commission’s website as necessary.
ACCOUNTING POLICIES AND PROCEDURES MANUAL
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6. APPENDIX A: Glossary of Terms
1. GENERAL

A. Introduction

The purpose of the Accounting Policies and Procedures Manual is to provide documented procedures related to fiscal policies, accounting principles, internal controls, operating procedures and reporting requirements for the Children & Families Commission of Fresno County (the Commission) also known as First 5 Fresno County (F5FC).

Use of this manual will assist Commission staff by:

- Describing methods for processing accounting information
- Documenting the accounting process so that execution of procedures is not completely dependent upon one individual
- Providing a training device and reference material for staff
- Providing a source of information to help eliminate uncertainties and confusion
- Ensuring consistent application of accounting policies and procedures
- Describing the principles, procedures and forms to be used to process and generate financial reports prepared in accordance with generally accepted accounting principles and governmental accounting standards

B. Authority

The California Children and Families First Act of 1998 (Proposition 10) created the California Children and Families Commission. Through the creation of the State Commission, 58 County Commissions were established.

Fresno County Ordinance Number 99-009 established the Fresno County Children and Families Commission pursuant to the provisions of the Health and Safety Code, Section 130140. Section 2.38.020, item G, of the Fresno County Ordinance states, “The Commission shall comply with Government Finance Officers Association (GFOA) financial management guidelines and Governmental Accounting Standards Board (GASB) accounting requirement standards.”

C. Role of Fresno County Auditor-Controller/Treasurer-Tax Collector

The Fresno County Auditor-Controller/Treasurer-Tax Collector (FCACTT) provides maintenance of the Commission Trust Fund held by the County for the Commission, referred to as the trust account. The FCACTT role to the Commission is that of a trustee nature. The Commission retains final authority over the Commission Trust Funds and access to these funds, upon proper authorization, shall be performed by the FCACTT in a timely and efficient manner.

D. Lighthouse for Children, Inc

Lighthouse for Children, Inc. (LFC) is a California 501(c)(3) non-profit public benefit corporation created by the Commission as a Qualified Active Low Income Community Business (QALICB) to take advantage of a New Market Tax Credit financing structure used to build a facility within a low-income community in Fresno County as the Commission is not eligible to be the QALICB. LFC is considered a component unit of the Commission for financial reporting purposes and, as such, is included in the Commission’s annual financial report as a discretely presented component unit.
As a component unit of the Commission, LFC has a financial and operational relationship with the Commission which meets the reporting entity definition criteria of 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. Although a legally separate entity, LFC is reported in 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.

Lighthouse for Children, Inc. must follow the policies and procedures as outlined in the Manual unless otherwise noted in the sections below.

E. Manual Revisions

The Commission is responsible for updating the manual as needed, at minimum on an annual basis, and ensuring that revised policies are appropriately considered at a public meeting by the Commission.

F. Glossary of Terms

A glossary of terms can be found in Appendix A of this document.

2. ACCOUNTING POLICIES

Accounting policies provide high-level guidance and focus attention on critical executive responsibilities associated with accounting. The following accounting policies assist the Commission in making decisions necessary for the daily operations of the agency:

- Accounting is conducted in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), and in accordance with the guidance in Governmental Accounting, Auditing, and Financial Reporting (GAAFR) published by the Government Finance Office Association (GFOA)
- Accounting transactions are recorded in a manner to facilitate outcome-based accountability
- Accounting procedures and records ensure expenditures are made only for the purposes authorized by the California Children and Families Act of 1998 (as amended), and in accordance with the Commission’s approved Strategic Plan in effect for the fiscal year.
- Accounting procedures are adopted and followed to safeguard financial resources

A. General Accounting Procedures

The following general accounting procedures are the major elements that define and drive the accounting system:

1. Generally Accepted Accounting Principles
2. Fund Accounting
3. Modified Accrual Basis of Accounting
4. Account Classification
5. Program Accounting
6. Cost Allocation
7. Budgetary Accounting
8. Internal Control

1. Generally Accepted Accounting Principles (GAAP)

In order to maintain public trust, the Commission's operations, reporting, accounting policies, practices, and systems conform to Generally Accepted Accounting Principles (GAAP).
2. **Fund Accounting**

Government accounting systems are organized and operated on a fund basis to provide strong accountability for the use of public funds.

**Fund accounting focuses on the inflow and use of current financial resources, whereas private sector accounting focuses on profit and net worth.** Fund accounting includes three broad classifications of funds. Governmental funds typically are used to account for tax-supported activities. Proprietary funds are used to account for a government’s business type activities like a water department or an airport. Fiduciary funds are used to account for resources that are held by the government as a trustee or agent for parties outside the government. Fiduciary funds cannot be used to support the government’s own programs.

One type of governmental fund is the general fund. The general fund is the chief operating fund of most governments and is used by the Commission. Another type of governmental fund is a special revenue fund. A special revenue fund accounts for the proceeds of a specific revenue source that is restricted by law or administrative action to be expended only on a specified purpose(s). Special revenue fund accounting is commonly used when revenue sources are exclusively designated for a specific purpose.

3. **Accounting Methods**

   A. **Modified Accrual Basis of Accounting**

   There are three bases of accounting: cash accounting, accrual accounting, and modified accrual accounting. Commissions are recommended, by the First 5 Association Fiscal Management Guide, to use the modified accrual method of accounting because it more effectively recognizes increases and decreases in financial resources.

   The modified accrual basis of accounting is a method of accounting in which expenditures are recorded at the time liabilities are incurred and revenues are recorded when received in cash or are considered available for use.

   B. **Accrual Basis of Accounting**

   LFC utilizes the accrual basis of accounting. The accrual basis of accounting is a method of accounting in which expenditures and revenues are recorded at the time they are incurred, not necessarily when they involve cash.

4. **Account Classification (Chart of Accounts)**

The Commission engages in a wide range of financial activities. An account classification system called a chart of accounts is used to record and organize this financial activity. The chart of accounts provides the organizing framework for budgeting and substantially enhances reporting capabilities.

The chart of accounts includes all accounts in the general ledger – assets, liabilities, fund balance, revenues, and expenditures. Asset, liability, and fund balance accounts reflect the financial resources of the Commission and are referred to as balance sheet accounts.

5. **Program Accounting**
Account classification creates a structure to account for assets, liabilities, fund balance, revenues, and expenditures. In addition, the Commission often needs information on programs. A program is a set of specific activities taken on by the Commission to accomplish a particular purpose and funding source. A program may have more than one revenue source and may require expenses from multiple accounts.

Because of the Commission's legal mandate for outcome-based accountability and the program evaluation requirements associated with the grant funds, the Commission has employed program accounting. In order to capture all costs to their appropriate funding, outcomes, and results areas, the Commission has developed program accounting in their internal accounting system. Program costs are captured based on funding mechanism and focus areas. The Commission has also employed a data reporting system that provides result area-based expenses.

6. Cost (Expense) Allocation

Most accounting for the Commission’s activities is accomplished directly by processing transactions. Transactions are coded and charged to designated fund accounts and programs. However, certain situations require special allocation steps to accurately account and report the cost of Commission activities.

To provide clarity, the Commission has adopted a policy defining administrative costs within this Policy. Therefore, cost items that comport to the Commission’s definition of administrative costs are charged directly to an administrative area in the accounting system. Cost allocation is used when costs need to be estimated and apportioned among different programs or organizational units. Examples of costs that may need to be allocated include office rent, telephone, and personnel costs.

Once it is determined that costs need to be allocated or apportioned, an allocation formula is created to obtain a reasonable estimate. At least once every two years, the Commission conducts a time study of all staff positions in order to properly compute expenses. The time study shows the percentage of each staff position’s time that is spent on each Commission program and on internal administrative activities.

7. Budgetary Accounting

The Commission’s budget is consistent with GAAP and governmental accounting standards. The budget is a commitment for the allocation of available resources for the upcoming budget period. The budget is shaped by the goals and objectives contained in the Commission’s approved current strategic plan and the financial direction set in the long-term financial plan.

An annual budget authorizes and provides the following:

a. Basis for control of the financial operations of the Commission
b. Estimates revenues made on a modified accrual basis, as anticipated to be earned for that budget year
c. Estimates carryover fund balance made on a modified accrual basis, as anticipated to be on hand at the close of the fiscal year
d. Estimates appropriation requirements made on a modified accrual basis
e. These aforementioned estimates reflect expenditures and encumbrances for all obligations to be incurred during the budget year
The Commission will adopt the proposed budget at least one month prior to the beginning of the next budget period. In the adopted budget, the operating expenditures must not exceed the operating resources (forecasted revenues and reserves). That is, the total of all appropriations for the budget year may not exceed the total of estimated revenues for the budget year, plus the estimated unencumbered carryover fund balance from the current year.

8. **Internal Control**

Commission staff administers and monitors the adopted budget during the year to establish budgetary control. Specific steps are taken to establish that control.

Initially, the budget is aligned with the modified accrual accounting system. The budget includes estimated allocations to the various program components that support the Commission’s goals for early childhood development. The program accounting structure is aligned with the programs in the budget. Revenue and expenditure line items in the budget are aligned with the chart of accounts to effectively compare “actual” revenues and expenditures with “budgeted” revenues and expenditures.

Secondly, a component of budgetary accounting is encumbrance accounting. An encumbrance system is needed to control the expenditure side of the budget. Encumbrances represent the estimated amount of future expenditures that will result when unperformed work is completed within a contract term. Essentially the encumbrance reserves a portion of a budget. When the work outlined in a contract is performed, expenditures will be recorded in the accounting system (and the encumbrance will be reversed). Until the expenditure is recorded, encumbrances are used so the Commission does not over commit funds.

Thirdly, staff uses the budget document as a guide for expenditures throughout the budget period so that actual expenditures do not exceed the total adopted budget. Monthly reporting is used to identify budgeted and actual amounts and fund balance, ensure resources are used for the appropriate purposes, and ensure resources are not expended too quickly.

Lastly, during the year amendments are made to the original budget as circumstances change. The Commission must approve any appropriation transfers when it is necessary to move appropriations between expenditure objects. Objects are defined as Salaries and Benefits, Services and Supplies, and Program Contracts. The Executive Director or designee of the Commission may approve appropriation transfers between line item accounts within an expenditure object. The Commission may increase appropriations during the fiscal year on a 2/3-majority vote by Commissioners present at a regularly scheduled meeting of the Commission. The appropriation amounts must be matched by realized revenue or carryover, or additional anticipated revenue, in excess of amounts anticipated in the budget. Mid-year budget increases are made by resolution of the Commission. Records of the original budget and all amendments are maintained. At year-end both the “original” budget and “final amended” budget amounts are reported in the annual audit.

3. **ACCOUNTING PROCEDURES AND PROCESSES**

The accounting system consists of records and procedures which recognize, record, classify, summarize, and report information on the Commission’s financial position and results of operations. The major elements used in presenting financial information in governmental accounting are assets, liabilities, fund balance and/or equity, revenues, and expenditures.
The accounting procedures and processes below describe the methods used in accounting for the Commission’s financial transactions. The goal of the accounting process is to produce financial reports that accurately summarize the financial position of the organization at a certain point in time and its revenues and expenditures for the fiscal period.

A. Revenue

A. Proposition 10 Revenue

Revenue received for the operation of the Commission is initiated and submitted from the California State Children and Families Commission on a monthly basis, based on Proposition 10 funds collected by the State of California State Board of Equalization. The revenue allocated and transferred to the Commission is based on the percentage of Fresno County live births to California State live births. The funds are remitted directly to the Fresno County Treasury where they are placed in the Children and Families Trust Fund.

The State submits a Disbursement to Counties by Month Report which reflects funds collected for the month and distributed to counties based on their percentage of live births to the total State live births. The revenue remitted by the State is reviewed and documented by Commission staff each month to determine the reasonableness of the revenue.

B. Other Revenue

The Commission may receive other revenue not otherwise related to its Proposition 10 funding allocation from such sources as the State Commission, other state departments, the federal government, and private foundations. These funds may be restricted in how they are used and require special accounting information to track and report periodically. The use of these revenues must have Commission approval and a formal grant or funding agreement including a budget or plan establishing restrictions and parameters of the funding agreement in place, which shall include a budget or plan establishing restrictions and parameters on the use of the funds.

B. Cash

The Commission is responsible for several cash accounts. These accounts include the following:

1. Commission Trust Account

The Commission Trust Account (trust account), occasionally referred to as the Children and Families Trust Fund, is maintained by the County Auditor-Controller/Treasurer-Tax Collector for the Commission. Monies are transferred to the cash accounts described below for the operations of the Commission.

Since the County has established that funds in the trust account are not operational funds, there is a need to have some excess funds in the Commission’s cash Operations/Program Accounts. The County only allows two non-operational transfers per 30-day period, and the transfers must be 10 days apart between withdrawals. Commission management and the Commission’s Secretary/Treasurer will establish the amount of funds to be held by a bank.
The Commission will transfer sufficient monies to the Operations/Program Accounts as needed for operations. There is no limit on the number or amounts of operations transfers within a 30 day period. Fresno County will be notified of the need to transfer funds by Commission management based upon projecting future cash flow requirements.

A transfer of funds requires the Executive Director to approve the transfer request. The transfer request must be in writing to the Fresno County Treasurer’s Office in order for the transfer to take place. The authorized signer for transfers is the Commission’s Executive Director. Transfer amounts for non-operational funds cannot exceed the amount allowed by Fresno County.

Transfers may be made by check sent directly to the authorized bank or wire transfer only to the Commission’s Operations/Program checking Accounts.

Each month, the County submits a Monthly General Ledger Trial Balance Report and a Monthly Transaction Register to the Commission, which documents the activity for the month and the cash balance in the trust account.

The Commission will transfer sufficient monies to the operating account as needed for agency operations. There is no limit on the number or amounts of operations transfers within a 30-day period.

2. Operating Checking Account

The operating checking account is maintained to process transactions for the general operations of the Commission.

The account requires two authorized individuals designated by the Commission on payments/checks over $500.00.

Account signers are the Executive Director and a designee. Wire transfers must be authorized in writing by the Executive Director or designee.

The Executive Director has been delegated the authority to authorize payments for all recurring budgeted costs [no dollar limit] and up to $3,000.00 for non-recurring operating costs. All checks over $500.00 require a second staff approval.

Splitting payments to avoid the approval limit is contrary to Commission policy and is not allowed. Payments authorized by anyone other than the primary designee will be presented to the primary designee for review and the primary designee will initial their subsequent review and approval of the expenditure. The primary designees are designated as the Executive Director and the management staff (or designee).

3. Program Checking Account

The program checking account will segregate the funds necessary for financing current activity of programs/grants.

The account requires two approvals on the account and will be as follows:
Authorized individuals shall be the Executive Director and a designee. Wire transfers must be authorized in writing by the Executive Director or designee.

Splitting payments to avoid the approval limit is contrary to Commission policy and is not allowed. Payments authorized by anyone other than the primary designee will be presented to the primary designee for review and the primary designee will initial their subsequent review and approval of the expenditure. The primary designees are designated as the Executive Director and the management staff (or designee).

Program funds are requested from the trust fund account on an as-needed basis. A formal letter on the Commission’s letterhead is submitted to the County Auditor-Controller/Treasurer-Tax Collector from the Commission when funds are needed and is authorized by the Commission’s Executive Director. A staff designee verifies funds have been transferred to the appropriate bank accounts.

4. Petty Cash Fund

The Commission maintains a petty cash fund for minor business expenses that is replenished as needed in an amount not to exceed $200.00. A custodian is assigned the responsibility of maintaining this fund. Reconciliation by a designee independent of the custodian function is performed twice a year, at minimum, on a quarterly basis. The petty cash fund is not used for change funds. The process for petty cash is as follows:

1. Petty cash funds are secured in a locked petty cash box with the custodian.
2. Petty cash for a minor business expense is requested from the custodian.
3. The custodian completes a petty cash voucher with the date, amount disbursed, details of expense, account to debit the expense and name of the person to whom the petty cash was paid.
4. The voucher is stapled to the receipt and stored in the locked petty cash box.
5. The expense is recorded in a spreadsheet that updates the running cash balance.
6. At the end of every quarter, the locked box is given to the designee to perform a reconciliation between the balance in the spreadsheet and cash balance in the petty cash box.
7. Journal entries are then recorded by the designee for each expense by applying a debit to the expense account and a credit to the petty cash account.
8. Receipts and vouchers are attached to the journal entry batch and filed in the journal entry file.

5. Accounts Receivable

An accounts receivable process is maintained to identify, and bill all amounts due on a timely basis. The process will identify overdue receivables and provide timely collection notices.

The accounts receivable process is as follows:

1. Services and/or goods will be billed by a staff designee.
2. The invoice generated will be recorded - a debit to accounts receivable in the amount of the invoice and a credit to the revenue - in the accounts receivable module of the Commission’s accounting software.
3. After the bill is issued, the timing of the outstanding bill will be tracked so that the receivable can be aged.
4. Follow-up correspondence will be sent to the vendor/ Funded Partner if payment is not received by the due date listed on the invoice.
5. When the vendor/ Funded Partner remits payment on the invoice, the payment will be recorded in the accounting system by the original staff designee and submitted to a separate designee to deposit.
6. Once the deposit is made, a third designee receives the deposit slip and records it in the accounts receivable module, by debiting cash and crediting accounts receivable.
7. The Project Director checks that the deposit is accurately recorded, and the staff designee posts the receivable to the General Ledger.

6. Investments

The Commission has developed an Investment Policy that is updated annually, as needed, by Commission staff and appropriately considered at a public meeting by the Commission.

C. Bank Reconciliation

Bank reconciliation is performed on a monthly basis for all cash accounts. The following describes the procedures related to the bank reconciliation process:

1. The bank statement is received in the mail and forwarded, unopened to the Deputy Director or Project Director, who is separate from the payment process, who reviews and forwards to the Project Director or designee.
2. The Project Director then prepares the bank reconciliation and upon completion forwards to the Executive Director.
3. The Executive Director initials the bank reconciliation verifying the review and returns the bank reconciliation to the Project Director.
4. Staff prepare the monthly journal entries based on the bank reconciliation. All journal entries must be accompanied with proper supporting documentation and filed appropriately.

D. Payment Approval Authorizations

The Executive Director is authorized to approve payments of $10,000 or less as outlined in the Commission's Administrative and Programmatic Procurement Policies and Procedures Manual. Payments for amounts over $10,000.00 require Commission approval.

As stated above, manual checks valued at more than $500.00 require two signatures. Authorized designees are detailed by account.

The Executive Director, Deputy Director, Project Director, not associated with the payment process, and the Commission's Vice-Chair, and the Commission's Secretary/Treasurer are the payment authorizers. In the absence of the Executive Director, the Commission's Vice-Chair acts in lieu of the Executive Director as a payment authorizer. The Commission requires payment authorizers to be updated upon the end of a Commissioner’s term and updated to reflect incoming Commission members.

E. Fidelity Bond Insurance
The Commission is required to maintain fidelity bond insurance. The Commission has authorized the fidelity bond to cover all sums of the Commission’s Trust Fund that are removed from the County Treasury. Currently the insurance amount maintained by the Commission is $5,000,000.

F. Policy of Cash Funds

Funds may be invested by management in investments allowed by State Law and approved by the Commission. Funds held by the banks must be collateralized with acceptable securities with a value of 110% or more for funds in excess of FDIC (Federal Deposit Insurance Corporation) limits. Please refer to the Commissions’ Investment Policy for further details.

G. Capital Assets

Capital assets include such items as land, structures and improvements, and furniture and equipment owned by the Commission. Under the modified accrual basis of accounting, the Commission charges capital asset purchases as expenditures. The following are safeguards to control capital assets:

- All capital assets having a value of more than a specified dollar amount and a useful life of one year or more are monitored through inventory controls
- Commission approval of all capital asset purchases, depending on dollar amounts is required
- Pertinent data on capital assets (including description, cost, source of funds, and data acquired) is recorded as soon as capital assets are acquired and data is available
- All items are tagged with a pre-numbered identification sticker
- Performance of annual physical inventories
- Maintenance of a listing of expendable equipment (assets that do not meet the specified dollar amount to be classified as a capital asset, but require control) that could easily be misappropriated, as well as periodic inventory of this equipment
- Recording of donated capital assets at fair market value as of date of donation
- Insurance requirements for fixed assets are reviewed on an annual basis to ensure coverage is adequate

The Commission has developed a Capital and Depreciation Policy that provides further detail. The policy is regularly reviewed for updates annually by Commission staff.

H. Purchasing/Receiving

The Fresno County Ordinance 99009, Section 2.38.020; Item (8) states: “The Commission shall develop purchasing and contracting policies and procedures consistent with applicable federal and state laws and regulations.”

The Commission has developed the Administrative and Programmatic Procurement Policy and Procedures Manual that are updated annually by Commission staff and considered at a public meeting by the Commission. The competitive bidding process is used in acquiring goods and services based on certain dollar thresholds.

I. Public Relations Purchases

Expenditures submitted to the Commission for Public/Community Relations expenses must be made in accordance with the funding source requirements, consistent with good business practice, and adhere to the Commission’s Administrative and Programmatic Procurement Policies and
Procedures, Accounting Policies and Procedures, and Conflict of Interest Policy and this Policy as appropriate.

Where funds are received for research, grants or special projects, additional documentation must be maintained as required by the entity providing the funds. In the administration of restricted funds, the Commission must maintain adequate documentation to be able to demonstrate that the expenditures are made in a manner consistent with the restrictive conditions.

In accordance with this section, allowable Commission expenditures may include, but are not limited to:

1. Membership and participation in the activities of community groups, including but not limited to service clubs and community-wide organizations of leading citizens in early learning, child development, education, business and/or government which serve the needs of young children and their families and promote the engagement of the Commission within the community.

2. Commission programs/activities that promote and support optimal early childhood development, strengthening of the Commission’s public relations; and/or donor cultivation and stewardship. Such activities may include, but are not limited to community receptions, cost of meetings, speaker fees, public ceremonies, eCommission and committee meetings.

3. Hospitality expenses including the provision for meals, catered events, promotional materials, and other related expenses that are necessary to conduct official Commission business with external partners. Eligible costs associated with travel for guests of the Commission will adhere to the Commission’s Travel Policies and Procedures Manual.

4. Promotional materials distributed to promote the name and brand of the Commission.

5. Flower/Plant purchases, with non-restricted funds, for official Commission functions such as community receptions, ceremonies, seminars, and other Commission events.

No reimbursement shall be allowed for the following expenses:

- Employee birthday, baby shower, wedding, wedding anniversary, etc.
- Clothing rental
- Political contributions
- Tobacco and alcohol purchases
- Daily reimbursement of lunches
- Amounts that are unreasonable given the circumstances in which the expenses were incurred and/or the benefit they provided to the Commission
- Membership or participation in organizations that discriminate based on race, color, religion, national origin, ancestry, age, gender, sexual orientation, marital status, veteran status, or disability

For the allowable expenditures described above, a Payment Authorization Form indicating the Public Relations Purchase must be approved by the Executive Director or designee. The Executive Director or designee approving the authorization is responsible to ascertain the necessity and reasonableness of the authorization and that adequate documentation is attached to support the authorization. The Executive Director or designee may not approve authorizations payable to their supervisor; Commission Chair approval is required.

The following justification information is required to be documented upon request for payment authorization of public relations purchases:
• **Purpose** - Be specific regarding the purpose for the expenditure. Generic statements such as "promotes positive relations", "community relations" or "employee relations" are not acceptable.

• **Relationship** - Names of the persons including their employer and occupation or title demonstrating the business relationship to the Commission.

• **Receipts** - Original receipts are required that include the amount, date, place and description of the expenditure. In cases where receipts cannot be obtained or have been lost, a statement to that effect shall be made and attached to the authorization.

• **Highest Position Responsible for Payment** - The highest-ranking Commission staff in attendance at a business-related activity is deemed to be responsible for making the payment to the vendor and he/she will subsequently seek approval to be reimbursed if needed with approval from their immediate supervisor.

J. **Electronic Funds Transfer (EFT) – Automated Clearing House (ACH) Payments**

The Commission utilizes Electronic Funds Transfer (EFT) – Automated Clearing House (ACH) payments in lieu of issuing checks and mailing remittance. A check will be issued if no method of EFT exists, upon Executive Director’s approval.

**Electronic Funds Transfer (EFT) EFT** is a system of transferring money from one bank account directly to another without paper money changing hands.

**Automated Clearing House (ACH) ACH** payment is the method of electronic remittance to individuals or entities that are made electronically within the banking system. ACH payments have many benefits. They eliminate the need to print and mail checks, ensure payees receive payments by a specific date, provide an efficient, cost effective, and payee-friendly means of making payments, are environmentally friendly due to the reduced use of paper, postage, office supplies, processing time, and storage space, and provide payees with an option to receive payment quickly.

The Commission utilizes Electronic Funds Transfer (EFT) – Automated Clearing House (ACH) payments in lieu of issuing checks and mailing remittance. A check will be issued if no method of EFT exists, upon Executive Director’s approval.

The Commission will make **every effort to make** all vendor payments through ACH. Vendors must submit an EFT Authorization Form to the Commission. The form is located on the Commission’s website.

It is the responsibility of the vendor to ensure the ACH information submitted to the Commission is accurate and complete. Failure to maintain accurate and complete information may result in delayed payments.

K. **Credit Cards**

At times, the use of payment via credit card may be deemed necessary for reoccurring payments when ACH payment is not available. Credit cards are not intended for purchases that can otherwise be paid by issuing an EFT/ACH or check payment. Instead they are intended to be used for vendors that do not accept these forms of payments, small purchases, travel, and emergency purchases.

A credit card will only be provided to the Commission’s Executive Director, Deputy Director and Project Director to provide a level of purchasing flexibility to conduct Commission business. Executive, Deputy and Project Directors utilizing agency credit cards will be solely responsible for
the safeguarding of the credit card and account number, as well as complying with this Manual, internal procedures, and the Commission’s Administrative and Programmatic Procurement Policies and Procedures Manual regarding purchasing, maintaining documentation, providing receipts and reconciling the bill on a monthly basis. The Executive, Deputy and Project Directors will work with staff to assure procedures are properly followed. Once the monthly credit card statement is reconciled, the statement and all purchases must be reviewed and signed by the Commission Chair or designee.

If either the Executive, Deputy and/or Project Directors terminates employment with the Commission, the credit card must be surrendered to the Commission immediately for cancellation.

L. Accounts Payable/Cash Disbursements

Invoices received for goods and services are properly approved by the Executive Director or designee and forwarded to the staff designee for payment processing. The following table outlines the procedures for processing accounts payable and the associated four methods of cash disbursement:

<table>
<thead>
<tr>
<th>EFT/ACH and Wire Transfers</th>
<th>Online (Bank Draft)</th>
<th>Credit Card</th>
<th>Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Project Director or designated staff creates and exports ACH files from the accounting database system in the proper ACH format. The ACH file is imported and transmitted directly to the bank.</td>
<td>The Project Director or designated staff processes payment online.</td>
<td>The Project Director or designated staff processes payment over the phone or online.</td>
<td>The Project Director prints out checks and forwards to Executive Director and/or designee for signatures.</td>
</tr>
</tbody>
</table>
M. Payroll

The Commission utilizes a contracted payroll service to process payroll. Payroll is processed every two weeks. Physical control over personnel records is limited.

Following are procedures related to the payroll function:

1. Payroll increases follow the established Compensation Policy are required to be approved by the Commission and are then documented in memo format and submitted to the Executive Director for approval. Changes to the Executive Director’s payroll is authorized by the Commission.

2. The Project Manager/staff member who maintains personnel files, will place the original payroll increase memo in the personnel file.

3. Time is entered in to the payroll system and payroll is processed by the Project Manager/Director.

4. Paid time off (PTO) accrual is then reconciled for accuracy by the Project Specialist/Manager. Pay stubs are delivered by the payroll service or electronically and payroll direct deposit is issued every other Friday. The Project Specialist/Manager staff member, who is independent of the preparation and authorization of the payroll submission, distributes payroll remittances if necessary.

5. Payroll reports prepared by the payroll service are reviewed by the Project Manager/Director not responsible to enter/submit payroll for any unusual items. If any unusual items occur, they should be remedied with the staff submitter or otherwise reported to the Executive Director.

6. The Project Director or designee prepares and posts journal entries for all payroll liabilities to be reflected in the accounting system.

N. Salaries and Benefits Policy

The Commission has developed, and appropriately considered at a public meeting, a Compensation Policy to state procedures and policies for establishing salaries. Details regarding employee benefits are outlined in the Commission’s Employee Handbook.

O. Compensated Absences

Compensated absences are absences for which employees will be paid such as paid time off (PTO). A liability for compensated absences for services already rendered and that are not contingent on a specific event shall be accrued as employees earn the rights to the benefits. The compensated absence liability shall be calculated based on the pay or salary rates in effect at the balance sheet date. Staff can reference additional details found within the financial statements included in the annual audit report.
P. Accounting for Leases

Leases entered into by the Commission are accounted for pursuant to GASB standards. A lease is defined as a contract that conveys the control of the right to use another entity's nonfinancial asset (the underlying asset) as specific in the contract for a period of time in an exchange or exchange-like transaction. Commission staff shall refer to GASB standards and guidance when accounting for leases.

Q. Travel/Expense Reimbursements

Commissioners and staff are authorized to receive reimbursement for travel and business expenses incurred while attending official functions, as long as the expenses are reasonable, prudent, and appropriate for the business of the Commission. Travel expense reimbursements by Commission staff and Commission members shall be properly authorized. Authorization for travel is approved by the Executive Director for all employees. The Commission approves travel for Commissioners through the budget process. When possible, the Executive Director shall notify the Commission prior to incurring out of County travel-related expenses. In the event such notice is not possible, the Deputy Director or designee shall sign off on the travel and then report to the Commission at the next regularly scheduled meeting. Further travel-related expense details can be found in the Commission's Travel Policy and Procedures Manual that is maintained and updated annually as needed by Commission staff.

R. Debt

The General Long-Term Debt Account Group is used to record liabilities of governmental funds. These liabilities may be long-term debt such as bonds and notes or long-term liabilities such as leases, claims and judgments, personal and major medical leave, and pension costs.

General fixed assets acquired via lease agreements shall be capitalized in the General Fixed Asset Account Group as discussed above. Additionally, a liability in the same amount shall be recorded simultaneously in the General Long-Term Debt Account Group.

S. Journal Entries

Journal entries may be performed in order to bring an account to the correct balance and to record monthly activity. An adjusting journal entry is prepared for these types of changes. A monthly journal entry is prepared to record the monthly activity.

Staff prepares the adjusting and monthly journal entries and the monthly Journal Entry and enters the journal entry into the accounting system on an as needed basis. Journal entries are filed upon entry into the accounting system.

4. CONTRACT ADMINISTRATION

The purpose of this section is to set forth recommended contracting and contract administration guidelines for the Commission. The guidelines are based on best practices in public procurement. Best practice in governmental contracting requires a selection process that is based on the open and fair identification and selection of vendors qualified to render a particular service, taking into consideration both technical qualifications and price.
A. Procedures

1. Provider Selection

The Commission has developed the Administrative and Programmatic Manual—Procurement Policies and Procedures Manual based on best practices in public procurement which clearly identifies and describes the different methods of the procurement and contracting process. The Manual is reviewed and updated annually, if needed, by the Executive Director and/or the Commission. Details can be found within the Manual.

B. Contractor Payments

1. Advance Payments

Any provider seeking the release of funds prior to the commencement of work under the contract may make such a request in writing on company letterhead, specifying the reason(s) advance funds are needed.

Advance funds are contingent upon the Commission’s availability of cash flow. Approval is based on the nature of each project and contingent upon the Funded Partner’s performance in meeting contractual requirements.

A cash advance may not exceed 50 percent of the maximum amount allowed in the fiscal year. Additional funds will not be released until 75 percent of the previously released funds has been expended and reported. The final quarter advance will only be two-thirds of the advance amount. The last month of each fiscal year is on a reimbursement basis only.

If, at the end of the contract period (i.e. fiscal year), the Funded Partner has not utilized any portion of the funds advanced, the Funded Partner shall return that amount to the Commission. If the amount is not returned, the Commission will withhold funds from the subsequent year’s contract (if applicable). The Commission will make every attempt to negotiate a solution before pursuing litigation.

2. Progress Payments

Funded Partners formally request reimbursement for services by submitting an invoice via the Commission’s online programmatic database unless advised otherwise. Funded Partners are required to upload, with the invoice, an expenditure report comparing actual expenditures to the project budget.

Payments of invoices are contingent upon compliance with all contractual requirements, including the achievement of performance standards and the timely submission of program and fiscal reports. The Commission staff Contract Managers verify satisfactory progress has been made toward project objectives, as determined by the Commission’s performance monitoring and reporting system and verify that all reported expenditures are allowable under the terms of the contract.

The Contract Manager verifies that all reported expenditures are allowable under the terms of the contract and approves the release of funds.

Contractor reimbursement process as follows:
a. A program progress report, as defined in contract (which could be monthly, quarterly, or semi-annually), is required to be submitted by each Funded Partner by certain dates specified in the contract.

b. The request for reimbursement (financial report) documents the Funded Partner’s outlays for the period, by budget line item, and also includes any disbursement amounts received and any reimbursements due (documentation is required by each Funded Partner to support the expenditures referenced on the financial status report).

c. The Contract Manager reviews the Funded Partner’s request for reimbursement (financial report) to verify the accuracy of the report.

d. The Contract Manager:
   1. Verifies that satisfactory progress has been made toward project objectives.
   2. Approves the request for reimbursement.
   3. Prints/saves the approved financial report and the reimbursement summary for review.
   4. The approved financial report is then forwarded through the process outlined in the Accounts Payable/Cash Disbursements section of this Manual.

C. Budget Modifications

**Funded Partner Budget** modifications are required prior to any line items (Personnel, Operating Expenses, Professional Services, Evaluation, Capital, Equipment, and Indirect) exceeding $5,000 for contracts that are over $250,000 and 10% of any line item for contracts under $250,000. Changes within sub-line items (Salaries, Benefits, Payroll Taxes, Operational Expenses, Travel/Training, Misc. Charges, and Program Expenses) do not require a budget revision.

Budget modification requests are considered as follows:

- Submission of a Contract Amendment Request (CAR) form through the fiscal module of the program database prior to the submission deadline (Deadlines may be found on the Commission’s website)
- Reasonable and necessary movement of funds throughout the budget excluding the increase/decrease of the Personnel category that would require additional rationale
- Submission of a revised Scope of Work, if necessary
- Requests are submitted prior to expenses incurred allowing the Commission to determine its appropriateness and minimizing any disallowed costs to the Funded Partner

Budget modifications are reviewed by the Contract Manager and approved by the Executive Director or designee, based on appropriate justification.

D. Authority

The Executive Director has been delegated the authority by the Commission to execute program contracts and amendments to those contracts as long as there are no material changes in the scope of work or dollar amounts does not exceed $5,000. The Executive Director has been delegated the authority by the Commission to execute operating contracts that are administrative in nature and affect the day to day operations of the Commission (no dollar limit).

5. **FINANCIAL REPORTING**
The goal of the accounting process is to produce financial reports, which accurately summarize the financial position of the organization at a particular point in time and provide information related to the revenues and expenditures for the reporting period.

A. Legal Requirements

California law requires that the State and local county Commissions adhere to specific reporting requirements (California Code Health and Safety Code Sections 130100-130155). The following are statutory requirements for financial reporting:

- Counties are to have a process to track and monitor administrative costs with periodic reports to the Commission (quarterly in many counties) (Section 130140(d)(5)) and 130151(b)(2).
- Policies are needed to assess and communicate the financial condition of the Commission (Section 130151(b)(6))
- Commissions are to track evaluation expenditures and document results of expenditures (Section 130151(b)(7))
- County Commission Reporting. On or before October 15 of each year, the State Commission and each county Commission shall conduct an audit of, and issue a written report on, the implementation and performance of their respective functions during the preceding fiscal year. At a minimum, this report shall include which funds were expended, the progress toward and the achievement of program goals and objectives, and the measurement of specific outcomes through appropriate indicators (Section 130150).
- The County Commission shall conduct at least one public hearing prior to adopting any annual audit and report (Section 130140 (G))
- Each County Commission shall make copies of its annual audits and reports available to members of the general public on request and at no cost (Section 130150 (d))
- The audits and reports of each county Commission shall be transmitted to the State Commission and the State Controller’s Office by November 1 (Section 130150 (a))
- County Commission Reporting of State Commission Information. The State Commission shall make copies of each of its annual audits and reports available to members of the general public on request and at no cost. The State Commission shall furnish each county Commission with copies of those documents in a number sufficient for local distribution by the county Commission to members of the general public on request and at no cost (Section 130150 (e)).
- The County Commission shall conduct at least one public hearing on each annual report by the State Commission prepared pursuant to subdivision (b) of Section 130150 (Section 130140 (H))

B. Procedures

Annual financial statements are prepared in accordance with GAAP. Likewise, annual financial statements are independently audited in accordance with generally accepted government auditing standards (GAGAS).

To supply appropriate individuals with the right information, at the proper time and in the correct format, the Commission reports their financial information on a monthly basis when regular Commission meetings and on an annual basis within the audit report. Specifically, management will take steps to achieve the following goals for external and internal reports:
• **Content** – financial reports balance competing demands for completeness and conciseness
• **Timeliness** – information is received soon enough to take effective action
• **Currency** – the information communicated is current
• **Accuracy** – the information is reliable
• **Access** – the information is accessible to those who need it

1. **External Reporting**

External reporting refers to the annual public distribution of “general-purpose” financial statements designed to meet the basic financial information needs of a variety of potential users, including taxpayers and citizens, oversight and legislative bodies, and investors and creditors. The goal of external reporting is to provide the information needed by interested parties to gain a fair understanding of the government’s financial position and results of operations. External reports are developed in conformity with GAAP. GAAP requirements are designed to provide all primary users of general-purpose external financial reports with the reliable information needed to assess an entity’s finances.

a. **Audit - Audit Requirements**

All Commissions are required to conduct an independent audit of the basic financial statements. The audit requirements refer to an external review required by an independent audit firm to determine that the financial statements fairly present the financial position of the agency being audited in accordance with GAAP. Auditors make this determination based on a review and testing of financial data maintained by the Commission.

Particular audit requirements include: internal controls, management letter, single audit, and acceptance of annual financial audit by the Commission.

b. **Expanded Audit**

In addition to the standard financial audit, the Commission is also required to go through an expanded audit per state code section 130151 (1 through 8).

The Commission contracts with that same auditor to complete the financial and expanded audits, and both are presented and submitted as one package. The Commission views the expanded and financial audit as one audit with two components: 1) the financial audit, which is monitored by First 5 California, and 2) the compliance audit, which is monitored by the State Controller’s Office (SCO).

The expanded audit covers the following items:

• Contracting and procurement policies: a policy consistent with state law and adopted in a public meeting and a legal representation letter shall be in place. A new legal representation letter is required annually even if the policy did not change.
• Administrative costs: administration costs shall be defined and a cap shall be established at a public meeting. Costs shall be monitored.
• County ordinance creating county Commission: policies and procedures ensure compliance with the county ordinance. The auditor reviews the Commission’s strategic plan.
• Long-range financial plans: the plans have been formally adopted by the commission in a public hearing.
• Financial condition of the Commission: policies and practices for reporting financial condition are in place.
• Amount spent on program evaluation and related results: a policy regarding evaluation is available to the auditor. The auditor verifies that the amount spent on evaluation complies with the policy and that evaluation data was collected.
• Salaries and benefits: policies and procedures for establishing employee salaries and benefits are in place.
• When audit findings have been reported in prior years, the current audit report must include a schedule of prior audit findings.

Per expanded audit requirements, the Commission has adopted the Conflict of Interest Policy for Commission members that is consistent with applicable state law. The Policy ensures the Commission complies with all applicable state and local conflict of interest statutes and regulations. The Conflict of Interest Policy is reviewed and updated every two years by Commission staff. The policy is in compliance as follows:

• The conflict of interest policy was adopted in a public meeting (minutes of the meeting are available for auditors)
• Obtain a letter from legal representative that states that Commission’s policy is consistent with applicable state and local laws and regulations on an annual basis
• Conflict of Interest Policy is available to auditors
• Minutes documenting appropriate abstentions for contract award actions are available
• Review Form 700 (economic interest) filings

2. Internal Reporting

This section does not represent reporting in accordance with GAAP, but rather reporting in accordance with budgeting processes. As was noted earlier, external financial reports that follow GAAP generally have a different look and focus than the internal reports. Internal reporting is designed to accomplish two goals:

a. Allow management to monitor compliance with legal and contractual provisions applicable to the management of public funds
b. Provides management and the Commission with the information on current performance data that it needs to make future financial plans

To fulfill this goal the Project Director prepares a monthly financial report and submits the report to the Executive Director for review. Upon the Executive Director’s approval, a final financial report is prepared for submission and approval acceptance at the Commission meeting.

C. Administrative Costs
Under the First 5 Fresno County (F5FC) Strategic Plan, the role of the Commission staff is broader than just that of contract development and oversight and includes support of programmatic services on many levels and running internal programs. The definition of administrative costs simplifies program administration in the way program services will be delivered under the Commission’s strategic plan.

1. **Defining Administrative, Program, and Evaluation Costs**

As a result, the Commission has adopted a written policy that defines administrative costs and sets a 10% limit for administrative costs. Below are definitions for the three cost categories of which the Commission allocates costs.

a. **Administrative Costs**- Costs incurred for administrative functions defined (below) by the local Commission in support of funded programs and its operations. Administrative costs are general in nature. This principle distinguishes between those costs that specifically and directly benefit a business unit, program, or evaluation activity from those that do not. Administrative costs support the Commission’s basic mission rather than specific program goals. This principle distinguishes between the nature of costs that provide direct value to achieving specific program goals and objectives from those that do not.

Administrative functions performed are the following: general accounting/financial reporting; local annual reporting activities; financial planning; Commission/Association meetings and travel; human resources services; legal services and consulting; audit; strategic planning; financial and cash management; procurement and purchasing; property management; payroll and personnel management; developing and operating systems and procedures, including information systems, required for administrative functions; and oversight and monitoring of administrative functions. Only these administrative functions are to be charged as administrative costs.

b. **Program Costs**- Costs incurred by the Commission readily assignable to a program or Funded Partner (other than for evaluation activities) and/or in the execution of direct service provision. Even though they are often associated with general organizational management, two types of costs that are typically classified as administrative costs, preparing program-level budgets/program scopes of work, and negotiating MOU’s and other program-level agreements, are classified as program cost. Costs of such activities as information systems development and operation, travel, and evaluation are charged to program costs or administration costs, according to whether the underlying functions which they support are classified as programmatic or administrative. Program functions include direct services, program outreach and education, program and community agency technical assistance and support, and program database management.

c. **Evaluation Costs**- Costs incurred by the Commission in the required evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders. Evaluation functions include evaluation technical assistance, evaluation database, and travel and training related to evaluation.
2. **Organizing Procedures and Accountability Mechanisms**

To ensure accountability, Commission staff abides by the following guidelines:

a. Establish cost elements for each of three categories: administrative, program, and evaluation.

b. Conduct analysis to determine and document an upper percentage limit for administrative costs.

c. Establish within the accounting and reporting system a methodology for tracking and reporting on program, administrative, and evaluation costs.

d. Maintain auditable records to ensure compliance with the administrative cost policy.

e. Provide annual reports on administrative and evaluation costs that go to the public (budgets and annual financial reports).

D. **Fund Balance**

The Fund Balance includes funds committed for multi-year initiatives and programs. Proper reporting of fund balance provides an opportunity for the Commission to report how it has committed funds over a period of years.

The total fund balance represents the value of the funds available to the Commission. Fund balance is broken down into five components, nonspendable, restricted, committed, assigned, and unassigned. Each component is defined below.

1. **Nonspendable Fund Balance**

The nonspendable fund balance is defined as only an approximate measure of liquidity. One reason is that some of the assets reported in governmental funds may be inherently nonspendable from the vantage point of the current period:

a. Assets that will never convert to cash (e.g. prepaid items and inventories of supplies)

b. Assets that will not convert to cash soon enough to affect the current period (e.g., the long-term portion of loans receivable and non-financial assets held for resale, such as foreclosure properties)

c. Resources that must be maintained intact pursuant to legal or contractual requirements (e.g. principal of an endowment or the capital of a revolving loan fund)

The key defining concept of nonspendable funds is that it is the legal obligation for the Commission, based on an executed contractual agreement. Examples of nonspendable funds include, but are not limited to:

a. Future payments due to providers of services to children and families

b. Future payments due on professional services contracts

c. Future payments due under lease arrangements

In all cases, amounts can only be classified as nonspendable if (a) there is a fully executed written contract or purchase order detailing obligations, (b) the payment obligation is not due in the current period, and (c) it is probable or expected that future expenditures will be made in accordance with the contract terms. The latter provision means that if it is likely that a contract will be amended or terminated before all scheduled payments are
made, the encumbrance must be limited to the total amount of payments that are expected to actually be incurred (if less than the full contract value).

2. **Restricted Fund Balance**

   The restricted fund balance is defined as amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. The restricted fund balance describes the portion of the fund balance that reflects resources that are subject to externally enforceable legal restrictions. Funds that have been received by the Commission from sources other than the county's proportionate share of Proposition 10 revenues and that contain restrictions imposed by the funding source regarding how the money can be used, by definition, are committed to the purpose designated by the funding source. Examples that fall into this category include but are not limited to:

   a. Money received from the State Commission for specific programs or initiatives, such as school readiness, or quality child care funds, that must be used exclusively for the purpose designated by the State Commission
   
   b. Grants received from private foundations that contain restrictions in the grant agreement regarding how the funds may be used

3. **Committed Fund Balance**

   The committed fund balance is described as the portion of the fund balance that represents resources constrained by limitations that the government imposes upon itself at its highest level of decision making (the Commission) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation would need to occur no later than the close of the reporting period.

   This category covers situations in which the Commission has explicitly authorized and directed staff to enter into an agreement with a specified agency, but the contract has not actually been executed. In order to be categorized as committed, funds must meet the following requirements:

   a. Formal action to approve the grant(s) and contract(s) must have been taken by the Commission and reflected in the public meeting minutes.
   
   b. The grant(s) and contract(s) must not have been executed yet, thereby avoiding any double-counting. These funds must be executed within a one-year period. After the one-year period funds will be designated to the unassigned fund.
   
   c. Funding that has been set aside for previously executed legally enforceable contracts but not yet spent, including multi-year contracts, if such contracts have been approved by the Commission and if cancellation of such contracts would require Commission approval.

4. **Assigned Fund Balance**

   The assigned fund balance is the portion of the fund balance that reflects the Commission's intended use of resources. Such intent would have to be established by either the Commission or by a body thereof (e.g., finance committee).

   There are two essential differences between committed fund balance and assigned fund balance. First, committed fund balance requires action by the Commission, whereas
assigned fund balance allows the authority to be delegated to some other body. Second, formal action is necessary to impose, remove, or modify a constraint reflected in committed fund balance, whereas less formality is necessary in the case of assigned fund balance. Funds are appropriately included in this component if they fall under one of four types:

a. Funds to operate a specific program or project in the current or future fiscal years that have not yet been committed or authorized for definite contracts, where all the following criteria are met:

- A written plan has been developed describing the program or project and the time period covered by the plan
- The plan contains a detailed budget or expenditure plan showing the amount of funds expected to be expended and the nature of the expenditures for each fiscal year covered by the plan
- The Commission has formally approved the plan and budget in a public meeting, as documented in the meeting minutes
- The Commission certifies that it intends, to the best of its ability, to expend the funds in accordance with the plan and budget

b. Funds that have been set aside for long-term program sustainability, where all of the following criteria are met:

- A long-range financial plan has been prepared that shows the specific dollar amounts that must be reserved for program sustainability in each of the early years of the plan, the timing for when sustainability funds will start to be drawn down, and the nature of the expenditures that are envisioned in each year covered by the plan
- The Commission has formally approved the long-range financial plan in a public meeting, as documented in the meeting minutes
- The Commission certifies that it intends, to the best of its ability, to manage the sustainability fund in accordance with the provisions of the long-range financial plan
- The Commission has adopted its annual budget consistent with the assumptions and plans

c. Funds that are established to handle unexpected debts that are outside the range of the Commission’s operating budget. The funds are to protect the Commission against any possible losses in the event of an emergency situation. Details of the funds are outlined in the Contingency Fund Policy Section E & F within this Policy.

d. Funds designated specifically to fill any gaps of existing and future capital projects. The account is established to accumulate resources on an annual basis from year end de-obligations. Use of funds must be approved by the Commission.

5. Unassigned Fund Balance

The unassigned fund balance represents funds that can be spent at the discretion of the Commission. This category includes the remainder of the fund balance: funds that either have not yet been allocated for a specific purpose or have been identified in only a general
manner where the Commission has significant flexibility in changing the amount or nature of the designation.

E. Contingency Fund Policy

1. **Definition and Purpose of Contingency Fund**

In an effort to be proactive, the Commission sets aside a fund to handle unexpected debts that are outside of the Commission's operating budget. The funds are to protect the Commission against any possible losses in the event of an emergency situation. To ensure the Contingency Fund reflects the Commission's administrative costs as well as facility management costs associated with the Lighthouse for Children (LFC) facility, of which the Commission is the Master Lease Tenant, funds are set aside to allow for a quicker and more effective recovery from an operational setback. The probability of a significant business disruption is small; however, having a Contingency Fund may save the Commission from potential failure to recover in the event that a risk materializes.

2. **Contingency Fund Target Level**

The Contingency Fund shall remain at $1,000,000 (one million dollars) as approved by the Commission. The balance of the fund represents approximately four (4) to six (6) months of both the Commission's operational budget and the operation costs of the LFC facility. If a change to the fund amount is warranted, for example due to a significant change in these budgets, Commission staff would be required to seek approval from the Commission during the formal budget modification process.

3. **Conditions for Use of Contingency Fund**

Use of funds will be determined by circumstance and level of severity with the following criteria. Please note this list is non-exhaustive.

<table>
<thead>
<tr>
<th>Table 1 – Contingency Fund: Conditions for Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
</tr>
<tr>
<td>• State and local legislation affecting revenue or requiring compliance</td>
</tr>
<tr>
<td>• Lawsuits against F5FC or LFC</td>
</tr>
<tr>
<td>• Unexpected default or a decline in State and local revenues</td>
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<td></td>
</tr>
</tbody>
</table>

The Contingency Fund shall be reported in the Committed Fund Balance in the agency's budget at the beginning of each fiscal year. The fund may not be used to address anticipated Proposition 10 revenue shortfalls. Imbalances of this nature are generally addressed through a formal budget modification process. Appropriations for program service expenses are independent of the Contingency Fund as they are considered relevant to the Strategic Reserve Fund.
If a need arises for the potential drawing of funds allocated to the Contingency Fund outside of the above-mentioned guidelines, Commission staff shall present the request to the Commission for consideration and approval at a regularly scheduled meeting.

4. **Authority of Contingency Fund Use**

For unanticipated circumstances considered moderate, as described in Table 1, staff must seek approval from the Commission prior to use of the Contingency Fund.

For unanticipated circumstances considered severe, as described in Table 1, and that require immediate redress, the Executive Director or designee shall exercise full discretion of its appropriation in order to mitigate substantial loss of productivity. The Executive Director must report to the Commission, at the next regular meeting following the use of funds, with full explanation on how the portion of the Contingency Fund was used or is being used.

For any method employed, the process of appropriating the Contingency Fund will adhere to the guidelines within this manual to minimize risk while striving to safeguard the Commission’s assets.

5. **Contingency Fund Replenishment**

In the event the Contingency Fund or a portion thereof is used, Commission staff will aim to restore the fund to the recommended amount, mentioned above, by the closure of the fiscal year, only if there are enough cost savings available for replenishment without impacting other budgetary commitments. If restoration cannot be accomplished within such time without severe hardship to the Commission, staff will prepare a financial plan to restore the Contingency Fund in the subsequent fiscal years until the target level is met.

F. **Strategic Reserve Fund**

1. **Definition and Purpose of Strategic Reserve Fund**

The Commission sets aside a fund to guard against any future immediate and unanticipated Proposition 10 revenue deficits or shortfalls. Funds are set aside to allow for a quicker and more effective recovery from programmatic setbacks. The probability of a significant business disruption is small; however, having a Strategic Reserve Fund may save the Commission from potential failure to recover in the event that a deficit materializes.

2. **Strategic Reserve Fund Target Level**

The Strategic Reserve Fund shall remain at $2,000,000 (two million dollars) as approved by the Commission. If a change to the fund amount is warranted, for example due to a significant change in these budgets, Commission staff would be required to seek approval from the Commission during the formal budget modification process.
3. **Conditions and Authority of Strategic Reserve Fund Use**

Use of funds will be determined by the Commission based on circumstance and level of severity. The Strategic Reserve Fund shall be reported in the Committed Fund Balance in the agency’s budget at the beginning of each fiscal year.

If a need arises for the potential drawing of funds allocated to the Strategic Reserve Fund, Commission staff shall present the request to the Commission for consideration and approval at a regularly scheduled meeting.

The process of appropriating the Strategic Reserve Fund will adhere to the guidelines within this manual to minimize risk while striving to safeguard the Commission’s liabilities.

4. **Strategic Reserve Fund Replenishment**

In the event the Strategic Reserve Fund or a portion thereof is used, Commission staff will aim to restore the fund to the recommended amount, mentioned above, by the closure of the fiscal year, only if there are enough cost savings available for replenishment without impacting other budgetary commitments. If restoration cannot be accomplished within such time without severe hardship to the Commission, staff will prepare a financial plan to restore the Strategic Reserve Fund in the subsequent fiscal years until the target level is met.

G. **Record Retention**

Financial records are required to be retained a minimum of five years after the annual audit and are subject to inspection, monitoring, copying and audit by the Bureau of State Audits.
APPENDIX A

Glossary of Terms

Accounting Procedures
The day-to-day operation of a particular system so that accounting information will be reflected in the accounting records in a consistent, proper and orderly manner.

Accounting System
All the records, formal and informal, together with the procedures related to the assembling, classifying, recording and reporting of information concerning the financial operations and conditions of a fiscal entity.

Accrual Basis of Accounting
Transactions are recorded when they occur regardless of when cash is paid or received. The Commission uses a modified form of accrual accounting (see Modified Accrual Basis) for Governmental funds. However, the accrual basis of accounting is used for the preparation of annual government-wide financial statements where governmental reported (governmental activities are defined later).

Administrative Costs
Costs incurred for a common or joint purpose that benefits more than one cost objective, supports the general management and administration of the Commission, and/or those costs not readily assignable to a specifically benefited cost objective.

Advance Payment
Any payment made to a contractor before work has been performed or goods have been delivered.

Appropriation
A statutory authorization granted by the legislative body to an agency allowing it to incur obligations and make expenditures for specific purposes within a specified period of time and generally for a maximum dollar amount.

Assigned
Amounts that are intended by the Commission to be used for specific purposes, but are neither restricted nor limited, shall be reported as assigned fund balance. Intent may be expressed by the Commission itself or a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes in accordance with policy established by the Commission. This would include ANY activity reported in a fund other than the general fund that is not otherwise restricted more narrowly by the above definitions.

Automated Clearing House (ACH)
ACH payment is the method of electronic remittance to individuals or entities that are made electronically within the banking system.

Balance Sheet
The financial statement disclosing the assets, liabilities and equity of the governmental funds (which includes general funds and special revenue funds). Governments are also required to disclose assets, liabilities and equity on a “government-wide entity” basis, using accrual accounting. This is known as the Statement of Net Assets.

Budget
A plan of proposed expenditures and the means of financing them with respect to a specific period of time.

Cash
Currency, checks, postal and express money orders, and banker’s drafts on deposit.
Capital Assets
Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets historically were also referred to as fixed assets, but that terminology is no longer used in practice.

Cash Basis of Accounting
Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

Chart of Accounts
A numeral listing of all assets, liability, fund balance/equity, revenue and expenditure accounts used to record accounting transactions.

Committed
Includes amounts that are committed for specific purposes by formal action of the Commission. Amounts classified as “committed” are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the Commission removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Compensated Absences
A liability for future personal, major medical and other leave benefits accrued by an employee and for which the employee may be paid upon termination of employment.

Contingency
A provision to cover an unexpected expense, future event or circumstance that is possible but cannot be predicted with complete certainty.

Contract
A legally binding agreement between two parties for the provision of goods or services.

Electronic Funds Transfer (EFT)
EFT is a system of transferring money from one bank account directly to another without paper money changing hands.

Encumbrances
Contractual obligations to make future payments. Encumbrances represent the estimated amount of future expenditures that will result when, for example, purchase orders are placed and contracts are signed. Since the amount of an appropriation cannot be legally exceeded, the placing of purchase orders and the signing of contracts are critical events in controlling the Commissions’ funds. The financial resources of a fund are said to be encumbered when a transaction is executed that requires performance on the part of another party before the Commission becomes liable to perform its part of the transaction (make payment to the entity).

Evaluation Costs
Costs incurred by the Commission in the evaluation of funded programs, in accordance with their accountability framework, and data collection and evaluation for required reporting to state and local stakeholders.

Expenditures
Take place when a vendor or contractor performs on a contract or a purchase order, as well as when goods or services are received. An expenditure and a corresponding liability or cash disbursement will be recorded at the time goods or services are received or at the time funds are granted to an authorized recipient.
**Fiduciary Funds**
Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the Commission’s own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**Fixed Assets**
Assets of a long-term nature which are intended to be held or used. These include land, buildings, improvements, machinery, furniture and other equipment.

**Fund Balance**
The value of the funds available to the Commission. Fund balance is the difference between fund assets and fund liabilities of governmental funds.

**GAAP**
Abbreviation for “Generally Accepted Accounting Principles,” which are conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The Governmental Accounting Standards Board (GASB) is responsible for setting GAAP for state and local governments.

**Governmental Accounting Standards Board (GASB)**
Ultimate authoritative accounting and financial reporting stand-setting body for state and local governments. The GASB was established in June 1984.

**Governmental Accounting**
The activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governmental units and agencies.

**Governmental Funds**
Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

**Internal Control**
The methods and measures adopted within a fund or agency to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

**Long-term Financial Plan**
A plan that assesses the long-term financial implications of current and proposed policies, programs, and assumptions and develops appropriate strategies to achieve its goals. A financial plan illustrates the likely financial outcomes of particular courses of actions or factors affecting the environment in which the government operates. A financial plan is not a forecast of what is certain to happen but rather a device to highlight significant issues or problems that must be addressed if goals are to be achieved.

**Modified Accrual Basis of Accounting**
The basis of accounting adapted to government fund accounting where revenues are recognized when received in cash or when resources are considered available (except for material or available revenues which shall be accrued to reflect properly the taxes levied and the revenues earned – not applicable to county Commissions). Expenditures are recognized when the related fund liability is incurred.
Non-Spendable
Includes amounts either not in spendable form or legally or contractually required to be maintained intact. This would include inventory, prepaids, and non-current receivables.

Program Costs
Costs incurred by the Commission readily assignable to a program, grantee, or Funded Partner (other than post-contract program evaluation activities) and/or in the execution of direct service provision.

Progress Payments
Partial payments related to steps or phases toward the completion of the required services under a contract.

Progress Reports
A report on contract performance or fiscal compliance made at specific interval during the term of a contract.

Proprietary Funds
Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Purchase Order
A document that authorizes the delivery of specified merchandise or the rendering of certain services.

Reserve Fund Balance
The portion of a government funds' balance that is not available for appropriation (i.e., not available for the following period's budget). Legal restrictions or even third-party entities may impose a limitation on the use of funds or resources that may not be available for spending.

Restricted
Reflects the same definition as restricted net assets: constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. This would generally include amounts in bonded capital projects funds, debt service funds, and cafeteria and center program funds funded with federal program dollars.

Statement of Activities
A government-wide presentation of its activities by function or program using the accrual basis of accounting. The statement presents revenues, expenditures, and a reconciliation of net assets.

Statement of Net Assets
The government-wide presentation of assets, liabilities and equity of governmental activities which includes all funds. It is the government-wide balance sheet. The Statement of Net Assets is presented on an accrual basis.

Statute
A law enacted by the legislature.

Unassigned
Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year's budget would be included here and can no longer be described as “designated” unless formally committed or assigned.
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PURPOSE

The purpose of the Children and Families Commission of Fresno County (the Commission). Administrative and Programmatic Procurement Policies and Procedures Manual is to document the Commission’s policies and procedures related to its purchasing of and/or contracting for goods and services. Fresno County Ordinance 99-009, Section 2.38.020 item (E) states “The Commission shall develop purchasing and contracting policies and procedures consistent with applicable Federal and State laws and regulations.” The Commission is required by law to abide by section 130140(d)(4)(B) of the Health and Safety Code, which requires county commissions to adopt, in a public hearing, contracting and procurement policies consistent with State law. This includes, but is not limited to, Government Code sections 54201-54205, Public Contract Code sections 2000-2002, 3410 and 22150-22154, and California Labor Code section 1771, et seq.

STATEMENT

The Commission recognizes the importance of diversity of within vendors/contractors that reflects the communities the Commission serves and, as such, is committed to ensuring that its procurement opportunities are implemented in a fair and equitable way.

PROCUREMENT

A. Public Works Projects

In the event that the Commission desires to enter into a Public Works Contract, as defined in Public Contract Code section 1101, the Commission shall comply with those provisions described in Article 3.5 of the Public Contract Code (§20120 et. seq). The Commission shall be the final decision-maker with respect to all Public Works Contracts.

B. Informal and Formal Competitive Purchases for Goods and Services

1. Thresholds & Executive Director Signing Authority

Purchases for goods and services for the operations of the Commission are authorized by the Executive Director and/or the Commission. The competitive procurement process shall be used to acquire goods and services based upon the following dollar thresholds:

<table>
<thead>
<tr>
<th>For Purchases</th>
<th>Type of Procurement</th>
<th>Required # of Proposals/Quotes</th>
<th>Minimum Approval Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.01 to $3,000.00</td>
<td>N/A – Routine Purchase</td>
<td>N/A</td>
<td>Executive Director or designee</td>
</tr>
<tr>
<td>$3,000.01 to $50,000.00</td>
<td>Informal</td>
<td>Three (3)</td>
<td>a. Executive Director approval up to $10,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b. Full Commission approval $10,000.01 and greater</td>
</tr>
<tr>
<td>$50,000.01 and greater</td>
<td>Formal</td>
<td>No Minimum</td>
<td>Full Commission</td>
</tr>
</tbody>
</table>

Purchases $3,000.00 or less are considered routine (day-to-day) and do not require proposals or quotes. These purchases can be made by using a Commission credit card with the Executive Director’s (or designee) approval so long as they meet the requirements otherwise described in this policy.
The Executive Director or designee shall have authority to execute contracts for amounts less than $10,000.01 without prior Commission approval. The Executive Director shall inform the Commission during the regular Commission meeting immediately following the execution of a contract within the Executive Director's signing authority of (i) the subject matter of the contract; (ii) the amount of the contract; and (iii) the contracting parties. Neither the Commission nor its staff shall piecemeal contracts in an effort to make the contract amounts fall below any particular monetary threshold.

2. **Informal Selection Process:**
The informal selection process allows the Commission staff to obtain a written price and scope of work via fax, e-mail, or other writing by at least three vendors for goods or services valued at $50,000.00 and below. The vendor that best fits the Commission's needs, using price, quality and the ability to provide deliverables within the Commission's timeframe as the primary factors shall be selected. If the Commission is unable to obtain at least three written quotations, staff shall document accordingly and provide as much available information to the Commission regarding why it could not obtain this number. The Commission reserves the right to use a formal procurement process for purchases $50,000.00 or less, especially if there is uncertainty about the types of goods or services the Commission is seeking to obtain. All agreements resulting from the informal selection process require Legal Counsel review and sign-off prior to execution.

3. **Formal Procurement Process for Administrative Goods or Services**
For formal procurements, the Commission will use a Request for Proposals (RFP) or a Request for Quotations (RFQ), as best determined by the Commission or staff, as the case may be. All contracts entered into as a result of the formal procurement process shall be approved by the Commission before they are executed by the Executive Director and a Commission officer. All agreements resulting from the formal procurement process for administrative goods or services require Legal Counsel review and sign-off prior to obtaining the signature from the Executive Director and the Commission Chair.

(a) An RFP is used when the Commission cannot precisely set forth its needs. Rather than including specifications, the Commission shall provide vendors a statement of work and the vendors are then asked to propose solutions. The RFP will detail what items the vendors are to submit, the qualifications of the proposer, the cost of their proposals, how the Commission will evaluate the proposals, select the vendor, and develop the contract. The RFP award is based upon various factors, including the lowest price, expertise of the proposer, and technical superiority of the proposal as compared to the other proposals submitted to the Commission. Proposals in response to an RFP are subject to negotiation after they have been submitted to the Commission.

(b) An RFQ is used when the Commission has determined precisely what goods and services it needs. Similar to an RFP, an RFQ award is not necessarily based upon the lowest price, but upon a service or good that best fits the requirements within a reasonable proximity to the other proposals submitted to the Commission. The terms contained in an RFQ are typically not negotiable.

4. **Formal Procurement Process for Programmatic Services**
For formal procurements, the Commission will use a RFP, RFQ, or Request for Applications (RFA) as best determined by the Commission or staff. All agreements resulting from the formal procurement process for programmatic services shall be approved by the Commission. All contracts require Legal Counsel review and sign-off prior to obtaining signature from the Executive Director and subsequently the Commission Chair.
(a) The RFP is used when the Commission cannot precisely set forth its needs. Rather than including specifications, the Commission shall provide proposed grantees a statement of work and the proposed grantees are then asked to propose solutions. The RFP will detail what items the proposed grantees are to submit, the qualifications of the proposer, the cost of their proposals, how the Commission will evaluate the proposals, select the proposed grantee, and develop the contract. The RFP award is based upon various factors, including the lowest price, expertise of the proposer, and technical superiority of the proposal as compared to the other proposals submitted to the Commission. Proposals in response to an RFP are subject to negotiation after they have been submitted to the Commission.

(b) An RFA is a formal announcement by the Commission of an opportunity to apply for funds with specific strategies and parameters in order to achieve the Commission’s strategic goals and outcomes. An RFA contains specific requirements regarding the application and evaluation processes, and how such funds shall be used. Proposals in response to an RFA are subject to negotiation after they have been submitted to the Commission.

(c) Intent to Partner (ITP): With respect to programmatic RFPs or RFAs, the Commission may select certain service providers by engaging in community-based planning efforts in which stakeholders come together for the purpose of identifying specific needs and the providers best able to meet those needs. Funds should not be awarded during these meetings. The natural bias toward competitive procurement should apply and any exceptions should adhere to the guidelines outlined in this procedure.

C. Public Notice

It is the Commission’s policy to provide notice to the public of all formal procurement opportunities. Such notices shall be posted publicly to ensure competition. Public notice will be on the Commission’s website, and when determined by staff to achieve the greatest response, in a trade newspaper or business journal or other appropriate medium, and/or posted via the internet on public online exchanges. Print and electronic publication shall be no less than ten (10) calendar days prior to the procurement time and due date. The Commission may opt to create and maintain a vendor list for specific professional services so long as such vendor(s) have been selected through informal or formal selection process, as the case may be. Commission staff shall keep evidence of posting of such notices as part of the project.

D. Contacts During Procurement Period

As of the issue date of the RFP/RFQ/RFA and continuing through the public notification of the award, all F5FC staff and Commissioners are specifically directed not to hold any unscheduled meetings, conferences, or technical discussions regarding the RFP/RFQ/RFA with prospective service providers or vendors. “Off the record” contact can potentially taint the Commission’s decision-making process.

Proposers may only contact the Commission as identified in the RFP/RFQ/RFA in response to any matter pertaining to that RFP/RFQ/RFA. Proposers are prohibited from directly contacting any other Commission staff member or Commissioner regarding any matter directly or indirectly related to the RFP/RFQ/RFA. Such prohibited contact may result in disqualification of the potential contractor’s proposal.

Proposers are encouraged to review the Commission’s Conflict of Interest Policy.
E. Limitations on Those Who May Submit Proposals

1. No Subcontractors or Consultants
   No consultant or subcontractor that provides advice to the Commission for a project may submit a proposal for an RFP/RFQ/RFA for the same project.

2. No Conflicts of Interest
   Pursuant to the Commission's Conflicts of Interest Policy and Conflicts of Interest Code no Commissioner or Commission staff may make, participate in making, or use their official position to influence the making of any governmental decision which may have a direct or indirect foreseeable material financial effect on the respective Commissioner or staff person. Therefore, no entity in which a Commissioner or staff person has a material financial interest may submit a proposal to the Commission.

   Additionally, any Commissioner or designated staff running for elected office must immediately disclose and recuse themselves from any Commission matter or action involving a contributor (whether direct or in-kind) to the campaign of that Commissioner or Commission staff. Under no circumstances may Commission staff accept a campaign contribution (whether direct or in-kind) from a Commission contractor in which that staff member has direct or indirect oversight over that contractor's service, contract, or activities. Commissioners and Commission staff are strongly encouraged to seek guidance from the Commission's legal counsel if there are any questions regarding the requirements contained in this paragraph. The violation of this provision by Commission staff may result in disciplinary action.

3. Financial Dependents/Relatives
   A financial dependent of a F5FC Commissioner or staff may not respond to any F5FC procurement. Under no circumstances, may a financial dependent of a F5FC Commissioner or staff respond to a F5FC RFP, RFQ, or RFA. Relatives (which shall include, but not be limited to, parents, adult children, siblings, aunts and uncles) of F5FC Commissioners or staff who are not dependents are discouraged from responding to any F5FC procurement. If a Commission staff person becomes aware that his or her non-financially dependent relative has submitted or will submit a proposal, that staff person shall immediately disclose the existence of this relationship to the Executive Director and subsequently the Commission. Moreover, that staff person shall immediately be screened from the proposal process and such relationship shall be disclosed to the Commission prior to any approval by the Commission. If a Commissioner is aware that his or her non-financially dependent relative has submitted or will submit a proposal, that Commissioner shall disclose the relationship at a public meeting and may choose to recuse himself or herself from any part of the decision-making process on any F5FC procurement.

F. Disallowed Costs
   The Commission shall not reimburse any potential contractors for any expenses that potential contractor incurs in the preparation of a proposal to the Commission. A potential contractor is solely responsible for his/her/its own costs regarding preparation of and submitting any proposal.

G. Time and Due Date
   The amount of time proposers may prepare their responses to formal procurement opportunities shall be determined by the Commission but, if practicable, shall be no less than ten (10) calendar days after release of RFP/RFQ/RFA and shall provide sufficient time for proposers to prepare and submit their proposals. The
Commission reserves the right to amend the proposal due date. Such changes shall be issued in writing in the form of an addendum to all prospective proposers who received the original request documents or posted on the website. The Commission shall timestamp all proposals it receives, or if the RFP/RFQ/RFA allows for electronic submission, staff shall keep evidence of the date and time such electronic correspondence is received. THE COMMISSION IS NOT RESPONSIBLE IF IT DOES NOT RECEIVE A PROPOSER'S ELECTRONIC SUBMISSION.

H. Addendum of Procurement Opportunities

The Commission reserves the right to amend any RFP/RFQ/RFA. The Commission shall make a reasonable effort to provide all vendors who received an RFP/RFQ/RFA with written notice of such action. Any oral interpretations of contract specifications by any Commissioner or staff to the vendor regarding terms or conditions shall not be binding on the Commission.

I. Mistakes in Proposals Prior to Opening of Proposals

Mistakes in proposals detected prior to opening may be corrected by the proposer by withdrawing the original and submitting a corrected proposal to the Commission before the due date. If there is insufficient time prior to the due date and time to withdraw the original and submit a corrected proposal, Alternatively, the proposer or an authorized representative may correct the mistake on the face of the original proposal, provided that such revision occurs prior to the due date and time and in the Commission's sole judgment, the revision is not ambiguous and resolves the mistake. A corrected proposal must follow the time and due date procedures in Section G above. The Commission will not accept corrections to proposals after the proposal time and due date, unless otherwise outlined in the procurement document (e.g., a four-hour window to submit missing supportive documents).

J. Acceptance, Review, and Selection

Proposals shall be accepted without alteration or correction, except as authorized in this policy, and shall be evaluated based upon the requirements set forth in the RFP/RFQ/RFA, which may include certain criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the proposal's price and be considered in the evaluation for award, shall be objectively measurable, such as discounts, transportation costs and total or life cycle costs.

The Commission shall assign a staff person to facilitate the creation of a selection committee and/or process to review the proposals. The contract file shall contain a written explanation of the selection decision.

Points may be assigned to portions of procurement documents to aid in scoring of submissions. If a required component of a submission is not included in the submission, the Executive Director may, in his or her sole discretion, determine that the submission may not automatically be rejected. The Executive Director may make such a determination in the event that the Executive Director concludes that the omission was immaterial to the submission. In such an event, the omitted piece(s) may result in partial points being awarded to the proposal.

The Executive Director, or designee, shall make a final recommendation to the Commission based on the results of the committee. The Executive Director, or designee, shall notify all proposers of the recommendation no less than ten (10) days before the Commission approves the award. Final approval of the award shall be made by the Commission.
All contracts and purchases shall be based strictly upon the face value of the proposals received. The Commission shall not factor in-to its procurement selection any hidden rebates, discounts, and other price considerations not described in the proposals.

A formal award notification shall be issued to the selected vendor, specifying the amount awarded and indicating that funds will be released upon compliance of a signed contract establishing the terms and conditions of all parties. Non-selected vendors shall receive written notice of the Commission's action. Commission staff shall keep evidence of the sent award and non-selection letters as part of the project.

K. **Notice of Cancellation or Rejection of Proposals**

The Commission may, at its discretion, cancel or reject any or all proposals. In the event of such a cancellation or rejection, all proposers shall be notified in writing as soon as possible and the reason(s) shall be documented in the procurement file.

I. **Determination of Non-Responsiveness**

Failure of a proposer to promptly supply information requested by the Commission may be grounds for the Commission to determine that the proposer is non-responsive, in which case the proposal may be rejected.

M. **Disclosure of Results**

After the award by the Commission, all submission proposals received by the Commission shall be open to public inspection at the offices of the Commission during normal business hours or by electronic means, as agreed to by Commission staff. The Commission shall keep the non-selected proposals for a minimum of two (2) years after the completion of the project. The Commission is subject to the California Public Records Act ("CPRA") and the submittersproposer must assume that any proposal-submission it submits to the Commission is subject to disclosure under the CPRA. The Commission assumes no responsibility for the confidentiality of any information provided in the proposals. The Commission shall not retain, during the normal course of its activities, the identity of any proposal reviewer. The Commission may retain blind scoring sheets and documents containing feedback of each proposal. The disclosure of such materials shall be in accordance with the CPRA. The Commission shall not disclose any records during a procurement or the Commission reasonably anticipates that procurement opportunity will be released by the Commission within the next 60 days, that could result in an unfair advantage to any submittersproposer.

N. **Protests**

1. **Formal Procurement or Commission Approved Informal Purchases:** Upon notice by F5FC of a proposed award, any proposer may file a formal written protest regarding a potential or recent procurement by the Commission. The protest shall be filed with the Executive Director no later than forty-eight hours before the day of the meeting at which the Commission is scheduled to (i) award the subject contract or (ii) approve or disapprove a purchase that requires approval pursuant to the informal selection process described in Section 2 above. The protest shall be in writing addressed to and filed with the Executive Director and contain the exact basis for the protest, and proof that the protester is a viable and responsible provider of the supplies, equipment or services sought. The protest should provide evidence that the award violated the Commission's procurement procedures or State law. Mere disagreement with the decision of the Commission or Executive Director shall not be the basis for a successful protest. Commission staff shall keep record, according to its record retention practices, of any and all protests made by proposers.
2. **Informal Procurement Under $10,000.01:** Upon notice by F5FC of a proposed award of a procurement not going before the Commission, any proposer may file a formal written protest regarding a potential procurement. The protest shall be filed with the Executive Director no later than forty-eight hours after the notice of award. The protest shall be in writing addressed to and filed with the Executive Director and contain the exact basis for the protest, and proof that the protester is a viable and responsible provider of the supplies, equipment or services sought. The protest should provide evidence that the award violated the Commission's procurement procedures or State law. Mere disagreement with decision of the Commission or Executive Director shall not be the basis for a successful protest. The Executive Director shall make a determination as to a protest to an informal procurement. A proposer may file an appeal of such determination with the Commission. Commission staff shall keep record, according to its record retention practices, of any and all protests made by proposers.

O. **Exceptions to a Competitive Selection Process**

All goods and services shall be procured by an informal or formal competitive selection process unless the Commission or the Executive Director determines that one of the circumstances described below is satisfied. The Commission shall document, in writing, the justification for using such an exception.

1. **Sole Source Procurement:** The Commission may procure materials or services that are available from only one source. In order for the Commission to justify a sole source procurement, one or more of the following factors must be present:
   
a. The vendor capabilities and experiences are so unique (including the vendor's possession of patents or trademarked materials) that no other vendor may comparably meet the Commission's needs;
   
b. Only one product is available to reasonably meet the Commission's needs; and
   
c. Only one vendor has the ability to provide goods or services to the Commission within the Commission's required time frame.

2. **Emergency:** Emergency purchases may be made by the Executive Director or designee when the materials or services so purchased are necessary to continue Commission operations or services. Such emergency purchases shall be submitted to the Commission for ratification at its next regular meeting. The Commission expects the use of such emergency purchases to be seldom used.

3. **State or County Vendors:** The Commission may use a vendor under a leveraged purchase agreement without a competitive selection process if the leveraged purchase agreement itself was procured via a competitive selection and the vendor accepts the same terms as those contained in the leveraged purchase agreement.

P. **Commission’s Standard Policies Manual**

All contractors and vendors contracting with the Commission must agree to comply with the policies in the Commission’s standard policies manual, including, but not limited to, the following:

1. **Breastfeeding Friendly (BFF) Policy:** The Commission embraces the importance of supporting and encouraging mothers to breastfeed their babies for as long as possible and has adopted a
Breastfeeding Friendly Policy to be in place in any agreement between the Commission and programs and services funded by the Commission.

Prior to the disbursement of any funds, all Service Providers and vendors contracting with the Commission must agree to comply with the Commission's BFF Policy, which requires the display of the Commission's BFF logo in a highly visible location such as the lobby/reception area, front window or entrance of the agency's office or service location. By displaying the BFF logo, agencies promote awareness and support of California Civil Code - Section 43.3 - a mother's right to breastfeed in public.

2. **Faith-based Funding Policy:** The Commission embraces the value of an active partnership between families, Service Providers, civic leaders, the faith-based community, local business and the community at large, and honors and respects the diversity of our community.

The Commission acknowledges the right of all individuals to participate in Commission funded programs without coercion or unsolicited exposure to faith. Therefore, the Commission will not fund/support religious activities and/or activities that appear to promote a particular religious belief over others by way of its funding practices.

Service Providers and program recipients are expected to comply with all the legal requirements and restrictions imposed upon government funded activities as articulated in the California Constitution and the Religion Clauses of the First Amendment to the United States Constitution.

3. **Supplanting Policy:** No Commission funds shall be used to supplant (take the place of or replace) state or local General Fund money for any purpose. This prohibition does not apply to federally or privately funded programs.

4. **Tobacco-Free Policy:** The Commission recognizes the importance of protecting the health and safety of children, families, employees, visitors and others, and has adopted a Tobacco-Free Policy requiring a tobacco-free provision be present in any agreement between the Commission and programs funded by the Commission.

All programs requesting funding from the Commission must provide a written copy of an established tobacco-free policy prior to the disbursement of granted funds. The established tobacco-free policy must apply to all employees, contractors, service employees, visitors and others.

Q. **Strategic Plan**

All contractors must provide services in a manner consistent with the objectives in the Commission's current Strategic Plan. In order to carry out these objectives, the Commission may, from time to time and in its sole discretion, request that a contractor work with other Commission-affiliated service providers in order to integrate the services into other programs funded directly or indirectly by the Commission. All contractors must make reasonable efforts to comply with the Commission’s request.

R. **Funded Partner Manual Programmatic Services**

With respect to programmatic RFPs or RFAs, contractors must comply with all policies and procedures set forth in the Commission's Funded Partner Manual Programmatic Services. The Commission may review and amend the Funded Partner Manual Programmatic Services as the Commission considers necessary in its sole discretion.
S. **Funded Partner Manual Supportive Services**

With respect to administrative RFPs or RFQs, contractors must comply with all policies and procedures set forth in the Commission’s Funded Partner Manual: Supportive Services. The Commission may review and amend the Funded Partner Manual: Supportive Services as the Commission considers necessary in its sole discretion.

**T. Commission Business Continuation**

In the event of an emergency and the Commission is unable to convene to take action (i.e., natural disaster or a public health scare or pandemic deemed by either the applicable local, state or federal governmental entities, etc.), the Commission Chair and/or Vice Chair, in concert with the Executive Director, or designee, may approve contracts for the sole purposes of ensuring that agency business and services may continue during such times of emergency. Any such actions shall be brought to the Commission at the first meeting after such an event. Any agreement executed under this Section T shall contain a provision stating that, in the event the Commission fails to affirm the terms in the contract, the contract may be terminated by the Commission without penalty.
Investment Policy
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1. **Objective**
This investment policy provides the framework for decision-making in the investment approach for the future of the Children & Families Commission of Fresno County (“the Commission”).

2. **Policy**
The investment policies and practices of the Commission are based on state law and prudent money management. All funds will be invested in accordance with the Commission’s Investment Policy and Section 53600 et seq. of the California Government Code. The Commission will invest its funds in a manner that will attain a rate of return consistent with safety and liquidity considerations.

3. **Scope**
This Investment Policy applies to all funds of the Commission. These funds are accounted for in the Commission’s annual audited financial report.

4. **Prudence**
All persons authorized to make investment decisions on behalf of the Commission are considered trustees and therefore fiduciaries who are subject to the prudent investor standard established by state law, Title 5, Section 53600.3

This standard shall be applied in the context of managing an overall portfolio. Commissioners, the Executive Director and/or designee, and Commission staff acting, in accordance with the Commission’s written Accounting Policies and Procedures Manual and Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

5. **Objectives**
The primary objectives, in priority order, of the Commission’s investment activities shall be:

a) **Safety**: Safety of principal is the foremost objective of the investment program. Investments of the Commission shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Investments may be made in securities of high quality to avoid credit risk and loss of principal. Investments susceptible to wide price fluctuations due to market volatility shall be avoided.

b) **Liquidity**: The Commission’s investment portfolio will remain sufficiently liquid to enable the Commission to meet any operating requirements that might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.

c) **Return on Investments**: The Commission’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout economic cycles commensurate with the Commission’s investment risk constraints and cash flow considerations.

6. **Delegation of Authority**
The Commission’s Bylaws state the authority to manage the Commission’s investment program is assigned as follows: Management responsibility of the investment program is hereby delegated to the Commissioners of the Commission. The Commissioners have delegated management of the
investment program to the Executive Director and/or designee who shall maintain written procedures for the operation of the investment program consistent with this Investment Policy.

The Commission may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow the policy statement and such other written instructions as are provided. (See Investment Policy Adoptions #19.6)

7. Ethics and Conflicts of Interest
Commissioners, Executive Director and/or designee, and Commission staff involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

8. Borrowing for Purposes of Making Investments
The Commission is prohibited from the practice of borrowing for the sole purpose of making investments.

9. Authorized Financial Dealers and Institutions
To provide for the optimum yield in the Commission’s portfolio, the Commission’s procedures are designed to encourage competitive bidding on transactions from an approved list of broker/dealers.

The Executive Director and/or designee, or the Commission’s investment advisor, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. The maintenance of this list will be developed after require a comprehensive credit and capitalization analysis to indicate if the firm is adequately financed to conduct business with public entities. It is the policy of the Commission to purchase securities only from those authorized institutions or firms.

10. Authorized & Suitable Investments
   a) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
   
   b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
   
   c) Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, Commission, agency or authority of the state or any local agency. Obligations eligible for investment under this subdivision shall be rated in a category of “AA” or better, or the equivalent, by a nationally recognized statistical rating organization (NRSRO).
   
   d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. Obligations eligible for investment under this subdivision shall be rated in a category of “AA” or better, or the equivalent, by an NRSRO.
   
   e) Repurchase Agreements used solely as short-term investments not to exceed 30 days.
The Commission may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in VII. 1 and 2 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Commission's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed, 102 percent of the total dollar value of the money invested by the Commission for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

The Commission or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Commission will have properly executed a Public Securities Association (PSA) agreement with each counter party with which it enters into Repurchase Agreements.

f) Banker's Acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the Commission's investment portfolio. No more than 10 percent of the Commission's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

g) Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by an NRSRO. The entity that issues the commercial paper shall meet all the conditions in either paragraph (i) or paragraph (ii) below:

i. The entity meets the following criteria:
   1. Is organized and operating in the United States as a general corporation.
   2. Has total assets in excess of five hundred million dollars ($500,000,000).
   3. Has debt other than commercial paper, if any, that is rated in a category of "A, its equivalent or higher, by an NRSRO.

ii. The entity meets the following criteria:
   1. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
   2. Has program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond.
   3. Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than ten (10) percent of the outstanding paper of an issuing corporation.
Purchases of commercial paper may not exceed 25 percent of the Commission’s investment portfolio.

h) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term corporate notes shall be rated in a rating category of "A", or its equivalent, or better by an NRSRO.

Purchase of medium-term corporate notes may not exceed 30 percent of the Commission's investment portfolio.

i) Federal Deposit Insurance Corporation (FDIC) insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code section 53630 et seq either at 150% by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under section (m) or at 110% by eligible marketable securities listed in subsections (a) through (l) and (n) and (o). The Commission, at its discretion and by majority vote of the Commission of Directors, on a quarterly basis, may waive the collateralization requirements for any portion of the deposit that is covered by federal insurance.

j) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated in a rating category of "A" or better, or the equivalent, by an NRSRO.

The Commissioners, Executive Director and/or designee, or other officials of the Commission having legal custody of the Commission's money are prohibited from investing the Commission's funds, or funds in the custody of the Commission, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Commission or any person with investment decision making authority Executive Director and/or designee that is a part of Commission staff serves on the board of Commissioners, or any committee appointed by the Commission, or the credit committee, or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the Commission's investment portfolio.

k) State of California’s Local Agency Investment Fund (LAIF): Investment in LAIF may not exceed the maximum set by the Local Investment Advisory Board. LAIF shall be reviewed periodically.

l) The Fresno County Treasury Pool.

m) Insured savings account or bank money market account. In accordance with California Government Code Section 53635.2 to be eligible to receive local agency deposits a financial
institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.

n) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest-ranking letter or numerical rating provided by not less than two NRSROs or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of $500,000,000.

The purchase price of shares shall not exceed 15 percent of the investment portfolio of the Commission.

o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency’s surplus moneys that may be invested pursuant to this section.

p) Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code Section 6509.7 that invests in the securities and obligations authorized in California Government Code 53601 subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission; (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in California Government Code 53601 subdivisions (a) to (q), inclusive; (3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000). This investment must be rated AAA, or the equivalent as provided for by an NRSRO.

q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or better, or the equivalent, by an NRSRO and shall not exceed 30 percent of the Commission’s moneys that may be invested pursuant to this section.

Credit criteria and maximum percentages listed in this section refer to the credit of the issuing organization at the time the security is purchased. The Commission may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed rating category for that given investment type, the investment advisor shall notify the Executive Director and/or designee and recommend a plan of action.
The Executive Director and/or designee shall immediately notify the Commission Chair or Treasurer of both the downgrade and the investment advisor’s recommendation.

11. Ineligible Investments
The Commission shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity.

12. External Investment Managers
The Commission may contract with external investment managers to provide investment management services. These managers may be hired to actively invest funds not needed for liquidity. The Commission’s benchmark is the Merrill Lynch 1-5-year U.S. Treasury Note Index.

External investment managers are required to provide timely reports to ensure that the manager’s actions comply with the requirements of the law and this Investment Policy.

The manager’s performance shall be reviewed against the agreed upon benchmarks.

13. Diversification
The investments of the Commission shall be diversified by security type and institution.

14. Maximum Maturity
Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled to permit the Commission to meet all projected obligations.

The maximum maturity will be no more than five (5) years from purchase date to maturity date.

15. Safekeeping and Custody
The assets of the Commission shall be secured through the third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure.

16. Internal Control
The investments shall be subject to an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with the Commission’s Investment Policy.

17. Performance Standards
Performance of the investments of the Commission will be reflected in financial reports from the investment manager’s quarterly reports.

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

18. Market Yield/ Benchmark
The Commission’s investment strategy is active. Given this strategy, the benchmark used to compare returns will be the Merrill Lynch 1-5-year U.S. Treasury note. The benchmark may change over time based on changes in market conditions or cash flow requirements.
19. Reporting
The Commission’s contracted investment advisor is required to provide timely reports to the Commission that provide a clear picture of the status of the current investment portfolio. The investment report shall include comments on the fixed income and equity markets and economic conditions, discussions regarding restriction on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies.

The Executive Director and/or designee may provide an investment report to the Commission at minimum on an annual basis (CA law, Government Code Section 53646(a)(2)). The report shall include the following information for each individual investment:

- Description of investment instrument
- Issuer name
- Yield on cost
- Purchase date
- Maturity date
- Purchase price
- Par Value
- Current market value and the source of the valuation

The report also shall (i) state compliance of the portfolio to the Investment Policy Statement, or manner in which the portfolio is not in compliance, (ii) include a description of any of the Commission’s funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of the Commission to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

20. Investment Policy Adaptations
The Executive Director and/or designee may annually render or review the Investment Policy to/with the Commission. Any updates to the policy shall be considered by the Commission at a public meeting.

21. Trading and Sales of Investments
Permitted investments may be purchased with the intent of holding them until maturity. However, in an effort to increase the total return of the portfolio (and subject always to the investing objectives of this Policy), Permitted investments may be sold prior to their maturities when economic circumstances warrant a sale of the securities to enhance the Commission’s overall portfolio quality, duration, yield, and/or total return.
Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS’ ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio’s investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD’s are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the Commission.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L’s, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation’s purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages.
FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes. LOCAL GOVERNMENT

INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.
QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15(C)3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all
money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.
Capital Assets and Depreciation Policy
1. CAPITAL ASSET POLICY

A. INTRODUCTION

A capitalized fixed asset is property, such as equipment, buildings and land, with a cost or value equal to or greater than $5,000 at the date of acquisition, effective July 1, 2013, and an expected useful life of more than one year. Capitalized fixed assets are acquired for the use in normal operations and are not for the purpose of resale. All capitalized fixed assets are entered into the Commission’s fixed asset tracking system Fixed Assets Module of the Commission’s accounting software and/or the asset tracking system for inventory and financial reporting purposes. The tracking system may be the Fixed Assets Module of the Commission’s accounting software the asset tracking system, and/or a manual asset tracking tool.

Assets costing below $5,000 are expensed in the fiscal year of purchase and are not capitalized nor maintained through a formal fixed asset tracking method Fixed Assets Module.

The only exception allowable is for the capitalization of low-cost equipment for the initial outfitting of a tangible capital asset or operational unit, or an expansion or renovation to either. Equipment for this treatment should be budgeted and charged to the capital project as equipment.

Costs incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the asset or increase the asset’s future service potential are not capitalized. These costs are expensed as repairs or maintenance.

B. CLASSIFICATIONS OF CAPITAL FIXED ASSETS

Capital fixed assets are items that are:

- Permanent in nature, tangible or intangible, durable (economic useful life greater than one year);
- Held for purposes other than investment or resale; and
- Have a cost which equals or exceeds certain thresholds established by the Commission in accordance with federal guidelines.

The types of capital fixed assets: equipment (both moveable and fixed), land, land improvements, buildings, building improvements, lease improvements, technology equipment and infrastructure.

Equipment consists of property that does not lose its identity when removed from its location and is not changed materially or expended in use. Subclasses in this account include computer equipment, audio visual equipment, office equipment, furniture, and fixtures.

Moveable Equipment is not permanently affixed to or part of a building. Some moveable equipment consists of more than one component (e.g., a computer, keyboard, mouse, and monitor). The assembled components may be considered one item and be recorded as a single capital asset. Component items that form one working equipment system are combined for capitalization purposes. The “system” definition applies to computer configurations. Additions to equipment that become either component parts or permanently connected to existing equipment items are also defined as equipment and should be capitalized, regardless of cost.
Fixed Equipment is permanently affixed to a building but is separate from the building itself. Examples of fixed equipment are light fixtures, wall to wall carpeting, water fountains, fire control apparatus, play equipment, and built-in display cabinets.

Equipment Purchase During New Construction / Renovations – The equipment must be non-expendable, tangible personal property having an economic useful life of more than one year. During the normal course of business, these items would be expensed solely because they did not meet the Commission’s $5,000 threshold. The only exception allowable is for the capitalization of low-cost equipment for the initial outfitting of a tangible capital asset or operational unit, or an expansion or renovation to either. Equipment for this treatment should be budgeted and charged on the capital project as movable equipment. Expenditures for non-capital items that do not meet these requirements should be expensed. Movable equipment capitalized as part of a major new construction renovation or renovation project shall be recorded in the Fixed Asset Module as one asset for each major moveable equipment class with the appropriate useful life assigned.

Land is the solid part of the earth’s surface whether improved or unimproved. The land account should include all land purchased, leased, donated, or otherwise acquired by the Commission. Purchased land should be carried on the records at cost. Donated land should be recorded at the appraised market value of the land at the time of its donation.

Land Improvements include excavation, fill and grading, removal, relocation, or reconstruction of property of others such as railroads, and telephone and power lines, and the construction of retaining walls.

Buildings are roofed structures used for the permanent or temporary shelter of person or equipment. The buildings account includes the value of all buildings at purchase price or construction cost. When buildings are constructed, all identifiable direct costs are included in the valuation. Direct costs include labor, material, and professional services to construct the building, together with insurance, interest and other costs incurred during the period of construction to ready the building for its intended use.

Building Improvements are improvements made to existing buildings. Any renovation or alteration to an existing building that adds useful space to the structure or extends the facility’s useful life will be considered a capital asset. Conversely, improvements that do not add useful space to the structure, or extend the facility’s useful life will be considered maintenance and repair.

Leasehold Improvements are improvements to buildings leased to the Commission are capitalized if they meet capitalization standards applicable to such improvements on Commission-owned property.

Infrastructure consists of long-lived capital assets that normally are stationary in nature and normally can be preserved. Infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

C. VALUATION OF CAPITALIZED EQUIPMENT
The valuation of equipment, whether purchased or fabricated, is based on unit cost. The total unit cost is determined by the sum of:

- The cash disbursed (purchase price less applicable discounts plus applicable transportation and installation charges) for each unit;
- The net book value of any assets given in exchange; and
- The present value of any liability incurred.

If the equipment is acquired by gift, the valuation is the fair market value at the date of the gift, if determinable. Otherwise, an appraised value is used. If acquired by loan (usually from a grant or contract sponsor), the value assigned to the equipment by the sponsor will be used.

D. OTHER CAPITAL ASSETS

Construction-In-Progress (CIP) – CIP is the cost of buildings or other capital projects that are under construction as of the balance sheet date. CIP represents a temporary capitalization of labor, materials, and equipment of a construction project. When the constructed asset is substantially complete, costs in the CIP account are classified to one or more of the major asset categories and corresponding reductions must be made to the CIP account.

2. TAGGING MOVABLE EQUIPMENT

Maintaining a positive identification of assets is the primary purpose of tagging. Tagging is important to:

- Provide an accurate method of identifying individual assets,
- Aid in the annual physical inventory,
- Control the location of all physical assets,
- Aid in the maintenance of fixed assets, and
- Provide a common ground of communication for both the Commission’s Business Department and the assets’ users.

Generally, all fixed assets meeting the capitalization criteria are tagged and tracked when received by the Business Department Commission.

Even though non-movable, capitalized assets are not tagged, the asset number will still be recorded in the Commission’s fixed asset tracking system Fixed Assets Module but not physically attached to the asset. Tags for capitalized assets that are not tagged shall be placed in the Fixed Asset Module Commission’s fixed asset tracking system listing the item’s description. A description of the property will be recorded, including location details.

Assets not needing a tag include: Buildings, Land, and Land Improvements.

When tagging movable equipment, consistently place asset tags in the same location on each similar type asset. If possible, the tags shall be accessible for viewing. Place the tag where the number can be seen easily and identified without disturbing the appearance or operation of the item, which will assist with the physical inventory.
3. **DEPRECIATION POLICY**

Depreciation is the allocation of the total acquisition cost of a fixed asset over its estimated useful life. Depreciation of fixed assets is computed on a straight-line basis over their estimated useful lives (capitalized cost divided by useful life) as follows:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Improvements:</td>
<td>10 - 20 years</td>
<td>Infrastructure:</td>
<td>5-20 years</td>
</tr>
<tr>
<td>Buildings:</td>
<td>15 - 90 years</td>
<td>Equipment:</td>
<td>3-20 years</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>10 - 80 years</td>
<td>Leasehold Improvements:</td>
<td>5-20 years</td>
</tr>
</tbody>
</table>

The estimated useful life of a depreciable asset is the period over which services are expected to be rendered by the asset. Depreciation is computed from the date of acquisition of the asset. Depreciation is calculated and recorded on annual basis for financial reporting purposes. Depreciation shall follow guidelines from the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

4. **PROPER ACCOUNTING FOR CAPITAL ASSETS**

**A. TRACKING AND ACCOUNTING FOR ASSETS**

The Commission’s fixed asset tracking method requires periodic update (annual inventory) and maintenance, including reconciliation to the general ledger, to remain current and valuable.

To qualify as a capital asset, the item must meet the following requirements listed in Section B above and must:

- Be real property (no services, software, or publications)
- Cost $5,000 or more
- Have a useful life of at least one year
- Be purchased for the Commission’s use

In some cases, multiple items can be grouped together as multi-component asset, even though individually they would not qualify.

If a purchase qualifies as a capital, movable asset, then it is important to use one of the capital expense line item when purchasing capital equipment.

If a purchase does not qualify as a capital asset, then the item should be expensed.

For all transactions involving non-movable capital asset purchases or additions, such as buildings, building renovations and improvements, and leasehold improvements, notification of changes impacting property, and equipment should be made known to the Director or staff responsible for Commission operations/business ("Designee") sent to the Business Department in order to maintain a complete system of record for financial reporting purposes.
B. MAINTENANCE OF CAPITAL ASSETS

In order to maintain an adequate fixed asset accounting system that allows for overall safeguarding of fixed assets, the Fixed Asset Module requires periodic updates (annual inventory) and maintenance are required to remain current and valuable. Additional fixed asset acquisitions, transfers, sale of surplus, disposal and corrections must be entered into the system in a timely manner (monthly). It is imperative that staff and those responsible comply with this document to establish and maintain accurate fixed asset records.

C. PHYSICAL INVENTORY OF EQUIPMENT

The Business Department will provide the Business Director with a listing of all reportable property each for the fiscal year will be provided to the Designee. Using the listing of reportable property as a basis. In addition, a physical inventory will be conducted bi-annually, once every two years. Advance notice will be given to individual staff regarding specific dates. The purpose of a physical inventory is to verify the existence and condition of equipment and ensure the accuracy of the Commission’s accounting records and inventory listing.

Discrepancies will be noted and investigated by the Business Department the Designee. The results of the inventory, including unresolved discrepancies, will be reported to the Business Director Designee.

Lost or stolen property must be reported as soon as the loss or theft is known. In the case of known or suspected theft, the Business Department Designee must send a written report to the Executive Director and notify authorities (if applicable).

D. DISPOSITION OF ASSETS - MOVABLE EQUIPMENT

The Business Department Designee is responsible for changing the status of records when the disposition of assets occurs. In general, surplus, or obsolete equipment may be disposed of by transferring to another staff, discarding/scraping, trading-in, donating, or selling the asset.

When selling, donating, or disposing of assets, the department party responsible for the asset must complete the Property Movement Form. This form should be sent to the Business Department Designee notifying of the disposition of the asset. The Business Department Designee will provide the approvals necessary to proceed with the disposition of the asset by sending a copy of the form back to the department party responsible with the appropriate signatures and any necessary notations.

Certain disposals require special authorization. For example, employees are allowed to purchase disposed equipment upon prior approval of the sale of the Commission's property from the Business Department Designee and the Executive Director has been received. The purchase price must be the fair market value or the net book value, whichever is greater. The department party responsible must complete the Property Movement Form and follow the procedures stated above.

E. MOVEMENT OF ASSETS – MOVABLE EQUIPMENT

In the event an asset is to be moved from one location to another or from one department/staff to another, a Property Movement Form must be completed and submitted to the Business Department Designee.
Under no circumstances should any Commission-owned property be moved without prior consent.

Once the Form has been received by the Business Department, the Fixed Asset Module Commission’s fixed asset tracking method will be updated with the change to. The completion and submission of this form will ensure accurate inventory listings are accurate.
Travel Policies and Procedures Manual
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1. **Objective**

   Official travel taken on behalf of the Children and Families Commission of Fresno County ("the Commission") must be accomplished in a manner that meets business needs and minimizes the cost to the Commission, while also adhering to generally accepted accounting principles (GAAP) on government travel and guidelines of the U.S. General Services Administration (GSA).

2. **Policy**

   All official Commission travel shall be properly authorized, reported, and reimbursed in accordance with this document. Commission travelers are expected to exercise good judgment in the use of public funds. Personal travel is not to be charged to, or partially funded by, the Commission.

3. **Scope & Authority**

   This policy applies to all official Commission travel, regardless of funding sources, and includes special rules for non-employees, and board members (Commissioners). These procedures apply to all Children & Families Commission of Fresno County employees, and representatives, authorized to travel on Commission business. The Executive Director of the Commission or designee is authorized to issue interpretations and take other actions appropriate to implement provisions of these procedures.

4. **Definitions**

   For the purposes of these procedures, the following definitions will apply:

   A. **Headquarters:**
      The place where the employee spends the largest portion of regular workdays or the place where the employee returns on completion of special assignments. For all employees, the headquarters will be the Commission office.

   B. **Residence:**
      A place of primary dwelling shall be designated for each employee. The primary dwelling shall be defined as the actual dwelling place of the employee.

   C. **Travel Expenses**
      Expenses that are ordinary and necessary to accomplish official business purposes of a trip. Travel expenses include:

      1. **Subsistence Expenses**
         Subsistence expenses include charges for meals, lodging and charges for personal expenses incurred while on travel status.

      2. **Business Expenses**
         Business expenses consist of charges for business phone calls and communications, supply purchases and all other charges necessary to complete official business.
D. **Employee**
   Employees include full-time and part-time Commission employees.

E. **Meal and Incidental Expense (M&IE):**
   M&IE and prorated M&IE are allowed when the traveler is on travel status for more than 12 hours in a 24-hour period. The M&IE amount is to cover the cost of meals and necessary incidental expenses including tips, laundry expenses, etc.

5. **Authorization to Travel**
   A. All official Commission travel must have prior approval. Out of state travel requests must be requested 60 days prior to the first day of travel and local travel requests must be requested 15 business days prior to travel date. In rare circumstances the Executive Director can waive the 60 or 15 day notice.

   B. All travel requests must be submitted using the Conference/Training Travel Request Form. The form is used to request attendance for a conference or training and outline details of travel. The completed form must be submitted to the designated staff to create a cost estimate. Once the cost estimate is complete, the form is forwarded to the designee(s) responsible for budget monitoring to review and affirm that the estimate is within budget constraints. The Form is then forwarded for approval by the traveler's supervisor and final approval by the Executive Director or designee.

   C. Travel requests for the Executive Director will be approved by the Commission Chair.

6. **Payment of Travel (Travel Expense Claim Procedure)**
   A. Prepaid expenses for employees must be charged directly to the Commission whenever possible. These prepaid expenses are required to be documented in the Travel Expense Form upon completion of travel.

   B. Original, supporting receipts and the Request Form must be attached to the Conference/Training Travel Request Travel Expense Form and submitted to the designee responsible for budget monitoring within five working days of the date the expenses were incurred. The designated staff will complete a Travel Expense Form and submit to the traveler, who will then forward to their supervisor for approval. For final approval, the Executive Director or designee will review and sign off. Original, supporting receipts submitted beyond the five days will not be reimbursed unless there are extraordinary circumstances that justify the late submission.

   C. All expense claims shall be properly itemized, accompanied by the original, supporting receipts and approved by the traveler's supervisor with an original via signature. The supervisor approving the claim is responsible for determining the necessity and reasonableness of the travel claim and that adequate documentation is attached to support the claim. The Executive Director or designee may disallow unreasonable unapproved or excessive travel expenses claimed.

   D. No travel expense reimbursement shall be paid unless submitted on a Travel Expense Form.
E. Travel expense claims from the Executive Director will be approved by the Commission Chair and reported at the next regular Commission meeting.

F. In order to meet Internal Revenue Service (IRS) requirements, the Travel Expense Form must include:

1. The inclusive dates for each trip and the times of departure and return.
2. The purpose or objective of each trip.
3. The headquarters’ address and the primary dwelling address.
4. Certification that the travel expenses were incurred in accordance with Commission policies and on official business of the Commission. In the Conference/Training Travel Request Form, the traveler must explain how the training or conference supports their role within the Commission and how it aligns with the Commission’s Strategic Plan.
5. An itemized list of expenditures such as transportation, lodging and/or meals.
6. The destination, location or area of the travel. Use the name and address of each destination. General destinations such as “Fresno and vicinity” are not acceptable.

G. In the case where receipts cannot be obtained or have been lost, a statement, in memoranda form, to that effect should be made and attached to the Travel Expense Form.

H. Travel advances must be noted and deducted from subsequent reimbursements. (See section 11 regarding travel advances.)

I. Reimbursable expenses, as outlined in this policy, are offered to Commission employees. If an employee chooses to forgo the offered travel accommodations, (rental car, room arrangements, etc.) the Commission is not responsible to cover the expenses.

7. Per diem subsistence allowance

In computing the per diem subsistence allowance for authorized travel lasting more than 12 hours in any 24-hour period, the following maximum reimbursements will be allowed for expenses incurred out of county:

A. Meals and Incidental Expenses (M&IE). The following table shows the general breakdown of breakfast, lunch, and dinner components of the maximum daily reimbursement (per diem) rates for meals and incidental expenses while on travel status. The M&IE rates differ by travel location, departure and actual return time. View the per diem rate of your primary destination in order to determine which M&IE rates applies. Refer to the current fiscal year Domestic Per Diem Rates issued by the U.S. General Services Administration (GSA) Department for guidance on deducting these amounts from per diem reimbursement claims.

The appropriate M&IE for a day is the rate prescribed for the community in which the traveler is receiving the training or conference. On the day of return, a traveler is entitled to the M&IE applicable for the preceding day. On the day of departure and return, the traveler receives a prorated M&IE based upon scheduled departure and actual return times as follows:
### Day of Departure

<table>
<thead>
<tr>
<th>Departure Time</th>
<th>Before 9:00 AM</th>
<th>Before 2:00 PM</th>
<th>Before 11:00 PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;IE</td>
<td>Full Day</td>
<td>Lunch &amp; Dinner</td>
<td>Dinner</td>
</tr>
</tbody>
</table>

### Day of Return

<table>
<thead>
<tr>
<th>Return Time</th>
<th>12:00 PM (Noon)</th>
<th>Before 5:00 PM</th>
<th>After 5:01 PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;IE</td>
<td>Breakfast</td>
<td>Breakfast &amp; Lunch</td>
<td>Full Day</td>
</tr>
</tbody>
</table>

In circumstances where the traveler is required by the airline to report to the terminal more than two hours prior to departure, the traveler is to state on the travel expense claim the additional time required by the airline and the traveler’s actual check in time. This additional time (beyond two hours) is added to the departure time in the above table to allow the traveler an M&IE as may be appropriate. For example, if the airline required the traveler to report three hours before flight time, the “Before 9:00 AM” departure time would be adjusted to “Before 10:00 AM.”

### B. Meals provided to travelers

Occasionally, a traveler is provided with a meal while at a conference, training seminar, etc., or as part of a lodging package. When a traveler is provided with a meal in these or similar circumstances, the traveler is not eligible for the related M&IE allowance.

### 8. Transportation Expenses

Travelers are responsible to coordinate transportation arrangements with the designated staff responsible. Travelers are expected to make every effort to obtain the most economical rates, use the most economical mode of transportation, and use the most usually traveled route consistent with the purpose of the trip.

Transportation expenses consist of the charges for commercial airline fares; vehicle rental; private car mileage allowances; overnight and day parking for cars; bridge and road tolls; taxi, bus, streetcar, train, rideshare, rapid transit fares; and all other charges essential to the transport to and from the Commission’s official headquarters. Reimbursement will be made only for the approved method of transportation that is in the best interest of the Commission, considering both the direct expense as well as the traveler's time.

### A. Transportation by Automobile

Reasonable charges for necessary parking, as well as charges for ferries, bridges, tunnels, or toll roads while on official travel or away from regular duties, may be claimed. Travelers must submit...
proof of liability coverage for use of their privately-owned automobile use for business prior to the date of travel. Minimum prescribed liability insurance coverage under this policy is:

- $15,000 for personal injury to, or death of, one person
- $30,000 for injury to, or death of, two or more persons in one accident
- $5,000 for property damage

1. **Privately Owned Automobiles.** Employees are required to conform to public policy regarding fiscal responsibility. Travelers will utilize their privately-owned automobile if this mode of travel is deemed as the most reasonable.

2. **Mileage Reimbursement.** Mileage reimbursement is intended to cover the cost of routine repairs, tires, gasoline, and other automobile expense items due to use for Commission business. Travelers will be reimbursed via the Mileage Reimbursement Form, the maximum current rate that is approved by the IRS for use of their privately-owned vehicle. Mileage reimbursement is intended to cover the cost of routine repairs, tires, gasoline, and other automobile expense items due to use for Commission business. Mileage shall ordinarily be computed between the traveler’s work station and the common destination or airline terminal. Expense claims between the traveler’s residence and the Commission’s headquarters will not be allowed. However, mileage expenses shall be allowed between the traveler’s residence and/or headquarters whichever is less to the destination or common airline terminal, if business travel for the Commission originates or terminates during a regularly scheduled day off. When a traveler is authorized to drive a private vehicle to or from a common airline terminal, mileage may be reimbursed as follows:
   - One round trip, including parking for the duration of the trip; or
   - Two round trips, including short-term parking expenses, when an employee is driven to the airport or picked-up from the airport.

3. **Auto Allowance.** At the discretion of the board members (Commissioners), the Executive Director may receive auto allowance for usage of his or her private vehicle and out-of-pocket travel expenses for activities performed in representing the Commission. Auto Allowance will be paid via payroll services and is offered in lieu of mileage reimbursement, etc. As detailed in this policy, liability coverage requirements apply.

4. **Vehicle Rental.** Vehicle rentals may be used when renting, in a specific situation, is considered more advantageous to the Commission than the use of taxis or other means of transportation. Travelers are responsible to coordinate travel arrangements with the designated staff responsible. Vehicle rentals may be used when renting, in a specific situation, is considered more advantageous to the Commission than the use of taxis or other means of transportation. Commission Staff is responsible for obtaining the best available rate through corporate accounts that meets the requirements of the trip. Vehicle rental costs will be reimbursed billed directly to the Commission whenever possible. Reimbursement for the cost for the actual and necessary costs of fuel such rental will be made to the traveler. No reimbursement will be made if a traveler authorizes additional non-staff drivers without prior approval of the Executive Director or designee.

- Receipts are required to be submitted for vehicle rental.
• A cost-efficient economy or compact rental car shall be the category used by travelers. Further justification will be required for larger vehicles.

B. Transportation by Aircraft

Travelers are responsible to coordinate travel arrangements with the designated staff responsible to obtain the best possible rate. Tickets and associated booking fees will be purchased and paid in advance by the Commission. When it is necessary for the traveler to coordinate their own travel (except as described in section 1 below), they will be reimbursed for the ticket price and associated fees for use of a commercial airline so long as the travel is for Commission business.

1. Indirect or Interrupted Itineraries. Travelers are responsible for any additional expenses resulting from the use of an indirect route or stops along the way for personal reasons. Reimbursement is limited to the actual costs incurred or to the costs that would have been incurred using the normally traveled route and dates, whichever is less. Any excess of personal travel time will be charged to the traveler’s accrued Paid Time Off hours. Travelers are responsible to ensure early arrival to the air terminal for the purpose of completing processes required for travel by aircraft (check-in, security screening, etc.). If a flight is missed as a result of the traveler’s oversight, the traveler will bear responsibility for any additional costs.

2. Use of Ground Transportation in Lieu of Air Travel. A traveler may choose to use ground transportation, for personal reasons even if air travel is the appropriate mode of transportation. In that case, reimbursement may not exceed the amount for airfare the Commission would have paid if air travel had been used, plus the normal cost of ground transportation to and from airports. The cost of meals, lodging, tolls, ferries, and parking while in transit via ground transportation may be reimbursed if the total amount reimbursed does not exceed the cost of airfare that would have been paid plus cost of potential ground transportation to and from the air terminal.

3. Extended Travel to Save Costs. Additional expenses associated with extended travel in order to save costs (e.g., Saturday night stay for domestic travel), may be reimbursed when the cost of airfare would be less than that of the cost of airfare had the traveler not extended the trip. Such expenses, which include lodging, car rental, and M&IE, shall not exceed the amount the Commission would have paid, had the traveler not extended the trip.

C. No reimbursement will be made for the following transportation expenses:

• Expenses arising from travel between the traveler’s residence and Commission headquarters
• Personal travel to and from hotel lodging (i.e. shopping, restaurants, etc.)
• Traffic/parking tickets or fines
• Expenses for spouses/family traveling with the traveler
• First class airfares and/or seat upgrades
• Motorcycle transportation costs
9. **Lodging Expenses**

Travelers are responsible for coordinating lodging arrangements with the designated staff responsible. Lodging rates should be comparable to those arising from the use of good, moderately priced establishments catering to the general public. Reasonable lodging expenses supported by a receipt are reimbursable. Actual lodging expenses will be allowed when documented by an itemized receipt that indicates how the expense was paid. Credit card receipts are not acceptable as many charges could be included that are not reimbursable lodging expenses.

A. An incidental allowance of $5.00 per day may be claimed for each complete 24-hour period while on travel status. This allowance is designed to cover incidental expenses including, but not limited to laundry, dry cleaning, personal phone calls, and fees and tips for waiters and baggage handlers. Receipts are not required for incidentals. It is not designed to include cab fares and business telephone calls for which reimbursement may be claimed. Details regarding incidentals should be defaulted to guidelines on the GSA website.

B. Business related meals must follow the Accounting Policies and Procedures Manual (“the Accounting Policies”) and cannot be claimed on a Travel Expense Claim Form. If permissible per the Accounting Policies, a Payment Authorization Form must be used for this type of claim.

C. No reimbursement will be made for valet services or liquor/bar bills.

10. **Miscellaneous Travel Expenses**

Miscellaneous travel expenses are reimbursable when they are ordinary and necessary to accomplish the official business purpose of a trip. The Travel Expense Form must include an explanation of why such expenditures are being claimed and at minimum have verbal pre-authorization from the traveler’s supervisor and/or the Executive Director or designee.

Allowable miscellaneous expenses include the following: Business office expenses such as word processing services; equipment rentals; fax and computer expenses; copy services; overnight delivery/postage; purchase of materials and supplies, when normal purchasing procedures cannot be followed; internet charges; books, supplies, and materials that pertain to the Commission’s mission.

11. **Travel Advances**

A Payment Authorization Form and written request must be completed and approved by the traveler’s supervisor and the Executive Director or designee for an advance on travel expenses. The completed Form and documentation must be submitted to the Project Director responsible for operations no later than 10 days prior to the travel/training. Cash advances will be issued within 10 days of when an expense is to be paid or incurred in order to satisfy IRS regulations. The amount requested shall not exceed seventy-five percent of the reasonable estimated out-of-pocket expenses needed for the trip.

Travel advances issued must be deducted when the Travel Expense Form is submitted for the concluded trip. Travel advances in excess of itemized expenses must be repaid by the traveler to the Commission within 30 days from the end of the trip. No new travel advances or expense
reimbursements will be issued to an individual who has an outstanding travel advance repayment more than 30 days old. The travel advance must be repaid to the Commission immediately when a trip is cancelled or postponed.

Since a traveler should have only one outstanding cash advance at a time each advance should be accounted for before another advance is granted. The traveler must submit a Travel Expense Form even if he or she is not owed any additional reimbursement, in order to document the business purpose for which the advance was issued and the final expense amount of the trip.

12. **Commissioners**

Except for those specifically covered in statute, each day that a Commissioner is in travel status for business of the Commission, the member is entitled to reimbursement for travel expenses to the same extent, in the same manner, and under the same conditions as provided to employees.

Commissioners are also entitled to receive reimbursement for attending monthly meetings and/or special events on behalf of the Commission as outlined in this policy.

13. **Travel Expenses for Non-Employees**

The Commission will reimburse non-employees, for business related travel and expenses made on behalf of the Commission. Prior written approval from Executive Director is required.

Non-employees traveling or incurring business related expenses for the Commission are required to comply with this policy and reimbursement will be issued in accordance with the procedures outlined above. Travel expenses properly substantiated, documented and reported on the Travel Expense Form will not be reported by the Commission to the IRS as income. A non-employee’s signature is not required on the Travel Expense Form provided some accompanying correspondence or email is attached outlining the expenses that have been incurred and requesting reimbursement. A signed W-9 form should be attached if the person is a U.S. citizen and is being paid by the Commission for the first time. Amounts, exceeding the substantiated business expenses that are not accounted for within a reasonable period of time, are reportable to the IRS on Form 1099.

14. **Commission Travel Claim Review Responsibilities**

Prior to reimbursement for time in travel status, the Commission’s staff responsible for operations will review all travel claims in order to:

- Ensure compliance with the Commission’s and all other appropriate policies
- Ensure that per diem rates are adhered to
- Ensure that supporting documentation matches the travel claim request
- Ensure that all claims have been properly approved with an original signature
- Ensure that all travel advances are timely and properly deducted or reimbursed by/to the Commission

Failure to comply with this policy will result in follow up with the traveler which may cause a delay in processing the reimbursement. An attempt will be made to communicate any discrepancies to the traveler and/or the travel claim will be returned to the claimant for completion. If discrepancies cannot be resolved, it may result in discipline.
CONSENT AGENDA ITEM NO. 3c

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Conflict of Interest Code – Biennial Review

RECOMMENDED ACTION:

Approve the Commission’s Conflict of Interest Code.

BACKGROUND:

Under the Political Reform Act, all public agencies are required to adopt a conflict of interest code (the "COI Code"). The COI Code designates positions required to file Statements of Economic Interests (Form 700), and assigns disclosure categories specifying the types of interests to be reported. The Form 700 is a public document intended to alert public officials and members of the public to the types of financial interests that may create financial conflicts of interests.

REASON FOR RECOMMENDED ACTION:

The California Political Reform Act requires that each public agency adopt and implement a Conflict of Interest Code consistent with Fair Political Practices Commission regulations. The Commission’s Code, which is required to be updated every two years, is due for review and approval. There are no updates necessary and the COI code is attached.

CONCLUSION:

Once approved, staff will submit the Code to the Fresno County Board of Supervisors. Approval of the Code will ensure that the Commission is compliant with the Fair Political Practices Commission regulations.
CONFLICT-OF-INTEREST CODE FOR

CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Section 18730) that contains the terms of a standard conflict-of-interest code and may be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices designating positions and establishing disclosure requirements shall constitute the conflict-of-interest code of the Children & Families Commission of Fresno County ("Commission").

The Form 700s for designated positions, other than the members of the Commission ("Commission Members") and the Commission's Executive Director ("Executive Director"), shall be filed with the Commission. The Commission Members and Executive Director are to file their original Form 700s directly with the Clerk of the Board for the Fresno County Board of Supervisors using the electronic filing system. If the Form 700s are not filed electronically, the paper Form 700 and waiver shall be filed with the Commission and, upon receipt of these paper Form 700s with waivers, the Commission shall make and retain a copy and forward the original to the Clerk of the Board of Supervisors.
The Commission shall retain a copy of all electronically filed Form 700s, a copy of all paper Form 700s with waivers, and the original Form 700s of designated positions not required to file electronically. The Commission shall make the Form 700s available for public review, inspection, and reproduction. (Gov. Code section 81008.)

The provisions of all Conflict of Interest Codes and amendments thereto previously adopted by the Commission are hereby superseded.
APPENDIX A
PUBLIC OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only:

- Commission Members
- Executive Director
- Chief Financial/Business Officer
- Consultants involved in the investment of public funds

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.
### APPENDIX B
DEVELOPMENT OF A SUSTAINABLE CITYplan

<table>
<thead>
<tr>
<th>Designated Positions</th>
<th>Disclosure Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Director</td>
<td>1</td>
</tr>
<tr>
<td>Project Manager</td>
<td>1</td>
</tr>
<tr>
<td>Legal Counsel</td>
<td>1</td>
</tr>
<tr>
<td>Directors of Lighthouse For Children</td>
<td>1</td>
</tr>
<tr>
<td>Consultants*</td>
<td>1</td>
</tr>
</tbody>
</table>

*Consultants shall be included in the list of designated positions and shall disclose pursuant to the disclosure requirements in this code subject to the following limitation:

The Executive Director may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008.)
APPENDIX C
DISCLOSURE CATEGORIES

Individuals holding designated positions must report their interests according to their assigned disclosure category(ies).

Disclosure Category 1
Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the agency; and investments and business positions in business entities, and income, including loans, gifts, and travel payments, from all sources.

Disclosure Category 2
Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the agency.

Disclosure Category 3
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that provide services, supplies, materials, machinery, or equipment of the type utilized by the agency.

Disclosure Category 4
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that provide services, supplies, materials, machinery, or equipment of the type utilized by the designated position's division or department.

Disclosure Category 5
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that filed a claim against the agency during the previous two years, or have a claim pending.
CONSENT AGENDA ITEM NO. 3d

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Child-Friendly Business Awards - Media Campaign Agreement

RECOMMENDED ACTION:

Review and approve an agreement with Archer & Hound to design and execute the Child-Friendly Business Awards - Public Education Media Campaign in an amount not to exceed $60,000, with an option to renew for an additional four years, based on performance and availability of funds.

BACKGROUND:

On October 14, 2020, the Finance and Program Review Committee reviewed and approved to move forward for full Commission consideration the Child-friendly Business Awards – Media Campaign Agreement. Below is background on the Child-Friendly Business Awards Campaign.

In 2006, the Child-Friendly Business Awards (CFBA) Campaign was launched as part of the Commission’s efforts to advocate for community awareness of support in the workplace that improve the lives of families with young children. Now in its 16th year, the CFBA Campaign has become an opportunity to establish, nurture, and strengthen relationships between F5FC and local businesses and agencies to explore and adopt new policies and practice that better support families with young children. To date, 73 local businesses have been honored as Child-Friendly Business Award Winners ranging from a small tire company to the local state university.

Procurement: On August 17, 2020, the Commission released a public procurement opportunity in search of a public relations/advertising firm to help design, promote and execute a media campaign for the CFBA Campaign. Archer & Hound was the chosen agency recommended by a panel of community reviewers after assessing the firm’s strengths, and experience with similar successful public awareness and education campaigns.

Alignment with the 2020-2025 Strategic Plan: The CFBA Media Campaign combines two strategies identified in our Strategic Plan – Communication to highlight the importance of early childhood development and Advocacy by engaging with decision-makers at all levels to promote family-centered policies. The CFBA Campaign supports the adoption and/or improvement of policies that affect families with young children, and it educates the public (parents and caregivers) and key stakeholders (business owners) about the importance of supporting early childhood.

Short-term goal(s) and long-term outcome(s): The short-term goal of the CFBA Media Campaign is to place strategic media buys to ensure communities of focus (i.e. working parents, decision-makers) are motivated into action to 1) learn more about child-friendly rights in the workplace, 2) to submit a
nomination for their child-friendly workplace and 3) to establish lasting relationships with local business that can participate in advocacy efforts for young children and families. The long-term outcome is to have child-friendly workplaces be the norm in Fresno County offering benefits to their parent employees that go above and beyond what is required by law.

**Fiscal Impact:** Funding for this agreement in an amount not to exceed $60,000 for one year has been allocated from the 2020-2021 Agency Budget, Innovation and Learning Partnerships line item. The majority of the funds are to be used for media buys and creative outreach expenses. In alignment with the Commission’s 2020-2025 Strategic Plan, this agreement will have the option to renew for an additional four years, based on performance and availability of funds.

**CONCLUSION:**
The CFBA Campaign is an opportunity for the Commission to strategically partner with the private sector/business community to promote the importance of supporting early childhood in the workplace through work-life integration strategies that also benefit the bottom line while also educating the community on the rights of working parents.

If approved, staff will work to execute the agreement and begin planning for the 2021 Child-Friendly Business Awards Campaign. If the Commission chooses not to move forward, the Commission would lose the momentum created over the last 16 years that has been recognized by other First 5 Commissions as an innovative approach to partnering with the business community/private sector.
AGENDA ITEM NO. 4

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director


BACKGROUND:

Prior to adoption, every fiscal year the Commission is required by statute to conduct a public hearing on its State Annual Report and Audit Report to receive testimony from interested members of the public. In a public hearing, the members of the community are permitted to offer comments, and Commissioners are not obliged to act on them or, typically, to respond publicly.

A copy of the State Annual Report and Audit Report is available on the Commission’s website.

The chair will open and close the public hearing period. There is no further action required on this item.
AGENDA ITEM NO. 5

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Commission’s State Annual Report and Financial Audit Report for Fiscal Year 2019-2020

RECOMMENDED ACTION:


BACKGROUND:

On October 14, 2020, the Finance and Program Review Committee reviewed and approved to move forward for full Commission consideration the final Audit Report and State Annual Report for fiscal year 2019-2020. Below is background on the requirements and purpose of each report.

On an annual basis, on or before October 30th, the Commission is required to submit a financial Audit Report and a State Annual Report (per Health and Safety Code section 130150) to the California Children and Families Commission (also known as First 5 California) and the California State Controller’s Office. The purpose of these reports is to inform the appropriate stakeholders on the status of the programmatic and strategic investments, as well as provide a detailed financial assessment of each county Commission.

**Financial Audit Report**

In accordance with Health and Safety Code section 130150, the Commission conducts an independent audit of, and issues a written report on the implementation and performance of its functions during the last fiscal year (FY 2019-2020). The Health and Safety Code section 130140 (G) also requires the Commission to conduct one public hearing prior to adoption of the annual Financial Audit Report.

**State Annual Report**

Produced in accordance with State statute and guidelines, the State Annual Report focuses on the number of clients that received services within the First 5 California strategic initiatives. The report highlights the funding, services, and systems used to improve family functioning, child development, health, and systems of care for children ages 0 to 5. County commissions are also required by statute to hold a public hearing and make the annual report available to the public upon request.

Subsequent to public hearings and submission approval by the Commission, both reports will also be presented to the Fresno County Board of Supervisors as required by County of Fresno ordinance. Both the financial Audit and State Annual Report for FY 2019-2020 are included within the meeting packet.
**Fiscal Impact:** Approval of the Financial Audit and State Annual Report for FY 2019-2020 will allow the Commission to continue receiving Proposition 10 funds in a timely manner from the California Children and Families Commission.

**CONCLUSION:**

Staff will submit to First 5 California and the State Controller’s Office before the deadline, as required by legislation. In the event a county commission does not submit a Financial Audit Report and/or a State Annual Report, the California Children and Families Commission may withhold funds that otherwise would have been allocated to the county commission.
State Annual Report
Fiscal Year
2019-2020
**Annual Report AR-1**

**Fresno Revenue and Expenditure Summary**

**July 1, 2019 - June 30, 2020**

**Revenue Detail**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Tobacco Tax Funds</td>
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<tr>
<td>First 5 Impact Funds</td>
<td>$1,491,139</td>
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<tr>
<td>Small Population County Augmentation Funds</td>
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<tr>
<td>DLL Pilot Funds</td>
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<tr>
<td>Other First 5 California Funds</td>
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<tr>
<td>Other First 5 California Funds Description</td>
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<tr>
<td>Other Public Funds</td>
<td>$114,057</td>
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<tr>
<td>Other Public Funds Description</td>
<td></td>
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<tr>
<td>Funds from the State of California Department of Education for QRIS efforts.</td>
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<tr>
<td>Donations</td>
<td>$0</td>
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<tr>
<td>Revenue From Interest Earned</td>
<td>$110,899</td>
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<tr>
<td>Grants</td>
<td>$162,609</td>
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<tr>
<td>Grants Description</td>
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<td>Dollars from UCSF Preterm Birth Initiative and Cal Viva Health for the Glow! group prenatal care pilot project.</td>
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<tr>
<td>Other Funds</td>
<td>$902,568</td>
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<td>Other Funds Description</td>
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<tr>
<td>$630,170 Investment Earnings (unrealized gains), $272,396 in Other revenue for things like rental income from tenants, room rental income from daily conference room use, indirect revenue from grants, quarterly leverage revenue for 7-year New Market Tax Credit loan for facility.</td>
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<tr>
<td>Total Revenue</td>
<td>$12,549,444</td>
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https://apps.ccfc.ca.gov/AnnualReports/Reports
## Improved Family Functioning

<table>
<thead>
<tr>
<th>Service</th>
<th>Grantee</th>
<th>Program(s)</th>
<th>Children</th>
<th>Caregivers</th>
<th>Providers</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Family Support</td>
<td>CBO/Non-Profit</td>
<td>Abriendo Puertas</td>
<td>282</td>
<td>418</td>
<td>0</td>
<td>$703,037</td>
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<td>General Family Support</td>
<td>First 5 County Commission</td>
<td>Not Applicable</td>
<td>1</td>
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<td>0</td>
<td>$1,468</td>
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<tr>
<td>Intensive Family Support</td>
<td>Resource and Referral Agency (COE or Non-Profit)</td>
<td>Nurturing Parenting Program</td>
<td>71</td>
<td>60</td>
<td>0</td>
<td>$208,181</td>
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<td>CBO/Non-Profit</td>
<td>Nurturing Parenting Program</td>
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<td>Intensive Family Support</td>
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<td>836</td>
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<td><strong>Total</strong></td>
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<td></td>
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<td><strong>$2,102,911</strong></td>
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## Improved Child Development

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<th>Service</th>
<th>Grantee</th>
<th>Program(s)</th>
<th>Children</th>
<th>Caregivers</th>
<th>Providers</th>
<th>Amount</th>
</tr>
</thead>
</table>
| Quality Early Learning Supports | County Office of Education/School District              | • Not Applicable  
• Quality Counts California | 0        | 157        | 1365      | $1,703,315 |
| Quality Early Learning Supports | Research/Consulting Firm                              | • Not Applicable  
• Quality Counts California | 0        | 0          | 149       | $376,842  |
| Quality Early Learning Supports | First 5 County Commission                            | • Quality Counts California     | 1        | 0          | 0         | $647,230  |
| Early Learning Programs        | County Office of Education/School District             | • Preschool/Childcare           | 81       | 199        | 0         | $87,480   |
| Early Learning Programs        | First 5 County Commission                            | • Not Applicable                | 1        | 0          | 0         | $257,191  |

**Total** $3,072,058
### Improved Child Health

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<thead>
<tr>
<th>Service</th>
<th>Grantee</th>
<th>Program(s)</th>
<th>Children</th>
<th>Caregivers</th>
<th>Providers</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Intervention</td>
<td>CBO/Non-Profit</td>
<td>• Care Coordination</td>
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<td>1</td>
<td>$41,084</td>
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<td>Early Intervention</td>
<td>First 5 County Commission</td>
<td>• Mild-to-Moderate Supports</td>
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<td>0</td>
<td>0</td>
<td>$125,800</td>
</tr>
<tr>
<td>Early Intervention</td>
<td>County Office of Education/School District</td>
<td>• Not Applicable</td>
<td>1</td>
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<td>0</td>
<td>$176,986</td>
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<td>Perinatal and Early Childhood Home Visiting</td>
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<td>• Local Model</td>
<td>156</td>
<td>82</td>
<td>0</td>
<td>$540,810</td>
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<td>CBO/Non-Profit</td>
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<td>30</td>
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<td>Hospital/Health Plan</td>
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<td>0</td>
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<tr>
<td>Prenatal and Infant/Toddler Pediatric Support</td>
<td>Resource and Referral Agency (COE or Non-Profit)</td>
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<td>0</td>
<td>0</td>
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<td><strong>$1,191,262</strong></td>
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# Improved Systems Of Care

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<th>Program(s)</th>
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<td>Policy and Public Advocacy</td>
<td>Research/Consulting Firm</td>
<td>• Not Applicable</td>
<td>$60,586</td>
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<td>• Resilient Families and Communities</td>
<td>$29,775</td>
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<td>Programs and Systems Improvement Efforts</td>
<td>County Health &amp; Human Services</td>
<td>• Not Applicable</td>
<td>$250,000</td>
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<tr>
<td>Programs and Systems Improvement Efforts</td>
<td>County Office of Education/School District</td>
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<td>$526,282</td>
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<tr>
<td>Programs and Systems Improvement Efforts</td>
<td>Higher Education</td>
<td>• Health Systems</td>
<td>$4,573</td>
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<tr>
<td>Programs and Systems Improvement Efforts</td>
<td>First 5 County Commission</td>
<td>• Family Strengthening Systems</td>
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<tr>
<td>Programs and Systems Improvement Efforts</td>
<td>CBO/Non-Profit</td>
<td>• Health Systems</td>
<td>$27,657</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
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### Expenditure Details

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tr>
<td>Program Expenditures</td>
<td>$8,267,076</td>
</tr>
<tr>
<td>Administrative Expenditures</td>
<td>$381,428</td>
</tr>
<tr>
<td>Evaluation Expenditures</td>
<td>$513,635</td>
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<tr>
<td>Total Expenditures</td>
<td>$9,162,139</td>
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<tr>
<td>Excess (Deficiency) Of Revenues Over (Under) Expenses</td>
<td>$3,387,305</td>
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</table>

### Other Financing Details

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Sale(s) of Capital Assets</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>


## Net Change in Fund Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance - Beginning</td>
<td>$28,873,115</td>
</tr>
<tr>
<td>Fund Balance - Ending</td>
<td>$32,260,420</td>
</tr>
<tr>
<td>Net Change In Fund Balance</td>
<td>$3,387,305</td>
</tr>
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</table>

## Fiscal Year Fund Balance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Nonspendable</td>
<td>$10,956,059</td>
</tr>
<tr>
<td>Restricted</td>
<td>$162,609</td>
</tr>
<tr>
<td>Committed</td>
<td>$8,488,025</td>
</tr>
<tr>
<td>Assigned</td>
<td>$12,653,727</td>
</tr>
<tr>
<td>Unassigned</td>
<td>$0</td>
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<tr>
<td>Total Fund Balance</td>
<td>$32,260,420</td>
</tr>
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Expenditure Note
No data entered for this section as of 10/13/2020 2:51:56 PM.

Small Population County Funding Augmentation Expenditure Detail

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<th>Comment</th>
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<tr>
<td>Administration</td>
<td>$0</td>
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<tr>
<td>Evidence Based Programs</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Evidence Informed Programs</td>
<td>$0</td>
<td></td>
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<tr>
<td>Funded Programs</td>
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<td></td>
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<td>Professional Development, Training and Technical Assistance</td>
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<td></td>
</tr>
<tr>
<td>Evaluation</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Other (Please Explain)</td>
<td>$0</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$0</strong></td>
<td></td>
</tr>
</tbody>
</table>

If unspent funds occurred during the FY, please list amount and provide explanation.  

$0
### Population Served

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children – Ages Unknown (birth to 6th Birthday)</td>
<td>256</td>
</tr>
<tr>
<td>Children from 3rd to 6th Birthday</td>
<td>1,090</td>
</tr>
<tr>
<td>Children Less than 3 Years Old</td>
<td>1,690</td>
</tr>
<tr>
<td>Primary Caregivers</td>
<td>3,409</td>
</tr>
<tr>
<td>Providers</td>
<td>1,623</td>
</tr>
<tr>
<td><strong>Total Population Served</strong></td>
<td><strong>8,068</strong></td>
</tr>
</tbody>
</table>
## Primary Languages Spoken in the Home

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Children</th>
<th>Number of Primary Caregivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>1,579</td>
<td>1,457</td>
</tr>
<tr>
<td>Spanish</td>
<td>874</td>
<td>758</td>
</tr>
<tr>
<td>Cantonese</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mandarin</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Korean</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other - Specify with text box</td>
<td>203</td>
<td>247</td>
</tr>
<tr>
<td>Hmong, Indigenous Mexican, Russian/Ukrainian</td>
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<td></td>
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<tr>
<td>Unknown</td>
<td>368</td>
<td>937</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,036</strong></td>
<td><strong>3,409</strong></td>
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## Race/Ethnicity of Population Served

<table>
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<tr>
<th>Category</th>
<th>Number of Children</th>
<th>Number of Primary Caregivers</th>
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</thead>
<tbody>
<tr>
<td>Alaska Native/American Indian</td>
<td>100</td>
<td>76</td>
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<tr>
<td>Asian</td>
<td>23</td>
<td>14</td>
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<tr>
<td>Black/African-American</td>
<td>184</td>
<td>250</td>
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<tr>
<td>Hispanic/Latino</td>
<td>1,563</td>
<td>1,296</td>
</tr>
<tr>
<td>Native Hawaiian or Other Pacific Islander</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>White</td>
<td>327</td>
<td>164</td>
</tr>
<tr>
<td>Two or more races</td>
<td>80</td>
<td>39</td>
</tr>
<tr>
<td>Other – Specify with text box</td>
<td>155</td>
<td>122</td>
</tr>
<tr>
<td>Hmong, Russian/Ukranian</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td>600</td>
<td>1,448</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,036</strong></td>
<td><strong>3,409</strong></td>
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## Duplication Assessment

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</tr>
<tr>
<td>Confidence in Data</td>
<td>Moderately confident</td>
</tr>
<tr>
<td>Additional Details (Optional)</td>
<td></td>
</tr>
</tbody>
</table>
Annual Report AR-3
Fresno County Evaluation Summary and Highlights
July 1, 2019 - June 30, 2020

County Evaluation Summary

Evaluation Activities Completed, Findings, and Policy Impact
Fiscal Year 2019-2020's evaluation activities coincided with the last year of First 5 Fresno County's (F5FC's) 2013-2020 Strategic Plan framework and used a mixed method approach to assess child and family outcomes around health promotion, early learning, and strong families. Evaluation activities for FY2019-20 include: 1. School Readiness Longitudinal (SRL) Study: This fiscal year marked the final year of the SRL study which launched in Fiscal Year 2013-14 and followed children who received F5FC-funded services from age three or four through the third grade. Using various data sources, including a multi-year Parent Interview conducted with parents whose children received F5FC services, and data from several Fresno County school districts, the study used multivariate analysis to examine the association between early childhood experiences and outcomes for children. Evaluation activities focused on data analysis and drafting the final report. 2. Client-Level Data: F5FC-funded programs use the Persimmony database to track demographic and service use data for all children, parents, and professionals who receive services. This data is used to document the characteristics of community members who receive F5FC-funded services, and to identify progress made toward reaching populations reflective of Fresno County residents. Evaluation activities focused on data cleaning, analysis, and compiling findings into a comprehensive report and presentation. Key findings from this year’s evaluation activities focus on the findings from the SRL report, as findings from the client-level data collected for FY2019-20 are still under development. This final SRL report was the culmination of six years' worth of data and provided substantial evidence that enriching learning environments in early childhood, and strong connections between a parent and their child’s school are crucial factors in a child’s academic performance. The following points summarize a few of the report's key findings. • Families who participated in the study are living under the federal poverty line at more than twice the rate of Fresno County as a whole (75 percent compared to 29 percent). Eighty percent of children in the study are Hispanic/Latina, compared to 65 percent of children in Fresno County. • Although 95 percent of parents in the study responded that their child had a checkup or other routine care within the last year, only about a third report being aware of a developmental or behavioral screening having ever been conducted with their child (31-36% over the course of six years). • Children who participated in the study and who received F5FC-funded services were almost twice as likely to meet the California Assessment of Student Performance and Progress (CAASPP) English Language Arts (ELA) standard and almost three times more likely to meet the Math standard than a comparison group of local students whose data was collected through Fresno Unified School District (FUSD). The CAASPP is the standardized test administered to most third graders in Fresno County and was used as a proxy indicator for academic success for this study. • Other individual- and household-level factors, such as household income, home language, and enrollment in special education appear also to influence study children's likelihood of meeting the ELA and Math standards. • Children whose parents were actively involved in their education, children who read to themselves frequently, and children who received private or center-based care before entering kindergarten were more likely to meet CAASPP standards. • Children whose kindergarten readiness results were categorized as "quarterly monitor" or "ready to go" were over 7 times more likely to meet the CAASPP ELA standard and over 4 times more likely to meet the CAASPP Math standard later in life, compared to their peers whose results indicated lower kindergarten readiness.
County Highlights

County Highlight
At First 5 Fresno County we believe that families and communities are the ultimate experts on their needs and so we prioritize sustainable, innovative solutions that leverage local strengths and resources. Following are examples of our investments in community-based initiatives in both rural and urban Fresno County. 1) To address barriers families with young children face accessing services in rural communities, we partnered with Centro la Familia Advocacy Services and United Way of Fresno and Madera Counties to improve the coordination of existing cross-sector services in the communities of Huron and Mendota. As a result, community partners developed a community resource guide; enhanced the resource database to be more inclusive of rural services; and piloted ongoing collaborative meetings inclusive of families, service providers, and stakeholders to raise awareness of local services and increase community engagement and alignment of similar organizations. 2) As part of an ongoing commitment to tackle the high rates of infant mortality among the African American community in Fresno County, First 5 Fresno County joined a collaborative including West Fresno Family Resources Center, the County of Fresno's Department of Public Health, UCSF San Francisco’s Preterm Birth Initiative and March of Dimes to create a local version of the national Best Babies Zone Initiative (BBZ) called Fresno GROWS (Growing Real Opportunities in West Fresno). Fresno GROWS aims to reduce racial inequities in infant mortality and birth outcomes by mobilizing community residents and organizations to address the social, structural, and economic determinants of health and promote racial equity. Since being selected by the National Organization of Urban Maternal and Child Health Leaders to be part of the BBZ Cohort 4, West Fresno Family Resources Center has convened an African American Leadership Team to build a movement of activated citizens, focusing on the 93706 zip code in Southwest Fresno.
CHILDREN AND FAMILIES COMMISSION
OF FRESNO COUNTY
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2020
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<td>BASIC FINANCIAL STATEMENTS:</td>
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<td>STATEMENT OF NET POSITION</td>
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<td>11</td>
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<td>NOTES TO THE BASIC FINANCIAL STATEMENTS</td>
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<td>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND (BUDGET TO ACTUAL)</td>
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<td>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – LIGHTHOUSE SPECIAL REVENUE FUND (BUDGET TO ACTUAL)</td>
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<tr>
<td>OTHER SUPPLEMENTARY INFORMATION:</td>
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<tr>
<td>SUPPLEMENTAL SCHEDULE OF FIRST 5 CALIFORNIA (F5CA) FUNDING</td>
<td>38</td>
</tr>
<tr>
<td>OTHER INDEPENDENT AUDITOR’S REPORTS:</td>
<td></td>
</tr>
<tr>
<td>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</td>
<td>41</td>
</tr>
<tr>
<td>INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE</td>
<td>43</td>
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<tr>
<td>SUMMARY SCHEDULE OF AUDIT FINDINGS</td>
<td>45</td>
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<tr>
<td>RESPONSE – SUMMARY SCHEDULE OF AUDIT FINDINGS</td>
<td>46</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Children and Families Commission of Fresno County (the Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission’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 Commission’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 Commission’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 each major fund of the Commission, as of June 30, 2020, 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 and budgetary comparison information on pages 3-8 and 34-36 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 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 16, 2020, on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission’s internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
October 16, 2020
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 (the County) Board of Supervisors created the Children and Families Commission of Fresno County (the 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 2019-2020 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, 2020.


MISSION AND STRATEGIC GOALS

The Commission’s mission is to be a catalyst for creating an accessible and effective network of quality services by partnering with the community to support the well-being of every child and family.

Central to the Commission’s mission are the strategic investment areas which aim to convert the Commission’s commitment into action categorized into a three-tiered framework: 1) Families, 2) Communities, 3) Systems.

FINANCIAL HIGHLIGHTS

- During fiscal year 2019-2020, the Commission allocated and received revenues of approximately $7.5 million from the State of California as revenues collected under the Children and Families Act and $2.2 million in backfill dollars from Proposition 56.
- During fiscal year 2019-2020, the Commission disbursed approximately $8.8 million to funded agencies.
- The Commission committed approximately $8.5 million towards the agency’s Strategic Plan, which will be disbursed in the subsequent fiscal years to fund its investments and approximately $10.9 million of the Commission’s fund balance is nonspendable for the Lighthouse for Children, Inc. 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).

The Government-Wide Statements combine financial information for both the Commission (General Fund) and for the Lighthouse for Children, Inc. (Lighthouse Special Revenue Fund) - see Note 1 to the Financial Statements for more information. Separately issued Financial Statements for Lighthouse for Children, Inc. may be obtained from Lighthouse for Children, Inc. of Fresno County, 2405 Tulare Street, 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 devises 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 $38.1 million at the end of the fiscal year. The majority of the Commission’s assets are in cash and investments of $21.1 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 22 through 25 for types of investments and credit ratings. Another asset is the Commission’s $1.2 million receivable due from the State Commission for Proposition 10 and 56 (page 9). These receivables represent taxes remitted by the State but not received by the Commission as of June 30, 2020. The Commission also reports accounts payable of $2.0 million representing payments due on invoices.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY

STATEMENT OF NET POSITION COMPARISON

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2020</th>
<th>June 30, 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$21,129,212</td>
<td>$16,120,568</td>
<td>$5,008,644</td>
</tr>
<tr>
<td>Due from the state - proposition 10 and 56</td>
<td>1,190,663</td>
<td>2,704,113</td>
<td>(1,513,450)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,160,917</td>
<td>1,301,395</td>
<td>(140,478)</td>
</tr>
<tr>
<td>Loans receivable, long-term (related party)</td>
<td>-</td>
<td>10,956,060</td>
<td>(10,956,060)</td>
</tr>
<tr>
<td>Capital assets, not being depreciated</td>
<td>676,530</td>
<td>27,450</td>
<td>649,080</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>13,933,838</td>
<td>573,090</td>
<td>13,360,748</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>38,091,160</td>
<td>31,682,676</td>
<td>6,408,484</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,366,961</td>
<td>2,209,021</td>
<td>157,940</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>4,489,695</td>
<td>45,389</td>
<td>4,444,306</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>6,856,656</td>
<td>2,254,410</td>
<td>4,602,246</td>
</tr>
<tr>
<td><strong>NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>9,852,427</td>
<td>600,540</td>
<td>9,251,887</td>
</tr>
<tr>
<td>Restricted</td>
<td>46,799</td>
<td>-</td>
<td>46,799</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>21,335,278</td>
<td>28,827,726</td>
<td>(7,492,448)</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$31,234,504</td>
<td>$29,428,266</td>
<td>$1,806,238</td>
</tr>
</tbody>
</table>

In fiscal year 2019-2020, the Commission’s net position increased by $1,806,238, see above. The increase was due to the new inclusion of the Lighthouse for Children, Inc. as a blended entity compared to the prior year’s format of showing Lighthouse for Children, Inc. as a separate component unit.
CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF ACTIVITIES COMPARISON

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2020</th>
<th>June 30, 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues</td>
<td>$9,754,838</td>
<td>$9,365,298</td>
<td>$389,540</td>
</tr>
<tr>
<td>Grant revenues</td>
<td>$1,814,846</td>
<td>$2,375,221</td>
<td>$(560,375)</td>
</tr>
<tr>
<td>General revenues</td>
<td>$1,128,175</td>
<td>$974,241</td>
<td>$153,934</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>$12,697,859</td>
<td>$12,714,760</td>
<td>$(16,901)</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**     |               |               |         |
| Program services     | $8,856,523    | $9,548,088    | $(691,565)|
| Evaluation services  | $513,634      | $687,817      | $(174,183)|
| Administrative costs | $418,437      | $376,819      | $41,618  |
| **Total expenditures**| $9,788,594   | $10,612,724   | $(824,130)|

Change in net position $2,909,265 $2,102,036 $807,229

FINANCIAL ANALYSIS OF THE COMMISSION’S GOVERNMENTAL FUND

For the fiscal year ended, the Commission reported an ending fund balance of $32,260,420 (page 13). The increase of $3,387,305 over the prior year represents the amount of excess revenues over expenditures for the year ended June 30, 2020. 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 decrease in total revenues from $12.7 million, in the prior year, to $12.5 million for the fiscal year 2019-2020. Proposition 10 revenues, compared to the year ended June 30, 2020 decreased by nearly $949K, while investment earnings increased by $90K, and back-fill received from Proposition 56 increased by $1.4 million. 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. 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 decreased by $560K. 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 2019-2020 fiscal year include the scaling of an innovative, collective impact approach to providing prenatal care in a group setting called the Glow! Contracted Network (Glow! CN). As the Commission’s four-year pilot partnership with UCSF San Francisco, to provide the Glow! Group Prenatal Care Program reached its final year, the Program was recognized and awarded a research grant by the national Patient Centered Outcome Research Institute (PCORI). The four-year $5.6 million PCORI research grant, awarded to UCSF, will involve 2,600 pregnant women to compare the traditional model of prenatal care with the Glow! Group Prenatal Care Program model to help future patients & policy makers determine which model is the best care option and better addresses high rates of premature birth, disrespectful care, poor maternal mental health, etc. The Commission contracted with three local Community-Based Organizations to act as the Glow! CN to administer the
Glow! Group Prenatal Care Program model throughout Fresno County for the PCORI study. Through an initial commitment of $350k for the Glow! CN, the Commission reconfirmed its commitment to prevent premature births and infant mortality in Fresno County and the Commission intends to sustain its commitment.

With an investment of $50k for the initial year, the Commission joined a collaborative including West Fresno Family Resources Center, the County of Fresno’s Department of Public Health, UCSF San Francisco’s Preterm Birth initiative and March of Dimes to create a local version of the national Best Babies Zone Initiative (BBZ) called Fresno GROWS. Fresno GROWS aims to reduce racial inequities in infant mortality and birth outcomes by mobilizing community residents and organizations to address the social, structural, and economic determinants of health and promote racial equity. Since being selected by the National Organization of Urban Maternal and Child Health Leaders to be part of the BBZ Cohort 4, West Fresno Family Resources Center has convened an African American Leadership Team to build a movement of activated citizens, focusing on the 93706 zip code in Southwest Fresno.

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

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2020</th>
<th>June 30, 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program revenues</td>
<td>$9,754,838</td>
<td>$9,365,298</td>
<td>$389,540</td>
</tr>
<tr>
<td>Grant revenues</td>
<td>1,814,846</td>
<td>2,375,221</td>
<td>(560,375)</td>
</tr>
<tr>
<td>General revenues</td>
<td>1,128,175</td>
<td>974,241</td>
<td>153,934</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>12,697,859</td>
<td>12,714,760</td>
<td>(16,901)</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**       |               |               |          |
| Program services       | 8,466,839     | 9,543,538     | (1,076,699)|
| Evaluation services    | 513,634       | 687,817       | (174,183)|
| Administrative costs   | 402,097       | 376,819       | 25,278   |
| **Total expenditures** | 9,382,570     | 10,608,174    | (1,225,604)|

**Change in net position**

|               | $3,315,289    | $2,106,586    | $1,208,703|

**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 2019-2020 as detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (shown on pages 34-36). In fiscal year 2019-2020 the Commission received actual revenues of $12.5 million compared to the budgeted amount of $10.8 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 $1.6 million more than budgeted as more than anticipated backfill from Proposition 56 revenue was received. Interest and investment revenues were $497K more than expected, and other revenues came in at $72K more than expected.

The decline in Proposition 10 revenue is not something new to fiscal year 2019-2020. 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. 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.

In fiscal year 2019-2020 actual expenditures were $7.6M less than budgeted. This is due to the Commission committing roughly $6.5 million of that amount to be spent out in subsequent fiscal years.

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 pages 34-36.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets of $582,936 (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 2020-2025 Strategic Plan, a series of planning sessions are held to discuss, review and provide staff direction on the Commission’s financial resources and strategies for the five-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 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.

For the development of its new 2020-2025 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 the Commission’s investments to address challenges our families are facing in responsive, collaborative, 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 System – $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, 2020

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$21,082,414</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>46,798</td>
</tr>
<tr>
<td>Due from the state - proposition 10 and 56</td>
<td>1,190,663</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,160,917</td>
</tr>
<tr>
<td>Capital assets not being depreciated:</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>676,530</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>13,919,592</td>
</tr>
<tr>
<td>Equipment</td>
<td>14,246</td>
</tr>
<tr>
<td>Total assets</td>
<td>38,091,160</td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>2,003,246</td>
</tr>
<tr>
<td>Accrued payroll and related taxes</td>
<td>37,961</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>13,841</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
</tr>
<tr>
<td>Due in one year:</td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>21,194</td>
</tr>
<tr>
<td>Notes payable</td>
<td>290,719</td>
</tr>
<tr>
<td>Due in more than one year:</td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>22,473</td>
</tr>
<tr>
<td>Notes payable</td>
<td>4,467,222</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>6,856,656</td>
</tr>
</tbody>
</table>

**NET POSITION**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>9,852,427</td>
</tr>
<tr>
<td>Restricted</td>
<td>46,799</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>21,335,278</td>
</tr>
<tr>
<td>Total net position</td>
<td>$31,234,504</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child development services</td>
<td>$ 9,788,594</td>
<td>$ 148,000</td>
<td>$ 11,569,684</td>
<td>$ 1,929,090</td>
</tr>
<tr>
<td>Total</td>
<td>$ 9,788,594</td>
<td>$ 148,000</td>
<td>$ 11,569,684</td>
<td>$ 1,929,090</td>
</tr>
</tbody>
</table>

General revenues:
- Interest and investment earnings: $707,737
- Miscellaneous income: $272,438

Total general revenues: $980,175

Change in net position: $2,909,265

Net position - beginning of year: $28,325,239

Net position - end of year: $31,234,504
## CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
### BALANCE SHEET – GOVERNMENTAL FUNDS
#### FOR THE YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Lighthouse Special Revenue Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$20,993,508</td>
<td>$88,906</td>
<td>$21,082,414</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>-</td>
<td>46,798</td>
<td>46,798</td>
</tr>
<tr>
<td>Due from the state - proposition 10 and 56</td>
<td>1,190,663</td>
<td>-</td>
<td>1,190,663</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,160,917</td>
<td>-</td>
<td>1,160,917</td>
</tr>
<tr>
<td>Advances to other fund</td>
<td>10,956,059</td>
<td>-</td>
<td>10,956,059</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$34,301,147</td>
<td>$135,704</td>
<td>$34,436,851</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>2,002,766</td>
<td>480</td>
<td>2,003,246</td>
</tr>
<tr>
<td>Accrued payroll and related taxes</td>
<td>37,961</td>
<td>-</td>
<td>37,961</td>
</tr>
<tr>
<td>Advances from other fund</td>
<td>-</td>
<td>10,956,059</td>
<td>10,956,059</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,040,727</td>
<td>10,956,539</td>
<td>12,997,266</td>
</tr>
<tr>
<td><strong>FUND BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>10,956,059</td>
<td>-</td>
<td>10,956,059</td>
</tr>
<tr>
<td>Restricted</td>
<td>162,609</td>
<td>46,799</td>
<td>209,408</td>
</tr>
<tr>
<td>Committed</td>
<td>8,488,025</td>
<td>-</td>
<td>8,488,025</td>
</tr>
<tr>
<td>Assigned</td>
<td>12,653,727</td>
<td>-</td>
<td>12,653,727</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>(10,867,634)</td>
<td>(10,867,634)</td>
</tr>
<tr>
<td><strong>Total fund balance</strong></td>
<td>32,260,420</td>
<td>(10,820,835)</td>
<td>21,439,585</td>
</tr>
<tr>
<td><strong>Total liabilities and fund balance</strong></td>
<td>$34,301,147</td>
<td>$135,704</td>
<td>$34,436,851</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fund balance - governmental funds</td>
<td>$21,439,585</td>
</tr>
<tr>
<td>Capital assets used in governmental activities are not current financial</td>
<td>14,610,368</td>
</tr>
<tr>
<td>resources; therefore, they are not reported in the funds.</td>
<td></td>
</tr>
<tr>
<td>Long-term liability is not due and payable in the current period and,</td>
<td>(4,771,782)</td>
</tr>
<tr>
<td>therefore, is not included in the funds.</td>
<td></td>
</tr>
<tr>
<td>Compensated absences liability is not due in the current period and,</td>
<td>(43,667)</td>
</tr>
<tr>
<td>therefore, are not included in the funds.</td>
<td></td>
</tr>
<tr>
<td>Total net position - governmental activities</td>
<td>$31,234,504</td>
</tr>
</tbody>
</table>
The accompanying notes are an integral part of these financial statements.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Revenue Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposition 10 taxes</td>
<td>$7,471,906</td>
<td>$</td>
<td>$7,471,906</td>
</tr>
<tr>
<td>Proposition 56 taxes</td>
<td>2,282,932</td>
<td>$</td>
<td>2,282,932</td>
</tr>
<tr>
<td>Grant revenue</td>
<td>1,814,846</td>
<td>$</td>
<td>1,814,846</td>
</tr>
<tr>
<td>Interest and investment earnings</td>
<td>707,362</td>
<td>375</td>
<td>707,737</td>
</tr>
<tr>
<td>Other revenue</td>
<td>272,398</td>
<td>148,040</td>
<td>420,438</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>12,549,444</td>
<td>148,415</td>
<td>12,697,859</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>8,267,076</td>
<td>199,763</td>
<td>8,466,839</td>
</tr>
<tr>
<td>Evaluation services</td>
<td>513,634</td>
<td>$</td>
<td>513,634</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>381,429</td>
<td>20,668</td>
<td>402,097</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>9,162,139</td>
<td>220,431</td>
<td>9,382,570</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenues over (under) expenditures</strong></td>
<td>3,387,305</td>
<td>(72,016)</td>
<td>3,315,289</td>
</tr>
<tr>
<td><strong>Net change in fund balance</strong></td>
<td>3,387,305</td>
<td>(72,016)</td>
<td>3,315,289</td>
</tr>
<tr>
<td><strong>Fund balance - beginning of year</strong></td>
<td>28,873,115</td>
<td>(10,748,819)</td>
<td>18,124,296</td>
</tr>
<tr>
<td><strong>Fund balance - end of year</strong></td>
<td>$32,260,420</td>
<td>$(10,820,835)</td>
<td>$21,439,585</td>
</tr>
</tbody>
</table>

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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, 2020

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 - government fund $ 3,315,289

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. (407,746)

Long-term liabilities are not due during the current year end, therefore, the change is not recorded in the governmental fund. 1,722

Change in net position - governmental activities $ 2,909,265
NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 received proceeds from tax and 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.

Reporting Entity

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 blended presentation method because it provides services exclusively or almost exclusively to the Commission and a financial benefit relationship exists between the Commission and the component unit.

The blended component unit, Lighthouse for Children, Inc., a non-profit, benefit corporation, is governed by a board whose majority comprises Fresno County First 5 Commissioners. The specific charitable purposes of this corporation are: 1) to provide the vision and means for the children of Fresno County 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; 2) to serve as an incubator for knowledge in the community regarding child welfare and development; 3) to generally carry out the goals of the Children and Families Commission of Fresno County; and 4) 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 Lighthouse for Children, Inc., 2405 Tulare Street, 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.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The basic financial statements of the Commission are prepared on the basis of Government 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 Discussions and Analysis section, a Statement of Net Position, a Statement of Activities, and if applicable, a Statement of Cash Flows.

Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expense are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balance) 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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within 60 days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The Commission reports the following major governmental funds:

The General Fund accounts for those operations that provide services to the public.

The Special Revenue Fund accounts for the activity of Lighthouse for Children, Inc., a blended component unit of the Commission.

The Commission adopts annual appropriated budgets for its General Fund, which is a major fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Budgetary 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.

**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 debt obligations, which have not matured, are recognized when paid in the governmental fund as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental fund but are recognized in the governmental-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 repurchased or reverse repurchase agreements.

State statues 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, repurchases 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, 2020, management considerably all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Advance

The Commission advanced funds to Lighthouse for Children, Inc. (acting like a loan receivable) for the purpose of creating an investment fund. As part of this arrangement, the Commission will receive payment from Lighthouse for Children, Inc. in accordance with the Note Payable agreements. 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. See Note 7 for more information.

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 is computed using the straight-line method over the following estimated useful life:

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

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 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.

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.

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 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 as 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 Balance

Fund Balance Classification

The governmental fund financial statements present fund balances on classifications that comprise a hierarchy that is based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of the Children and Family Commission. These amounts cannot be used for any other purpose unless the Board of the Children and Family Commission remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- **Assigned** – This classification includes amounts that are constrained by the Commission’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of the Children and Families Commission. Further, the Commission may designate a body/committee or an official who can specify such purposes, such as through the budgetary process.

- **Unassigned** – This classification includes any negative residual amounts that may exist as a result of expenditures incurred for specific purposes in excess of amounts restricted, committed or assigned to those purposes.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund Balance Classification (Continued)

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 the government-wide financial statement, net position is reported in three categories as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those.
- Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets”. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain 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 expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The Lighthouse for Children, Inc. change from discrete to a blended component unit status is discussed in Note 1.
NOTE 2 – CASH AND INVESTMENTS

Cash and investments consist of the following as of June 30, 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in banks</td>
<td>$3,732,960</td>
</tr>
<tr>
<td>Investments</td>
<td>$17,396,252</td>
</tr>
<tr>
<td><strong>Total cash and investments</strong></td>
<td><strong>$21,129,212</strong></td>
</tr>
</tbody>
</table>

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 Authorization 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.

General Authorization

As per 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:

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum Percentage of Portfolio</th>
<th>Maximum Investment in One Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Bonds</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Treasury Obligations</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Banker's Acceptances</td>
<td>180 days</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>1 year</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements</td>
<td>92 days</td>
<td>20% of base value</td>
<td>None</td>
</tr>
<tr>
<td>Medium-Term Notes</td>
<td>5 years</td>
<td>30%</td>
<td>None</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>n/a</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>n/a</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Mortgage Pass-Through Securities</td>
<td>5 years</td>
<td>20%</td>
<td>None</td>
</tr>
<tr>
<td>County Pooled Investment Funds</td>
<td>n/a</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>n/a</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Joint Power Agency (JPA) Pools (other investment pools)</td>
<td>n/a</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
NOTE 2 – CASH AND INVESTMENTS (Continued)

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.

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:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
<th>Remaining Maturity (in months)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12 months or less</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>4,971,726$</td>
<td>$</td>
</tr>
<tr>
<td>Federal Agencies (non-callable)</td>
<td>1,749,342$</td>
<td>$</td>
</tr>
<tr>
<td>Federal Agency Mortgage Backed Securities</td>
<td>438,719$</td>
<td>$</td>
</tr>
<tr>
<td>Supranationals</td>
<td>114,665$</td>
<td>$</td>
</tr>
<tr>
<td>Municipal Obligations</td>
<td>225,157$</td>
<td>116,924$</td>
</tr>
<tr>
<td>Federal Agency Mortgage Backed Securities</td>
<td>438,719$</td>
<td>$</td>
</tr>
<tr>
<td>Supranationals</td>
<td>114,665$</td>
<td>$</td>
</tr>
<tr>
<td>Municipal Obligations</td>
<td>225,157$</td>
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<tr>
<td>Federal Agency Mortgage Backed Securities</td>
<td>438,719$</td>
<td>$</td>
</tr>
<tr>
<td>Supranationals</td>
<td>114,665$</td>
<td>$</td>
</tr>
<tr>
<td>County Pooled Investments Funds</td>
<td>5,729,373$</td>
<td>$</td>
</tr>
<tr>
<td>Total</td>
<td>$17,396,252$</td>
<td>$6,439,595$</td>
</tr>
</tbody>
</table>

Credit Rate Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by 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, 2020.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Legal Rating</th>
<th>AAA</th>
<th>AA+</th>
<th>AA</th>
<th>A+</th>
<th>A</th>
<th>A-</th>
<th>A+1</th>
<th>BBB+</th>
<th>Not Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasuries</td>
<td>4,971,726$</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$4,971,726</td>
</tr>
<tr>
<td>Federal Agencies (non-callable)</td>
<td>1,749,342$</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$1,749,342</td>
</tr>
<tr>
<td>Federal Agency Mortgage</td>
<td>438,719$</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$438,719</td>
</tr>
<tr>
<td>Supranationals</td>
<td>114,665$</td>
<td>AAA</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$114,665</td>
</tr>
<tr>
<td>Municipal Obligations</td>
<td>225,157$</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>438,719$</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$438,719</td>
</tr>
<tr>
<td>Supranationals</td>
<td>114,665$</td>
<td>AAA</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$114,665</td>
</tr>
<tr>
<td>County Pooled Investments Funds</td>
<td>5,729,373$</td>
<td>N/A</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$5,729,373</td>
</tr>
<tr>
<td>Total</td>
<td>$17,396,252$</td>
<td>$740,416$</td>
<td>$2,264,643$</td>
<td>$77,125$</td>
<td>$666,213$</td>
<td>$755,332$</td>
<td>$622,518$</td>
<td>$856,803$</td>
<td>$106,792$</td>
<td>$506,668$</td>
<td>$10,799,742</td>
</tr>
</tbody>
</table>
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 represents 5% or more of the total investments are as follows:

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Investment Type</th>
<th>Reported Amount</th>
<th>% of Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresno County Investment Pool</td>
<td>Investment Pool</td>
<td>$5,729,373</td>
<td>32.9%</td>
</tr>
<tr>
<td>U.S. Treasury</td>
<td>Treasury Securities</td>
<td>$4,971,726</td>
<td>28.6%</td>
</tr>
</tbody>
</table>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Commission’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Commission’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District has waived collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation.

Bank balances were $3,598,491, the total amount of which was insured and/or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the name of the Commission.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The Commission has no custodial credit risk exposure for investments because all the Commission’s investments are held in a third-party custodian bank in the name of the Commission.
NOTE 3 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the Commission would receive upon selling an asset or have paid to transfer a liability at the reporting date. Generally accepted accounting principles established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity’s own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities

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, and fair value is determined through the use of other valuation methodologies

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurements, including the Commission’s own assumptions in determining the fair value of assets or liabilities.

The following is a summary of the inputs used as of June 30, 2020 in valuing the Commission’s assets carried at fair value:

<table>
<thead>
<tr>
<th>Investments by fair value level</th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasuries</td>
<td>$4,971,726</td>
<td></td>
<td>$4,971,726</td>
<td></td>
</tr>
<tr>
<td>Federal Agencies (non-callable)</td>
<td>1,749,342</td>
<td></td>
<td>1,749,342</td>
<td></td>
</tr>
<tr>
<td>Federal Agency Mortgage Backed Securities</td>
<td>438,719</td>
<td></td>
<td>438,719</td>
<td></td>
</tr>
<tr>
<td>Supranationals</td>
<td>114,665</td>
<td></td>
<td>114,665</td>
<td></td>
</tr>
<tr>
<td>Municipal Obligations</td>
<td>225,157</td>
<td></td>
<td>225,157</td>
<td></td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>699,649</td>
<td></td>
<td>699,649</td>
<td></td>
</tr>
<tr>
<td>Corporate Notes</td>
<td>2,851,460</td>
<td></td>
<td>2,851,460</td>
<td></td>
</tr>
<tr>
<td>Asset-Backed Securities</td>
<td>517,518</td>
<td></td>
<td>517,518</td>
<td></td>
</tr>
<tr>
<td>Total investments measured by fair value</td>
<td>$11,568,236</td>
<td></td>
<td>$11,568,236</td>
<td></td>
</tr>
</tbody>
</table>

Investments not subject to fair value hierarchy
- Money Market Mutual Funds | 98,643
- County Pooled Investments Funds | 5,729,373

Total investments | $17,396,252
NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2020 consisted of intergovernmental grants, entitlements, state apportionments and local sources. All receivables consisted of the following:

State government:
- Proposition 10 $1,190,663
- Other sources $1,160,917

Total $2,351,580

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

<table>
<thead>
<tr>
<th>Capital assets not being depreciated</th>
<th>Balance 6/30/2019</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance 6/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$676,530</td>
<td>$</td>
<td>$</td>
<td>$676,530</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>676,530</td>
<td>$</td>
<td>$</td>
<td>676,530</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital assets being depreciated:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less accumulated depreciation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
</tr>
<tr>
<td>Buildings and improvements</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
</tr>
</tbody>
</table>

| Total capital assets being depreciated, net | 13,768,494 | (407,746) | - | 13,360,748 |
| Total capital assets, net | $14,445,024 | $ (407,746) | $ | $14,037,278 |

Depreciation expense for the year ended June 30, 2020 was $407,746.
NOTE 6 – ACCOUNTS PAYABLE

Accounts payable consist of the following as of June 30, 2020:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program grantees</td>
<td>$1,981,419</td>
</tr>
<tr>
<td>Vendors</td>
<td>$21,827</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,003,246</strong></td>
</tr>
</tbody>
</table>

NOTE 7 – LONG-TERM OBLIGATIONS

Long term obligations activity for the year ended June 30, 2020 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 6/30/2019 (a)</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance 6/30/2020</th>
<th>Due within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>$4,757,941</td>
<td>-</td>
<td>-</td>
<td>$4,757,941</td>
<td>$290,719</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>45,389</td>
<td>61,417</td>
<td>(63,139)</td>
<td>43,667</td>
<td>21,194</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,803,330</strong></td>
<td><strong>$61,417</strong></td>
<td><strong>(63,139)</strong></td>
<td><strong>$4,801,608</strong></td>
<td><strong>$311,913</strong></td>
</tr>
</tbody>
</table>

(a) - Note that this balance was previously shown as a gross note payable from Lighthouse for Children, Inc. to the Commission when it was shown as a discrete component unit, however in FY 2020, Lighthouse for Children, Inc. is now a blended component unit and as such, the 6/30/2019 balance has been updated to reflect this change.

Compensated Absences – Governmental Activities

Compensated absences, which combines vacation and sick leave benefits into a single PTO bank account, amounted to $43,667 at June 30, 2020.

Notes Payable

The blended 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 involving a leverage lender (Children and Families Commission of Fresno County) who provided funding into a newly created investment fund (the 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, Qualified Low-Income Community Investment (QLICI) and Low Income Investment Fund (LIIF), who in turn loaned the funds to Lighthouse for Children, Inc. The following four notes payable from Lighthouse for Children, Inc. combine to represent the total $15,714,000 loan:
NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

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 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

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 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 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 290,719
Notes payable, long-term portion $ 15,423,281
NOTE 7 – LONG-TERM OBLIGATIONS

As part of the funding arrangement noted previously, the Commission contributed $10,956,059 as part of the notes payable structuring arrangement. As such, this is considered an Advance of funds from the General Fund to the Lighthouse Special Revenue Fund. As of June 30, 2020, the total balance of the Advance from the Commission was for $10,956,059. See below for the reconciliation between the full values of all Notes Payable, reduced by the related "Advance To" reported in the General Fund:

Reconciliation to the Commission's Advances

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total notes payable</td>
<td>$15,714,000</td>
</tr>
<tr>
<td>Less Advance from the Commission to the Lighthouse</td>
<td>$10,956,059</td>
</tr>
<tr>
<td>Notes payable due to external parties</td>
<td>$4,757,941</td>
</tr>
<tr>
<td>Current portion due to external parties</td>
<td>$290,719</td>
</tr>
<tr>
<td>Long-term portion due to external parties</td>
<td>$4,467,222</td>
</tr>
<tr>
<td>Total notes payable</td>
<td>$4,757,941</td>
</tr>
</tbody>
</table>

Minimum future principal and interest payments are summarized as follows:

<table>
<thead>
<tr>
<th>Fiscal Years Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$290,718</td>
<td>$217,420</td>
<td>$508,138</td>
</tr>
<tr>
<td>2022</td>
<td>587,507</td>
<td>210,845</td>
<td>798,352</td>
</tr>
<tr>
<td>2023</td>
<td>595,697</td>
<td>202,655</td>
<td>798,352</td>
</tr>
<tr>
<td>2024</td>
<td>604,001</td>
<td>194,351</td>
<td>798,352</td>
</tr>
<tr>
<td>2025 and thereafter</td>
<td>13,636,077</td>
<td>1,953,046</td>
<td>15,589,123</td>
</tr>
<tr>
<td>Total</td>
<td>$15,714,000</td>
<td>$2,778,317</td>
<td>$18,492,317</td>
</tr>
</tbody>
</table>

Interest expense relating to the above notes payable was $199,763 for the year ended June 30, 2020.

NOTE 8 – POSTEMPLOYMENT BENEFITS

The Commission’s 401(a) Plan (the 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% vesting for the participants. The Commission makes contributions of 8.74% of compensation to the Plan. The Commission made contributions to the Plan of $75,957 for the year ended June 30, 2020.

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 BALANCE

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balance as of June 30, 2020 is as follows:

Nonspendable:
   Lighthouse for Children facility advance $10,956,059

Restricted:
   Outside grant funding 162,609
   Donor restrictions 46,799

Committed:
   Awarded and unpaid grants 8,488,025

Assigned:
   First 5 Initiatives 12,653,727

Unassigned (10,867,634)

Total fund balance $21,439,585

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 expended $513,634 on program evaluation during the fiscal year ended June 30, 2020.

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 $9,754,838, or 77.86%, of the total revenue for the year ended June 30, 2020. 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 – COMMITMENT AND CONTINGENCIES

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation.

Grantee Obligations

As of June 30, 2020, the Commission’s remaining obligations with grantees of $8,488,025 is included in committed fund balance.

Litigation

In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Commission.

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.

NMTC’s 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 of lender (Children and Families Commission of Fresno County) to provided funding into a newly created investment fund (the Fund). An 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% interest in the Fund. At the 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 blended component unit, in which the Commission will act as Master Tenant. Landlord obtained New Market Tax Credit (NMTC) financing to provide for the construction of the facility which is 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 pays 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.
NOTE 14 – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus, COVID-19, a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 outbreak in the United States a national emergency. Further, on March 19, 2020, the governor of the State of California issued a statewide Stay at Home Order to slow the spread of COVID-19. The Order required all individuals living in California to stay at home, except as needed to maintain continuity of the federal critical infrastructure sectors. The sector in which the Commission operates, is not designated on the list of essential critical infrastructure workers. Accordingly, some functions of the Commission’s operations will be limited to protect the health and safety of its employees. The ultimate financial impact on the Commission that could occur as a result of the pandemic is unknown at this time.

Lighthouse for Children, Inc. – New Market Tax Credit

Both the Commission and the Lighthouse for Children, Inc. anticipate the completion of the seventh year of the New Market Tax Credit (NMTC) agreements in December 2020. The seventh year is notable as it marks the time period where, if all requirements are met and the entities are in good standing, the loan that created the Lighthouse for Children, Inc. facility, is forgiven. The Lighthouse for Children, Inc. Board and the Commission will facilitate discussions about the future of the non-profit once the NMTCs have officially termed.

Management has evaluated and concluded that there were no other subsequent events that have occurred from June 30, 2020 through the date the financial statements were available to be issued at October 16, 2020 that would require disclosure or adjustment.
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REQUIRED SUPPLEMENTARY INFORMATION
## CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
#### IN FUND BALANCE – GENERAL FUND
##### (BUDGET TO ACTUAL)
##### FOR THE YEAR ENDED JUNE 30, 2020

<table>
<thead>
<tr>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget</th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposition 10 taxes</td>
<td>$ 8,000,000</td>
<td>$ 8,000,000</td>
<td>$ 7,471,906</td>
<td>$ (528,094)</td>
<td></td>
</tr>
<tr>
<td>Proposition 56 taxes</td>
<td>-</td>
<td>-</td>
<td>2,282,932</td>
<td>2,282,932</td>
<td></td>
</tr>
<tr>
<td>Grant revenue</td>
<td>1,959,888</td>
<td>2,471,002</td>
<td>1,814,846</td>
<td>(656,156)</td>
<td></td>
</tr>
<tr>
<td>Interest and investment earnings</td>
<td>25,000</td>
<td>210,000</td>
<td>707,362</td>
<td>497,362</td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>300,000</td>
<td>200,000</td>
<td>272,398</td>
<td>72,398</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>10,284,888</td>
<td>10,881,002</td>
<td>12,549,444</td>
<td>1,668,442</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; employee benefits</td>
<td>1,301,383</td>
<td>1,295,992</td>
<td>1,082,812</td>
<td>213,180</td>
<td></td>
</tr>
<tr>
<td>Services and supplies</td>
<td>490,271</td>
<td>495,533</td>
<td>334,874</td>
<td>160,659</td>
<td></td>
</tr>
<tr>
<td>Evaluation program expenditures</td>
<td>500,000</td>
<td>500,000</td>
<td>460,347</td>
<td>39,653</td>
<td></td>
</tr>
<tr>
<td>Grant expenditures</td>
<td>7,993,234</td>
<td>14,558,406</td>
<td>7,284,106</td>
<td>7,274,300</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>10,284,888</td>
<td>16,849,931</td>
<td>9,162,139</td>
<td>7,687,792</td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>-</td>
<td>(5,968,929)</td>
<td>3,387,305</td>
<td>9,356,234</td>
<td></td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>$ -</td>
<td>$ (5,968,929)</td>
<td>3,387,305</td>
<td>$ 9,356,234</td>
<td></td>
</tr>
<tr>
<td>Fund balance - beginning of year</td>
<td>28,873,115</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - end of year</td>
<td>$ 32,260,420</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Statement of Revenues, Expenditures, and Changes in Fund Balance – Lighthouse Special Revenue Fund (Budget to Actual)

**For the Year Ended June 30, 2020**

<table>
<thead>
<tr>
<th>Budgeted Amounts</th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual rent income</td>
<td>$148,000</td>
<td>$148,000</td>
<td>$148,000</td>
<td>$0</td>
</tr>
<tr>
<td>Other revenue</td>
<td>-</td>
<td>-</td>
<td>415</td>
<td>415</td>
</tr>
<tr>
<td>Total revenues</td>
<td>148,000</td>
<td>148,000</td>
<td>148,415</td>
<td>415</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative contract</td>
<td>5,250</td>
<td>5,250</td>
<td>4,331</td>
<td>919</td>
</tr>
<tr>
<td>Insurance &amp; tax expense</td>
<td>19,201</td>
<td>19,201</td>
<td>10,717</td>
<td>8,484</td>
</tr>
<tr>
<td>Professional services expense</td>
<td>8,200</td>
<td>8,200</td>
<td>5,619</td>
<td>2,581</td>
</tr>
<tr>
<td>New Market Tax Credit expense</td>
<td>115,349</td>
<td>115,349</td>
<td>199,764</td>
<td>(84,415)</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>148,000</td>
<td>148,000</td>
<td>220,431</td>
<td>(72,431)</td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over (under) expenditures</td>
<td>-</td>
<td>-</td>
<td>(72,016)</td>
<td>(72,016)</td>
</tr>
<tr>
<td>Net change in fund balance</td>
<td>$ -</td>
<td>$ -</td>
<td>(72,016)</td>
<td>$ (72,016)</td>
</tr>
<tr>
<td>Fund balance - beginning of year</td>
<td>(10,748,819)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund balance - end of year</td>
<td>$ (10,820,835)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The Commission adopts a budget annually in accordance with generally accepted accounting principles based on estimates of revenue and anticipated expenditures. All annual appropriations lapse at fiscal year end.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Lighthouse Special Revenue Fund incurred expenditures in excess of appropriations for the following amounts for the year ended June 30, 2020:

New Market Tax Credit Expense $84,415

Expenditures in excess of appropriations would be covered by the available fund balance in the General Fund.

The excess appropriations from the New Market Tax Credit (NMTC) expense represent funds held in reserve accounts by Lighthouse for Children, Inc. NMTC partners (Low Income Investment Fund and Central Valley NMTC, LLC.). The funds in the reserve accounts are released to the Lighthouse for Children, Inc. NMTC loan lender for the sole purpose of those expenses only and are separate from Lighthouse for Children, Inc.’s operating accounts. The reserve accounts are reconciled to Lighthouse for Children, Inc.’s general ledger but are neither budgeted nor paid for from Lighthouse for Children, Inc. operating funds. Similarly, the revenue/income amount that off-set the excess appropriations is held in the reserve accounts and is neither budgeted nor received by Lighthouse for Children, Inc.
<table>
<thead>
<tr>
<th>PROGRAM OR PROJECT TITLE</th>
<th>REVENUE FSCA</th>
<th>EXPENDITURES</th>
<th>CHANGE IN NET POSITION</th>
<th>NET POSITION BEG OF YEAR</th>
<th>NET POSITION END OF YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 5 IMPACT Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPACT Hub Program Funds</td>
<td>$827,603</td>
<td>$827,603</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>County, Local IMPACT Funds</td>
<td>663,536</td>
<td>663,536</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dual Language Pilot Projects Funds</td>
<td>47,041</td>
<td>47,041</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FSCA FUNDS</strong></td>
<td>$1,538,180</td>
<td>$1,538,180</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
OTHER INDEPENDENT AUDITOR'S REPORTS
THIS PAGE IS LEFT BLANK INTENTIONALLY.
To the Board of Commissioners of
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, and each major fund of the Children and Families Commission of Fresno County (the Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated October 16, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Summary Schedule of Audit Findings, as item 2020-001 that we consider to be a material weakness.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Commission’s Response to Findings

The Commission’s response to the findings identified in our audit is described in the accompanying Response – Summary Schedule of Audit Findings. The Commission’s response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Clovis, California
October 16, 2020
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Children and Families Commission of Fresno County’s (the Commission) compliance with the types of compliance 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, 2020.

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 types of compliance 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:
<table>
<thead>
<tr>
<th>Description</th>
<th>Audit Guide Procedures</th>
<th>Procedures Performed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting and Procurement</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td>Conflict-of-Interest</td>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td>County Ordinance</td>
<td>4</td>
<td>Yes</td>
</tr>
<tr>
<td>Long-range Financial Plan</td>
<td>2</td>
<td>Yes</td>
</tr>
<tr>
<td>Financial Condition of the Commission</td>
<td>1</td>
<td>Yes</td>
</tr>
<tr>
<td>Program Evaluation</td>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td>Salaries and Benefits Policies</td>
<td>2</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Opinion**

In our opinion, the Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2020.

\[ Price Pape & Company \]

Clovis, California
October 16, 2020
Finding 2020-001 – Financial Close and Reporting Process (Material Weakness)

Condition: The Commission did not properly perform year-end closing procedures as it relates to the recording of revenue/receivables. We identified a missing revenue/receivable amount during our audit for $653,705 that was not recorded as of June 30, 2020. We proposed the necessary accounting entries to correct the balances of these accounts. Management agrees with our adjustments and will post the entries, so the Commission’s trial balance reconciles to the issued Financial Statements.

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cause: Internal controls over the year-end financial reporting process were not properly designed and were not placed in operation.

Effect: As a result of this condition, revenue/receivables were initially misstated.

Recommendation: The Commission should enhance its year-end financial close procedures to include the additional steps necessary to ensure proper reconciliation and reporting of all significant account balances, in addition to ensuring there are supporting schedules to support those balances.

Response: See Response – Summary Schedule of Audit Findings (next page)
Finding 2020-001

Journal entries to properly remedy the omitted revenue receivable have been posted to the general ledger and the finding has been resolved. To prevent a similar occurrence in the future, the agency’s internal year-end closing checklist has been revised to clearly track all major audit-related tasks including receivable reconciliation. Additionally, the vacant staff position has been filled to assist with accounting workload.

Alix Hillis  
Project Director

Fabiola Gonzalez  
Executive Director
October 16, 2020

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

We have audited the financial statements of the governmental activities and major funds of the Children and Families Commission of Fresno County (the Commission) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 18, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Children and Families Commission of Fresno County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission’s financial statements was:

Management’s estimate of depreciation expense is based on the useful lives of fixed assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

1. Note 7 – Long Term Obligations
2. Note 12 – Economic Dependency
3. Note 13 – Commitments and Contingencies
4. Note 14 – Subsequent Events

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.
Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Commission’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis and Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental schedule of First 5 California (F5CA) Funding, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Board of Commissioners and management of the Children and Families Commission of Fresno County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Price Page & Company
**Account** | **Description** | **Misstatement** | **Workpaper Reference** | **Debit** | **Credit** | **Net Income Effect**
--- | --- | --- | --- | --- | --- | ---
PJE01 | Projected Misstatement | K100 | 52,845.00 | 0.00 | 52,845.00 | (52,845.00)
10-8518-00 | SF1 Multi-disciplinary Research Based Home Visitation | | 52,845.00 | 0.00 | 52,845.00 | (52,845.00)
10-2000-00 | Accounts Payable | | 0.00 | 52,845.00 | 52,845.00 | (52,845.00)
**Total** | | | 52,845.00 | 52,845.00 | (52,845.00) | (52,845.00)

To adjust AP balance to match the AP aging reconciliation.
<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>Workpaper Reference</th>
<th>Debit</th>
<th>Credit</th>
<th>Net Income Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>AJE02 RE310</td>
<td>To adjust Revenue/Receivable for IMPACT/HUB not previously recognized</td>
<td></td>
<td>653,705.46</td>
<td>0.00</td>
<td>653,705.46</td>
</tr>
<tr>
<td>24-1210-00</td>
<td>IMPACT HUB Revenue Receivable</td>
<td></td>
<td>0.00</td>
<td>653,705.46</td>
<td></td>
</tr>
<tr>
<td>24-4000-00</td>
<td>IMPACT HUB Revenues</td>
<td></td>
<td>653,705.46</td>
<td>0.00</td>
<td>653,705.46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>653,705.46</strong></td>
<td><strong>653,705.46</strong></td>
<td><strong>653,705.46</strong></td>
</tr>
</tbody>
</table>
AGENDA ITEM NO. 6

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Conflict of Interest Policy Revisions

RECOMMENDED ACTION:

Approve the revisions to the Conflict of Interest Policy.

BACKGROUND:

On a biannual basis the Commission reviews and updates the Conflict of Interest Policy. Revisions to the Conflict of Interest Policy will be presented by legal counsel during the Commission meeting. Proposed revisions to the policy are noted in the attached copy.
CONFLICT-OF-INTEREST POLICY
CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
(FIRST 5 FRESNO COUNTY)

Article 1
Purpose

The purpose of this Conflict-of-interest Policy (this "Policy") is to ensure public confidence in the integrity of the decision-making processes of the Children and Families Commission of Fresno County (the “Commission” or "First 5") and its appointed Commissioners,

(a) while encouraging experienced and competent persons to seek and accept a seat on the Commission;

(b) while facilitating interchange between the community and the Commission;

(c) by establishing clear rules of conduct respecting conflicts-of-interest applicable to all Commissioners; and

(d) by minimizing the possibility of conflicts arising between the private interests and public duties of Commissioners and providing for the resolution of such conflicts in the public interest should they arise.

The California Children and Families Act of 1998 (Health and Safety Code Section 130100 et seq.) requires the establishment of a commission in each county for the purposes of promoting, supporting, and improving the early development of children from the pre-natal stage to five years of age. These purposes are accomplished through the establishment, institution, and coordination of appropriate standards, resources, and integrated and comprehensive programs emphasizing community awareness, education, nurturing, child care, social services, health care and research.

Health & Safety Code section 130140(a) requires that the commission in each county be comprised of (i) a member of the County Board of Supervisors; (ii) the County health office; and (iii) the person responsible for management of the following County functions: Children's services, public health services, behavior health services, social services, and tobacco and other substance abuse prevention and treatment services. The remaining members of the Commission shall be representatives from the following categories: Recipients of project services included in the County strategic plan, educators specializing in early childhood development, local child care resource or referral agencies or local child care coordinating groups, local organizations focusing on prevention or early intervention for families at risk, community-based organizations that have the goal of promoting nurturing and early childhood development, local school districts, and local medical, pediatric, or obstetric associations or societies.

Because the California Children and Families Act of 1998 requires that Commission members be from agencies that may receive public funds, the Commission seeks to ensure that its purposes are not compromised by even the appearance of a conflict-of-interest by its commissioners and staff.
Article 2
Applicable Laws

The following laws and regulations guide First 5 commissioners and staff on how to prevent or minimize the risk of an actual or potential conflict-of-interest as well as the appearance of a conflict-of-interest:

(a) Government Code Section 1090 et seq.

Section 1090 addresses conflicts of interest in the contract making process. This section prohibits public agency board members and commissioners, officers and employees from being financially interested in contracts made by them in their official capacities, or by their respective boards or commissions. This prohibition extends to votes made by boards or commissions irrespective of whether or not the interested public agency board or commission member abstained from voting on the matter, disclosed the interest, or avoided discussions regarding the interest. A contract made in violation of Section 1090 is void even if a court finds no intentional wrongdoing by the financially interested member.

There are certain limited exceptions that will permit financially interested commissioners to recuse themselves and allow the Commission to enter into the contract. Government Code section 1091.3 is specifically applicable to the Commission. Section 1091.3 exempts the Commission from Government Code section 1090 unless both of the following are circumstances are present:

(i) The contract or grant directly relates to services to be provided by any member of a county children and families commission or the entity the member represents or financially benefits the member or the entity he or she represents; and

(ii) The member fails to recuse himself or herself from making, participating in making, or in any way attempting to use his or her official position to influence a decision on the grant or grants.

(b) Political Reform Act (Government Code § 87100 et seq.)

The Political Reform Act addresses financial conflicts of interest (i.e. conflicts of interest arising from economic interests). Under the Political Reform Act, no public official at any level of state or local government may make, participate in making or in any way attempt to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest.

Generally, a public official has a conflict-of-interest with respect to a particular governmental decision if it is sufficiently likely that the outcome of the decision will have a direct, and in some cases an indirect, impact on the public official's economic interests. The Commission's attention is directed to the California Fair Political Practices Commission's eight-step checklist to assist a public official in determining whether or not he or she has a financial conflict-of-interest.
(c) Incompatible Offices (Government Code § 1126)

First 5 commissioners and staff are prohibited from engaging in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to, his or her duties as a local agency officer or employee or with the duties, functions, or responsibilities of his or her appointing power or the agency by which he or she is employed.

(d) Assembly Bill No. 1234

Assembly Bill No. 1234 requires, among other things, that all local agencies that provide compensation, salary, or stipends to, or reimburse the expenses of, members of a legislative body must provide ethics training to local agency officials by January 1, 2007 and every two (2) years thereafter.

(e) Conflict-of-Interest Code; Statement of Economic Interests

By July 1 of each even-numbered year, the Commission must review and adopt a Conflict-of-Interest Code in accordance to the Political Reform Act. If a change in the code is necessitated by changed circumstances, the Commission must submit an amended Conflict-of-interest Code to the Clerk of the Fresno County Board of Supervisors.

Upon review of the code, if no change in the code is required, the Commission shall submit a written statement to that effect to the Clerk of the Fresno County Board of Supervisors by October 1 of the same year.

All “Designated Employees,” which are persons who make or participate in the making of decisions that may have a foreseeable material effect on financial interests, must complete a Form 700, Statement of Economic Interests form (the “Statement”), pursuant to and under the rules provided in the California State Fair Political Practices Commission’s Regulation 18730.

For purposes of this policy, “designated employees” are the duly appointed members of the Commission, the Executive Director of the Commission, and any other Commission employee with independent decision-making authority.

Article 3
The Commission’s Policy

The Commission has adopted the following rules and requirements, which will serve to assure adherence to the purpose of this Policy.

(a) Each member of the Commission and staff shall individually determine whether or not he or she has a conflict-of-interest with respect to any action before the Commission. The Commissioners and staff are encouraged to contact Commission counsel regarding such matters.

(b) If a member of the Commission has determined that he or she has a conflict-of-interest, and such conflict does not violate the provisions contained in Government Code Section

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1090 et seq., that Commission member must disclose and recue him or herself from the matter giving rise to the conflict.

(c) Commission members shall not make, participate in making, or use their official position to influence the making of any governmental decision which may have a direct or indirect foreseeable material financial effect (distinguishable from its effect on the public generally) on:

(i) Any business entity in which the member has a direct or indirect investment worth one thousand dollars ($1000) or more;

(ii) Any real property in which the member has a direct or indirect interest worth one thousand dollars ($1000) or more;

(iii) Any source of income, other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars ($250) or more in value provided to, received by or promised to the member within twelve months prior to the time when the decision is made; or

(iv) Any business entity in which the member is a director, officer, partner, trustee, employee, or holds any position of management. No member shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that a vote of a member who is on the voting body is needed to break a tie does not make his or her participation legally required.

(d) Commissioners and Commission staff are prohibited from engaging in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to, their duties as a commissioner or Commission staff or their duties, functions, or responsibilities of the appointing power or the agency by which he or she is employed.

(e) Every two (2) years, members of the Commission and certain staff, as determined by the Executive Director, must participate in AB 1234 ethics training.

(f) All newly appointed commissioners shall complete the Statement within 30 days of appointment to the Commission. All commissioners shall complete the Statement annually no later than April 1 of each year. All commissioners leaving their seats on the commission shall file a Statement no later than thirty (30) days after leaving office.

(g) By October 1 of every even numbered year, the Commission must review any Conflict-of-interest Code adopted pursuant to the Political Reform Act. If changes to the Conflict-of-interest Code are necessary due to changes in circumstance an amended code must be submitted to the Clerk of the Fresno County Board of Supervisors. If no changes are required, a written statement to that effect must be made to the Clerk of the Fresno County Board of Supervisors by October 1 of the same year.

(h) Relatives (which shall include, but not be limited to, parents, adult children, siblings, aunts and uncles) of First 5 Commissioners and staff who are not dependents are
discouraged from contracting with First 5. If a Commission staff person becomes aware that his or her non-financially dependent relative is in negotiations or has entered into, contract with First 5 that staff person shall immediately disclose the existence of this potential/actual relationship to the Executive Director. Moreover, that staff person shall immediately be screened from any contract discussions and such relationship shall be disclosed to the Commission prior to any approval by the Commission. If a Commissioner is aware that his or her non-financially dependent relative is in negotiations to contract with First 5, that Commissioner shall disclose the relationship at a public meeting and may choose to recuse himself or herself from any part of the decision-making process.
AGENDA ITEM NO. 7

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: 2021 Regular Commission Meeting Schedule

RECOMMENDED ACTION:

Approve the Regular Commission Meeting Schedule for calendar year 2021.

BACKGROUND:

As stipulated in the Children and Families Commission of Fresno County Bylaws, Article III, Powers and Duties, (4.), the Commission is required to develop a yearly meeting schedule to be approved by the full Commission.

The regular Commission meetings for the upcoming 2021 calendar year will be scheduled on Wednesdays approximately every other month beginning at 11:30 a.m. All meetings will be held at the Lighthouse for Children facility unless otherwise noted on the monthly agenda.

The proposed 2021 meeting dates are as follows:

Wednesday, January 20, 2021
February - **NO MEETING**
Wednesday, March 17, 2021
April - **NO MEETING**
Wednesday, May 19, 2021
June - **NO MEETING**
July - **NO MEETING**
Wednesday, August 18, 2021
September - **NO MEETING**
Wednesday, October 27, 2021*
November - **NO MEETING**
Wednesday, December 8, 2021**

*Held on fourth Wednesday of the month
**Held on second Wednesday of the month
AGENDA ITEM NO. 8

TO: Children & Families Commission of Fresno County

FROM: Fabiola González, Executive Director

SUBJECT: Executive Director’s Report

BACKGROUND:

The information presented below is to keep the Commission appraised of the Executive Director and staff’s broad efforts on behalf of the Commission including any COVID-19 pandemic related precautions and activities within the Lighthouse for Children facility.

Lighthouse for Children (LFC) Facility

- The LFC remains open for essential administrative work only with visits and services for young children and families still limited.

- The Child Development Center on the first floor, operated by Fresno County Superintendent of Schools (FCSS), has been offering virtual lessons and class time while the Center is physically closed. FCSS plans to conduct in-person instruction on November 2, 2020 at reduced capacity per guidelines.

- Precautions continue to be enforced (daily health questionnaire upon entering, face coverings required, physical distancing measures in offices/meeting rooms, and hand-hygiene messaging throughout the facility).

- Similar to First 5 funded partners, all LFC tenants have modified services during this time maximizing virtual platforms to the best of their ability and that of the families being served.

UCSF Equity Project -COVID-19 Testing Site

We have partnered with the University of California San Francisco – Fresno team to host a mobile COVID-19 testing site outside of the Lighthouse for Children facility (woodchips area) in an effort to support their goal to reach underserved communities throughout the city of Fresno to provide free testing with results available within 20 minutes. Testing will occur every other Wednesday through December from 11 a.m. to 3 p.m. on the dates below. UCSF also brings their medical van to assist individuals who might need additional care.

- October 21, 2020
- November 4, 2020
- November 18, 2020
- December 2, 2020
- December 16, 2020
Telework Staff Support
At the August 2020 regular Commission meeting, Commissioners asked for an update on support provided to staff while teleworking due to the COVID-19 pandemic. Following are highlights of some of the supports made available to staff since telework began last March.

- Lending of office equipment for at-home workstations
- COVID-19 related temporary leaves of absence
- Work hours and Paid Time Off flexibility
- Feedback surveys
- Temporary $25 internet expense monthly subsidy

The Executive Director opted to use a portion of her vehicle allowance to provide Commission staff colleagues with a $25 internet expense monthly subsidy retroactive to May 27, 2020 (official E. D. appointment date). Moving forward, the $25 monthly internet/utilities expense subsidy while telework continues will be allocated from the Staff Travel/Conference line item of the 2020-2021 Approved Budget where cost savings are anticipated for the year.

Personal Protective Equipment Supplies for Partner Agencies
As part of First 5 California’s Emergency Supplies Program, First 5 Fresno County and community partners, Central Valley Children’s Service Network (CSN) and Centro La Familia Advocacy Services, have teamed up with SupplyBank.Org to distribute PPE supplies to our Fresno County partner agencies serving our community. The COVID-19 safe event will be held on October 28th at CSN and will distribute limited supplies to 15 community benefit organizations.

Policy Activities
The Vape Tax proposal moving through the legislature last month ended up being modified last minute to include the “backfill” to First 5s across the state so that the new tax, if approved, would follow the tax structure already in place for tobacco products. A win for First 5s across the state.

Family Fees for Child Care Slots – Staff coordinated a call with Assemblymember Joaquin Arambula and local partners to ensure he was aware of the negative impact that the re-instatement of fees required from families to keep their child care slots, is having not only on the families but also on the child care providers that are struggling to keep their doors open. The ask was to hold child care providers harmless by supporting them financially as they continue to care for the children of our state’s essential workforce who are struggling to pay fees with limited work hours.

Staff Updates – New Staff Member
We welcome Sypher Lee to the Commission staff team as the newest Project Manager to support financial and business operations alongside Project Director, Alix Hillis. Sypher is a two-time graduate of Fresno State holding a B.S. degree in Business Administration and Master of Business Administration. He comes from the State Center Community College District where he led financial grant management, accounting and compliance activities as a Budget Specialist.