



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Megan Marks

Deputy Treasurer-Tax Collector

DATE: December 2, 2021
TO: Audit Committee Members
FROM: Supervisor Nathan Magsig, Audit Committee Chairman
SUBJECT: Audit Committee Meeting

Handwritten signature and date: 12/2/21

This will confirm the next Audit Committee meeting scheduled on **December 9, 2021 at 10:00 a.m.** in the Board of Supervisors Chambers - Room 301 of the Hall of Records. The following is the agenda for the meeting:

AGENDA

- 1) Pledge of Allegiance**
- 2) Approve Agenda**
- 3) Public Presentations**
This portion of the meeting is reserved for persons desiring to address the Audit Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- 4) Appointment of Audit Committee Chairman and Vice-Chairman for Calendar Year 2022 and 2023**
- 5) Reappointment of Member Brar for term expiring December 30, 2022**
- 6) Approval of August 13, 2021 Audit Committee Meeting Minutes**
- 7) Agenda Items**
 - Consent Items**
 - a. Approve Quarterly Fraud Report covering July 1, 2021 to September 30, 2021.
 - Discussion and Action Items**
 - b. Review and approve the Public Defender Department Head Transition Report.
 - c. Review and approve the Public Health Department Head Transition Report.

- d. Review and receive Fresno County In-Home Supportive Services Public Authority Independent Auditor's Reports and Financial Statements for the year ended June 30, 2020.
- e. Review and accept the County of Fresno Single Audit Report for the year ended June 30, 2020.
- f. Review and accept the Independence Certification.
- g. Review and approve the Department of Social Services Food and Nutrition Services (FNS)-209 Report for the quarter ended June 30, 2021.
- h. Review and accept the District Attorney's Office Insurance Fraud Program Independent Auditor's Report and Financial Schedules for the year ended June 30, 2021.
- i. Review and receive the 2020-2021 First Five Comprehensive Annual Financial Report.
- j. Review and approve the 2022 Audit Committee Meeting Dates.

8) Staff Updates

9) Adjournment

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Enclosures

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman
Supervisor Sal Quintero
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member



County of Fresno

BOARD OF SUPERVISORS

Chairman
Steve Brandau
District Two

Vice Chairman
Brian Pacheco
District One

Sal Quintero
District Three

Buddy Mendes
District Four

Nathan Magsig
District Five

Bernice E. Seidel
Clerk

October 5, 2021

Kulwinder Brar
2749 Bullard Avenue
Clovis, CA 93611

Subject: Appointment to Audit Committee

Dear Mrs. Brar,

We are pleased to inform you that on October 5, 2021, under Supervisor Magsig's nomination, you were reappointed by the Board of Supervisors to serve on the **Audit Committee** (hereinafter referred to as "committee") for a term expiring on **December 30, 2022**. We thank you for your interest in serving our County.

Brown Act Requirements

Newly elected and appointed members of a "legislative body" who have not yet assumed office must conform to the requirements of the Brown Act as if already in office (Govt. Code section 54952.1). Until you hear otherwise, you should immediately begin to refrain from any discussions of committee business, with a quorum of the committee, outside a formal committee meeting. If you have any questions about the Brown Act or your responsibilities and duties under it, please consult your committee's legal counsel.

Fresno County Ordinance Code Section 2.68

Please be aware that Fresno County has an attendance policy for those who are appointed to Boards, Commissions and Committees. You may obtain a copy of this policy from the secretary of the committee, by contacting our office or on our website at <https://www.co.fresno.ca.us/departments/clerk-of-the-board-of-supervisors>.

State Mandated Ethics Training

California Government Code Section 53235 provides that if a local agency (which includes special districts) provides any type of compensation, salary, or stipend to a member of a legislative body, or provides for reimbursement for actual and necessary expenses incurred by a member of a legislative body in the performance of official duties, then all local agency officials shall receive training in ethics. Such local agency officials must receive **two hours** of ethics training within one year of commencing service with the local agency and once every two years thereafter. Please consult your committee's staff or legal counsel with questions relating to this requirement.

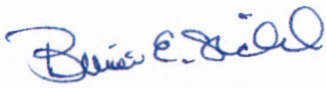
Should you be required to comply with the ethics training requirement, the Fair Political Practices Commission (FPPC) offers **free online training** at <http://localethics.fppc.ca.gov/login.aspx>. This course requires that you log onto the FPPC's website, review the course content materials, and take periodic

tests to assure retention of the information. For those who choose this option, please be aware that the certificate will record how much time an individual spends to complete the online training. You must complete **at least 2 hours** of training time in order to be compliant with the training requirement. If an individual completes the online training in less than two hours, the certificate will reflect this, indicating that the individual has not completed the required amount of training.

When you complete the training, you will receive a Proof of Participation certificate to sign and submit to whoever maintains the training compliance records for your committee (e.g., the clerk or secretary for the committee). You should keep a copy of the certificate for your records. The committee is required to retain the certificates as public records for at least five years.

On behalf of the Fresno County Board of Supervisors, we wish to extend sincere appreciation for the time and effort you are giving in service to your community and Fresno County.

Sincerely,

A handwritten signature in blue ink that reads "Bernice E. Seidel". The signature is written in a cursive style with a light blue background behind it.

Bernice E. Seidel
Clerk of the Board

cc: **Audit Committee**



— THE COUNTY OF FRESNO —
BOARD OF SUPERVISORS

CERTIFICATE OF APPOINTMENT

I, STEVE BRANDAU, Chairman, Board of Supervisors for the
County of Fresno, State of California,
do hereby certify that

Kulwinder Brar

was duly reappointed to the

AUDIT COMMITTEE

for a term to expire

December 30, 2022

DATE APPOINTED

OCTOBER 5, 2021

STEVE BRANDAU
BOARD OF SUPERVISORS

CHAIRMAN



BOARD OF SUPERVISORS

Boards, Commissions, and Committees

DATE RECEIVED

9/28/2021

ENTERED BY

Applicant

COMMITTEE AND POSITION

Committee	Position
Audit Committee	Public Member

PERSONAL INFORMATION

Name	Email
Mrs. Kulwinder Brar	kulwinder.brar@ice.dhs.gov

Address
Home [Redacted]
2749 Bullard Avenue
Clovis, CA 93611
County District 5 ✓

Phone
Home [Redacted]
(559) 323-9749

REFERENCES

No references

GENERAL INFORMATION

How long have you lived in Fresno?
42 years, 0 months

Do you have any obligations that might affect your attendance at scheduled meetings?
No

Are you a County Employee?	Is your spouse a County employee?
No	No

Current Employer
Dept of Homeland Security - Homeland Security Investigations

Education
College Degree

Are you currently an officer or member of a policy-making board of a nonprofit organization founded by the County of Fresno?

Are you?	Is your spouse?
No	No

Are you a US Citizen?
Yes

Reason For Applying
Why do you want to become a member of a County Board, Commission, or Committee?
I am reapplying it is a small way to contribute to the County.

Qualifications
I have my college degree in Accounting and 30 years of experience in the industry

Interests Or Activities

Are there any interests or activities that you wish to bring to the attention of the Board of Supervisors?

N/A

Previous Appointments

List past or present County appointments, as well as any other public service appointments, or elected positions held (please list dates served)

Audit Committee - 2018/2019/2020

Experience

What experience or special knowledge can you bring to your area(s) of interest?

I have a vast experience in the accounting profession. Have a complete understanding to the audit findings and recommendations.

Community Organizations

List community organizations to which you belong

Bulldog Foundation

Convictions And Penalties

Have you ever been convicted of a felony? If yes, give dates(s), location(s) and penalties. (Convictions are evaluated for each position and are not necessarily disqualifying).

No

Affiliations

List any affiliation you or your spouse has with public service agencies

N/A

Additional Information

This space is provided for any additional information you may have about yourself or the position being sought

N/A

AGREEMENTS

I have no conflict of interests

I have read the [Fresno County Board of Supervisors' Administrative Policy No. 35](#) regarding conflict of interest for Board appointees and agree to abide by the policies and procedures at all times while an appointed member of the interested named committee. At present, to the best of my knowledge, no conflict of interest exists in my serving on this committee.

I am aware of Form 700

I am aware that I may be required to file Statements of Economic Interest forms (Form 700) disclosing certain types of information so that the public can be made aware of potential conflicts of interests. The types of disclosures are: Investments; Interests in Real Property held by a Business Entity or Trust; Investments Held by a Business Entity or Trust Income (other than loans and gifts; Income – Travel Payments, Advances, Reimbursements; Income gifts; Business Positions; Commission Income Received by Brokers, Agents, and Salespersons; Income and Loans to a Business Entity or Trust Income from Rental Property.

Information Is Correct

All information included on this application is true and correct to the best of my knowledge.

Audit Committee

BOS 10/5/21

Name	Contact Info	Position	Appointed Date	Term Expiration	Nominated By
Magsig, Nathan	2281 Tulare Street, Rm 300 Fresno, CA 93721 Work (559) 600-5000	BOS Member	01/10/2017	Indefinite	BOS
Quintero, Sal	2281 Tulare Street, Rm 300 Fresno, CA 93721 Work (559) 600-3000	BOS Member	01/10/2017	Indefinite	BOS
Vilanova, Manuel	County of Fresno - ISD 4590 E. Kings Canyon Road Fresno, CA 93702 Work (559) 301-3725	Public Member	01/21/2020	12/31/2021	Magsig
Brar, Kulwinder	2749 Bullard Avenue Clovis, CA 93611 Home (559) 323-9749	Public Member	10/05/2021	12/30/2022	Magsig

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
August 13, 2021 – 10:00 a.m.

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
Daniel Cederborg, County Counsel, Audit Committee Vice-Chairman
Greg Reinke, County Administrative Officer's Proxy
Manuel Vilanova, Public Member

Due to the Social Distance Guidelines issued by Federal, State and Local Authorities, James Kus, County Clerk and Registrar of Voters, attended the meeting via teleconference and participated in the meeting to the same extent as if he was present.

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on August 13, 2021 at 10:01 a.m. in the Board of Supervisors' Chambers.

1. Pledge of Allegiance

- Chairman Magsig lead all in attendance with the Pledge of Allegiance.

2. Approve Agenda

- A motion was made by Vice-Chairman Cederborg, seconded by Greg Reinke, and carried 4-0 to approve the August 13, 2021 agenda.

3. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

4. Discussion Regarding the Appointment of Members to the Audit Committee

- Chairman Magsig encouraged the public to apply for the public member vacancy online at <https://bosbcc.co.fresno.ca.us/>.
- A motion was made by Manuel Vilanova, seconded by Vice-Chairman Cederborg, and carried 4-0 to approve the appointment of Kari Gilbert as Audit Committee Department Heads Council Member.

5. Approval of May 14, 2021 Audit Committee Meeting Minutes

- A motion was made by Vice-Chairman Cederborg, seconded by Greg Reinke, and carried 4-0 to approve the May 14, 2021 Audit Committee Meeting Minutes.

6. Agenda Items

Consent Items

a) Approve Quarterly Fraud Report covering April 1, 2021 to June 30, 2021

- A motion was made by Manuel Vilanova, seconded by Greg Reinke, and carried 4-0 to approve Agenda Item 6a.

Discussion and Action Items

b) Review and approve the County Clerk and Registrar of Voters Department Head Transition Report.

- Karoll Diaz, Interim Accounting and Financial Manager, FR&A, presented the item and James Kus, County Clerk and Registrar of Voters, commented on the item.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Manuel Vilanova, and carried 4-0 to review and approve Agenda Item 6b.

c) Review and approve the Human Resources Department Head Transition Report.

- Karoll Diaz, Interim Accounting and Financial Manager, FR&A, presented the item.
- There being no public comments, a motion was made by Vice-Chairman Cederborg, seconded by Manuel Vilanova, and carried 4-0 to review and approve Agenda Item 6c.

7. Staff Updates

- Karoll Diaz, Interim Accounting and Financial Manager, FR&A, stated that there were no updates.

8. Adjournment

- A motion was made by Manuel Vilanova, seconded by Greg Reinke, and was carried 4-0 to adjourn the meeting at 10:20 a.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman

Daniel C. Cederborg, County Counsel, Audit Committee Vice-Chairman

Supervisor Sal Quintero

Jean Rousseau, County Administrative Officer

Manuel Vilanova, Public Member



COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended September 30, 2021

Director: Oscar J. Garcia, CPA
Accounting & Financial Manager: Karoll Diaz
Hotline Staff: Angelica Arellano



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Megan Marks

Deputy Treasurer-Tax Collector

DATE: December 9, 2021

TO: Audit Committee Members

FROM: Oscar J. Garcia, CPA – Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended
September 30, 2021

In accordance with the provisions of California Government Code Section 53087.6, the County of Fresno Fraud Hotline serves as a means to discover, investigate, and remediate acts of fraud, waste, or abuse involving County employees, as defined by the statute.

We have completed our quarterly report concerning the operation of the County of Fresno Fraud Hotline. This report is for the three-month period of July 1, 2021 through September 30, 2021.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Hotline investigation process. As always, I remain available to answer any questions you may have. Please contact me directly or Karoll Diaz, Accounting & Financial Division Manager at (559) 600-1378 or Angelica Arellano, Accountant at (559) 600-1386 if we can be of any assistance.

Attachments

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended September 30, 2021

Below is the County of Fresno Fraud Hotline activity for the period of July 1, 2021 through September 30, 2021.

1. Statistical Summary

The Financial Reporting and Audits Division received 56 Hotline allegations, complaints or other contacts during the reporting period. Of these reports, 34 were made anonymously while 22 reports were made by individuals who identified themselves. The Hotline received 26 reports via telephone, 27 by email, and three by letter. These reports are categorized in Table 1.

Table 1 Statistical Summary	
Actionable Items	13
Referred Items	35
Non-Actionable Items	8
Total Allegations/Complaints	56

2. Types of Allegations/Complaints

Cases opened during the period involved various complaints and allegations such as: 1) improper use of government benefits, 2) fraudulent check alterations, and 3) management improprieties.

Actionable – County

Allegations involving individuals employed by the County and/or other related parties (i.e., vendors, contractors, etc.).

Actionable – Non-County

Allegations involving individuals and/or other entities with no known relation to the County.

Referral – County

Allegations involving issues primarily handled by other County Departments via established fraud-reporting methodologies.

**COUNTY OF FRESNO
 FRAUD HOTLINE QUARTERLY REPORT
 Administered by the Auditor-Controller/Treasurer-Tax Collector
 For the Quarter Ended September 30, 2021**

Referral – Non-County

Allegations involving issues beyond the responsibilities of the County of Fresno are referred to appropriate non-County agencies.

Non-Actionable Items

These include insufficient information and not applicable issues. Examples include failure to state sufficient facts on which to base any investigation, inquiries regarding the status of other investigations, requests for information, and wrong numbers.

Table 2 identifies the total number of cases opened during this period and detail complaint type.

Table 2 Types of New Allegations/Complaints	
Actionable – County:	1
Employee Improprieties	1
Actionable – Non-County:	12
Forged/Altered Check	12
ACH Fraud	0
Referral – County:	29
Welfare Fraud	19
County - Other	10
Referral – Non-County:	6
Various	6
Non-Actionable Items:	8
Not enough information	8
Total	56

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended September 30, 2021

3. Status of Complaints

The complaints processed by the County of Fresno Fraud Hotline include alleged behavior by an employee and/or client (i.e., timecard abuse, misuse of county assets, management improprieties, conflict of interest, and misuse of program funds). As of the end of the reporting period, there was one closed investigation by the County of Fresno Fraud Hotline. (See summary below)

Table 3						
Status of Complaints						
Actionable Calls	Investigation			Closed Findings		
	Ongoing	New	Closed	Substantiated	Unsubstantiated	Referral
Management						
Employee		1	1		1	
Client						
Unknown						
Total		1	1		1	



County of Fresno

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

September 1, 2021

Antoinette Taillac
Department of Public Defender
2135 Fresno Street, Suite 100
Fresno, CA 93721

RE: Department of Public Defender Transition Report

Dear Ms. Taillac,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Department of Public Defender (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

The transition report included accounting for cash, capital assets, and inventoriabile assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming/interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.
3. Examine conflict of interest filings.
4. Check the departing Department Head's final paycheck for accuracy and appropriateness.

5. Check the incoming/interim Department Head's first paycheck for accuracy and appropriateness.
6. Ensure that, according to Government Code 24051 and Management Directive 418, the certification of all property under the control of the exiting Department Head has been signed by both the departing and the incoming Department Heads.

Results:

Finding 1 – Asset Management

Per County of Fresno MD 413.2, specific information for each inventoriable asset must be maintained with each department's inventoriable asset listings. The inventoriable assets list provided as of June 28, 2021 does not include all the required attributes per MD 413.2 for each inventoriable asset. Missing attributes include the acquisition date, cost of the asset, disposition date and method of disposition.

Recommendation 1

We recommend that the Department continues to revise their inventoriable assets list to ensure all data is listed for each inventoriable asset, as required in MD 413.2. We further recommend that the Department examines their inventoriable procedures to ensure assets are tracked and monitored carefully. All assets' listings should be kept organized, and easily accessible.

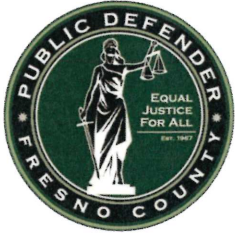
While still a matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1378.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



COUNTY OF FRESNO

Antoinette Taillac
Public Defender

September 2, 2021

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector
PO Box 1247
Fresno CA 93715-1247

Re: Department of Public Defender Transition Report

Dear Mr. Garcia,

We are in receipt of your report regarding the Public Defender Transition and have the following response to Finding 1 – Asset Management.

1. Acquisition date: this has since been updated and will be kept up to date in the future.
2. Cost: 30 of the 47 items with no cost listed were purchased by ITSD through the Coronavirus Aid Relief and Economic Security (CARES) Act and the list has now been updated after ITSD was able to provide that information to the Department. One item was purchased through Fresno Regional Workforce Development Board through a Revenue Agreement in 2017 and they were able to provide the cost. All information will be logged and kept up to date in the future.
3. Disposition date: When inquiring with the Auditor's office as to how long an item should stay on the Inventoriable Assets once disposed of, we were advised to keep it on the list until the annual certification and verification of inventory. This information was unclear in the Management Directive 413.2 and will be kept up to date in the future.

If you have any questions, please contact Cheri Yau at (559) 600-1543.

Sincerely,

Antoinette Taillac
Public Defender





County of Fresno

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

October 5, 2021

David Luchini
Department of Public Health
1221 Fulton Street
Fresno CA 93721

RE: Department of Public Health Transition Report

Dear Mr. Luchini,

In conjunction with Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives Section 418, our Financial Reporting & Audits Division conducted a transition review of the Department of Public Health (Department). The purpose of a transition review, which is limited in scope, is to account for selected property under the control of the exiting County officer, as well as to determine the Department's compliance with established internal controls, and policies and procedures in selected areas.

The transition report included accounting for cash, capital assets, and inventorable assets, as well as reviewing conflict-of-interest filings, recalculating final compensation of the outgoing Department Head, and first compensation of the incoming/interim Department Head.

Our procedures and findings are as follows:

Procedures

1. Examine cash and capital assets under the control of the exiting Department Head as of the date of departure.
2. Review statements subsequent to the date of departure for any County of Fresno credit card(s) held by the exiting Department Head.
3. Examine conflict of interest filings.
4. Check the departing Department Head's final paycheck for accuracy and appropriateness.
5. Check the incoming/interim Department Head's first paycheck for accuracy and appropriateness.

6. According to Government Code 24051 and Management Directive 418, ensure the certification of all property under the control of the exiting Department Head has been signed by both the departing and the incoming Department Heads.

Results:

Finding 1 – Asset Management

A total of 59 assets were tested during this process, which included 20 inventoriable assets and all 39 capital assets. Per County of Fresno MD 413.2, specific information for each inventoriable asset must be maintained with each department's inventoriable asset listings. The inventoriable assets list provided as of June 30, 2021, does not include all the required attributes per MD 413.2, for each inventoriable asset. Missing attributes include the acquisition date, acquisition cost, a unique identifier, quantity of the asset, disposition date, method of disposition, and location. During the verification of a desk chair as part of the inventoriable assets selected, Auditor learned there was a total of nine chairs. Seven of them were verified, since the other two had been disposed.

During the asset verification process, the Auditor identified 24 dispatch consoles were not included as part of their capital asset listing and were not reported in the Fixed Asset Management System. Per MD 412.1, equipment with an initial useful life extending beyond a single reporting period, and a threshold value of \$5,000 per unit, need to be capitalized. The total cost for the dispatch consoles was \$369,192.76, corresponding to \$15,383.03 per unit. Additionally, out of the 39 capital assets tested, 4 were missing the FR/GR tag or other form of identification and two others were not working.

Recommendation 1

We recommend the Department continues to revise their inventoriable assets list to ensure all required data is included and up to date per MD 413.2. We further recommend the Department examines their inventoriable and capital assets procedures to ensure assets are tracked and monitored carefully. All assets' listings should be kept organized, and easily accessible.

In addition, Departments should follow MD 412.2 for guidance regarding the inclusion of certain inventoriable assets to ensure adequate controls are maintained. Although desk chairs were included as part of our findings, this was solely due to the inclusion of furniture in the inventoriable assets listing without a quantity of the asset at time of testing. We further recommend the Department review and update their listing to exclude furniture as part of their inventoriable assets.

Regarding the 24 dispatch consoles not included in the Asset Management System, we recommend the Department work with the CAO's office to inquire about the steps to take to properly record the assets, as required in MD 412.1.

Finding 2 – Compliance

Certain County of Fresno officials and employees are required to complete FCAC-255, a County of Fresno Conflict of Interest Affidavit; Form A, County of Fresno Quarterly Report of Gifts/Gratuities; and/or the California Form 700, Statement of Economic Interests. Upon review of Form A, 4 of 23 employees selected did not fill out the form completely, and another 5 did not fill out a form. After reviewing Form 700, 11 of the 23 selected, were not filled out in a timely manner and two others were not filled out completely. Additionally, Form 700 was not provided by the Department for 8 of the 23 staff members selected for testing.

Recommendation 2

We recommend the Department review its processes and procedures for receiving and reviewing the required forms along with providing training to staff to ensure requirements for its periodic compliance filings are met consistently.

While still a matter of public record, this letter is intended solely for the informational use of members of the County of Fresno Audit Committee and management for the Department, and is not intended to be, nor should be, used by anyone other than these specified parties.

We would like to express our appreciation to the Department's staff for their assistance during our review. If you have any questions, please contact Karoll Diaz at (559) 600-1378.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector




Inter Office Memo

DEPARTMENT OF PUBLIC HEALTH

DATE: November 4, 2021

TO: Oscar Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

FROM: David Luchini, RN, PHN, Director of Public Health 

SUBJECT: Department of Public Health 2021 Transition Report Findings Response

This letter is an official response to the findings and recommendations related to the transition review of the Department as per Government Code Section 24051 and the Fresno County Administrative Officer's Management Directives section 418. In response to the findings of Asset Management and Compliance, here are our responses:

Finding 1 – Asset Management:

A) Inventoriable Assets:

The Department concurs with the Auditors recommendations and will be implementing the following revisions to the process as well as steps to address missing attributes to existing items.

1. Refresher training will be provided to all DPH Inventory System users to emphasize the importance of data entry accuracy, timeliness, uniformity, and adhering to appropriate DPH Inventory procedures. In addition, the Department will develop an internal audit process to ensure appropriate asset inventory maintenance, in accordance with the DPH Inventory PPG.
2. Furniture items will be excluded from the inventoriable asset listing.
3. To assure missing attributes for existing inventoriable assets are correctly notated, we will assure all assets missing attributes have an appropriate notation following auditor recommendations.

B) Fixed Asset Management System:

The Department appreciates the Auditors collaboration and guidance on this specific issue as the purchase of the dispatch consoles Emergency Medical Services Dispatch Center started as a purchase under a Capital Budget Project but transitioned to the Department and ISD management confusion as to when to record the assets. As recommended, we have asked our CAO for guidance, and we will be presenting an item to the Board to request a reclassification of cost as capital asset cost and properly record the assets in the Asset Management System as required by MD 412.1.

Finding 2 – Compliance:

Regarding the appropriate and timely completion of both Form A and Form 700, Statement of Economic Interest, we agree with the Auditor recommendation and are reviewing and adjusting our policy to assure we have processes in place for both checking all staff required are completing the forms as well setting up a process of reviewal. Additionally, the Department plans on putting together a training to staff on appropriate completion of the form. Training will be accessible and kept up to date for reference and refresher training purposes.

We would like to express our appreciation to your team's collaboration and constant willingness to provide explanations and guidance on addressing some of the issues, with a collaborative goal of providing constant best practices. If you have any questions or concerns, please contact me at (559)600-3200 or by email at dluchini@fresnocountyca.gov.

**FRESNO COUNTY IN-HOME SUPPORTIVE
SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)**

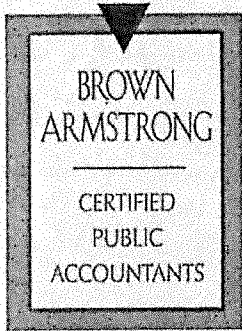
**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
JUNE 30, 2020**

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
JUNE 30, 2020

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Fresno County In-Home Supportive
Services Public Authority
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Fresno County In-Home Supportive Services Public Authority (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority 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 budgetary comparison information on page 15, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
September 15, 2021

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

Current assets	
Grants receivable	\$ 6,289,640
Due from the County of Fresno	<u>172,364</u>
Total assets	<u><u>\$ 6,462,004</u></u>

LIABILITIES

Current liabilities	
Due to the County of Fresno	\$ 6,004,543
Salaries and benefits payable	<u>250,294</u>
Total liabilities	<u>6,254,837</u>

NET POSITION

Unrestricted	<u>207,167</u>
Total net position	<u>207,167</u>
Total liabilities and net position	<u><u>\$ 6,462,004</u></u>

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

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

PROGRAM REVENUES

Operating grants	
Federal	\$ 13,216,970
State	11,600,522
Realignment revenue	37,251,483
County contribution	6,751,178
Other revenue	<u>583,706</u>
 Total program revenues	 <u>69,403,859</u>

EXPENDITURES

Health	
Salaries and benefits	68,449,679
Insurance	5,387
Maintenance equipment	-
Memberships	16,927
Office expenses	6,254
Postage	8,251
Printing	13
Professional and specialized services	856,487
Data processing services	24,264
Rent and leases - building	59,286
Travel and transportation	1,169
Utilities	<u>218</u>
 Total expenditures	 <u>69,427,935</u>

Change in net position	(24,076)
Net position as of July 1, 2019	<u>231,243</u>
Net position as of June 30, 2020	<u><u>\$ 207,167</u></u>

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

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020

ASSETS

Grant receivable	\$ 6,289,640
Due from the County of Fresno	<u>172,364</u>
 Total assets	 <u><u>\$ 6,462,004</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Due to the County of Fresno	\$ 6,004,543
Salaries and benefits payable	<u>250,294</u>
 Total liabilities	 <u>6,254,837</u>
 Fund balance	
Unassigned	<u>207,167</u>
 Total fund balance	 <u>207,167</u>
 Total liabilities and fund balance	 <u><u>\$ 6,462,004</u></u>

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

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020

Fund balance - total governmental fund	\$ 207,167
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund.	<u>-</u>
Net position of governmental activities	<u><u>\$ 207,167</u></u>

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

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

REVENUE

Aid from other governmental agencies	
Federal	\$ 13,216,970
State	11,600,522
Realignment revenue	37,251,483
County contribution	6,751,178
Other revenue	583,706
	<hr/>
Total revenue	69,403,859

EXPENDITURES

Health	
Salaries and benefits	68,449,679
Insurance	5,387
Maintenance equipment	-
Memberships	16,927
Office expenses	6,254
Postage	8,251
Printing	13
Professional and specialized services	856,487
Data processing services	24,264
Rents and leases - building	59,286
Travel and transportation	1,169
Utilities	218
	<hr/>
Total expenditures	69,427,935

Net change in fund balance	(24,076)
Fund balance as of July 1, 2019	231,243
	<hr/>
Fund balance as of June 30, 2020	\$ 207,167
	<hr/> <hr/>

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

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balance - governmental fund	\$ (24,076)
Amounts reported for governmental activities in the Statement of Activities are difference because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund.	<u>-</u>
Change in net position of governmental activities	<u><u>\$ (24,076)</u></u>

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

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the more significant accounting policies of the Fresno County (the County) In-Home Supportive Services (IHSS) Public Authority (the Authority) is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements. The accounting policies of the Authority conform in all material respects to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The IHSS program is a State-mandated and regulated program that is operated at the county level in accordance with Welfare and Institutions Code Sections 12300 et seq. Welfare and Institutions Code Section 12302.25(a) requires each county to act as, or establish, an employer for IHSS providers for the purpose of collective bargaining for wages and benefits. The Authority was established by the County Ordinance Chapter 2.80 of Title 2 to serve as employer of record for IHSS providers. The County Board of Supervisors (Supervisors) functions as the governing body of the Authority. The Supervisors established an IHSS Advisory Committee whose powers are derived from, and are consistent with, the provisions of Welfare and Institutions Code Sections 12301.4 and 12301.6. The eleven-member Advisory Committee is responsible for informing and giving ongoing advice to the Supervisors on issues related to the IHSS program. For the financial reporting purposes, the Authority is a component unit of the County. There are no other component units included in the accompanying financial statements.

The IHSS program arranges for, and helps pay for, services to enable elderly, blind, or disabled persons to live safely and independently in their own homes. IHSS is considered an alternative to out-of-home care, such as nursing homes or board and care facilities.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-Wide Financial Statements

The Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Authority. The Authority does not have any business-type activities; therefore, only governmental activities are reported. These basic financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenditures are recognized in the period in which the liability is incurred.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally revenues received within 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Authority, are intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Revenues are also recorded when expenditures exceed revenues from grants and realignment in order to bring the government-wide fund balance to zero. This revenue recognition position has been taken because the Authority is within the County General Fund and expenditures that are not covered by grant and realignment revenue are still generally paid out of the County General Fund.

Unearned revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the Authority receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the unearned revenue is removed from the Balance Sheet and revenue is recognized.

The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of Governmental Accounting Standards Board (GASB) Statement No. 34.

C. New Pronouncements

During the fiscal year ended June 30, 2020, the Authority implemented the following GASB standards:

The GASB has issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The requirements of this statement are effective immediately. The Authority adopted GASB Statement No. 95 and will implement certain future GASB pronouncements in accordance with the postponed effective dates according to GASB Statement No. 95.

D. Future Pronouncements

Recently released standards by GASB affecting future fiscal years are as follows. The Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

The GASB has issued Statement No. 84, *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2019. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 87, *Leases*. The requirements of the statement are effective for periods beginning after June 15, 2021. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

D. Future Pronouncements (Continued)

The GASB has issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 92 – *Omnibus 2020*. The requirements of this statement are effective for reporting periods between January 2020 and June 15, 2020, for various GASB topics. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement, except for paragraphs 11b, 13, and 14, are effective for reporting periods beginning after June 15, 2021. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2022. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

The GASB has issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The requirements of this statement are effective as follows:

- The requirements in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately.
- The requirements in paragraphs 6–9 of this statement are effective for fiscal years beginning after June 15, 2021.
- All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.

The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Assets, Liabilities, and Net Position/Fund Balance

1. Personnel Services

The Authority has no employees. Administrative and accounting services are provided by County personnel. Consequently, the Authority has an obligation to the County for compensated absences and retirement plan contributions.

2. Self-Insurance

The Authority is self-insured through the County. All required information is included in the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

3. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

4. Net Position/Fund Balance

Fund Balance

The governmental fund financial statements present fund balance based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority 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. The Authority did not have any nonspendable resources as of June 30, 2020.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources that are 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. The Authority did not have any restricted resources as of June 30, 2020.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. These amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes 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. The Authority did not have any committed resources as of June 30, 2020.
- Assigned: This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Supervisors or through the Board of Supervisors delegating this responsibility to the County manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Authority did not have any assigned resources as of June 30, 2020.

NOTE 1 – GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

E. Assets, Liabilities, and Net Position/Fund Balance (Continued)

4. Net Position/Fund Balance (Continued)

Fund Balance (Continued)

- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the Authority. The Authority considers all of its resources unassigned as of June 30, 2020.

The Authority would typically use restricted fund balance first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

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

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

NOTE 2 – DUE TO THE COUNTY

The Authority does not maintain its own separate checking account. Accordingly, all financial activities of the Authority are processed through the County cash pool. As of June 30, 2020, the Authority was overdrawn \$6,004,543 from the County cash pool. This overdrawn amount is the natural result of the Authority’s funding being expenditure driven.

NOTE 3 – GRANTS RECEIVABLE / UNEARNED REVENUE

Grant revenues are recorded as receivables when they are susceptible to accrual (i.e., when all eligible requirements have been met). The corresponding governmental fund revenues are recorded when they become available, with the differences recorded as unearned revenue. Grants receivable and unearned revenue were \$6,289,640 and \$0, respectively, as of June 30, 2020.

NOTE 4 – RETIREMENT PLAN INFORMATION

The Authority is a component unit of the County. For retirement purposes, all Authority administrative employees are considered to be employees of the County. No separate valuations are made for the Authority. All retirement information for the County as a whole is included in the County’s Comprehensive Annual Financial Report.

NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Authority incurred expenditures in excess of appropriations in the following amounts for the fiscal year ended June 30, 2020:

Rent and leases - building	\$	6,464
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NOTE 6 – SUBSEQUENT EVENTS

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards generally accepted in the United States of America. Subsequent events have been evaluated through September 15, 2021, which is the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUE				
Aid from other governmental agencies				
Federal	\$ 13,860,834	\$ 13,860,834	\$ 13,216,970	\$ (643,864)
State	11,702,040	11,702,040	11,600,522	(101,518)
Realignment revenue	38,665,823	38,665,823	37,251,483	(1,414,340)
County contribution	6,753,096	6,753,096	6,751,178	(1,918)
Other revenue	545,039	545,039	583,706	38,667
	<u>71,526,832</u>	<u>71,526,832</u>	<u>69,403,859</u>	<u>(2,122,973)</u>
Total revenue				
EXPENDITURES				
Health				
Salaries and benefits	70,203,507	70,203,507	68,449,679	1,753,828
Insurance	5,387	5,387	5,387	-
Maintenance equipment	5,000	5,000	-	5,000
Memberships	16,927	16,927	16,927	-
Office expenses	10,700	10,700	6,254	4,446
Postage	22,794	22,794	8,251	14,543
Printing	1,526	1,526	13	1,513
Professional and specialized services	1,160,481	1,160,481	856,487	303,994
Data processing services	31,000	31,000	24,264	6,736
Rents and leases - building	52,822	52,822	59,286	(6,464)
Operating leases - equipment	4,500	4,500	-	4,500
Travel and transportation	2,068	2,068	1,169	899
Employee appreciation	120	120	-	120
Utilities	10,000	10,000	218	9,782
	<u>71,526,832</u>	<u>71,526,832</u>	<u>69,427,935</u>	<u>2,098,897</u>
Total expenditures				
Net change in fund balance	-	-	(24,076)	(24,076)
Fund balance as of July 1, 2019	<u>231,243</u>	<u>231,243</u>	<u>231,243</u>	<u>-</u>
Fund balance as of June 30, 2020	<u>\$ 231,243</u>	<u>\$ 231,243</u>	<u>\$ 207,167</u>	<u>\$ (24,076)</u>

FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

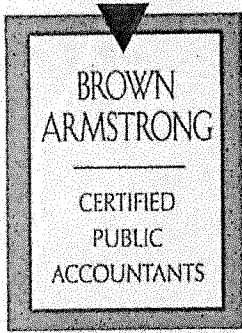
Budgetary Information

In accordance with the provisions of Sections 29000 through 29143 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County of Fresno (the County) prepares and legally adopts a final balanced budget on or before August 30, for each fiscal year. Until the adoption of this final balanced budget, appropriations are based on the budget of the preceding year as allowed per Government Code 29124. The final adopted budget is available for review in the Auditor-Controller/Treasurer-Tax Collector's Office.

An operating balanced budget is adopted for each fiscal year for the Fresno County In-Home Supportive Services Public Authority (the Authority) on the same modified accrual basis of accounting, including encumbrances, to reflect estimated revenues and expenditures. Public hearings are conducted on the proposed budget to review all appropriations and the source of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

Budgetary control is exercised at the object level, except for capital assets, which are controlled at the sub-object level. All amendments and any expenditure that exceed appropriations must be authorized and approved by the Board of Supervisors. Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in governmental funds. Encumbrance accounting is used to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at the time are reported as reservations of fund balance for subsequent year expenditures. The Authority did not have any outstanding encumbrances at June 30, 2020.



BROWN ARMSTRONG

Certified Public Accountants

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

Board of Supervisors
Fresno County In-Home Supportive
Services Public Authority
Fresno, California

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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 the major fund of the Fresno County In-Home Supportive Services Public Authority (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
September 15, 2021

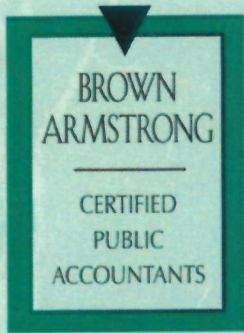
FRESNO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
(A Component Unit of the County of Fresno)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

Current Year Findings and Recommendations

No findings in the current year.

Status of Prior Year Findings and Recommendations

No findings in the prior year.



BROWN ARMSTRONG

Certified Public Accountants

To the Board of Supervisors
Fresno County In-Home Supportive
Services Public Authority
Fresno, California

We have audited the financial statements of the governmental activities and the major fund of the Fresno County In-Home Supportive Services Public Authority (the Authority) as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America 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 July 20, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As discussed in Note 1 to the financial statements, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, during the year ended June 30, 2020. We noted no transactions entered into by the Authority 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. There were no sensitive estimates affecting the Authority's financial statements.

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. We detected no such misstatements during our audit.

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.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 15, 2021.

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 Authority'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 Authority'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 budgetary comparison for the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Fund, which is 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.

Restriction on Use

This information is intended solely for the information and use of the Board of Supervisors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
September 15, 2021

**COUNTY OF FRESNO
CALIFORNIA**

SINGLE AUDIT REPORT

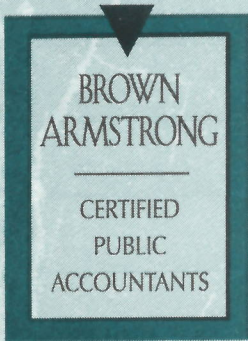
**FOR THE YEAR ENDED
JUNE 30, 2020**

**COUNTY OF FRESNO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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REPORTS



BROWN ARMSTRONG

Certified Public Accountants

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

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The Honorable Members of the
Board of Supervisors
County of Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Fresno (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 26, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

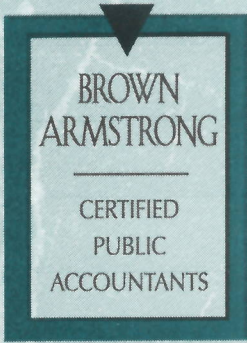
Purpose of this Report

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
April 26, 2021



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Members of the
Board of Supervisors
County of Fresno, California

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Report on Compliance for Each Major Federal Program

We have audited the County of Fresno's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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 for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-003 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-004 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 26, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
July 19, 2021

FINANCIAL STATEMENTS

**COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through State of California, Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1317-CA	\$ -	\$ 437,430
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0299-000-FR	-	26,503
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-0484-CA	-	560,122
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0286-000-FR	-	152,139
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP20PPQF0000C010	-	367,608
Subtotal			<u>-</u>	<u>1,543,802</u>
Direct Federal Programs				
Rural Housing Preservation Grants	10.433	-	-	15,564
Subtotal			<u>-</u>	<u>15,564</u>
Passed through State of California, Department of Education				
National School Lunch Program	10.555	01177-SN-10-R	-	292,144
Subtotal			<u>-</u>	<u>292,144</u>
Passed through State of California, Department of Social Services				
State Administration Matching Grant for SNAP	10.561	CFL 19/20: 54,70,97 020:009A,033A,044A,054A,064A,075A, 084A,095A,103A,113A,123A,020A	576,118	29,309,993
State Administration Matching Grant for SNAP	10.561		-	111,118
Passed through State of California, Department of Public Health				
Nutrition Education Obesity Prevention	10.561	16-10139	632,279	1,686,010
Subtotal			<u>1,208,397</u>	<u>31,107,121</u>
Direct Federal Programs				
SNAP Process and Technology Improvement Grant	10.580	SNAP-PTI-17-CA-01	-	373,459
Subtotal			<u>-</u>	<u>373,459</u>
Passed through State of California Forest Service				
Schools and Roads - Grants to Counties	10.666		-	430,427
Subtotal			<u>-</u>	<u>430,427</u>
Total U.S. Department of Agriculture			<u>1,208,397</u>	<u>33,762,517</u>
U.S. Department of Commerce				
Passed through State of California, Department of Commerce				
Statistical, Research, and Methodology Assistance	11.016	CCC-18-20007	-	580,566
Subtotal			<u>-</u>	<u>580,566</u>
Total U.S. Department of Commerce			<u>-</u>	<u>580,566</u>
U.S. Department of Housing and Urban Development				
Direct Federal Programs				
Community Development Block Grants	14.218	-	869,513	1,624,500
Subtotal			<u>869,513</u>	<u>1,624,500</u>
Emergency Solutions Grant Program	14.231	-	543,267	555,362
Subtotal			<u>543,267</u>	<u>555,362</u>
Home Investment Partnerships Program	14.239	-	-	462,563
Subtotal			<u>-</u>	<u>462,563</u>
Lead-Based Paint Hazard Control	14.900	-	-	730,598
Subtotal			<u>-</u>	<u>730,598</u>
Total U.S. Department of Housing and Urban Development			<u>1,512,780</u>	<u>3,373,023</u>
U.S. Department of the Interior				
Passed through Office of the Secretary of the Interior				
Flood Control Act Lands	15.433	-	-	9,949
Subtotal			<u>-</u>	<u>9,949</u>
Total U.S. Department of the Interior			<u>-</u>	<u>9,949</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Justice				
Direct Federal Programs				
Missing Children's Assistance	16.543	-	-	382,348
Subtotal			-	382,348
State Criminal Alien Assistance Program	16.606	-	-	705,141
Subtotal			-	705,141
DNA Backlog Reduction Program	16.741	-	-	84,022
DNA Backlog Reduction Program	16.741	-	-	76,386
DNA Backlog Reduction Program	16.741	-	-	49,642
Subtotal			-	210,050
Domestic Cannabis Eradication Suppression Program	16.XXX	-	-	198,500
Subtotal			-	198,500
Equitable Sharing/Dept. of Justice Asset Forfeiture Program	16.922	-	-	34,612
Subtotal			-	34,612
Passed through State of California, Department of Corrections & Rehabilitation Juvenile Justice and Delinquency Prevention	16.540	BSCC 414-18	-	65,143
Subtotal			-	65,143
Passed through Bureau of Justice Assistance				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000338	-	51,067
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000338	-	9,939
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 612-19	-	53,693
Subtotal			-	114,699
Passed through State of California, Governor's Office of Emergency Services				
Crime Victim Assistance	16.575	HA 18 01 0100	-	88,162
Crime Victim Assistance	16.575	VW 18 37 0100	-	1,288,672
Crime Victim Assistance	16.675	XC 16 01 0100	-	497,554
Crime Victim Assistance	16.675	XV 15 01 0100	-	172,215
Subtotal			-	2,046,603
Violence Against Women Formula Grants	16.588	PU 18 01 0100	-	86,517
Violence Against Women Formula Grants	16.588	VV18010100	-	187,124
Subtotal			-	283,641
National Sexual Assault Kit Initiative	16.833	2019-AK-BX-0021	-	160,805
Subtotal			-	160,805
Total U.S. Department of Justice			-	4,201,542
U.S. Department of Labor				
Passed through State of California, Department of Economic and Workforce Development				
Workforce Innovation & Opportunity Act (WIOA) Adult Program	17.258	-	-	10,094
Subtotal			-	10,094
Total U.S. Department of Labor			-	10,094
U.S. Department of Transportation				
Passed through State of California, Department of Transportation				
Highway Planning and Construction	20.205	ATPL-5942	-	586,746
Highway Planning and Construction	20.205	BPMP-5942	-	51,425
Highway Planning and Construction	20.205	BRL0-5942	-	7,840,015
Highway Planning and Construction	20.205	BRLS-5942	-	3,576,463
Highway Planning and Construction	20.205	CML-5942	-	1,202,725
Highway Planning and Construction	20.205	ER-032L0	-	8,013
Highway Planning and Construction	20.205	HPLUL-5942	-	36,814
Highway Planning and Construction	20.205	HSIPL-5942	-	145,048
Highway Planning and Construction	20.205	STPL-5942	-	978,208
Highway Planning and Construction	20.205	X20-5942(299)	-	368,108
Subtotal			-	14,783,565
Passed through Department of Transportation Federal Railroad Administration (FRA)				
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-56	-	18,094
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-57	-	47,237
Subtotal			-	65,331
Passed through State of California, Office of Traffic Safety				
National Priority Safety Grants	20.616	DI9002	-	64,068
National Priority Safety Grants	20.616	DI8006	-	151,743
Subtotal			-	215,811
Passed through State of California, Department of Transportation Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL19003	-	233,108
Subtotal			-	233,108
Total U.S. Department of Transportation			-	15,307,815

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Treasury				
Direct Federal Programs			-	
Equitable Sharing/Dept. of Treasury Asset Forfeiture Program	21.016	-	-	1,735,545
Equitable Sharing/Dept. of Treasury Asset Forfeiture Program	21.016	-	-	184,208
Subtotal			-	1,919,753
COVID-19 Coronavirus Relief Fund	21.019	-	-	16,627,017
Subtotal			-	16,627,017
Total U.S. Department of Treasury			-	18,546,770
U.S. Institute of Museum and Library Services				
Direct Federal Programs			-	
Promotion of the Arts Grant	45.024	-	-	14,786
Subtotal			-	14,786
Promotion of the Arts Grant	45.164	-	-	1,200
Promotion of the Arts Grant	45.164	-	-	1,200
Subtotal			-	2,400
Grants to States	45.310	-	-	3,854
Grants to States	45.310	-	-	5,723
Grants to States	45.310	-	-	2,065
Grants to States	45.310	-	-	7,467
Subtotal			-	19,109
Total U.S. Institute of Museum and Library Services			-	36,295
National Science Foundation				
Passed through California State Library Education and Human Resources	47.076	R795	-	1,021
Subtotal			-	1,021
Total National Science Foundation			-	1,021
U.S. Environmental Protection Agency				
Direct Federal Programs			-	
Capitalization Grants for Clean Water State Revolving Funds	66.458	-	-	871,006
Subtotal			-	871,006
Passed through California State Water Resources Control Board Capitalization Grants for Clean Water State Revolving Funds	66.458	-	-	828,400
Subtotal			-	828,400
Total U.S. Environmental Protection Agency			-	1,699,406
U.S. Department of Education				
Passed through California Department of Rehabilitation Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	28349	-	181,196
Subtotal			-	181,196
Total U.S. Department of Education			-	181,196
U.S. Election Assistance Commission				
Passed through State of California, Secretary of State Help America Vote Act	90.401	16G30105	-	541,825
Help America Vote Act	90.401	17G26110	-	25,000
Help America Vote Act	90.401	19S10055	-	562,861
Subtotal			-	1,129,686
Total U.S. Election Assistance Commission			-	1,129,686
U.S. Department of Health and Human Services				
Passed through State of California, Department of Social Services Special Programs for the Aging Title VIII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	020:035A,047A,056A,0105A,114A	-	724,523
Subtotal			-	724,523
Passed through State of California, Department of Public Health Homeland Security Grant Program	93.067	16-019	-	636,828
Subtotal			-	636,828
Public Health Emergency Preparedness	93.069	EPO 13-11	-	726,830
Subtotal			-	726,830
Passed through State of California, Department of Social Services Guardianship Assistance	93.090	020:029A,035A,055A,069A,086A,096A,117A,007B 020:506A,511A,519A,523A,529A,536A,543A,551AX, 555A,560A,568A,500B	-	101,292
Guardianship Assistance	93.090		-	1,736,313
Subtotal			-	1,837,605

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed through State of California, Department of Public Health Tuberculosis Control Programs Subtotal	93.116	FSIE	-	8,958
			-	8,958
HIV-Related Training and Technical Assistance Subtotal	93.145	10-95258	-	324,459
			-	324,459
Passed through State of California, Department of Mental Health Projects for Assistance in Transition from Homelessness (PATH) Subtotal	93.150	68-0317191	272,955	272,955
			272,955	272,955
Passed through State of California, Department of Public Health Child Lead Poisoning Prevention Projects Subtotal	93.197	14-10020	-	222,507
			-	222,507
Passed through State of California, Department of Health Care Services Substance Abuse and Mental Health Service - Regional and National Subtotal	93.243	15-10977	-	7,664
			-	7,664
Passed through State of California, Department of Public Health Immunization Cooperative Agreements Subtotal	93.268	17-10306	-	411,720
			-	411,720
Direct Federal Programs				
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke Subtotal	93.435		158,054	397,404
			158,054	397,404
Passed through State of California, Department of Public Health Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke Subtotal	93.426	18-10932	-	16,479
			-	16,479
State Physical Activity & Nutrition (SPAN) Subtotal	93.439	18-10558	65,159	103,888
			65,159	103,888
ACA Maternal, Infant, & Early Childhood Home Visiting Program Subtotal	93.505	15-10157	-	570,967
			-	570,967
Passed through State of California, Department of Social Services Promoting Safe and Stable Families Subtotal	93.556	CFL 19/20:19 & 35	1,027,188	1,255,573
			1,027,188	1,255,573
Passed through State of California, Department of Social Services				
Temporary Assistance for Needy Families	93.558	020:044A,054A,009A,020A,033A,064A,075A, 094A,095A,103A,113A,123A	-	2,479,949
Temporary Assistance for Needy Families	93.558	020:504A,509A,520A,524A,525A,532A,531A,538AX, 547A,552A,557A,562A,567A,501BX	-	50,966,346
Temporary Assistance for Needy Families	93.558	020:506A,511A,519A,523A,529A,536A,543A,551AX, 555A,560A,568A,500B	-	5,692,087
Temporary Assistance for Needy Families	93.558	CFL 19/20: 79,87,96	3,497,103	53,816,468
Temporary Assistance for Needy Families	93.558	CFL 19/20-04	-	4,471,256
Temporary Assistance for Needy Families Subtotal	93.558	CFL 19/20-74	-	107
			3,497,103	117,426,213
Passed through State of California, Department of Child Support Services Child Support Enforcement Subtotal	93.563	CSSI LETTER 18-03	-	18,326,585
			-	18,326,585
Passed through State of California, Department of Social Services Refugee and Entrant Assistance_State Administered Programs	93.566	020:029A,036A,055A,069A,086A,096A,117A,007B	-	10,847
Refugee and Entrant Assistance_State Administered Programs Subtotal	93.566	020:506A,511A,536A,543A,551AX,555A,560A,568A	-	20,572
			-	31,419
Community Based Child Abuse Prevention Subtotal	93.590	ACIN I-80-17	-	41,343
			-	41,343
Adoption and Legal Guardianship Incentive Subtotal	93.603	CFL 19/20-46	-	14,809
			-	14,809
Passed through State of California, Administration for Children and Families Children's Justice Grants to States Subtotal	93.643	ES19020100	-	249,254
			-	249,254
Stephanie Tubbs Jones Child Welfare Services Program Subtotal	93.645	CFL 19/20-04	-	708,339
			-	708,339

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Foster Care Title IV-E	93.658	020: 001A, 013A, 030A, 037A, 049A, 060A, 068A, 079A, 087A, 100A, 111A, 115A, 003B	-	12,770,419
Foster Care Title IV-E	93.658	020: 001A, 013A, 030A, 037A, 049A, 060A, 068A, 079A, 087A, 100A, 111A, 115A, 003B	-	258,524
Foster Care Title IV-E	93.658	020: 030A, 037A, 060A, 068A, 079A, 087A, 100A, 111A, 115A, 003B 020: 506A, 509A, 512A, 511A, 519A, 519A, 524A, 523A, 530A, 529A, 537A, 536A, 544A, 543A, 550A, 551AX, 556A, 555A, 561A, 560A, 565A, 568A, 572A	-	9,087
Foster Care Title IV-E	93.658	CFL 19/20: 37, 84	1,104,219	14,382,350
Foster Care Title IV-E	93.658	CFL 19/20-04	-	2,602,034
Foster Care Title IV-E	93.658	CFL 19/20-06	-	1,656,108
Foster Care Title IV-E	93.658	CFL 19/20-30	-	67,106
Foster Care Title IV-E	93.658	CFL 19/20-59	-	1,619
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	159,552
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	224,719
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	112,876
Subtotal			<u>1,104,219</u>	<u>32,245,394</u>
Adoption Assistance	93.659	020: 006A, 016A, 025A, 034A, 046A, 057A, 071A, 077A, 089A, 098A, 109A, 119A, 006B	-	1,123,541
Adoption Assistance	93.659	020: 506A, 511A, 519A, 523A, 529A, 536A, 543A, 551AX, 555A, 560A, 568A, 500B	-	18,286,931
Subtotal			<u>-</u>	<u>19,410,472</u>
Social Services Block Grant	93.667	020: 040A, 101A, 004B	-	6,856,653
Social Services Block Grant	93.667	CFL 19/20-04	-	2,303,871
Subtotal			<u>-</u>	<u>9,160,524</u>
Chafee Foster Care Independence Program	93.674	CFL 18/19-28	-	326,854
Subtotal			<u>-</u>	<u>326,854</u>
Passed through State of California, Department of Health Care Services Children's Health Insurance Program	93.767	Fresno (10)	-	460,446
Subtotal			<u>-</u>	<u>460,446</u>
Passed through State of California, Department of Mental Health				
Medical Assistance Program	93.778	12-89362	-	3,703,891
Medical Assistance Program	93.778	12-89362	-	74,748
Medical Assistance Program	93.778	12-89362	-	697,133
Medical Assistance Program	93.778	12-89362	-	5,504,959
Medical Assistance Program	93.778	12-89362	-	29,828,276
Medical Assistance Program	93.778	12-89362	-	1,420,220
Passed through State of California, Department of Health Care Services				
Medical Assistance Program	93.778	A#1693570	-	2,518,079
Medical Assistance Program	93.778	Fresno (10)	-	3,292,900
Medical Assistance Program	93.778	Fresno (10)	-	399,806
Medical Assistance Program	93.778	Fresno (10)	-	68,415
Medical Assistance Program	93.778	Fresno (10)	-	420,437
Medical Assistance Program	93.778	MCAC 2019-20: 01, 09	2,465,580	37,621,862
Medical Assistance Program	93.778	MCAC 2019-20: 01, 09	-	421
Passed through State of California, Department of Social Services				
Medical Assistance Program	93.778	ACL-12-63	-	13,023,603
Medical Assistance Program	93.778	CFL 19/20-28	-	556,947
Medical Assistance Program	93.778	CFL 19/20-28, 91	-	9,562,894
Passed through State of California, Department of Public Health				
Medical Assistance Program	93.778	201910	33,475	205,986
Medical Assistance Program	93.778	201910	-	1,912,851
Passed through State of California, Department of Alcohol and Drug Programs				
Medical Assistance Program	93.778	10-NNA10	-	19,277,303
Medical Assistance Program	93.778	10-NNA10	-	1,896,920
Medical Assistance Program	93.778	12-89362	-	1,516,874
Subtotal			<u>2,499,065</u>	<u>133,504,525</u>
Passed through State of California, Department of Public Health				
National Bioterrorism Hospital Preparedness Program	93.889	17-10148	-	56,127
National Bioterrorism Hospital Preparedness Program	93.889	EPO-14-11	-	304,224
Subtotal			<u>-</u>	<u>360,351</u>
Direct Federal Programs				
Healthy Start Initiative	93.926	-	-	727,442
Subtotal			<u>-</u>	<u>727,442</u>
Passed through State of California, Department of Mental Health				
Block Grants for Community Mental Health Services	93.958	68-0317191	-	2,524,182
Subtotal			<u>-</u>	<u>2,524,182</u>
Passed through State of California, Department of Alcohol and Drug Programs				
Substance Abuse and Mental Health Block Grant	93.959	10-NNA10	5,659,357	7,713,727
Subtotal			<u>5,659,357</u>	<u>7,713,727</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed through State of California, Department of Public Health Maternal and Child Health Services Block Grant to the States	93.994	201910	-	242,802
Maternal and Child Health Services Block Grant to the States	93.994	201910	-	175,007
Subtotal			-	417,809
Total U.S. Department of Health and Human Services			14,283,099	351,168,048
U.S. Executive Office of the President				
Direct Federal Programs				
High Intensity Drug Trafficking Areas	95.001	-	-	156,814
High Intensity Drug Trafficking Areas	95.001	-	-	535,609
Subtotal			-	692,423
Total U.S. Executive Office of the President			-	692,423
U.S. Department of Homeland Security				
Passed through State of California, Governor's Office of Emergency Services Emergency Management Performance Grant Program	97.042	OES 019-00000	-	328,254
Subtotal			-	328,254
Total U.S. Department of Homeland Security			-	328,254
TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING LOANS)			17,004,276	431,028,605
<i>Federal Loan Balances with a Continuing Compliance Requirement</i>				
U.S. Department of Agriculture				
Rural Housing Preservation Grants	10.433		-	337,561
U.S. Department of Housing and Urban Development				
Community Development Block Grants	14.218		-	6,793,821
Neighborhood Stabilization Program	14.218		-	1,579,123
Home Investment Partnerships Program	14.239		-	32,665,969
Federal Loan Balances with a Continuing Compliance Requirement			-	41,376,474
TOTAL EXPENDITURES OF FEDERAL AWARDS (INCLUDING LOANS)			\$ 17,004,276	\$ 472,405,079

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF FRESNO
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all of the federal award programs of the County of Fresno, California, (County) for the year ended June 30, 2020. The County reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Information reported in the accompanying Schedule of Expenditures of Federal Awards is in substantial agreement with the information reported in the related federal financial reports for the major federal programs.

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award revenues are reported in the County's basic financial statements as intergovernmental revenues principally in the General and Special Revenue Funds.

NOTE 5 – INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 6 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2020 and 2019:

<u>CFDA #</u>	<u>Program Title</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
10.433	Rural Housing Preservation Grants	\$ 337,561	\$ 348,604
14.218	Community Development Block Grants	6,793,821	7,193,338
14.218	Neighborhood Stabilization Program	1,579,123	1,920,021
14.239	Home Investment Partnerships Program	32,665,969	31,478,967
	Totals	<u>\$ 41,376,474</u>	<u>\$ 40,940,930</u>

NOTE 7 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Name of Program	CFDA #	Subrecipient	Amount
Supplemental Nutrition Assistance Program (SNAP)	10.561	America Works of California	\$ 576,118
Supplemental Nutrition Assistance Program (SNAP)	10.561	California Health Collaborative	189,152
Supplemental Nutrition Assistance Program (SNAP)	10.561	Fresno County Superintendent of Schools	336,343
Supplemental Nutrition Assistance Program (SNAP)	10.561	Sierra Health Foundation	106,784
Community Development Block Grants	14.218	Biola Community Services District	20,145
Community Development Block Grants	14.218	Boys & Girls Club	45,290
Community Development Block Grants	14.218	Cantua Creek Wastewater Treatment Plant	48,091
Community Development Block Grants	14.218	Caruthers Community Services District	68,106
Community Development Block Grants	14.218	City of Kerman	66,727
Community Development Block Grants	14.218	City of Reedley	113,697
Community Development Block Grants	14.218	City of Sanger	9,021
Community Development Block Grants	14.218	City of Selma	92,420
Community Development Block Grants	14.218	City of Tranquility	188,646
Community Development Block Grants	14.218	El Porvenir Wastewater Treatment Plant	52,016
Community Development Block Grants	14.218	Malaga Community Center	193,444
Community Development Block Grants	14.218	Malaga County Water District	11,360
Community Development Block Grants	14.218	Marjaree Mason	60,550
Emergency Solutions Grant Program	14.231	Fresno Economic Opportunities Commission	25,514
Emergency Solutions Grant Program	14.231	Marjaree Mason Center	50,758
Emergency Solutions Grant Program	14.231	Turning Point of Central California	137,001
Emergency Solutions Grant Program	14.231	WestCare California	329,994
Projects for Assistance in Transition from Homelessness (PATH)	93.150	King View	272,955
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	Valley Health Team	158,054
State Physical Activity & Nutrition (SPAN)	93.439	California Health Collaborative	29,268
State Physical Activity & Nutrition (SPAN)	93.439	Fresno County Superintendent of Schools	35,890
Promoting Safe and Stable Families	93.556	AspiraNet	203,132
Promoting Safe and Stable Families	93.556	Centro La Familia Advocacy Services	462,410
Promoting Safe and Stable Families	93.556	Comprehensive Youth Services of Fresno	118,575
Promoting Safe and Stable Families	93.556	Exceptional Parents Unlimited	193,071
Promoting Safe and Stable Families	93.556	Quality Group Homes, Inc.	50,000
Temporary Assistance for Needy Families	93.558	ASI Counseling Professional Service	2,702
Temporary Assistance for Needy Families	93.558	Central California Recovery	5,116
Temporary Assistance for Needy Families	93.558	Centro La Familia Advocacy Services	665,798
Temporary Assistance for Needy Families	93.558	Comprehensive Youth Services	615,494
Temporary Assistance for Needy Families	93.558	Delta Care	22,595
Temporary Assistance for Needy Families	93.558	Exceptional Parents Unlimited	807,429
Temporary Assistance for Needy Families	93.558	Housing Authority of the County of Fresno	686,461
Temporary Assistance for Needy Families	93.558	John E. Coyle	8,039
Temporary Assistance for Needy Families	93.558	Kings View Corporation	6,263
Temporary Assistance for Needy Families	93.558	Mental Health Systems	115,139
Temporary Assistance for Needy Families	93.558	Nuestra Casa Recovery	5,852
Temporary Assistance for Needy Families	93.558	RH Community Builders	73,005
Temporary Assistance for Needy Families	93.558	Sierra Tribal Consortium	31,135
Temporary Assistance for Needy Families	93.558	Transitions Children's Services	9,046
Temporary Assistance for Needy Families	93.558	Universal Health Network and Systems	51,681
Temporary Assistance for Needy Families	93.558	Westcare California	124,787
Temporary Assistance for Needy Families	93.558	Westside Family Preservation Service Network	266,561
Foster Care Title IV-E	93.658	Central Valley Children's Services Network	279,425
Foster Care Title IV-E	93.658	Exceptional Parents Unlimited	333,509
Foster Care Title IV-E	93.658	Focus Forward	87,529
Foster Care Title IV-E	93.658	Hub Home Provider	30,000
Foster Care Title IV-E	93.658	Superior Court of California	146,535
Foster Care Title IV-E	93.658	VMS Family Counseling Services	227,221
Medical Assistance Program	93.778	Exceptional Parents Unlimited	1,287,205
Medical Assistance Program	93.778	Reading and Beyond	1,178,385
Maternal Child and Adolescent Health	93.778	West Fresno Resource Center - Best Baby Zone	33,475
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Bakersfield Recovery Services	7,108
Block Grant for Prevention and Treatment of Substance Abuse	93.959	California Health Collaborative	610,037
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Central California Recovery	87,462
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Delta Care	38,151
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Fresno County Hispanic Commission	206,933
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Fresno New Connections	103,599
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Kings View Corporation	44,992
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Mental Health Systems	1,524,458
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Promesa Behavioral Health	150,002
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Transitions Children's Services	8,582
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Turning Point Central California	649,211
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Westcare California	1,860,783
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Youth Leadership Institute	368,039
			<u>\$ 17,004,276</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF FRESNO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes ___ No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major Federal programs: Unmodified

- Material weakness identified? X Yes ___ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes ___ No

Noncompliance material to federal awards? ___ Yes X No

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? X Yes ___ No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
21.019	COVID-19 Coronavirus Relief Fund
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance – Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ___ Yes X No

SECTION II – FINANCIAL STATEMENTS FINDINGS

Finding 2020-001 – Unrecorded Liabilities and Understated Construction in Progress (CIP) (Significant Deficiency)

Criteria

The County of Fresno's (the County) Public Works and Planning Department (DPW) should design and implement internal controls over the financial reporting process to ensure that the general ledger undergoes adequate procedures to ensure the proper application of fiscal year cut-off. In addition, the direct and indirect costs related to the acquisition and placement of a capital asset in its intended location for use must be capitalized, if the costs meet the County's capitalization criteria.

Condition

During our search for unrecorded liabilities, we noted 1 of 17 transactions selected for testing was improperly excluded from accounts payable as of year-end. The transaction should have been accrued as the costs were incurred during the fiscal year even though the invoice from the vendor was received after the fiscal year-end. In addition, as the transaction met the County's established threshold value for capitalization and was related to a construction project that will be completed in a future year, the costs should have been capitalized as an addition to CIP during the fiscal year.

Cause of Condition

The closing procedures currently in place did not include sufficient review of all significant cash disbursement items made after the fiscal year-end to ensure that all significant costs incurred during the fiscal year were captured in the year-end accrual.

Repeat Finding

No.

Effect of Condition

Lack of closing procedures and tracking of CIP resulted in a significant audit adjustment being proposed and subsequently posted to the financial statements.

Recommendation

We recommend the County strengthen its year-end closing procedures to ensure that all transactions related to the fiscal year are properly captured and recorded in the general ledger to ensure the accuracy and completeness of the financial statements. We also recommend the County provide training on an as needed basis for employees with financial reporting responsibilities.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Year-end processes will be reviewed to ensure all significant year-end transactions are captured. If resources allow, training will be provided to staff with financial reporting responsibilities.

Finding 2020-002 – Financial Reporting (Related to County Service Area (CSA) No. 2, Waterworks District (WWD) No. 37, and WWD No. 41) (Significant Deficiency)

Criteria

The County's Public Works and Planning Department (the Department) should design and implement internal controls over the financial reporting process to ensure the following: 1) that the general ledger undergoes adequate procedures to ensure the proper application of fiscal year cut-off, 2) that the general

ledger fiscal year period is closed and related financial statement supporting schedules are prepared in a timely manner allowing for a more efficient audit, and 3) that the final trial balance figures are subject to sufficient management review so that balances are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition

During our search for unrecorded liabilities, we noted 3 of 39 samples selected were improperly excluded from accounts payable. The sampled items should have been accrued as they were for expenditures incurred during the fiscal year.

Cause of Condition

The closing procedures currently in place did not include sufficient review of accrual items before information was provided to the external auditors. Internal controls have not been suitably designed and implemented over the financial reporting process to ensure that the timely closure of the general ledger and sufficient management supervision of this process results in reliable and materially correct ending account balances.

Repeat Finding

Yes. See prior year Finding 2019-001.

Effect of Condition

Lack of closing procedures resulted in a material adjustment being proposed and subsequently posted to the financial statements of the affected CSAs.

Repeat Finding

Yes. See prior year Finding 2018-003.

Recommendation

We recommend the Department implement stronger policies and procedures to ensure that a comprehensive closing of the general ledger is performed in a timely manner, and that sufficient resources and adequate oversight are available to oversee the year-end closing procedures and preparation of the financial statement supporting schedules. We also recommend that the Department strengthen its year-end closing procedures to ensure that all transactions related to the fiscal year are properly captured and recorded in the general ledger to ensure the accuracy and completeness of the financial statements. Lastly, we recommend the Department provide training on an as needed basis for employees with financial reporting responsibilities.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Year-end processes will be reviewed to ensure year-end transactions are captured. If resources allow, training will be provided to staff with financial reporting responsibilities.

SECTION III – FEDERAL AWARD FINDINGS

Finding 2020-003 – Incorrect Expenditures Reported on the Schedule of Expenditures of Federal Awards (SEFA) (Material Weakness)

Program: COVID-19 Coronavirus Relief Fund (CRF)
CFDA No.: 21.019
Federal Agency: U.S. Department of the Treasury
Passed Through: N/A – Direct Program
Award Year: Fiscal Year 2019-2020
Compliance Requirement: Allowable Cost/Cost Principles
Questioned Costs: None

Criteria

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) §200.510(b) states that the auditee (the County) must prepare a SEFA for the period covered by the auditee's financial statements, which must include the total federal awards expended as determined in accordance with §200.502. In addition, §200.303 of the Uniform Guidance states that the County must establish and maintain effective internal control over the federal awards, including controls over the accuracy of program information and expenditure amounts.

Condition

During our audit procedures performed over the SEFA and CRF expenditures, it was noted that the County did not properly identify the amount expended for CRF CDFA No. 21.019 on its SEFA. The expenditures reported by the County were underreported by \$16,471,768.

Cause of Condition

The County's existing internal control system within the Auditor-Controller/Treasurer Tax Collector's (ACTTC) Office is not designed to provide an accurate and complete SEFA. The procedures currently in place did not include sufficient review of the information and supporting documentation relating to federal awards before the SEFA was provided to the external auditors. The preliminary SEFA provided by the County reported CRF expenditures of \$155,249; after material audit adjustments, CRF expenditures totaled \$16,627,017.

Repeat Finding

No.

Effect of Condition

The inability to properly identify and track federal expenditures or to detect material misstatements in the SEFA increases the likelihood that federal expenditures would not be fairly reported. There is increased risk of noncompliance with the requirements set forth in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, which can jeopardize future federal funding as well as result in the payback of federal awards.

In addition, as a result of the procedures performed over the SEFA and CRF expenditures, we proposed material audit adjustments to the County's financials issued on December 30, 2020. The County's Annual Financial Report for the fiscal year ended June 30, 2020, was restated to correct the overstatement of \$64,953,000 in Federal grant revenue and the understatement of \$64,953,000 in unearned revenue in the County's Disaster Claiming Fund; in accordance with *Government Auditing Standards*, we also reissued our report dated April 26, 2021.

Recommendation

We recommend the County's ACTTC's Office strengthen its year-end closing procedures to ensure that all transactions and federal awards related to the fiscal year are properly captured and recorded in the general ledger to ensure the accuracy and completeness of the financial statements and supplementary schedules. We also recommend that the County provide sufficient resources and adequate oversight within the ACTTC's Office to oversee the year-end closing procedures and preparation of the financial statements and supporting schedules. Lastly, we recommend the ACTTC's Office provide training on an as needed basis for employees with financial reporting responsibilities.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Corrective action was performed, and a restated Financial Report was issued on April 26, 2021. Year-end processes will be reviewed to ensure all significant year-end transactions are captured. During the last year, because of the pandemic and various staff being in quarantine, accounting staff was limited. Additional training will be provided to those staff with financial reporting responsibilities.

Finding 2020-004 – Preparation of SEFA (Significant Deficiency)

Program: 1) Domestic Cannabis Eradication Suppression Program and 2) Help America Vote Act (HAVA)

CFDA No.: 1) 16.XXX and 2) 90.401

Federal Agency: 1) U.S. Department of Justice and 2) U.S. Election Assistance Commission

Passed Through: 1) N/A – Direct and 2) State of California, Secretary of State

Award Year: Fiscal Year 2019-2020

Compliance Requirement: Allowable Cost/Cost Principles

Questioned Costs: None

Criteria

Title 2 U.S. CFR Part 200, §200.502 of the Uniform Guidance states that the County must establish and maintain effective internal control over the federal awards, including controls over the accuracy of program information and expenditure amounts, as well as the accuracy of CFDA numbers.

Condition

During our audit procedures performed over the SEFA, it was noted that the County did not accurately report the CFDA number for the Domestic Cannabis Eradication Suppression Program; it was incorrectly listed under CFDA No. 16.922 for Equitable Sharing on the preliminary SEFA. In addition, the County incorrectly included State expenditures of \$2,419,528 in the amount reported under HAVA CDFA No. 90.401 on its preliminary SEFA.

Cause of Condition

The County's existing internal control system within the ACTTC's Office is not designed to provide an accurate and complete SEFA. The procedures currently in place did not include sufficient review of the information and supporting documentation relating to federal awards before the SEFA was provided to the external auditors. The preliminary SEFA provided by the County reported total HAVA expenditures of \$3,549,214; after audit adjustments, HAVA expenditures totaled \$1,129,686. The CFDA number for the Domestic Cannabis Eradication Suppression Program was updated to 16.XXX on the SEFA.

Repeat Finding

No.

Effect of Condition

The SEFA, which is prepared by the County and considered supplementary information to the financial statements, is a key part of the reporting package required by the Uniform Guidance. The SEFA also serves as the primary basis that the external auditors use to determine which programs will be audited as part of the single audit; therefore, the County's responsibility for preparing an accurate and complete SEFA is critical. As a result of the condition, the major programs were redetermined to exclude the HAVA program.

Recommendation

We recommend the County's ACTTC's Office implement stronger internal controls to ensure the accuracy of program information, expenditure amounts, and CFDA numbers. We also recommend the ACTTC's Office provide training on an as needed basis for employees with financial reporting responsibilities.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Corrective action was performed, and a restated Financial Report was issued on April 26, 2021. Year-end processes will be reviewed to ensure all significant year-end transactions are captured. During the last year, because of the pandemic and various staff being in quarantine, accounting staff was limited. Additional training will be provided to those staff with financial reporting responsibilities.

Contact Information of Responsible Official

Name: Mario Cabrera
Title: Financial Reporting & Audits (FR&A) Chief
Phone: 559-600-1351

Finding 2020-004 – Preparation of SEFA (Significant Deficiency)

Management's Response or Department's Response

Management agrees with the finding and recommendation.

Views of Responsible Officials and Corrective Action

Corrective action was performed, and a restated Financial Report was issued on April 26, 2021. Year-end processes will be reviewed to ensure all significant year-end transactions are captured. During the last year, because of the pandemic and various staff being in quarantine, accounting staff was limited. Additional training will be provided to those staff with financial reporting responsibilities.

Anticipated Completion Date

November 2021

Contact Information of Responsible Official

Name: Mario Cabrera
Title: Financial Reporting & Audits (FR&A) Chief
Phone: 559-600-1351

**COUNTY OF FRESNO
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS FINDINGS

Finding 2019-001 – Financial Reporting (Related to County Service Area (CSA) No. 30, CSA No. 32, CSA No. 34, CSA No. 35, and CSA No. 44) (Significant Deficiency)

Criteria

The County of Fresno's (the County) Public Works and Planning Department (the Department) should design and implement internal controls over the financial reporting process to ensure the following: 1) that the general ledger undergoes adequate procedures to ensure the proper application of fiscal year cut-off, 2) that the general ledger fiscal year period is closed and related financial statement supporting schedules are prepared in a timely manner allowing for a more efficient audit, and 3) that the final trial balance figures are subject to sufficient management review so that balances are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition

During our search for unrecorded liabilities, we noted 28 of 46 samples selected were improperly excluded from accounts payable. The sampled items should have been accrued as they were for expenditures incurred during the fiscal year.

Cause of Condition

The closing procedures currently in place did not include sufficient review of accrual items before information was provided to the external auditors. Internal controls have not been suitably designed and implemented over the financial reporting process to ensure that the timely closure of the general ledger and sufficient management supervision of this process results in reliable and materially correct ending account balances.

Effect of Condition

Lack of closing procedures resulted in a material adjustment being proposed and subsequently posted to the financial statements of the affected CSAs.

Repeat Finding

Yes. See prior year Finding 2018-003.

Recommendation

We recommend the Department implement stronger policies and procedures to ensure that a comprehensive closing of the general ledger is performed in a timely manner, and that sufficient resources and adequate oversight are available to oversee the year-end closing procedures and preparation of the financial statement supporting schedules. We also recommend that the Department strengthen its year-end closing procedures to ensure that all transactions related to the fiscal year are properly captured and recorded in the general ledger to ensure the accuracy and completeness of the financial statements. Lastly, we recommend the Department provide training on an as needed basis for employees with financial reporting responsibilities.

Management Response and Corrective Action Plan

Management agrees with the finding and recommendation. Year-end processes will be reviewed to ensure year-end transactions are captured. If resources allow, training will be provided to staff with financial reporting responsibilities.

Current Year Status

Not implemented. See current year Finding 2020-002.

FEDERAL AWARD FINDINGS

None noted in prior year.



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Megan Marks

Deputy Treasurer-Tax Collector

DATE: October 6, 2021
TO: County of Fresno Audit Committee
FROM: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector
SUBJECT: Independence Certification

I confirm to the best of my knowledge that my staff have not been assigned to audits that would prevent them from objectively planning, conducting, reporting, or otherwise participating, and reaching independent conclusions, in accordance with International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Should I become aware of any changes in our circumstances, I will promptly notify the Audit Committee.

Signature: _____

Date: _____



County of Fresno

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

September 10, 2021

Delfino Neira, Director of Social Services
Fresno County Department of Social Services
200 W. Pontiac Way
Clovis, CA. 93612

The Auditor Controller's office has performed the procedures enumerated below solely to assist you in the validation of the Food and Nutrition Services (FNS)-209 Report for the quarter ended June 30, 2021, as mandated by the California Department of Social Services (CDSS). The accuracy of the FNS-209 Report is the responsibility of the Department of Social Services (DSS). This engagement was conducted in accordance with standards established by the Institute of Internal Auditors. The sufficiency of these procedures is solely the responsibility of the Department's management. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures (as provided by the CDSS) and findings are as follows:

1. **Procedure:** Run system-generated case level reports supporting the data on lines 3b through 20b of the FNS-209 for the quarter ending June 2021. Ideally, these would be system-generated individual monthly reports (April, May, and June 2021, with combined totals) that show establishment and collection data by type of claim at the individual case level. The data should be broken down by type of claim: Intentional Program Violation (IPV), Inadvertent Household Error (IHE), and State Agency Administrative Error (AE), by client (case number and last name) and by dollar amount, with summary totals for each line item (lines 3b through 20b) for the quarter ending June 2021.

For each line, compare the system-generated report totals to the amounts reported on each line of the June 2021 FNS-209. The comparison should demonstrate a direct data relationship between actual CalFresh case records (the system-generated report) and the data reported on the FNS-209. If the number of claims and dollar amounts agree, the data reported on the FNS-209 can be traced to individual cases. If there are differences between the data from the system-generated report and the data reported on the June 2021 FNS-209, the discrepancies should be researched and corrected/adjusted.

Supporting Documentation:

See Attachment A.

Results: The performance of this procedure yielded no issues within the three different types of claims: Intentional Program Violation (IPV), Inadvertent Household Error (IHE), and State Agency Administrative Error (AE).

2. **Procedure:** Run a system-generated case level report that will support either the beginning balance (line 3a) or ending balance (line 13) of the June 2021 FNS-209. If necessary, the report may be a combination of system-generated and manual reports. The report would be a complete history of all claims in your system (simply verifying that the current month's FNS-209 beginning balance matches the ending balance reported on the previous month's FNS-209 is not sufficient). The data should be broken down by type of claim (IPV, IHE, and AE), by client (case number and last name) and by dollar amount.

Compare the totals from the system-generated history report as of June 2021 to the corresponding beginning/ending balance reported on the FNS-209 for the quarter ending June 2021. The comparison should demonstrate a direct data relationship between actual CalFresh case records (the system-generated history report) and the data reported on the FNS-209. If the number of claims and dollar amounts agree, the data reported on the FNS-209 can be traced to individual cases. If the comparison shows any differences, (ex: case numbers or amounts from the history report that are not reflected on the June 2021 FNS-209), the discrepancies should be researched and corrected/adjusted.

Supporting Documentation:

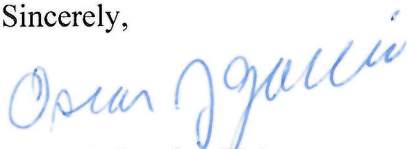
See Attachment B.

Results: The performance of this procedure yielded no issues.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Although a matter of public record, this report is intended solely for the information and use of the specified users listed above and is not intended to be, nor should it be used by anyone other than those specified parties.

Sincerely,



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

Comparison Supporting Documentation and SARS FNS 209 Report
Intentional Program Violation (IPV)
For the Period of April 2021 - June 2021

Line Items		Supporting Documentation IPV		SARS FNS 209 Report IPV		Difference	
Line	Description	Count	Amount	Count	Amount	Count	Amount
Line 3a	Beginning Balance	713	1,875,037.91	713	1,875,037.91		
Line 3b	Line 3b Total	12	29,283.78	12	29,283.78		
Line 4	Add: NEW CLAIMS			0	-		
Line 5	Add: TRANSFER	22	39,878.20	22	39,878.20		
Line 6	Less: REFUNDS (20a+20b)		5,186.09		5,186.09		
Line 7	TOTAL (3a+3b+4+5+6)	747	1,949,385.98	747	1,949,385.98		
Line 8	Line 8 Total	12		12			
Line 9	Less: WRITE OFF	3	33,889.17	3	33,889.17		
Line 10	Less: LOMELI			0	-		
Line 11a	Less: COLLECTION (18a)		50,822.75		50,822.75		
Line 11b	Less: COLLECTION ADJ (18b+18c)						
Line 12	TOTAL (8+9+10+11)	15	84,711.92	15	84,711.92		
Line 13	ENDING BALANCE	732	1,864,674.06	732	1,864,674.06		

Collection Summary

Line 14	Line 14 Total		33,603.00		33,603.00		
Line 15	Less: EBT COLLECTION		942.75		942.75		
Line 16	Less: RECOUP		16,277.00		16,277.00		
Line 17	Offset						
Line 18a	TOTAL		50,822.75		50,822.75		
Line 18b	CASH ADJUSTMENT (+/-)						
Line 18c	NON-CASH ADJUSTMENT (+/-)						
Line 19	TRANSFER (+/-)		6,186.80		6,186.80		
Line 20a	CASH REFUNDS		5,186.09		5,186.09		
Line 20b	NON-CASH REFUNDS						
Line 21	TOTAL (18a+b+c+19-20a-20b)		51,823.46		51,823.46		

Comparison Supporting Documentation and SARS FNS 209 Report
Inadvertent Household Error (IHE)
For the Period of April 2021 - June 2021

Line Items		Supporting Documentation IHE		SARS FNS 209 Report IHE		Difference	
Line	Description	Count	Amount	Count	Amount	Count	Amount
Line 3a	Beginning Balance	17,017	15,644,637.14	17,017	15,644,637.14		
Line 3b	Line 3b Total	(263)	(138,762.46)	(263)	(138,762.46)		
Line 4	Add: NEW CLAIMS	1,610	654,498.00	1,610	654,498.00		
Line 5	Line 5 Total	(8)	(38,412.61)	(8)	(38,412.61)		
Line 6	Less: REFUNDS		10,279.02		10,279.02		
Line 7	TOTAL (3a+3b+4+5+6)	18,356	16,132,239.09	18,356	16,132,239.09		
Line 8	Line 8 Total	1,269		1,269			
Line 9	Less: WRITE OFF	566	53,846.77	566	53,846.77		
Line 10	Less: LOMELI	0	0.00				
Line 11a	Less: COLLECTION (18a)		674,051.69		674,051.69		
Line 11b	Less: COLLECTION ADJ (18b+18c)						
Line 12	TOTAL (8+9+10+11)	1,835	727,898.46	1,835	727,898.46		
Line 13	ENDING BALANCE	16,521	15,404,340.63	16,521	15,404,340.63		
Collection Summary							
Line 14	Line 14 Total		224,731.76		224,731.76		
Line 15	Less: EBT COLLECTION		110,244.42		110,244.42		
Line 16	Less: RECOUP		339,075.51		339,075.51		
Line 17	Offset						
Line 18a	TOTAL		674,051.69		674,051.69		
Line 18b	CASH ADJUSTMENT (+/-)						
Line 18c	NON-CASH ADJUSTMENT (+/-)						
Line 19	TRANSFER (+/-)		(5,962.39)		(5,962.39)		
Line 20a	CASH REFUNDS		9,380.02		9,380.02		
Line 20b	NON-CASH REFUNDS		899.00		899.00		
Line 21	TOTAL (18a+b+c+19-20a-20b)		657,810.28		657,810.28		

Comparison Supporting Documentation and SARS FNS 209 Report
 State Agency Administrative Error (AE)
 For the Period of April 2021 - June 2021

Line Items		Supporting Documentation AE		SARS FNS 209 Report AE		Difference	
Line	Description	Count	Amount	Count	Amount	Count	Amount
Line 3a	Beginning Balance	16,571	4,836,429.29	16,571	4,836,429.29		
Line 3b	line 3b Total	(549)	(139,967.96)	(549)	(139,967.96)		
Line 4	Add: NEW CLAIMS	1,837	474,186.00	1,837	474,186.00		
Line 5	Line 5 Total	(14)	(1,465.59)	(14)	(1,465.59)		
Line 6	Less: REFUNDS		4,989.43		4,989.43		
Line 7	TOTAL (3a+3b+4+5+6)	17,845	5,174,171.17	17,845	5,174,171.17		
Line 8	Line 8 Total	1,344		1,344			
Line 9	Less: WRITE OFF	415	26,702.45	415	26,702.45		
Line 10	Less: LOMELI	120	46,789.89	120	46,789.89		
Line 11a	Less: COLLECTION (18a)		373,081.20		373,081.20		
Line 11b	Less: COLLECTION ADJ (18b+18c)						
Line 12	TOTAL (8+9+10+11)	1,759	446,573.54	1,759	446,573.54		
Line 13	ENDING BALANCE	16,086	4,727,597.63	16,086	4,727,597.63		
Collection Summary							
Line 14	Line 14 Total		76,193.63		76,193.63		
Line 15	Less: EBT COLLECTION		93,629.50		93,629.50		
Line 16	Less: RECOUP		203,258.07		203,258.07		
Line 17	Offset						
Line 18a	TOTAL		373,081.20		373,081.20		
Line 18b	CASH ADJUSTMENT (+/-)						
Line 18c	NON-CASH ADJUSTMENT (+/-)						
Line 19	TRANSFER (+/-)		(224.41)		(224.41)		
Line 20a	CASH REFUNDS		3,806.81		3,806.81		
Line 20b	NON-CASH REFUNDS		1,182.62		1,182.62		
Line 21	TOTAL (18a+b+c+19-20a-20b)		367,867.36		367,867.36		

Comparison Supporting Documentation and SARS FNS 209 Report
 Beginning Balance Summary
 For the Period of April 2021 - June 2021

Claims #	IPV (#)	IHE (#)	AE (#)	Total (#)
History Report:	713	17,017.00	16,571.00	34,301.00
June 2021 FNS-209:	713	17,017.00	16,571.00	34,301.00
Difference:	0	0	0	0

Claims Amounts \$	IPV (\$)	IHE (\$)	AE (\$)	Total (\$)
History Report:	1,875,037.91	15,644,637.14	4,836,429.29	22,356,104.34
June 2021 FNS-209:	1,875,037.91	15,644,637.14	4,836,429.29	22,356,104.34
Difference:	0.00	0.00	0.00	0.00

**DISTRICT ATTORNEY'S OFFICE
COUNTY OF FRESNO, CALIFORNIA
CALIFORNIA DEPARTMENT OF INSURANCE GRANTS**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL SCHEDULES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**DISTRICT ATTORNEY'S OFFICE
CALIFORNIA DEPARTMENT OF INSURANCE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
of the County of Fresno, California

Report on the Financial Schedules

We have audited the accompanying Schedules of Status of Cash and the Schedules of Approved Budget and Expenses (the financial schedules) for the Automobile Insurance Fraud Program, the Workers' Compensation Insurance Fraud Program, and the Disability and Healthcare Insurance Fraud Program (the Programs) as funded by the California Department of Insurance and the related notes to the financial schedules, which collectively comprise the financial schedules of the County of Fresno, California (the County), as of and for the fiscal year ended June 30, 2021, as listed in the table of contents.

Management's Responsibility for the Financial Schedules

Management is responsible for the preparation and fair presentation of these financial schedules 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 schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial schedules 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 schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relating to the Programs, relevant to the County's preparation and fair presentation of the financial schedules 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 County's internal control relating to the Programs. 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 schedules.

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

Opinion

In our opinion, the financial schedules referred to above present fairly, in all material respects, the respective Schedules of Status of Cash and the Schedules of Approved Budget and Expenses for the Programs of the County, as of and for the fiscal year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial schedules that collectively comprise the Programs' financial schedules. The Expense Reports for the three grants mentioned above are presented for purposes of additional analysis and are not a required part of the financial schedules.

The Expense Reports are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial schedules. Such information has been subjected to the auditing procedures applied in the audit of the basic financial schedules and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial schedules, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Expense Reports are fairly stated in all material respects in relation to the financial schedules as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of the County's internal control over financial reporting relating to the Programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance relating to the Programs.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 25, 2021

**DISTRICT ATTORNEY'S OFFICE
AUTOMOBILE INSURANCE FRAUD PROGRAM
SCHEDULE OF STATUS OF CASH
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Funding	
Cash Received	
State	\$ 355,114
Interest	225
	355,339
Receivable	
State	20,492
	20,492
Total Funding	375,831
Expenses	
State	376,129
	376,129
Annual Carryover Funds Decrease	(298)
Cumulative Carryover Funds at June 30, 2020	523
	225
Unadjusted Cumulative Carryover Funds June 30, 2021	225
Expenses Incurred in Excess of Funding	-
	\$ 225

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

**DISTRICT ATTORNEY'S OFFICE
 WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
 SCHEDULE OF STATUS OF CASH
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Funding	
Cash Received	
State	\$ 1,370,961
Interest	337
	1,371,298
Total Cash Received	1,371,298
Receivable	
State	16,343
	16,343
Total Receivable	16,343
Total Funding	1,387,641
Expenses	
State	1,160,632
	1,160,632
Total Expenses	1,160,632
Annual Carryover Funds Decrease	227,009
Cumulative Carryover Funds at June 30, 2020	936
	227,945
Unadjusted Cumulative Carryover Funds at June 30, 2021	227,945
Expenses Incurred in Excess of Funding	-
	-
Cumulative Carryover Funds at June 30, 2021	\$ 227,945

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

**DISTRICT ATTORNEY'S OFFICE
DISABILITY AND HEALTHCARE INSURANCE FRAUD PROGRAM
SCHEDULE OF STATUS OF CASH
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Funding	
Cash Received	
State	\$ 178,982
Interest	<u>761</u>
Total Cash Received	<u>179,743</u>
Receivable	
State	<u>-</u>
Total Receivable	<u>-</u>
Total Funding	<u>179,743</u>
Expenses	
State	<u>180,177</u>
Total Expenses	<u>180,177</u>
Annual Carryover Funds Decrease	(434)
Cumulative Carryover Funds at June 30, 2020	<u>1,195</u>
Unadjusted Cumulative Carryover Funds June 30, 2021	761
Expenses Incurred in Excess of Funding	<u>-</u>
Cumulative Carryover Funds at June 30, 2021	<u><u>\$ 761</u></u>

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

**DISTRICT ATTORNEY'S OFFICE
AUTOMOBILE INSURANCE FRAUD PROGRAM
SCHEDULE OF APPROVED BUDGET AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Final Budget	Expenses/ Funding	Variance with Final Budget
Expenses:			
Salaries and Benefits	\$ 376,129	\$ 376,129	\$ -
Operating Expenses	-	-	-
Equipment	-	-	-
Total Expenses	376,129	376,129	-
Funding:			
State Funds - Current	375,606	375,606	-
Carryover - Prior Year	523	523	-
Interest	-	225	225
Total Funding	\$ 376,129	376,354	\$ 225
Carryover		\$ 225	

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

**DISTRICT ATTORNEY'S OFFICE
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
SCHEDULE OF APPROVED BUDGET AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Final Budget	Expenses/ Funding	Variance with Final Budget
Expenses:			
Salaries and Benefits	\$ 1,206,680	\$ 1,052,651	\$ 154,029
Operating Expenses	150,560	107,981	42,579
Equipment	31,000	-	31,000
Total Expenses	1,388,240	1,160,632	227,608
Funding:			
State Funds - Current	1,387,304	1,387,304	-
Carryover - Prior Year	936	936	-
Interest	-	337	337
Total Funding	\$ 1,388,240	1,388,577	\$ 337
Carryover		\$ 227,945	

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

**DISTRICT ATTORNEY'S OFFICE
DISABILITY AND HEALTHCARE INSURANCE FRAUD PROGRAM
SCHEDULE OF APPROVED BUDGET AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Final Budget	Expenses/ Funding	Variance with Final Budget
Expenses:			
Salaries and Benefits	\$ 180,177	\$ 180,177	\$ -
Operating Expenses	-	-	-
Total Expenses	180,177	180,177	-
Funding:			
State Funds - Current	178,982	178,982	-
Carryover - Prior Year	1,195	1,195	-
Interest	-	761	761
Total Funding	\$ 180,177	180,938	\$ 761
Carryover		\$ 761	

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

**DISTRICT ATTORNEY'S OFFICE
CALIFORNIA DEPARTMENT OF INSURANCE GRANTS
NOTES TO THE FINANCIAL SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. PROGRAM SUMMARIES

Automobile Insurance Fraud Program

The County of Fresno (the County) District Attorney's Office (Department) entered into the Automobile Insurance Fraud Program with the California Department of Insurance (Grantor) for the period July 1, 2020, through June 30, 2021. Program funds must be used to support enhanced investigation and prosecution of automobile insurance fraud and shall not be used to supplant funds which, in the absence of program funds, would be made available for any portion of the local automobile insurance fraud program. The funds are available to the Grantor for distribution to local district attorneys under the provisions of Section 1872.8 of the California Insurance Code. The County's Board of Supervisors (Board) approved the grant application for submittal on November 3, 2020. The Department was awarded the amount of \$375,606 by the Grantor on September 22, 2020. The Department was approved the previous year carryover amount of \$523 by the Grantor on February 12, 2021, and, therefore, the total funding availability was \$376,129. Revenues and expenses related to the Automobile Insurance Fraud Program are included in the County's Annual Comprehensive Financial Report.

Workers' Compensation Insurance Fraud Program

The Department entered into the Workers' Compensation Insurance Fraud Program with the Grantor for the period July 1, 2020, through June 30, 2021. Program funds must be used to support enhanced investigation and prosecution of workers' compensation insurance fraud and shall not be used to supplant funds which, in the absence of program funds, would be made available for any portion of the local workers' compensation insurance fraud program. The funds are available for distribution to local district attorneys under the provisions of Section 1872.83 of the California Insurance Code. The County's Board approved the grant application for submittal on November 3, 2020. The Department was awarded the amount of \$1,372,547 by the Grantor on September 22, 2020, and received an amended grant award amount of \$14,757 on November 20, 2020. The Department was approved the previous year interest carryover amount of \$936 by the Grantor on March 8, 2021, for a total funding availability of \$1,388,240. Revenues and expenses related to the Workers' Compensation Insurance Fraud Program are included in the County's Annual Comprehensive Financial Report.

Disability and Healthcare Insurance Fraud Program

The Department entered into the Disability and Healthcare Insurance Fraud Program with the Grantor for the period July 1, 2020, through June 30, 2021. Program funds must be used to support enhanced investigation and prosecution of disability and healthcare insurance fraud and shall not be used to supplant funds which, in the absence of program funds, would be made available for any portion of the local disability and healthcare insurance fraud program. The funds are available for distribution to local district attorneys under the provisions of Sections 1872.85 of the California Insurance Code. The County's Board approved the grant application for submittal on November 3, 2020. The Department was awarded \$174,470 by the Grantor on September 22, 2020, and received an amended grant award amount of \$4,512 on November 20, 2020. The Department was approved the previous year carryover amount of \$1,195 by the Grantor on February 22, 2021, and, therefore, the total funding availability was \$180,177. Revenues and expenses related to the Disability and Healthcare Insurance Fraud Program are included in the County's Annual Comprehensive Financial Report.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

B. BASIS OF ACCOUNTING

The grants are accounted for using the accounting practices permitted by the Grantor. These practices are a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this method, program revenues are recognized in the same period as the qualifying expenses are recognized. Interest revenue, on the other hand, is accounted for in the period that it is received. Expenses are recognized when they are incurred and can be reasonably estimated. Capital assets and inventories of materials and supplies are considered to be expenses when purchased.

C. ACCOUNTS AND RECORDS

The Department receives funds from the Grantor periodically throughout the year in accordance with California Insurance Code requirements. Upon receipt, the funds are deposited by the Department into one of three trust funds. The Department has established a separate trust fund for each of the grants. All activity is recorded and accounted for in the County's financial accounting system, PeopleSoft.

Expenses for each grant are accounted for separately as well. The Department has established individual organizations, separately budgeted and tracked, for each grant within the County's general fund. Reimbursement of actual expenses is accomplished by a transfer of funds from the grant trust fund to the respective grant organization within the general fund on a periodic basis. Certain indirect costs that are attributable to the general administration of the grants are allocated based on the average number of personnel assigned to each of the grants during the fiscal year.

D. FUNDING AMOUNTS

Automobile Insurance Fraud Program

The amount of grant award is based on the amount of funds available for disbursement. These funds are based on an annual fee assessed of each insurer doing business in the State of California (State) and are determined by the Grantor to be in an amount not to exceed one dollar (\$1) annually for each vehicle insured under an insurance policy issued in this state.

Thirty-four percent (34%) of the funds received from ninety-five cents (\$0.95) of the assessment fee are distributed to the Fraud Division of the Department of Insurance; fifteen percent (15%) of the ninety-five cents (\$0.95) is deposited in the Motor Vehicle Account for appropriation of the Department of California Highway Patrol (CHP), and fifty-one percent (51%) of the funds are distributed to district attorneys for the purposes of investigation and prosecution of automobile insurance fraud cases, including fraud involving economic automobile theft.

The remaining five cents (\$0.05) is spent for enhanced automobile insurance fraud investigation by the Department of Insurance.

The Grantor awards funds to district attorneys according to population. The Grantor may alter this distribution formula as necessary to achieve the most effective distribution of funds.

Workers' Compensation Insurance Fraud Program

The amount of grant award is based on the amount of funds available for disbursement. For each fiscal year, the total amount of revenues derived from surcharges collected from insurers and self-insured employers, shall together with amounts collected pursuant to fines imposed for unlawful acts specified in Sections 1871.4, 11760, and 11880, Section 3700.5 of the Labor Code, and Section 549 of the Penal Code, not be less than three million dollars.

After incidental expenses, at least forty percent (40%) of the funds are provided to the Fraud Division of the Department of Insurance, and at least forty percent (40%) of the funds are distributed to district attorneys, pursuant to a determination by the Grantor with the advice and consent of the division and the Fraud Assessment Commission, as to the most effective distribution of monies for purposes of the investigation and prosecution of workers' compensation fraud cases.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

D. FUNDING AMOUNTS (Continued)

Disability and Healthcare Insurance Fraud Program

The amount of grant awarded is based on the amount of funds available for disbursement. These funds are based on an annual fee assessed of each insurer doing business in the State and are determined by the Grantor to be in an amount not to exceed twenty cents (\$0.20) annually for each insured person that is covered by an individual or group disability insurance policy issued in this state. All funds collected are to be used to fund the Disability and Healthcare Insurance Fraud Program.

Pursuant to Insurance Code Section 1872.85, the Grantor shall distribute funds under this program to district attorneys who are able to show a likely positive outcome that will enhance the prosecution of disability insurance fraud in their jurisdiction.

E. PRIOR YEAR CARRYOVER FUNDS

The Department is required by California Code of Regulations Section 2698.64 to return any carryover amounts to the Grantor within thirty days of the completion of the annual audit unless the Department has received approval from the Grantor to retain the amounts for use in the subsequent period.

The Department received approval for its request to retain fiscal year ended June 30, 2020, carryover amounts of \$523, \$936, and \$1,195 for the Automobile Insurance Fraud Program, Workers' Compensation Insurance Fraud Program, and Disability and Healthcare Insurance Fraud Program, respectively.

F. CURRENT YEAR CARRYOVER

The amount of carryover at fiscal year end June 30, 2021, was \$225, \$227,945, and \$761, for the Automobile Insurance Fraud Program, Workers' Compensation Insurance Fraud Program, and Disability and Healthcare Insurance Fraud Program, respectively.

G. SUBSEQUENT EVENTS

In compliance with accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the basic financial schedules. These subsequent events have been evaluated through October 25, 2021, the date the financial schedules were available to be issued.

SUPPLEMENTARY SCHEDULES

**DISTRICT ATTORNEY'S OFFICE
AUTOMOBILE INSURANCE FRAUD PROGRAM
EXPENSE REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

Salaries and Benefits:

Salaries	\$ 192,356
Unemployment Insurance	155
Retirement	146,659
OASDI	14,959
Workers' Compensation Insurance	1,683
Health Insurance	20,093
Benefit Administration Fee	224
Memberships	-
	-
Total Salaries and Benefits	376,129

Operating Expenses:

Telephone	-
Property Insurance	-
Office Expense	-
Postage	-
Professional and Specialized	-
Data Processing	-
Publications	-
Operating Lease Buildings	-
Travel, Transportation, and Education	-
Travel-Garage	-
Departmental Overhead Allocation	-
	-
Total Operating Expenses	-
Total Expenses	\$ 376,129

**DISTRICT ATTORNEY'S OFFICE
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
EXPENSE REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

Salaries and Benefits:

Salaries	\$ 548,222
Overtime	2,759
Unemployment Insurance	464
Retirement	404,789
OASDI	38,923
Workers' Compensation Insurance	5,048
Health Insurance	50,848
Benefit Administration Fee	672
Memberships	926
	<hr/>
Total Salaries and Benefits	<u>1,052,651</u>

Operating Expenses:

Mobile Communication	2,826
Liability Insurance	1,347
Equipment Maintenance	825
Memberships	360
Office Expense	2,429
Postage	266
Printing	239
Professional and Specialized	929
Data Processing	13,771
Publications	1,478
Rent	17,782
Travel, Transportation, and Education	1,475
Travel-Garage	9,432
Departmental Overhead Allocation	54,822
	<hr/>
Total Operating Expenses	<u>107,981</u>
Total Expenses	<u><u>\$ 1,160,632</u></u>

**DISTRICT ATTORNEY'S OFFICE
DISABILITY AND HEALTHCARE INSURANCE FRAUD PROGRAM
EXPENSE REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

Salaries and Benefits:

Salary	\$ 88,276
Unemployment Insurance	70
Retirement	84,207
OASDI	6,753
Workers' Compensation Insurance	769
Health Insurance	-
Benefit Administration Fee	<u>102</u>
 Total Salaries and Benefits	 <u>180,177</u>

Operating Expenses:

Mobile Communication	-
General Liability Insurance	-
Memberships	-
Data Processing	-
Travel-Garage	-
Departmental Overhead Allocation	<u>-</u>
 Total Operating Expense	 <u>-</u>
 Total Expenses	 <u><u>\$ 180,177</u></u>

OTHER REPORT

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

To the Honorable Board of Supervisors
of the County of Fresno, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedules of Status of Cash and the Schedules of Approved Budget and Expenses (the financial schedules) for the Automobile Insurance Fraud Program, the Workers' Compensation Insurance Fraud Program, and the Disability and Healthcare Insurance Fraud Program (the Programs) as funded by the California Department of Insurance, including the related notes to the financial schedules, which collectively comprise the financial schedules of the County of Fresno, California (the County), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated October 25, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Programs' financial schedules 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 schedules. 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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of the County's internal control and compliance relating to the Programs and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance relating to Programs. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 25, 2021

FINDINGS AND RECOMMENDATIONS

DISTRICT ATTORNEY'S OFFICE
CALIFORNIA DEPARTMENT OF INSURANCE GRANTS
STATUS OF CURRENT YEAR AND
PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Current Year Findings and Recommendations

No findings in current year.

Prior Year Findings and Recommendations

No findings in prior year.

**CHILDREN AND FAMILIES COMMISSION
OF FRESNO COUNTY
FRESNO, CALIFORNIA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2021**

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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, 2021, 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.

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Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

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, 2021, 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 33-35 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 8, 2021, 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 Pange & Company

Clovis, California
October 8, 2021

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 2020-2021 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, 2021.

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

MISSION AND STRATEGIC GOALS

The Commission's mission is to be a catalyst for creating a seamless system of quality, accessible 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, outlined in the Commission's Strategic Plan, which aim to convert the Commission's commitment into action symbolically categorized into three tiers starting with the core: Families; surrounded by Communities, encircled by Systems.

FINANCIAL HIGHLIGHTS

- During fiscal year 2020-2021, the Commission allocated and received Proposition 10 revenues of \$7.9 million from the State of California as revenues collected under the Children and Families Act and \$2.4 million in backfill dollars from Proposition 56.
- The Commission disbursed approximately \$6.4 million to funded agencies in the reported period ending June 30, 2021.
- Over \$7.0 million was committed by the Commission towards the agency's Strategic Plan, which will be disbursed in the subsequent fiscal years to fund its programmatic investments.
- The New Markets Tax Credit requirements were successfully completed, and, in December 2020, the agreements termed resulting in the Commission taking ownership of the Lighthouse for Children facility.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 devices 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.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The Commission's total assets were approximately \$42.4 million at the end of the fiscal year. The majority of the Commission's assets are in cash and investments of \$26.4 million along with the Lighthouse for Children building valued at \$13.5 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 23 through 26 for types of investments and credit ratings. Another asset is the Commission's approximately \$638K receivable due from the State Commission for Proposition 10 (page 10). These receivables represent taxes remitted by the State but not received by the Commission as of June 30, 2021. The Commission also reports accounts payable of approximately \$2.2 million representing payments due on invoices.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
ASSETS			
Cash and investments	\$ 26,369,840	\$ 21,129,212	\$ 5,240,628
Due from the state - proposition 10 and 56	637,706	1,190,663	(552,957)
Other receivables	1,147,530	1,160,917	(13,387)
Prepaid assets	6,028	-	6,028
Capital assets, not being depreciated	676,530	676,530	-
Capital assets, net of accumulated depreciation	<u>13,526,091</u>	<u>13,933,838</u>	<u>(407,747)</u>
 Total assets	 <u>42,363,725</u>	 <u>38,091,160</u>	 <u>4,272,565</u>
LIABILITIES			
Current liabilities	2,233,451	2,366,961	(133,510)
Noncurrent liabilities	<u>23,087</u>	<u>4,489,695</u>	<u>(4,466,608)</u>
 Total liabilities	 <u>2,256,538</u>	 <u>6,856,656</u>	 <u>(4,600,118)</u>
NET POSITION			
Net investment in capital assets	14,202,621	9,852,427	4,350,194
Restricted	-	46,799	(46,799)
Unrestricted	<u>25,904,566</u>	<u>21,335,278</u>	<u>4,569,288</u>
 Total net position	 <u>\$ 40,107,187</u>	 <u>\$ 31,234,504</u>	 <u>\$ 8,872,683</u>

In fiscal year 2020-2021, the Commission's net position increased by \$8.8 million, as seen above. The increase was due to an increase in cash and investments compared to prior year.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
REVENUES			
Charges for Services	\$ 98,827	\$ 148,000	\$ (49,173)
Grants and Contributions	11,957,302	11,569,684	387,618
General revenues	<u>5,230,106</u>	<u>980,175</u>	<u>4,249,931</u>
 Total revenue	 <u>17,286,235</u>	 <u>12,697,859</u>	 <u>4,588,376</u>
 EXPENSES			
Child development services	<u>7,782,131</u>	<u>9,788,594</u>	<u>(2,006,463)</u>
 Total expenditures	 <u>7,782,131</u>	 <u>9,788,594</u>	 <u>(2,006,463)</u>
 Change in net position	 <u>\$ 9,504,104</u>	 <u>\$ 2,909,265</u>	 <u>\$ 6,594,839</u>

FINANCIAL ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND

For the fiscal year ended, the Commission reported an ending fund balance of \$25,898,632. The decrease of \$6.4 million over the prior year is mainly represented by the removal of the long-term loan liability associated with the resolve of the New Markets Tax Credit requirements associated with the Lighthouse for Children facility. See pages 13 and 15 of the financial statements for the fund financial statements and Note 9 regarding the New Markets Tax Credits.

Revenue and Expenditure Analysis – Governmental Funds

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 \$12.5 million, in the prior year, to approximately \$12.4 million for the fiscal year 2020-2021. The main reason for the difference is fewer unrealized gains received in the fiscal year compared to the prior year. Proposition 10 revenues, compared to the year ended June 30, 2020, increased by \$455K, while unrealized investment earnings saw a decrease compared to the prior year of \$536K. Grant revenue from external sources such as First 5 California for IMPACT (Improve and Maximize Programs so All Children Thrive) and Quality Counts California efforts decreased by \$200K. 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 2020-2021 fiscal year: As part of a countywide goal to dramatically scale home visitation services for families, the Commission, in December 2019, partnered with the County of Fresno's Department of Public Health to launch the Community Health Teams (CHT) project. The Commission's investment drew down more than \$400K federal and state dollars per year to further support the project, funds that would have otherwise gone unused. CHT is a cost-effective, localized model pairing public health nurses with teams of paraprofessionals from community benefit organizations (CBOs) to provide research-based home visitation services to families who may otherwise not qualify for federal or state funded programs. Through CHT, the Department of Public Health partners with four CBOs to support families across the county with parenting, early learning, family literacy, developmental screenings, and a multitude of other resources and referrals – all while prioritizing the health and safety of staff and families through virtual and modified service delivery to continue support through the COVID-19 global health pandemic. In May 2021, the Commission renewed its commitment to this project by awarding two additional years. This brought the current total allocation for four years to

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

\$3.6 million (approx.) leveraging over \$1.6 million from federal and state Department of Public Health dollars.

The Commission invested \$100K in partnership with PCAC to host four, full-time AmeriCorps members through the Community Learning Center (CLC) at the Lighthouse for Children facility. The AmeriCorps members impacted the community in an array of ways this fiscal year. They provided the Growing Learners Program (GLP), a series of classes at the CLC aimed to promote healthy development, enhance the interaction between children and their caregivers, and prepare children for school. Over 80 families participated in GLP weekly classes, completed vital developmental screenings, and received referrals for critical preventative services this fiscal year all in virtual formats.

The Commission's AmeriCorps team, through the CLC, also led the distribution of PPE and cleaning supplies to community partners that serve Fresno County's children and families as part of the F5CA Emergency Supplies Program. Additionally, the AmeriCorps team acted as a Diaper Hub lead in the Central California Food Bank's program distributing formula, baby food, and over 535,000 diapers to deserving families this fiscal year.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
REVENUES			
Program revenues	\$ 10,316,319	\$ 9,754,838	\$ 561,481
Grant revenues	1,640,983	1,814,846	(173,863)
General revenues	571,046	1,128,175	(557,129)
Other financing sources	<u>10,956,060</u>	<u>-</u>	<u>10,956,060</u>
Total revenues	<u>23,484,408</u>	<u>12,697,859</u>	<u>10,786,549</u>
EXPENDITURES			
Program services	6,562,966	8,466,839	(1,903,873)
Evaluation services	443,920	513,634	(69,714)
Administrative costs	380,200	402,097	(21,897)
Other financing uses	<u>10,956,060</u>	<u>-</u>	<u>10,956,060</u>
Total expenditures	<u>18,343,146</u>	<u>9,382,570</u>	<u>8,960,576</u>
Change in fund balance	<u>\$ 5,141,262</u>	<u>\$ 3,315,289</u>	<u>\$ 1,825,973</u>

Fund Budgetary Highlights

This section contains an explanation of the significant differences between the Commission's final budget amounts and actual amounts, and original and final budget amounts recorded for revenues and expenditures for fiscal year 2020-2021 as detailed in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual (shown on pages 33-34). In fiscal year 2020-2021, the Commission received actual revenues of \$12.4 million compared to the budgeted amount of \$9.6 million. In preparing the budget, the Commission considered variables such as declining tobacco consumption, the effects of changes in legislation, and lower returns on investments. Actual total revenues were \$2.9 million more than budgeted as more than anticipated backfill from Proposition 10 and 56 revenue was received than anticipated. Interest and investment revenues were \$61K more than expected, and other revenues came in at \$151K more than expected.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

In fiscal year 2020-2021, actual expenditures were \$7.8 million less than budgeted. This is due to the Commission committing roughly \$7.0 million of that amount to be spent out in subsequent fiscal years on programmatic investments.

A schedule of the Commission's original and final budget amounts compared with actual revenues and expenses is provided on pages 33-34 in the audited financial report.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets of \$14.2 million (net of accumulated depreciation) are for the Lighthouse for Children facility and equipment, the Huron land and facility, and the associated equipment purchased. See Note 6 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 8 for details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

To develop the 2020-2025 Strategic Plan, a series of planning sessions were 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). For accountability, the Commission does an annual review of the agency's budget and LRFP. The Commission's commitment to continued collaboration with community partners and to leveraging 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.

In development of its 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 called the *Preconception to Age 5 Blueprint for Funding and Advocacy (Blueprint)*. 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. Both the Blueprint and the Commission's 2020-2025 Strategic Plan can be found on the Commission's website at www.first5fresno.org.

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

- Help Me Grow Fresno County – \$275k
- Thriving Families Service Programs – \$2.2 million
- Community Learning Center – \$590k
- Patient-Centered Prenatal Care – \$264k
- African American Infant Mortality Prevention – \$1.2 million
- Quality Rating Improvement System – \$978k
- Innovation & Learning – \$600k

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.

BASIC FINANCIAL STATEMENTS

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CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Cash and investments	\$ 26,369,840
Due from the state - proposition 10	637,706
Other receivables	1,147,530
Prepaid assets	6,028
Capital assets not being depreciated:	
Land	676,530
Capital assets, net of accumulated depreciation:	
Buildings	13,516,301
Equipment	<u>9,790</u>
 Total assets	 <u>42,363,725</u>

LIABILITIES

Current liabilities:	
Accounts payable	2,184,432
Accrued payroll and related taxes	27,246
Noncurrent liabilities:	
Due in one year:	
Compensated absences	21,773
Due in more than one year:	
Compensated absences	<u>23,087</u>
 Total liabilities	 <u>2,256,538</u>

NET POSITION

Net investment in capital assets	14,202,621
Unrestricted	<u>25,904,566</u>
 Total net position	 <u>\$ 40,107,187</u>

The notes to the basic financial statements are an integral part of this statement.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Child development services	\$ 7,782,131	\$ 98,827	\$ 11,957,302	\$ 4,273,998
Total	<u>\$ 7,782,131</u>	<u>\$ 98,827</u>	<u>\$ 11,957,302</u>	<u>4,273,998</u>

General revenues:

Interest and investment earnings	171,182
Forgiveness of debt	4,757,887
Miscellaneous income	<u>301,037</u>
Total general revenues	<u>5,230,106</u>
Change in net position	9,504,104
Net position - beginning of year (restated)	<u>30,603,083</u>
Net position - end of year	<u>\$ 40,107,187</u>

The notes to the basic financial statements are an integral part of this statement.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Lighthouse Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 26,314,779	\$ 55,061	\$ 26,369,840
Due from the state - proposition 10 and 56	637,706	-	637,706
Other receivables	1,147,530	-	1,147,530
Prepaid expenses	<u>6,028</u>	<u>-</u>	<u>6,028</u>
 Total assets	 <u>\$ 28,106,043</u>	 <u>\$ 55,061</u>	 <u>\$ 28,161,104</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,180,165	\$ 4,267	\$ 2,184,432
Accrued payroll and related taxes	<u>27,246</u>	<u>-</u>	<u>27,246</u>
 Total liabilities	 <u>2,207,411</u>	 <u>4,267</u>	 <u>2,211,678</u>
FUND BALANCE			
Nonspendable	6,028	-	6,028
Restricted	803,464	-	803,464
Committed	7,000,817	-	7,000,817
Assigned	<u>18,088,323</u>	<u>50,794</u>	<u>18,139,117</u>
 Total fund balance	 <u>25,898,632</u>	 <u>50,794</u>	 <u>25,949,426</u>
 Total liabilities and fund balance	 <u>\$ 28,106,043</u>	 <u>\$ 55,061</u>	 <u>\$ 28,161,104</u>

The notes to the basic financial statements are an integral part of this statement.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

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

Total fund balance - governmental funds	\$ 25,949,426
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the funds.	14,202,621
Compensated absences liability is not due in the current period and, therefore, are not included in the funds.	<u>(44,860)</u>
Total net position - governmental activities	<u>\$ 40,107,187</u>

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Lighthouse Special Revenue Fund	Total
REVENUES			
Proposition 10 taxes	\$ 7,926,962	\$ -	\$ 7,926,962
Proposition 56 taxes	2,389,357	-	2,389,357
Grant revenue	1,640,983	-	1,640,983
Interest and investment earnings	171,176	6	171,182
Other revenue	301,037	98,827	399,864
	<u>12,429,515</u>	<u>98,833</u>	<u>12,528,348</u>
EXPENDITURES			
Program services	6,397,174	165,792	6,562,966
Evaluation services	443,920	-	443,920
Administrative costs	362,728	17,472	380,200
	<u>7,203,822</u>	<u>183,264</u>	<u>7,387,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,225,693</u>	<u>(84,431)</u>	<u>5,141,262</u>
OTHER FINANCING SOURCES (USES)			
Forgiveness of debt	-	10,956,060	10,956,060
Bad debt expense	(10,956,060)	-	(10,956,060)
	<u>(10,956,060)</u>	<u>10,956,060</u>	<u>-</u>
Net change in fund balance	(5,730,367)	10,871,629	5,141,262
Fund balance - beginning of year (restated)	<u>31,628,999</u>	<u>(10,820,835)</u>	<u>20,808,164</u>
Fund balance - end of year	<u>\$ 25,898,632</u>	<u>\$ 50,794</u>	<u>\$ 25,949,426</u>

The notes to the basic financial statements are an integral part of this statement.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances - government fund	\$	5,141,262
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.		(407,747)
Compensated absences expense reported in the statement of activities does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds		(1,193)
Change in interest payable liability		13,841
Revenues in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.		<u>4,757,941</u>
Change in net position - governmental activities	\$	<u><u>9,504,104</u></u>

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – ORGANIZATION

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

The State of California implemented the “California Children and Families Act of 1998” which provides for the Commission to receive proceeds from tax 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.

A. 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.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Both the Commission and the Lighthouse for Children, Inc. adopt annual appropriated budgets. Budgetary comparison schedules have been provided for the funds to demonstrate compliance with the budgets.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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 statutes and the Commission's Investment Policy authorize the Commission to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, 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, 2021, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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 would receive payment from Lighthouse for Children, Inc. in accordance with the note payable agreements. The loan was forgiven during the year-ended June 30, 2021.

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

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.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. Payment in lieu of PTO will not be made except at the time of employment status change, i.e., from a position that earns PTO to a position that does not earn vacation, or at the time of termination of employment. In the basic financial statements, these amounts are referred to 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.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – CASH AND INVESTMENTS

Cash and investments consist of the following as of June 30, 2021:

Cash in banks	\$ 3,002,384
Investments	<u>23,367,456</u>
 Total cash and investments	 <u>\$ 26,369,840</u>

A. 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.

B. 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.

C. 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:

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

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. 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.

E. Segmented Time Distribution

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

Investment Type	Amount	Remaining Maturity (in months)		
		12 months or less	13 to 24 months	25 to 60 months
U.S. Treasuries	\$ 5,142,353	\$ 172,577	\$ 2,263,754	\$ 2,706,022
Federal Agencies (non-callable)	1,842,287	-	335,330	1,506,957
Federal Agency Mortgage Backed Securities	388,425	1,445	144,865	242,115
Supranationals	245,686	-	62,079	183,607
Municipal Obligations	629,917	-	-	629,917
Negotiable Certificates of Deposit	457,053	100,902	356,151	-
Corporate Notes	2,444,458	304,814	126,967	2,012,677
Asset-Backed Securities	505,371	-	81,909	423,462
Money Market Mutual Funds	51,611	51,611	-	-
County Pooled Investments Funds	11,660,295	11,660,295	-	-
Total	\$ 23,367,456	\$ 12,291,644	\$ 3,371,055	\$ 7,704,757

F. 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, 2021.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year-End										Not Rated	
			AAA	AA+	AA	AA-	A+	A	A-	A-1+	BBB+			
U.S. Treasuries	\$ 5,142,353	N/A	\$ -	\$ 5,142,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Federal Agencies (non-callable)	1,842,287	N/A	-	1,842,287	-	-	-	-	-	-	-	-	-	-
Federal Agency Mortgage Backed Securities	388,425	N/A	-	388,425	-	-	-	-	-	-	-	-	-	-
Supranationals	245,686	AAA	245,686	-	-	-	-	-	-	-	-	-	-	-
Municipal Obligations	629,917	N/A	31,359	288,698	201,763	-	30,389	-	-	-	-	-	-	77,708
Negotiable Certificates of Deposit	457,053	A-	-	-	-	178,872	101,926	75,352	-	100,903	-	-	-	-
Corporate Notes	2,444,458	A-	-	75,860	64,859	76,756	679,649	271,067	688,327	-	587,940	-	-	-
Asset-Backed Securities	505,371	AA	455,238	-	-	-	-	-	-	-	-	-	-	50,133
Money Market Mutual Funds	51,611	AAA	51,611	-	-	-	-	-	-	-	-	-	-	-
County Pooled Investments Funds	11,660,295	N/A	-	-	-	-	-	-	-	-	-	-	-	11,660,295
Total	\$ 23,367,456		\$ 783,894	\$ 7,737,623	\$ 266,622	\$ 255,628	\$ 811,964	\$ 346,419	\$ 688,327	\$ 100,903	\$ 587,940		\$ 11,788,136	

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of Total Investments</u>
Fresno County Investment Pool	Investment Pool	\$ 11,660,295	49.9%
U.S. Treasury	Treasury Securities	\$ 5,142,353	22.0%

H. 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 \$2,947,287, 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.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – 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, 2021, in valuing the Commission's assets carried at fair value:

<u>Investments by fair value level</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasuries	\$ 5,142,353	\$ -	\$ 5,142,353	\$ -
Federal Agencies (non-callable)	1,842,287	-	1,842,287	-
Federal Agency Mortgage Backed Securities	388,425	-	388,425	-
Supranationals	245,686	-	245,686	-
Municipal Obligations	629,917	-	629,917	-
Negotiable Certificates of Deposit	457,053	-	457,053	-
Corporate Notes	2,444,458	-	2,444,458	-
Asset-Backed Securities	<u>505,371</u>	<u>-</u>	<u>505,371</u>	<u>-</u>
 Total investments measured by fair value	 <u>\$ 11,655,550</u>	 <u>\$ -</u>	 <u>\$ 11,655,550</u>	 <u>\$ -</u>
 Investments not subject to fair value hierarchy				
Money Market Mutual Funds	51,611			
County Pooled Investments Funds	<u>11,660,295</u>			
 Total investments	 <u>\$ 23,367,456</u>			

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of intergovernmental grants, entitlements, state apportionments and local sources. All receivables consisted of the following:

State government:	
Proposition 10	\$ 637,706
Other sources	<u>1,147,530</u>
 Total	 <u>\$ 1,785,236</u>

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Capital assets not being depreciated:				
Land	\$ 676,530	\$ -	\$ -	\$ 676,530
Total capital assets not being depreciated	<u>676,530</u>	<u>-</u>	<u>-</u>	<u>676,530</u>
Capital assets being depreciated:				
Equipment	119,310	-	-	119,310
Buildings and Improvements	<u>16,131,643</u>	<u>-</u>	<u>-</u>	<u>16,131,643</u>
Total capital assets being depreciated	<u>16,250,953</u>	<u>-</u>	<u>-</u>	<u>16,250,953</u>
Less accumulated depreciation:				
Equipment	(105,064)	(4,456)	-	(109,520)
Buildings and improvements	<u>(2,212,051)</u>	<u>(403,291)</u>	<u>-</u>	<u>(2,615,342)</u>
Total accumulated depreciation	<u>(2,317,115)</u>	<u>(407,747)</u>	<u>-</u>	<u>(2,724,862)</u>
Total capital assets being depreciated, net	<u>13,933,838</u>	<u>(407,747)</u>	<u>-</u>	<u>13,526,091</u>
Total capital assets, net	<u>\$ 14,610,368</u>	<u>\$ (407,747)</u>	<u>\$ -</u>	<u>\$ 14,202,621</u>

Depreciation expense for the year ended June 30, 2021 was \$407,747.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – ACCOUNTS PAYABLE

Accounts payable consist of the following as of June 30, 2021:

Program grantees and expenses	\$ 2,177,047
Vendors	<u>7,385</u>
 Total	 <u>\$ 2,184,432</u>

NOTE 8 – LONG-TERM OBLIGATIONS

Long term obligations activity for the year ended June 30, 2021 were as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021	Due within One Year
Governmental activities:					
Notes payable	\$ 4,757,941	\$ -	\$ (4,757,941)	\$ -	\$ -
Compensated absences	<u>43,667</u>	<u>48,363</u>	<u>(47,170)</u>	<u>44,860</u>	<u>21,773</u>
 Total	 <u>\$ 4,801,608</u>	 <u>\$ 48,363</u>	 <u>\$ (4,805,111)</u>	 <u>\$ 44,860</u>	 <u>\$ 21,773</u>

A. Compensated Absences – Governmental Activities

Compensated absences, which combines vacation and sick leave benefits into a single PTO bank account, amounted to \$44,860 at June 30, 2021.

NOTE 9 – NEW MARKETS TAX CREDIT

New Markets Tax Credit (NMTC) are designed to infuse private sector capital into previously overlooked communities by providing a tax credit for the qualified investors designated as Community Development Entities (CDEs). The NMTC transaction structure involves the leverage of a lender to provide funding into a newly created investment fund (the Fund). A separate investor, then provides the equity into the Fund. The Fund then loans the full amount of the financial transaction to the CDEs, who in turn loans the funds to the Qualified Active Low-Income Community Business (QALICB). This arrangement provides credits against the investor and CDEs federal tax obligations. The NMTC transaction is active for seven years at which time the investor will “put” the transaction and allow the leverage lender to acquire 100% interest in the Fund.

The Commission recognized the need for a high-quality childcare facility that would include an array of services to families with young children. The Commission committed to being the leverage lender for the qualifying NMTC project deemed the Lighthouse for Children Facility. In 2013, the Commission created Lighthouse for Children, Inc. (LFC), a 501(c)(3) non-profit public benefit corporation, as the QALICB, since the Commission was not eligible to be the QALICB. The result was the construction of the Lighthouse for Children Facility completed in 2015.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – NEW MARKETS TAX CREDIT (Continued)

The seventh and final year of the Lighthouse for Children Facility NMTC transaction came to an end on December 14, 2020. All NMTC requirements were met and both the Commission and the LFC were found to be in good standing. The NMTC structure for the project was dissolved resulting in the Commission, the original leverage lender, holding the interest of the Fund with the Lighthouse for Children Facility and land being held by LFC.

As of March 1, 2021, the LFC board decided to deed the building to the Commission in exchange for forgiving the remaining loan balance of \$10,956,060. The financial statements reflect this transfer of the building and land from LFC to the Commission.

The net effect as it relates to the notes payable balance as of June 30, 2021, is the forgiveness of that debt and is shown as part of Note 8.

NOTE 10 – 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 \$59,337 for the year ended June 30, 2021.

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 11 – PRIOR PERIOD ADJUSTMENT

The Commission has determined that certain transactions recorded in the current year were applicable to the prior year. The beginning fund balance of the General Fund has been restated in the financial statements as presented in the reconciliation below:

Fund balance, July 1, 2020, previously reported	\$ 32,260,420
Adjustment for expenses applicable to prior year	<u>(631,421)</u>
Fund balance, July 1, 2020, restated	<u>\$ 31,628,999</u>

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 – 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, 2021 is as follows:

Nonspendable:	
Prepaid vendor	\$ 6,028
Restricted:	
Outside grant funding	803,464
Committed:	
Awarded and unpaid grants	7,000,817
Assigned:	
First 5 Initiatives	18,088,323
Lighthouse Special Revenue Fund	<u>50,794</u>
 Total fund balance	 <u>\$ 25,949,426</u>

NOTE 13 – 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 14 – EVALUATION EXPENDITURES

The Commission expended \$443,920 on program evaluation during the fiscal year ended June 30, 2021.

NOTE 15 – 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 \$10,316,319, or 82.34%, of the total revenue for the year ended June 30, 2021. 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.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 16 – COMMITMENTS AND CONTINGENCIES

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

A. Grantee Obligations

As of June 30, 2021, the Commission's remaining obligations to grantees of \$7,000,817 is included as committed fund balance.

B. 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.

NOTE 17– UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Accordingly, some functions of the Commission's operations have been limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

NOTE 18 – SUBSEQUENT EVENTS

The Lighthouse for Children (LFC) Board and the First 5 Fresno County Commission intend to further engage in discussions regarding the future of the LFC non-profit. Subsequent LFC Board meetings will include options, brought forth by management, for consideration.

Management has evaluated and concluded that there were no other subsequent events that have occurred from June 30, 2021, through the date the financial statements were available to be issued at October 8, 2021 that would require disclosure or adjustment.

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Proposition 10 taxes	\$ 7,865,000	\$ 7,865,000	\$ 7,926,962	\$ 61,962
Proposition 56 taxes	-	-	2,389,357	2,389,357
Grant revenue	1,285,791	1,445,791	1,640,983	195,192
Interest and investment earnings	110,000	110,000	171,176	61,176
Other revenue	100,000	150,000	301,037	151,037
Total revenues	<u>9,360,791</u>	<u>9,570,791</u>	<u>12,429,515</u>	<u>2,858,724</u>
EXPENDITURES				
Salaries and employee benefits	1,151,887	1,104,377	919,153	185,224
Services and supplies	450,774	476,432	281,971	194,461
Evaluation services	40,000	547,000	412,933	134,067
Grant expenditures	7,358,130	12,915,126	5,589,765	7,325,361
Total expenditures	<u>9,000,791</u>	<u>15,042,935</u>	<u>7,203,822</u>	<u>7,839,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>360,000</u>	<u>(5,472,144)</u>	<u>5,225,693</u>	<u>10,697,837</u>
OTHER FINANCING SOURCES (USES)				
Bad debt expense	-	-	(10,956,060)	(10,956,060)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(10,956,060)</u>	<u>(10,956,060)</u>
Net change in fund balance	<u>\$ 360,000</u>	<u>\$ (5,472,144)</u>	<u>(5,730,367)</u>	<u>\$ (258,223)</u>
Fund balance - beginning of year (restated)			<u>31,628,999</u>	
Fund balance - end of year			<u>\$ 25,898,632</u>	

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – LIGHTHOUSE SPECIAL REVENUE FUND
(BUDGET TO ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 148,000	\$ 148,000	\$ 98,827	\$ (49,173)
Annual rent income	-	-	6	6
Total revenues	<u>148,000</u>	<u>148,000</u>	<u>98,833</u>	<u>(49,167)</u>
EXPENDITURES				
Administrative contract	3,643	3,643	3,413	230
Insurance and tax expense	11,708	11,708	8,357	3,351
Professional services expense	17,300	17,300	5,702	11,598
New Markets Tax Credit expense	<u>115,349</u>	<u>115,349</u>	<u>165,792</u>	<u>(50,443)</u>
Total expenditures	<u>148,000</u>	<u>148,000</u>	<u>183,264</u>	<u>(35,264)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(84,431)</u>	<u>(84,431)</u>
OTHER FINANCING SOURCES (USES)				
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>10,956,060</u>	<u>10,956,060</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,956,060</u>	<u>10,956,060</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	10,871,629	<u>\$ 10,871,629</u>
Fund balance - beginning of year			<u>(10,820,835)</u>	
Fund balance - end of year			<u>\$ 50,794</u>	

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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, 2021:

New Markets Tax Credit Expense	\$50,443
--------------------------------	----------

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

The excess appropriations from the New Markets 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.

OTHER SUPPLEMENTARY INFORMATION

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
 SUPPLEMENTAL SCHEDULE OF FIRST 5 CALIFORNIA (F5CA) FUNDING
 FOR THE YEAR ENDED JUNE 30, 2021**

(A COMPONENT UNIT OF THE COUNTY OF FRESNO, CALIFORNIA)

<u>PROGRAM OR PROJECT TITLE</u>		<u>REVENUE</u> <u>F5CA</u>	<u>EXPENDITURES</u>	<u>CHANGE IN</u> <u>NET POSITION</u>	<u>NET POSITION</u> <u>BEG OF YEAR</u>	<u>NET POSITION</u> <u>END OF YEAR</u>
First 5 IMPACT Program	IMPACT Hub Program Funds	\$ 718,097	\$ 604,098	\$ 113,999	\$ -	\$ 113,999
	County, Local IMPACT Funds	670,769	670,769	-	-	-
	Dual Language Pilot Projects Funds	71,753	84,040	(12,287)	-	(12,287)
	Home Visitation Coordination	19,392	19,392	-	-	-
TOTAL F5CA FUNDS		\$ 1,480,011	\$ 1,378,299	\$ 101,712	\$ -	\$ 101,712

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OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the 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, 2021, 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 8, 2021.

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.

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Clovis, CA 93611

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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*.

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.

Price Pange & Company

Clovis, California
October 8, 2021



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance

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, 2021.

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:

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

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, 2021.

Price Pange & Company

Clovis, California
October 8, 2021

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiencies identified - not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings in the current year.

**CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

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.
- Status:** Implemented.

**Audit Committee Proposed Meeting Dates
Calendar Year 2022**

The list below contains the proposed dates for approval at the December 9, 2021 Audit Committee meeting. All meetings are scheduled for 10 a.m. in the BOS Chambers, Room 301 in the Hall of Records.

Friday, January 14, 2022

Friday, May 13, 2022

Friday, August 12, 2022

Friday, November 18, 2022