Audit Committee

Board of Supervisors Chambers
Hall of Records, Room 301
April 14, 2026, 11:00 a.m.

AGENDA

1) **Roll Call**

2) **Pledge of Allegiance**

3) **Approve Agenda**

4) **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.

5) **Approval of the January 21, 2026 Audit Committee Meeting Minutes**

6) **Consent Items**
   a. Approve Quarterly Fraud Report covering January 1, 2026 to March 31, 2026.

7) **Discussion and Action Items**
   a. Review and accept the County of Fresno Single Audit Report for the year ended June 30, 2025.
   b. Review and receive the 2024-2025 Children & Families Commission of Fresno County Financial Statements.
   c. Review and approve the Department of Public Health Department Head Transition Review Report.

8) **Staff Updates**

9) **Adjournment**

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Enclosures

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Brian Pacheco, Audit Committee Vice-Chairman
Douglas T. Sloan, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member

Next meeting scheduled on July 10, 2026.

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
January 21, 2026 – 1:00 p.m.

MEMBERS PRESENT:
Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Brian Pacheco, Audit Committee Vice-Chairman
Douglas T. Sloan, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on January 21, 2026, at 1:00 p.m. in the Board of Supervisors' Chambers.

1. **Roll Call**
   - Pai Her, Accounting and Financial Manager, Financial Reporting & Audits Division, took roll call.

2. **Pledge of Allegiance**
   - Supervisor Nathan Magsig, Audit Committee Chairman, led all in attendance with the Pledge of Allegiance.

3. **Approve Agenda**
   - A motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve the January 21, 2026 agenda.

4. **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.
   - There being none, the Committee proceeded to hear the next item on the agenda.

5. **Approval of the October 15, 2025 Audit Committee Meeting Minutes**
   - There being no public comments, a motion was made by Manuel Vilanova, seconded by Kari Gilbert, and carried 6-0 to approve the October 15, 2025, Audit Committee Meeting Minutes.

6. **Consent Items**
   a) **Approve Quarterly Fraud Report covering October 1, 2025 to December 31, 2025.**
   - There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve agenda item 6a.

7. **Discussion and Action Items**
   a) **Review and accept the 2024-2025 County of Fresno Annual Comprehensive Financial Report.**
   - Neeraj Datta, Audit Partner, Brown Armstrong Accountancy, introduced and presented the item.

- Chairman Magsig asked about the material weakness identified in the landfill enterprise fund, including the specific concerns related to the reported balance and why the balance was considered problematic.
- Neeraj Datta stated that Community Service Areas (CSAs) are no longer audited by Brown Armstrong and are now subject to a different external auditor. He explained that approximately $25 million in error corrections related to capital assets were identified in the general fund due to unreconciled balances, similar to prior year. These issues were communicated to management, corrective actions are ongoing, and the related error corrections were recorded in the ACFR.
- Chairman Magsig asked the Auditor-Controller/Treasurer-Tax Collector's Office (ACTTC) to clarify oversight of the landfill enterprise fund and CSAs, including which auditing firm is responsible. He expressed concern about the financial condition of several CSAs, noting that some continue to operate at a deficit and that borrowing activity has occurred. He further asked who is responsible for oversight, what actions are being taken, and how these matters are being monitored.
- Mario Cabrera, Deputy Auditor-Controller, stated that the CSAs are now audited by CliftonLarsonAllen LLP (CLA). He explained that ACTTC is working with departments to improve capital asset reporting by requiring departments to enter assets into the County's financial system, PeopleSoft, and perform semiannual reconciliations to identify and address issues earlier in the year.
- Chairman Magsig explained that the landfill is both a capital asset and a long term liability and asked whether related assets and liabilities are being reconciled to ensure sufficient funds are set aside for closure and ongoing operations. He further asked whether assets associated with CSAs are owned by the County and whether the fees charged for CSA services are sufficient to cover operating costs.
- Mario Cabrera responded that ACTTC will review this further and provide documentation to the Committee.
- Paul Nerland suggested that the Committee agendize a broader discussion regarding CSAs.
- Chairman Magsig agreed that the Board of Supervisors would benefit from being informed about the overall financial condition of the CSAs.
- Douglas Sloan clarified that CSA assets are owned by the County on behalf of each CSA, based on the information provided by Peter Wall, Chief Deputy County Counsel.
- Kari Gilbert asked for clarification on the corrective actions taken since the issue was identified in the prior year and what steps have been implemented to address the continued issue.
- Mario Cabrera explained that departments are now required to enter capital assets into PeopleSoft. He stated that this process was not previously in place and represents a newly implemented corrective action.
- Kari Gilbert asked whether the issue discussed was related to prior Audit Committee discussions regarding asset management.
- Paul Nerland asked whether the corrective actions underway would be completed in time to prevent a finding in the next audit.
- Mario Cabrera responded that steps are being taken to complete the corrective actions. He explained that one planned step includes an internal audit of County buildings to document capital assets, which is expected to be completed by the end of the fiscal year.
- Paul Nerland indicated that if the County Administrative Office can provide any support in the buildings reconciliation process, his office is available to assist.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Kari Gilbert, and carried 6-0 to approve agenda item 7a.

b) Review and approve the General Services Department Head Transition Review Report.

- Brandon Lee, Accountant II, Financial Reporting & Audits Division, introduced the item.
- Raymond Hunter, Director of General Services Department, reported agreement with all three audit recommendations. The required filing finding was addressed through implementation of an internal tracking process, resulting in 100 percent compliance as of September 2025. For inventory asset oversight, the department has updated the process and verified the location of each asset. The department has included additional information on the inventoriable asset report and have dedicated staff to oversee the assets. Capital asset controls were strengthened through staff training on Management Directive 400, increased administrative support, and a full internal audit of fixed assets expected to be completed in 2026.

- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 5-0 to approve agenda item 7b. The motion was carried by the following vote:
- Ayes: 5 - Chairman Magsig, Vice-Chairman Pacheco, Douglas Sloan, Paul Nerland, and Kari Gilbert
- Recused: 1 - Manuel Vilanova

c) Review and receive the Fresno County In-Home Supportive Services Public Authority Independent Auditor's Reports and Financial Statements for the year ended June 30, 2024.

- Joseph Judson, Manager, CLA, introduced and presented the item.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve agenda item 7c.

d) Review and approve the Department of Public Health Emergency Medical Services Authority (EMSA) Report for the fiscal year ended June 30, 2025.

- Raulalonso Corchado, Accountant II, Financial Reporting & Audits Division, introduced and presented the item.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Kari Gilbert, and carried 6-0 to approve agenda item 7d.

8. Staff Updates

- Mario Cabrera, Deputy Auditor-Controller, introduced himself. He reported on the Residence Home Garaged Compliance Audits, stating that the data provided by Fleet for the District Attorney's Office is under review, information received from the Sheriff's Office is pending staff review, and samples selected for the Public Works and Planning Department are also pending staff review and supporting documentation. He also introduced Matthew Bell.
- Matthew Bell, Accounting and Financial Division Chief, Financial Reporting & Audits Division, introduced himself.

9. Adjournment

- A motion was made by Kari Gilbert, seconded by Paul Nerland and carried 6-0 to adjourn the meeting at 1:24 p.m.

Audit Committee Members:
Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Brian Pacheco, Audit Committee Vice-Chairman
Douglas T. Sloan, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member

COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended March 31, 2026

Director: Oscar J. Garcia, CPA
Accounting & Financial Manager: Pai Her
Hotline Staff: Raulalonso Corchado

P.O. Box 1247 / Fresno, California 93715-1247 / (559) 600-3496 / FAX (600) 600-1444

INTEROFFICE MEMORANDUM **Oscar J. Garcia, CPA**

Auditor-Controller/Treasurer-Tax Collector

Mario Cabrera
Deputy Auditor-Controller

Frank Gomez
Deputy Treasurer-Tax Collector

DATE: April 1, 2026

TO: Audit Committee Members

Oscar J Garcia

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

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended March 31, 2026

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 January 1, 2026, through March 31, 2026.

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 Pai Her, Accounting & Financial Division Manager at (559) 600-1378 or Raulalonso Corchado, Accountant at (559) 600-1370 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 March 31, 2026

Below is the County of Fresno Fraud Hotline activity for the period of January 1, 2026, through March 31, 2026.

1. Statistical Summary

   The Financial Reporting and Audits Division received 64 Hotline allegations, complaints, or other contacts during the reporting period. Of these reports, 41 were made anonymously while 23 reports were made by individuals who identified themselves. The Hotline received 32 reports via telephone, 25 by email, and 7 by letter. These reports are categorized in Table 1.

Table 1 Statistical Summary	
Actionable Items	11
Referred Items	50
Non-Actionable Items	3
Total Allegations/Complaints	64

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.

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:	10	
Forged/Altered Check		10
Referral – County:	38	
Welfare Fraud		33
County - Other		5
Referral – Non-County:	12	
Non-County - Various		12
Non-Actionable Items:	3	
Not enough information		3
Total		64

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended March 31, 2026

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 1 new investigation by the County of Fresno Fraud Hotline which is ongoing. (See summary below)

Table 3
Status of Complaints

Actionable Calls	**Investigation**			**Closed Findings**		
	Ongoing	New	Closed	Substantiated	Unsubstantiated	Referral
Management	1	1				
Employee						
Client						
Unknown						
Total	1	1				

COUNTY OF FRESNO
CALIFORNIA

SINGLE AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2025

COUNTY OF FRESNO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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REPORTS

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

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

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STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Report on 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
December 19, 2025

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

www.ba.cpa
661-324-4971

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

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the County of Fresno's (the County) compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

Qualified Opinion on Home Investment Partnerships Program (Assistance Listing Number (ALN) 14.239)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Home Investment Partnerships Program (ALN 14.239) for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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Matter Giving Rise to Qualified Opinion on Home Investment Partnerships Program (ALN 14.239)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding Home Investment Partnerships Program (ALN 14.239) as described in finding number 2025-002 for Special Tests and Provision (HUD On-Site Inspections & Income Eligibility Reviews).

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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 2025-002, 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 19, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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
March 30, 2026

FINANCIAL STATEMENTS

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing 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	94-6000512	$ -	$ 105,934
Plant and Animal Disease, Pest Control, and Animal Care	10.025	94-6000512	-	382,243
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP24PPQFO000C293	-	264,599
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP24PPQFO000C002	-	328,715
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP24PPQO000C002	-	146,783
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP24PPQFO000C363	-	115,488
Subtotal			-	1,343,762
Passed through State of California, Department of Education				
National School Lunch Program	10.555	01177-SN-10-R	-	158,764
Subtotal - Child Nutrition Cluster			-	158,764
Passed through State of California, Department of Social Services				
State Administration Matching Grant for SNAP	10.561	CFL 23/24: 38,71	507,835	45,646,423
State Administration Matching Grant for SNAP	10.561	05E,024E,032E.040E,047E,2401E,2402E,2403E,2404E,2405E,2406E	-	1,468,129
Passed through State of California, Department of Public Health				
State Administration Matching Grant for SNAP	10.561	19-10323	675,590	1,763,268
Subtotal - SNAP Cluster			1,183,425	48,877,820
Passed through State of California Forest Service				
Schools and Roads - Grants to Counties	10.666	Fresno (10)	-	268,940
Subtotal - Forest Service Schools and Roads Cluster			-	268,940
Total U.S. Department of Agriculture			**1,183,425**	**50,649,286**
U.S. Department of Commerce				
Passed through State of California, Department of Commerce				
Economic Adjustment Assistance	11.307	--	-	169,800
Subtotal			-	169,800
Total U.S.Department of Commerce			**-**	**169,800**
U.S. Department of Housing and Urban Development				
Direct Federal Programs				
Community Development Block Grants	14.218	--	2,214,794	3,994,957
Subtotal - CDBG - Entitlement Grants Cluster			2,214,794	3,994,957
Direct Federal Programs				
Emergency Solutions Grant Program	14.231	E-22-UC-06-0003	311,244	367,737
Direct Federal Programs				
Home Investment Partnerships Program	14.239	--	-	2,709,251
Direct Federal Programs				
Lead-Based Paint Hazard Control	14.900	CALHB0654-17	-	448,086
Lead-Based Paint Hazard Control	14.900	CALHB0654-17	-	104,679
Subtotal			-	552,765
Total U.S. Department of Housing and Urban Development			**2,526,038**	**7,624,710**
U.S. Department of the Interior				
Passed through Office of the Secretary of the Interior				
Flood Control Act Lands	15.433	Fresno (10)	-	19,983
Total U.S. Department of the Interior			**-**	**19,983**
U.S. Department of Justice				
Direct Federal Programs				
Missing Children's Assistance	16.543	--	-	742,086
Passed Through California Governor's Office of Emergency Services				
Crime Victim Assistance	16.575	VW24 02 3201	-	895,728
Crime Victim Assistance	16.575	XC 23 06 0100	-	106,121
Crime Victim Assistance	16.575	UV24 02 3201	-	173,094
Subtotal			-	1,174,943
Passed Through California Governor's Office of Emergency Services				
Violence Against Women Formula Grants	16.588	PU 24 02 3201	-	87,092
Direct Federal Programs				
State Criminal Alien Assistance Program	16.606	--	-	206,104
Direct Federal Programs				
Bulletproof Vest Partnership Program - 2022	16.607	--	-	20,711
Bulletproof Vest Partnership Program - 2023	16.607	--	-	6,950
Bulletproof Vest Partnership Program - 2024	16.607	--	-	1,594
Subtotal			-	29,255

(Continued)

COUNTY OF FRESNO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Listing Number	Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Justice (Continued)				
Direct Federal Programs				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	50,756
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	33,490
Edward Byrne Memorial Justice Assistance Grant Program	16.738	946000538	-	11,743
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 1202-23	-	433,238
Subtotal			-	529,227
Direct Federal Programs				
DNA Backlog Reduction Program	16.741	DOJ-OJP	-	125,777
DNA Backlog Reduction Program	16.741	DOJ-OJP	-	237,787
DNA Backlog Reduction Program	16.741	DOJ-OJP	-	76,966
Subtotal			-	440,530
Direct Federal Programs				
National Sexual Assault Kit Initiative	16.833	15PBJA-21-GG-0431	-	1,712
Direct Federal Programs				
Equitable Sharing Program	16.922	--	-	348,267
Equitable Sharing Program	16.922	--	-	178,442
Subtotal			-	526,709
Direct Federal Programs				
Domestic Cannabis Eradication Suppression Program	16.U99	--	-	146,183
Domestic Cannabis Eradication Suppression Program	16.U99	--	-	134,996
			-	281,179
Total U.S. Department of Justice			**-**	**4,018,837**
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	884353731	-	7,492
Subtotal - WIOA Cluster			-	7,492
Total U.S. Department of Labor			**-**	**7,492**
U.S. Department of Transportation				
Passed through State of California, Department of Transportation				
Highway Planning and Construction	20.205	BRLO-5942	-	4,471,726
Highway Planning and Construction	20.205	STPL-5942	-	317,369
Highway Planning and Construction	20.205	CML-5942	-	9,325,568
Highway Planning and Construction	20.205	HPLUL-5942	-	18,654
Highway Planning and Construction	20.205	X25-5942(329)	-	368,108
Highway Planning and Construction	20.205	HSIPL-5942	-	243,843
Highway Planning and Construction	20.205	BPMP-5942	-	66,639
Highway Planning and Construction	20.205	ATPL-5942	-	1,564,552
Highway Planning and Construction	20.205	PLBL-5942	-	159,406
Highway Planning and Construction	20.205	CPFL-5942	-	49,470
Highway Planning and Construction	20.205	CPFL-5942	-	34,823
Subtotal			-	16,620,158
Passed through Department of Transportation Federal Railroad Administration (FRA)				
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-56	-	30,694
High Speed Rail Corridors and Intercity Passenger Rail Service	20.319	HSR13-57	-	70,225
Subtotal			-	100,919
Passed through State of California, Office of Traffic Safety				
National Priority Safety Grants	20.616	DI24003	-	122,079
National Priority Safety Grants	20.616	DI25024	-	445,602
Subtotal - Highway Safety Cluster			-	567,681
Passed through State of California, Department of Transportation Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL25022	-	323,632
Total U.S. Department of Transportation			**-**	**17,612,390**
U.S. Department of Treasury				
Direct Federal Programs				
COVID-19 Emergency Rental Assistance	21.023	A-21-103 / A-21-555	710,297	735,699
Direct Federal Programs				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	--	10,049,983	40,094,658
Direct Federal Programs				
Equitable Sharing	21.016	--	-	166,680
Total U.S. Department of Treasury			**10,760,280**	**40,997,037**
U.S Executive Office of the President				
Direct Federal Programs				
High Intensity Drug Trafficking Areas	45.129	SO-289878-23	-	12,260
Total U.S Executive Office of the President			**-**	**12,260**
U.S Institute of Museum and Library Services				
Direct Federal Programs				
National Leadership Grants	45.312	LG-254862-OLS-23	-	8,245
Total U.S. Election Assistance Commission			**-**	**8,245**

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal 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, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Supplemental Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
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	CFL 23/24: 26; CFL22/23: 47	-	2,165,869
Passed through State of California, Department of Public Health				
Public Health Emergency Preparedness	93.069	22-10646	-	1,415,770
Passed through State of California, Department of Social Services				
Guardianship Assistance	93.090	022E,031E,045E,2401E,2403E,2404E,2406E,2407F	-	108,093
Guardianship Assistance	93.090	506E,512E,517E,522E,527E,532E,2401E,2402E,2403E,2404E,2405E,2406F	-	2,496,024
Subtotal			-	2,604,117
Passed through State of California, Department of Public Health				
AIDS Education and Training Centers	93.145	10-95258	-	260,923
Passed through State of California, Department of Mental Health				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	JE73CDQUAPA7	329,402	329,402
Passed through State of California, Department of Public Health				
Child Lead Poisoning Prevention Projects	93.197	14-10020	-	513,086
Immunization Cooperative Agreements	93.268	17-10306	-	1,949,491
Passed through State of California, Department of Public Health				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CDC ELC	-	127,755
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CDC ELC	-	6,717,976
Subtotal			-	6,845,731
Direct Federal Programs				
Public Health Emergency Response	93.391	--	1,640,631	2,006,046
ACA Maternal, Infant, & Early Childhood Home Visiting Program	93.505	CHVP 24-10 Fresno	-	802,481
Passed through State of California, Department of Social Services				
Promoting Safe and Stable Families	93.556	CFL23/24: 34,44	939,819	2,643,306
Passed through State of California, Department of Social Services				
Temporary Assistance for Needy Families	93.558	CFL 23/24: 02,04,05,23,35,45,67,	1,847,964	47,368,634
Temporary Assistance for Needy Families	93.558	CFL23/24: 56	-	4,471,256
Temporary Assistance for Needy Families	93.558	CAE:2504F,2506I	-	1,165,094
Temporary Assistance for Needy Families	93.558	008E,011E,018E,030E,036E,044E,2401E,2402E,2403E,2404E,2405E,2406E, 2407F	-	18,527,733
Temporary Assistance for Needy Families	93.558	505E,510E,515E,520E,525E,530E,2401E,2402E,2403E,2404E,2405E,2406F	-	69,536,257
Temporary Assistance for Needy Families	93.558	506E,412E,517E,522E,527E,532E,2401E,2402E,2403E,2404E,2405E,2406F	1,026,950	1,397,403
Subtotal			2,874,914	142,466,377
Passed through State of California, Department of Child Support Services				
Child Support Enforcement	93.563	CSSI Letter 24-05	-	21,557,619
Passed through State of California, Department of Social Services				
Refugee and Entrant Assistance_State Administered Programs	93.566	022E,031E,045E,2401E,2403E,2404E,2406E,2407F	-	103,508
Refugee and Entrant Assistance_State Administered Programs	93.566	506E,512E,517E,522E,532E,2401E,2404E,2406F	-	884,436
Subtotal			-	987,944
Passed through State of California, Department of Social Services				
Community-Based Child Abuse Prevention Grants	93.590	ACIN I-17-24 / A-17-068	-	87,632
Passed through State of California, Department of Social Services				
Adoption and Legal Guardianship Incentive	93.603	CFL23/24: 74	-	154,519
Passed through State of California, Department of Child Support Services				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CFL23/24: 56	-	608,934
Passed through State of California, Department of Child Support Services				
Foster Care Title IV-E	93.658	CFL 23/24: 56	-	1,730,673
Foster Care Title IV-E	93.658	CFL23/24: 31	-	382,363
Foster Care Title IV-E	93.658	000E,012E,017E,026E,033E,041E,2401E,2402E,2403E,2404E,2405E, 2406E,2407E	-	19,094,480
Foster Care Title IV-E	93.658	CFL23/24: 01,07	-	354,873
Foster Care Title IV-E	93.658	CFL23/24: 20	-	179,502
Foster Care Title IV-E	93.658	CFL23/24: 30,36,40,46,48	-	2,653,248
Foster Care Title IV-E	93.658	CFL23/24: 15	37,971	38,086
Foster Care Title IV-E	93.658	CFL 24/25-61	-	31,936
Foster Care Title IV-E	93.658	CFL 22/23-49	-	375,617
Foster Care Title IV-E	93.658	CFL23/24: 25	-	56,551
Foster Care Title IV-E	93.658	2407F,2408F,2409F,2410F,2411F,2412F,2501F,2502F,2503F,2504F, `2505F,2506F	7,869,467	12,635,023
Foster Care Title IV-E	93.658	Prob IV-E & GMHV	-	395,021
Subtotal for 93.658			7,907,438	37,927,373
Passed through State of California, Department of Child Support Services				
Adoption Assistance	93.659	004E,016E,023E,028E,039E,046E,2401E,2402E,2403E,2404E,2405E, 2406E,2407F	-	1,614,274
Adoption Assistance	93.659	506E,512E,517E,522E,527E,532E,2401E,2402E,2403E,2404E,2405E,2406F	-	28,086,137
Subtotal			-	29,700,411
Passed through State of California, Department of Child Support Services				
Social Services Block Grant	93.667	020030E,CCE2407F,CCE2404E	-	7,281,891
Social Services Block Grant	93.667	CFL23/24: 56	-	2,303,872
Subtotal			-	9,585,763
Passed through State of California, Department of Child Support Services				
Chafee Foster Care Independence Program	93.674	CFL23/24: 53	-	395,539

(Continued)

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor's report on compliance for each major federal 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, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing 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 Health Care Services				
Children's Health Insurance Program	93.767	Fresno (10)	-	524,977
Children's Health Insurance Program	93.767	Fresno (10)	-	180,412
Subtotal			-	705,389
Passed through State of California, Department of Health Care Services				
Medical Assistance Program	93.778	Fresno (10)	-	119,866
Medical Assistance Program	93.778	Fresno (10)	-	14,122
Medical Assistance Program	93.778	Fresno (10)	-	923,891
Medical Assistance Program	93.778	Fresno (10)	-	318,748
Medical Assistance Program	93.778	Fresno (10)	-	4,019,500
Medical Assistance Program	93.778	JE73CDQUAPA7	-	10,108,899
Medical Assistance Program	93.778	JE73CDQUAPA7	-	1,442,339
Medical Assistance Program	93.778	JE73CDQUAPA7	-	105,935,822
Medical Assistance Program	93.778	JE73CDQUAPA7	-	2,200,000
Medical Assistance Program	93.778	MCAC 2023-24 01R	-	43,613,670
Passed through State of California, Department of Social Services				
Medical Assistance Program	93.778	CFL23/24: 18,73	-	12,128,500
Medical Assistance Program	93.778	CFL23/24: 14	-	1,003,132
Medical Assistance Program	93.778	CFL23/24: 14	-	1,980
Medical Assistance Program	93.778	ACL 12-63	-	18,699,535
Medical Assistance Program	93.778	M-20-0013	-	2,656,136
Passed through State of California, Department of Public Health				
Medical Assistance Program	93.778	202410 Fresno	-	352,140
Medical Assistance Program	93.778	202410 Fresno	1,052,033	2,553,481
Passed through State of California, Department of Alcohol and Drug Programs				
Medical Assistance Program	93.778	JE73CDQUAPA7	-	32,079,489
Medical Assistance Program	93.778	JE73CDQUAPA7	-	4,355,507
Medical Assistance Program	93.778	JE73CDQUAPA7	-	354,311
Subtotal - Medicaid Cluster			1,052,033	242,881,068
Passed through State of California, Department of Public Health				
COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant	93.870	22-10 A01-23.24	-	156,107
Passed through State of California, Department of Public Health				
National Bioterrorism Hospital Preparedness Program	93.889	22-10646	-	353,453
National Bioterrorism Hospital Preparedness Program	93.889	22-10701	-	56,127
Subtotal			-	409,580
Passed through State of California, Department of Mental Health				
COVID-19 Block Grants for Community Mental Health Services	93.958	JE73CDQUAPA7	126,959	126,959
COVID-19 Block Grants for Community Mental Health Services	93.958	JE73CDQUAPA7	4,892	4,892
Block Grants for Community Mental Health Services	93.958	JE73CDQUAPA7	2,164,738	2,164,738
Block Grants for Community Mental Health Services	93.958	JE73CDQUAPA7	216,474	216,474
Subtotal			2,513,063	2,513,063
Passed through State of California, Department of Alcohol and Drug Programs				
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	93.959	JE73CDQUAPA7	258,875	285,172
Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	4,026,778	4,026,778
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA10	-	9,265
Subtotal			4,285,653	4,321,215
Passed through State of California, Department of Public Health				
Preventive Health Services Sexually Transmitted Diseases Control Grant	93.977	21-10553, A1	-	283,000
Passed through State of California, Department of Public Health				
Cooperative Agreements for Diabetes Control Programs	93.988	24-10421	-	44,290
Passed through State of California, Department of Public Health				
Maternal and Child Health Services Block Grant to the States	93.994	202010 Fresno	-	109,247
Maternal and Child Health Services Block Grant to the States	93.994	202010 Fresno	-	443,734
Subtotal			-	552,981
Total U.S. Department of Health and Human Services			**21,542,953**	**516,875,026**
U.S. Department of Homeland Security				
Direct Federal Programs				
Boating Safety Financial Assistance	97.012	--	-	55,197
Passed through State of California, Governor's Office of Emergency Services				
Emergency Management Performance Grant Program	97.042	OES 019-00000	-	304,955
Passed through State of California, Department of Public Health				
Homeland Security Grant Program	97.067	16-019	-	870,311
Total U.S. Department of Homeland Security			**-**	**1,230,463**
TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING LOANS)			**$ 36,012,696**	**$ 639,225,529**
Federal Loan Balances with a Continuing Compliance Requirement				
U.S. Department of Housing and Urban Development				
Community Development Block Grants	14.218		$ -	$ 25,000
Community Development Block Grants	14.218		-	87,167
Home Investment Partnerships Program	14.239		-	23,381,951
Federal Loan Balances with a Continuing Compliance Requirement			-	23,494,118
TOTAL EXPENDITURES OF FEDERAL AWARDS (INCLUDING LOANS)			**$ 36,012,696**	**$ 662,719,647**

See accompanying notes to the schedule of expenditures of federal awards and the independent auditor’s report on compliance for each major federal 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, 2025

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, 2025. 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

Except as otherwise noted, 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.

Certain federal program expenditures in the Schedule of Expenditures of Federal Awards are reported on a cash basis. Cash basis expenditures do not include accruals of valid obligations, accrual reversals, or encumbrances as of June 30. These programs are listed below:

Assistance Listing Number	Program Name	Supplemental Identifying Number
10.561	Supplemental Nutrition Assistance Program (SNAP)	05E,024E,032E.040E,047E,2401E,2402E,2403E,2404E,2405E,2406E
10.561	Supplemental Nutrition Assistance Program (SNAP)	CFL 23/24: 38,71
14.231	Emergency Solution Grant Program	E-24-UC-06-0003
14.231	Emergency Solution Grant Program	E-22-UC-06-0003
14.231	Emergency Solution Grant Program	E-23-UC-06-0003
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	CFL 23/24: 26; CFL22/23: 47
93.090	Guardianship Assistance	022E,031E,045E,2401E,2403E,2404E,2406E,2407F
93.090	Guardianship Assistance	506E,512E,517E,522E,527E,532E,2401E,2402E,2403E,2404E,2405E,2406F
93.556	Promoting Safe and Stable Families	CFL23/24: 34,44
93.558	Temporary Assistance for Needy Families	CFL 23/24: 02,04,05,23,35,45,67
93.558	Temporary Assistance for Needy Families	CFL23/24: 56
93.558	Temporary Assistance for Needy Families	CAE:2504F,2506I
93.558	Temporary Assistance for Needy Families	008E,011E,018E,030E,036E,044E,2401E,2402E,2403E,2404E,2405E,2406E,2407F
93.558	Temporary Assistance for Needy Families	505E,510E,515E,520E,525E,530E,2401E,2402E,2403E,2404E,2405E,2406F
93.558	Temporary Assistance for Needy Families	504E,506E,511E,512E,516E,517E,521E,522E,526E,527E,531E,532E,2401E,2402E,2403E,2404E,2405E,2406E, 2406F
93.558	Temporary Assistance for Needy Families	506E,412E,517E,522E,527E,532E,2401E,2402E,2403E,2404E,2405E,2406F
93.566	Promoting Safe and Stable Families	022E,031E,045E,2401E,2403E,2404E,2406E,2407F
93.566	Promoting Safe and Stable Families	506E,512E,517E,522E,532E,2401E,2404E,2406F
93.603	Adoption and Legal Guardianship Incentive Payments Program	CFL23/24: 74
93.645	Stephanie Tubbs Jones Child Welfare Services Program	CFL23/24: 56
93.658	Foster Care	CFL 23/24: 56
93.658	Foster Care	CFL23/24: 31
93.658	Foster Care	000E,012E,017E,026E,033E,041E,2401E,2402E,2403E,2404E,2405E,2406E,2407E
93.658	Foster Care	CFL23/24: 01,07
93.658	Foster Care	CFL23/24: 20
93.658	Foster Care	CFL23/24: 30,36,40,46,48
93.658	Foster Care	CFL23/24: 15
93.658	Foster Care	CFL 24/25-61
93.658	Foster Care	CFL 22/23-49
93.658	Foster Care	CFL23/24: 25
93.659	Adoption Assistance	004E,016E,023E,028E,039E,046E,2401E,2402E,2403E,2404E,2405E,2406E,2407F
93.659	Adoption Assistance	506E,512E,517E,522E,527E,532E,2401E,2402E,2403E,2404E,2405E,2406F
93.667	Social Services Block Grant	CFL23/24: 56
93.667	Social Services Block Grant	020030E,CCE2407F,CCE2404E
93.674	Chafee Foster Care Independence Program	CFL23/24: 53
93.778	Medical Assistance Program	CFL23/24: 14
93.778	Medical Assistance Program	CFL23/24: 14
93.778	Medical Assistance Program	CFL23/24: 18,73
93.778	Medical Assistance Program	ACL 12-63
93.778	Medical Assistance Program	MCAC 2023-24 01R

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, 2025 and 2024:

Assistance Listing Number	Program Title	June 30, 2025	June 30, 2024
10.433	Rural Housing Preservation Grants	$ -	$ 218,238
14.218	Community Development Block Grants	25,000	5,337,932
14.218	Community Development Block Grants	87,167	607,165
14.239	Home Investment Partnerships Program	23,381,951	33,878,354
	Totals	$ 23,494,118	$ 40,041,689

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	Assistance Listing Number	Subrecipient	Amount
Supplemental Nutrition Assistance Program (Snap)	10.561	California Health Collaborative	$ 234,486
Supplemental Nutrition Assistance Program (Snap)	10.561	Fresno County Superintendent of Schools	441,104
Supplemental Nutrition Assistance Program (Snap)	10.561	Reading and Beyond	170,062
Supplemental Nutrition Assistance Program (Snap)	10.561	America Works of California, Inc.	337,773
Community Development Block Grant	14.218	Boys & Girls Club	46,865
Community Development Block Grant	14.218	Caruthers Community Services District	212,196
Community Development Block Grant	14.218	City of Biola	272,047
Community Development Block Grant	14.218	City of Kingsburg	358,989
Community Development Block Grant	14.218	City of Mendota FCFPD Station 96	178,632
Community Development Block Grant	14.218	City of Reedley	264,463
Community Development Block Grant	14.218	City of Riverdale	10,215
Community Development Block Grant	14.218	City of Sanger	32,040
Community Development Block Grant	14.218	City of Selma	339,087
Community Development Block Grant	14.218	Del Ray Wastewater Treatment Plant	321,418
Community Development Block Grant	14.218	Friant Water Authority	15,612
Community Development Block Grant	14.218	Malaga County Water District	39,893
Community Development Block Grant	14.218	Marjaree Mason	50,563
Community Development Block Grant	14.218	Sierra Oaks	17,968
Community Development Block Grant	14.218	Tranquility Wastewater Treatment Plant	10,358
Community Development Block Grant	14.218	Westside Youth	44,448
Emergency Solutions Grant Program	14.231	RH Community Builders - Monte Vista	311,244
Emergency Rental Assistance	21.023	RH Community Builders	54,820
Emergency Rental Assistance	21.023	WestCare California	516,099
Emergency Rental Assistance	21.023	Central California Legal Services	139,378

(Continued)

NOTE 7 – SUBRECIPIENTS (Continued)

Coronavirus State and Local Fiscal Recovery Funds	21.027	Acts Foundation	113,891
Coronavirus State and Local Fiscal Recovery Funds	21.027	Biola Community Services District	770,395
Coronavirus State and Local Fiscal Recovery Funds	21.027	Boys & Girls Cub of Fresno County	233,852
Coronavirus State and Local Fiscal Recovery Funds	21.027	Care Fresno Inc	56,560
Coronavirus State and Local Fiscal Recovery Funds	21.027	Caruthers Community Service District	108,294
Coronavirus State and Local Fiscal Recovery Funds	21.027	Central California Food Bank	136,261
Coronavirus State and Local Fiscal Recovery Funds	21.027	City of Firebaugh	827,793
Coronavirus State and Local Fiscal Recovery Funds	21.027	City of Mendota	79,117
Coronavirus State and Local Fiscal Recovery Funds	21.027	Court Appointed Special Advocates of FRE	35,838
Coronavirus State and Local Fiscal Recovery Funds	21.027	Easter Seals Central California	137,094
Coronavirus State and Local Fiscal Recovery Funds	21.027	Exceptional Parents Unlimited, Inc	32,242
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Area Hispanic Foundation	110,777
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno City and County Historical Society	23,742
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Community Hospital and Medical	2,318,314
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Economic Opportunities Commission	7,598
Coronavirus State and Local Fiscal Recovery Funds	21.027	Fresno Metropolitan Ministry	95,725
Coronavirus State and Local Fiscal Recovery Funds	21.027	Habitat for Humanity	102,610
Coronavirus State and Local Fiscal Recovery Funds	21.027	Malaga County Water District	513,977
Coronavirus State and Local Fiscal Recovery Funds	21.027	Marjaree Mason Center, Inc	4,238,832
Coronavirus State and Local Fiscal Recovery Funds	21.027	Riverdale Public Utility District	97,628
Coronavirus State and Local Fiscal Recovery Funds	21.027	Tranquility Irrigation District	9,443
Projects for Assistance in Transition from Homelessness	93.150	Kingsview	329,402
Public Health Emergency Response	93.391	Fresno Metropolitan Ministry	666,299
Public Health Emergency Response	93.391	Centro Binacional para el Desarrollo Indigena Oaxqueno	161,085
Public Health Emergency Response	93.391	Centro La Familia Advocacy Services	117,865
Public Health Emergency Response	93.391	Cultiva La Salud	134,314
Public Health Emergency Response	93.391	Exceptional Parents Unlimited	113,277
Public Health Emergency Response	93.391	Reading & Beyond	149,149
Public Health Emergency Response	93.391	West Fresno Family Resource	170,467
Public Health Emergency Response	93.391	Aria Community Health Center	41,805
Public Health Emergency Response	93.391	Black Wellness & Prosperity Center	86,370
Promoting Safe and Stable Families	93.556	Exceptional Parents Unlimited, Inc.	407,632
Promoting Safe and Stable Families	93.556	Centro La Familia Advocacy Services, Inc.	173,483
Promoting Safe and Stable Families	93.556	AspiraNet	235,394
Promoting Safe and Stable Families	93.556	Comprehensive Youth Services - Visitation Services	123,310
Temporary Assistance for Needy Families	93.558	Centro La Familia	442,091
Temporary Assistance for Needy Families	93.558	Comprehensive Youth Services	596,236
Temporary Assistance for Needy Families	93.558	Exceptional Parents Unlimited	693,913
Temporary Assistance for Needy Families	93.558	Westside Family Preservation Service Network	115,724
Temporary Assistance for Needy Families	93.558	4Evergreen Foster Family Inc	4,971
Temporary Assistance for Needy Families	93.558	Abrazo Foster Family Agency	83,577
Temporary Assistance for Needy Families	93.558	Angels of Grace	52,967
Temporary Assistance for Needy Families	93.558	Aspiranet	9,424
Temporary Assistance for Needy Families	93.558	Children's Lighthouse	853
Temporary Assistance for Needy Families	93.558	Children's Lighthouse Foster Family Agency	183
Temporary Assistance for Needy Families	93.558	Esperanza	97,890
Temporary Assistance for Needy Families	93.558	Esperanza Foster Family	39,511
Temporary Assistance for Needy Families	93.558	Family Builders	6,714
Temporary Assistance for Needy Families	93.558	Golden State	75,958
Temporary Assistance for Needy Families	93.558	Karing 4 Kids	44,673
Temporary Assistance for Needy Families	93.558	Kern Bridges Youth Homes	26,628
Temporary Assistance for Needy Families	93.558	Kids Kasa	84,795
Temporary Assistance for Needy Families	93.558	Koinonia	11,055
Temporary Assistance for Needy Families	93.558	Michigan House	67,792
Temporary Assistance for Needy Families	93.558	New Era	34,485
Temporary Assistance for Needy Families	93.558	North Star Family Center	15,217
Temporary Assistance for Needy Families	93.558	Phoenix Transitional Housing	6,224
Temporary Assistance for Needy Families	93.558	Positive Attitude	16,428
Temporary Assistance for Needy Families	93.558	Promesa	56,757
Temporary Assistance for Needy Families	93.558	Proteus	3,235
Temporary Assistance for Needy Families	93.558	Quality	185,914
Temporary Assistance for Needy Families	93.558	Quality Family Services	12,181
Temporary Assistance for Needy Families	93.558	Transitional Children	57,994
Temporary Assistance for Needy Families	93.558	Valley Teen Ranch	9,051
Temporary Assistance for Needy Families	93.558	ZND Residential	22,473
Foster Care	93.658	Central Valley Children's Services Network(Emerg. Bridge Prog.)	37,971
Foster Care	93.658	2nd Home	133,516
Foster Care	93.658	3R's	406,805
Foster Care	93.658	3R's THP-NMD	52,896
Foster Care	93.658	4Evergreen Foster Family Inc	289,549
Foster Care	93.658	Abrazo Foster Family Agency	337,263
Foster Care	93.658	Angels of Grace	196,223
Foster Care	93.658	Approachable	6,384
Foster Care	93.658	Aspiranet	835,762
Foster Care	93.658	Changing Faces	10,395
Foster Care	93.658	Children's Home of Stockton	67,924
Foster Care	93.658	Children's Lighthouse	851
Foster Care	93.658	Children's Lighthouse Foster Family Agency	16,577
Foster Care	93.658	Chrysalis House	36,638
Foster Care	93.658	Courage to Change	1,047
Foster Care	93.658	Covenant Kids, Inc.	12,616
Foster Care	93.658	Creative Alternatives	26,115
Foster Care	93.658	Elite Family Systems	80,906
Foster Care	93.658	Environmental Alternatives	169,470
Foster Care	93.658	Esperanza	145,975

(Continued)

NOTE 7 – SUBRECIPIENTS (Continued)

Foster Care	93.658	Esperanza Foster Family	29,132
Foster Care	93.658	Family Builders	79,872
Foster Care	93.658	Family Connections Christian Adoptions	9,284
Foster Care	93.658	For The Future	31,318
Foster Care	93.658	Fresno Youth Case	87,188
Foster Care	93.658	Global Family Care Network, Inc	35,680
Foster Care	93.658	Golden Rose Fowler	15,479
Foster Care	93.658	Golden State	664,016
Foster Care	93.658	Hope For Youth	70,121
Foster Care	93.658	Karing 4 Kids	325,320
Foster Care	93.658	Kids Kasa	349,786
Foster Care	93.658	Koinonia	335,172
Foster Care	93.658	Manuch	206,845
Foster Care	93.658	Michigan House	53,770
Foster Care	93.658	New Era	244,680
Foster Care	93.658	North Star Family Center	154,868
Foster Care	93.658	Paradise Oaks Youth Services	4,945
Foster Care	93.658	Peacock Acres	32,387
Foster Care	93.658	Phoenix THP	29,935
Foster Care	93.658	Phoenix Transitional Housing	248,557
Foster Care	93.658	Positive Attitude	85,767
Foster Care	93.658	Promesa	296,806
Foster Care	93.658	Proteus	226,770
Foster Care	93.658	Quality	773,829
Foster Care	93.658	Quality Family Services	88,841
Foster Care	93.658	S and A Children's Care Services	84,467
Foster Care	93.658	The Virtuous Woman	14,496
Foster Care	93.658	Transitional Children	408,919
Foster Care	93.658	Valley Teen Ranch	52,107
Foster Care	93.658	ZND Residential	2,198
Medical Assistance Program	93.778	Exceptional Parents Unlimited	268,335
Medical Assistance Program	93.778	Centro La Familia Advocacy Services	248,730
Medical Assistance Program	93.778	Central Valley Children's Services Network	261,959
Medical Assistance Program	93.778	Fresno County Economic Opportunities Commission	273,009
Block Grants for Community Mental Health Services	93.958	Various	2,381,212
Block Grants for Community Mental Health Services	93.958	Turning Point of Central California, Inc.	131,851
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Comprehensive Addiction Programs, Inc.	618,094
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Fresno County Hispanic Commission	154,562
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Mental Health Systems, Inc.	887,931
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Prodigy Healthcare, Inc.	368,069
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Turning Point of Central California, Inc.	238,965
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Westcare California, Inc.	1,039,495
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Youth Leadership Institute	978,537
			$ 36,012,696

FINDINGS AND QUESTIONED COSTS

COUNTY OF FRESNO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards

Type of auditor's report issued on compliance for major Federal programs: Qualified for ALN 14.239; Unmodified for All Other Major Federal Programs

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

Noncompliance material to federal awards? X Yes ____ No

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, under 2 CFR §200.516(a)? X Yes ____ No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.778	Medical Assistance Program
93.959	Substance Abuse Prevention and Treatment Block Grant

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 2025-001 – Financial Statements and Capital Assets Reconciliation Process

Criteria

In accordance with the Governmental Accounting Standards Board (GASB) and Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework, the County of Fresno (the County) is required to reconcile capital assets reported on the Annual Comprehensive Financial Report (ACFR) to supporting documentation. While no single standard explicitly mandates this reconciliation, this is addressed primarily through the broader principles of accurate financial reporting and internal controls. In addition, internal controls should be designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement. These internal controls should be implemented to ensure that the ACFR is free of material misstatements.

Condition

Restatements for error correction were made to restate the governmental activities net position. An error correction, decreasing net position by $25,108 (expressed in thousands), was made to account for lease tenant improvements, infrastructure, intangible assets, leases, and construction in progress that were not reported in prior years. In addition, error corrections were made for the Solid Waste Funds, decreasing net position by $1,429 and $428 (expressed in thousands) for Resources Landfill and Southeast Regional Landfill, respectively, to reconcile assets and accumulated depreciation.

Cause of Condition

The capital asset reconciliation process has remained unchanged over the years because it was consistently deemed acceptable in prior audits, with no findings or recommendations for improvement. As management and current staff gained a deeper understanding of the full capital asset process and began conducting more comprehensive reviews, it became apparent that the capital asset reporting in prior years had not been fully accurate. The gap in accurate reporting, compounded year after year, has necessitated adjustments to the year-end process to address the growing discrepancies. The existing process requires fine-tuning to ensure that future capital asset reconciliations are more accurate and aligned with current best practices.

Repeat Finding

Yes.

Effect of Condition

Improper internal controls over financial reporting can lead to an unreliable and misleading ACFR due to improper recording, classifying, and summarizing financial information. Failing to reconcile capital asset amounts to supporting documents can have significant financial, operational, and compliance-related effects. Capital assets might be recorded at incorrect values, leading to misstatements in the balance sheet. Inaccurate records can result in incorrect depreciation calculation, impacting net income and financial ratios. Assets that are no longer in use may not be impaired or written off, leading to inflated asset values. Without reconciliation, unrecorded or missing assets may go unnoticed, increasing the risk of fraud or theft. The County may unknowingly authorize or record transactions involving nonexistent or misstated assets. Failure to reconcile capital assets undermines compliance with accounting principles generally accepted in the United States of America (GAAP) requirements for accurate and complete financial reporting.

Recommendation

We recommend that the County perform the following:

1. Establish clear policies and procedures that document procedures for reconciling supporting documents to ACFR balances, including timing, responsibilities, and approval processes. Use consistent format and practices for maintaining and reconciling supporting documents.
2. Establish a formal reconciliation process for capital assets. Develop/update and implement a structured process for reconciling capital assets reported in the ACFR to supporting documents, such as purchase invoices, fixed asset registers and physical inventories. This will ensure regular reviews and reduce the risk of discrepancies.
3. Each department should conduct a comprehensive asset inventory to perform a one-time physical inventory of all capital assets to establish a baseline and compare it to the accounting records and adjust the financial records for discrepancies identified. This will help identify unrecorded assets, missing items, or inaccuracies in the existing records.
4. Implement and mandate a centralized Asset Management System (AMS) utilized by all departments. If departments need another system for their specific purpose, departments should ensure that their record reconciles with what is in the central AMS.
5. Assign clear roles and responsibilities. Define and document roles for individuals responsible for maintaining asset records, reconciling accounts, and performing periodic physical inventories. Clear accountability reduces the likelihood of error or omission in asset tracking.
6. Schedule regular reconciliations. Establish a schedule for periodic reconciliations (e.g., monthly, quarterly, or annually). Compare the general ledger amounts for capital assets with the detailed fixed asset register and other supporting documents. Regular reconciliation ensures timely detection and correction of discrepancies.
7. Mandate that all departments follow the proper process to obtain Board of Supervisor's approval for capital asset purchases prior to making any purchases. Retroactive approval should be eliminated to ensure that assets are properly recorded and accounted for in the correct fiscal year, preventing any assets from being missed in the reconciliation process.
8. Strengthen internal controls and continue to conduct internal audits specific to capital asset compliance. If needed, engage external consultants to review current practices and assist in implementing an effective reconciliation process. External expertise can provide objective insights and expedite resolution.

Management Response and Corrective Action Plan

Management concurs with the finding, as it was management who identified the error. We appreciate the recommendations provided and acknowledge the need to enhance the County's procedures for capital asset reconciliation. We recognize the importance of reviewing current policies and procedures, implementing structured processes, and ensuring proper oversight to improve the accuracy and compliance of our capital asset records. We remain committed to addressing the issues identified and taking corrective action to strengthen our capital asset management.

To address the finding, we will continue to review and update current policies and procedures to ensure clear guidelines for reconciling supporting documents to ACFR balances, define roles and responsibilities, and establish a formal reconciliation process for capital assets. We have now given access to all departments to enter assets in the centralized PeopleSoft Asset Management System (AMS) and will require biannual departmental reconciliations, pending the update of Management Directive 400, to mitigate any discrepancies between AMS and any existing sub-systems. We will continue to work with the CAO's office, to require all departments to obtain prior Board approval for capital asset purchases, thereby eliminating retroactive requests and ensuring timely end of year reconciliation and accurate reporting. Additionally, we will leverage the results of the capital asset inventory audit to correct discrepancies and strengthen internal controls through ongoing audits. These measures collectively will improve the accuracy, transparency, accountability, and compliance of our capital asset management processes.

SECTION III – FEDERAL AWARD FINDINGS

Finding 2025-002 – HOME Loans Affordable Period Monitoring

Program: Home Investment Partnerships Program (HOME)
Assistance Listing No.: 14.239
Federal Agency: Department of Housing and Urban Development (HUD)
Passed Through: N/A – Direct Program
Award Year: Fiscal Year 2024-2025
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria

According to 24 Code of Federal Regulations (CFR) § 92.252, participating jurisdictions must enforce affordability requirements during the specified period through mechanisms such as regulatory agreements, deed restrictions, or similar instruments. This includes conducting on-site inspections of HOME-assisted rental housing to determine compliance with property standards and to verify information submitted by owners.

Condition

Seven instances were identified where the affordable period monitoring procedures were not performed by the County.

Cause of Condition

The Department experienced 100% staff turnover for HOME in 2023, and historical knowledge and organizational experience were lost at that time. Additionally, the United States Department of Housing and Urban Development (HUD) released a new final rule, the Housing Opportunity Through Modernization Act of 2016 (HOTMA), on February 14, 2023, which fundamentally changed monitoring requirements, but HUD did not issue any additional guidance for its grantees. As of today's date, the guidance from HUD is promised, but still forthcoming. The new staff had difficulties interpreting how often monitoring must occur under the new regulations. Due to this fact, current staff incorrectly applied a three-year cycle to all monitoring activities, when the three-year cycle was specific to physical inspections.

Repeat Finding

Yes.

Effect of Condition

Noncompliance with timely monitoring may put the County into a higher risk category for monitoring from HUD. No new funds are expended with monitoring activities, so there is no risk of improperly misused funds; but monitoring each property to ensure HOME regulations are met is a requirement of the funding source. If a jurisdiction fails to ensure affordability requirements are being met, HUD can increase its oversight activities on the County or ultimately if affordability is lost and no remedies are viable, HUD could require repayment of all funding associated with the project.

Recommendation

Management should develop and implement a system and sufficient staffing levels to ensure HOME-assisted projects are properly monitored during the period of affordability. Each procedure performed should be documented and reviewed to ensure compliance with HOME regulations. The County should develop a standardized monitoring checklist for recordkeeping reviews, physical inspections, and regulatory compliance. A cloud-based tracking system (or similar options) should be used to maintain compliance records and send alerts for inspections. The County should continue to support staff's efforts to identify and participate in relevant trainings, as they become available, to expand staff's understanding of HUD regulations. If monitoring results in any corrective action plans, the County should consider providing technical assistance to property owners to support long-term compliance

Management Response and Corrective Action Plan

After the Fiscal Year 2024 monitoring finding last year, the Department developed a comprehensive certification for property owners to complete and a list of required files to be provided to the County on an annual basis. In 2025, Department staff confirmed with the County's HUD representative that the new monitoring documents and plan would satisfy the HUD's monitoring requirements. Staff are providing technical assistance to the property owners, as preliminary records reviewed indicate all units are still maintained as affordable, but the owners' provision of all documentation is still in progress. The physical inspections of the property exteriors in October 2025 indicated broadly that housing quality standards are still being maintained. The Department continues to seek out training for staff on HOME requirements and will continue efforts to update monitoring policies and procedures, as necessary, to address all current regulatory requirements. The Department's multifamily monitoring for all projects in the HOME period of affordability for calendar years through 2024 will be completed prior to August 30, 2026. Although not due in Fiscal Year 2024-25, the Department is moving forward with monitoring for calendar year 2025, which is anticipated to be completed timely, prior to December 31, 2026. As part of the monitoring process, the Department will collect or create documents demonstrating a property's annual or semi-annual (as relevant) compliance with HOME requirements, review for adherence to regulations, draft and issue a report of findings, and require owners of projects with deficiencies to prepare and submit a satisfactory corrective action plan. The Department will continue to follow up regularly with property owners until all corrective actions are implemented. Staff's recommendation to facilitate ongoing, decades-long monitoring requirements include the creation of a master omnibus amendment to all existing property agreements to ensure concrete requirements for recordkeeping and monitoring are clearly outlined and accompanied by explicit deadlines. This amendment will be pursued as time permits and after lessons learned from current monitoring activities are integrated into the monitoring process.

COUNTY OF FRESNO
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025

I. FINANCIAL STATEMENT FINDINGS

Finding 2025-001 – Financial Statements and Capital Assets Reconciliation Process

Management's Response or Department's Response

Management concurs with the finding, as it was management who identified the error. We appreciate the recommendations provided and acknowledge the need to enhance the County's procedures for capital asset reconciliation. We recognize the importance of reviewing current policies and procedures, implementing structured processes, and ensuring proper oversight to improve the accuracy and compliance of our capital asset records. We remain committed to addressing the issues identified and taking corrective action to strengthen our capital asset management.

Views of Responsible Officials and Corrective Action

To address the finding, we will continue to review and update current policies and procedures to ensure clear guidelines for reconciling supporting documents to ACFR balances, define roles and responsibilities, and establish a formal reconciliation process for capital assets. We have now given access to all departments to enter assets in the centralized PeopleSoft Asset Management System (AMS) and will require biannual departmental reconciliations, pending the update of Management Directive 400, to mitigate any discrepancies between AMS and any existing sub-systems. We will continue to work with the CAO's office, to require all departments to obtain prior Board approval for capital asset purchases, thereby eliminating retroactive requests and ensuring timely end of year reconciliation and accurate reporting. Additionally, we will leverage the results of the capital asset inventory audit to correct discrepancies and strengthen internal controls through ongoing audits. These measures collectively will improve the accuracy, transparency, accountability, and compliance of our capital asset management processes.

Anticipated Completion Date

November 2026

Contact Information of Responsible Official

Name: Matthew Bell
Title: Accounting & Financial Division Chief
Phone: 559-600-1351

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2025-002 – HOME Loans Affordable Period Monitoring

Management's Response or Department's Response

Management concurs with the finding.

Views of Responsible Officials and Corrective Action

After the Fiscal Year 2024 monitoring finding last year, the Department developed a comprehensive certification for property owners to complete and a list of required files to be provided to the County on an annual basis. In 2025, Department staff confirmed with the County's HUD representative that the new monitoring documents and plan would satisfy the HUD's monitoring requirements. Staff are providing technical assistance to the property owners, as preliminary records reviewed indicate all units are still maintained as affordable, but the owners' provision of all documentation is still in progress. The physical inspections of the property exteriors in October 2025 indicated broadly that housing quality standards are still being maintained. The Department continues to seek out training for staff on HOME requirements and will continue efforts to update monitoring policies and procedures, as necessary, to address all current regulatory requirements. The Department's multifamily monitoring for all projects in the HOME period of affordability for calendar years through 2024 will be completed prior to August 30, 2026. Although not due in Fiscal Year 2024-25, the Department is moving forward with monitoring for calendar year 2025, which is anticipated to be completed timely, prior to December 31, 2026. As part of the monitoring process, the Department will collect or create documents demonstrating a property's annual or semi-annual (as relevant) compliance with HOME requirements, review for adherence to regulations, draft and issue a report of findings, and require owners of projects with deficiencies to prepare and submit a satisfactory corrective action plan. The Department will continue to follow up regularly with property owners until all corrective actions are implemented. Staff's recommendation to facilitate ongoing, decades-long monitoring requirements include the creation of a master omnibus amendment to all existing property agreements to ensure concrete requirements for recordkeeping and monitoring are clearly outlined and accompanied by explicit deadlines. This amendment will be pursued as time permits and after lessons learned from current monitoring activities are integrated into the monitoring process.

Anticipated Completion Date

August 2026

Contact Information of Responsible Official

Name: Augustine Ramirez
Title: Division Manager, DPWP Community Development Division
Phone: 559-600-4266

SECTION II – FINANCIAL STATEMENTS FINDINGS

Finding 2024-001 – Financial Statements and Capital Assets Reconciliation Process

Criteria

In accordance with the Governmental Accounting Standards Board (GASB) and Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework, the County of Fresno (the County) is required to reconcile capital assets reported on the Annual Comprehensive Financial Report (ACFR) to supporting documentation. While no single standard explicitly mandates this reconciliation, this is addressed primarily through the broader principles of accurate financial reporting and internal controls. In addition, internal controls should be designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement. These internal controls should be implemented to ensure that the ACFR is free of material misstatements.

Condition

Restatements for error correction was made to restate the governmental activities net position. An error correction, decreasing net position by $74,357 (expressed in thousands), was made to account for capital assets that were either not reported or incorrectly classified as building and improvements. In addition, the County was not able to reconcile the capital asset amounts reported on the ACFR directly with the supporting documentation.

Cause of Condition

The capital asset reconciliation process has remained unchanged over the years because it was consistently deemed acceptable in prior audits, with no findings or recommendations for improvement. As management and current staff gained a deeper understanding of the full capital asset process and began conducting more comprehensive reviews, it became apparent that the capital asset reporting in prior years had not been fully accurate. The gap in accurate reporting, compounded year after year, has necessitated adjustments to the year-end process to address the growing discrepancies. The existing process requires fine-tuning to ensure that future capital asset reconciliations are more accurate and aligned with current best practices.

Repeat Finding

No.

Effect of Condition

Improper internal controls over financial reporting can lead to an unreliable and misleading ACFR due to improper recording, classifying, and summarizing financial information. Failing to reconcile capital asset amounts to supporting documents can have significant financial, operational, and compliance-related effects. Capital assets might be recorded at incorrect values, leading to misstatements in the balance sheet. Inaccurate records can result in incorrect depreciation calculation, impacting net income and financial ratios. Assets that are no longer in use may not be impaired or written off, leading to inflated asset values. Without reconciliation, unrecorded or missing assets may go unnoticed, increasing the risk of fraud or theft. The County may unknowingly authorize or record transactions involving nonexistent or misstated assets. Failure to reconcile capital assets undermines compliance with accounting principles generally accepted in the United States of America (GAAP) requirements for accurate and complete financial reporting.

Recommendation

We recommend that the County perform the following:

1. Establish clear policies and procedures that document procedures for reconciling supporting documents to ACFR balances, including timing, responsibilities, and approval processes. Use consistent format and practices for maintaining and reconciling supporting documents.
2. Establish a formal reconciliation process for capital assets. Develop/update and implement a structured process for reconciling capital assets reported in the ACFR to supporting documents, such as purchase invoices, fixed asset registers and physical inventories. This will ensure regular reviews and reduce the risk of discrepancies.
3. Each department should conduct a comprehensive asset inventory to perform a one-time physical inventory of all capital assets to establish a baseline and compare it to the accounting records and adjust the financial records for discrepancies identified. This will help identify unrecorded assets, missing items, or inaccuracies in the existing records.
4. Implement and mandate a centralized Asset Management System (AMS) utilized by all departments. If departments need another system for their specific purpose, departments should ensure that their record reconciles with what is in the central AMS.
5. Assign clear roles and responsibilities. Define and document roles for individuals responsible for maintaining asset records, reconciling accounts, and performing periodic physical inventories. Clear accountability reduces the likelihood of error or omission in asset tracking.
6. Schedule regular reconciliations. Establish a schedule for periodic reconciliations (e.g., monthly, quarterly, or annually). Compare the general ledger amounts for capital assets with the detailed fixed asset register and other supporting documents. Regular reconciliation ensures timely detection and correction of discrepancies.
7. Mandate that all departments follow the proper process to obtain Board of Supervisor's approval for capital asset purchases prior to making any purchases. Retroactive approval should be eliminated to ensure that assets are properly recorded and accounted for in the correct fiscal year, preventing any assets from being missed in the reconciliation process.
8. Strengthen internal controls and continue to conduct internal audits specific to capital asset compliance. If needed, engage external consultants to review current practices and assist in implementing an effective reconciliation process. External expertise can provide objective insights and expedite resolution.

Management Response and Corrective Action Plan

Management concurs with the finding, as it was management who initially identified the error. We appreciate the recommendations provided and acknowledge the need to enhance the County's procedures for capital asset reconciliation. We recognize the importance of reviewing current policies and procedures, implementing structured processes, and ensuring proper oversight to improve the accuracy and compliance of our capital asset records. We are committed to addressing the issues identified and taking corrective action to strengthen our capital asset management.

To address the findings, we will review and update current policies and procedures to ensure clear guidelines for reconciling supporting documents to ACFR balances, define roles and responsibilities, and establish a formal reconciliation process for capital assets. We will work with the CAO's office to mandate the use of the centralized PeopleSoft Asset Management System (AMS) across all departments and ensure reconciliation with existing sub-systems. A regular reconciliation schedule will be implemented, and all departments will be required to obtain prior Board approval for capital asset purchases, eliminating retroactive requests. Additionally, we will leverage the results of the capital asset inventory audit to correct discrepancies and strengthen internal controls through ongoing audits and, if necessary, external consulting. These actions will improve the accuracy, accountability, and compliance of our capital asset management processes.

Current Year Status

See current year finding 2025-001.

SECTION III – FEDERAL AWARD FINDINGS

Finding 2024-002 – HOME Loans Affordable Period Monitoring

Program: Home Investment Partnerships Program (HOME)
Assistance Listing No.: 14.239
Federal Agency: Department of Housing and Urban Development (HUD)
Passed Through: N/A – Direct Program
Award Year: Fiscal Year 2023-2024
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria

According to 24 Code of Federal Regulations (CFR) § 92.252, participating jurisdictions must enforce affordability requirements during the specified period through mechanisms such as regulatory agreements, deed restrictions, or similar instruments. This includes conducting on-site inspections of HOME-assisted rental housing to determine compliance with property standards and to verify information submitted by owners.

Condition

Five instances were identified where the affordable period monitoring procedures were not performed by the County.

Cause of Condition

The Department experienced 100% staff turnover for HOME in 2023 and historical knowledge and organizational experience were lost at that time. Due to this fact current staff were unaware of this requirement.

Repeat Finding

No.

Effect of Condition

Noncompliance may necessitate the repayment of misused or improperly monitored HOME funds to HUD. For instance, if a county fails to enforce affordability requirements, HUD can demand the return of funds associated with the noncompliant units. Persistent noncompliance can jeopardize a county's eligibility for future HOME allocations. HUD may withhold or reduce funding until compliance issues are resolved, impacting the county's ability to finance affordable housing projects.

Recommendation

Management should develop and implement a system to ensure the HOME Loans under the Affordability Period are properly monitored. Each procedure performed should be documented and reviewed to ensure monitoring procedures were performed. The County should develop standardized monitoring checklist aligned with HUD’s HOME program guide for file reviews, inspections, and affordability compliance. A cloud-based tracking system (or similar options) should be used to maintain compliance records and send alerts for inspections. The County should provide annual training for monitoring staff to ensure they stay updated on HUD regulations. Additionally, offer technical assistance to property owners and homebuyers to support compliance.

Management Response and Corrective Action Plan

The Department will provide training to staff on HOME monitoring requirements, updating policies and procedures, as necessary, to address all current regulatory requirements. The Department's multifamily monitoring for all projects in the HOME period of affordability will be completed prior to June 30, 2025. As part of the monitoring process, the Department will document all records requiring annual or semi-annual oversight and review for compliance with HOME requirements. Should the monitoring result in any findings requiring corrective action, the Department will ensure all findings are addressed by September 30, 2025.

Current Year Status

See current year finding 2025-002.

Children and Families Commission of Fresno County | Fresno, CA

Financial Statements

For the Year Ended June 30, 2025

FIRST 5 FRESNO COUNTY

PRICE PAIGE & COMPANY
Certified Public Accountants

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Financial Statements
For the Year Ended June 30, 2025

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PRICE PAIGE & COMPANY
Certified Public Accountants
The Place to Be

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2025, the Commission adopted new accounting guidance, *GASB Statement No. 101 – Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-11 and 39-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying Supplemental Schedule of First 5 California (F5CA) Funding is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 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 15, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Price Paige & Company

Clovis, California
October 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 to integrate and coordinate the 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.

Upon the passage of the Act on December 8, 1998, the Fresno County (the County) Board of Supervisors created the Children and Families Commission of Fresno County (the Commission). 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.

This report contains a discussion of key program, management, financial, and performance information for fiscal year 2024-2025 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, 2025.

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 by partnering with, advocating for and investing in our community, the Commission is a catalyst for creating a seamless system of quality, accessible, services that support the well-being of every child and family.

Central to the Commission's mission are the strategic focus areas, outlined in the Commission's Strategic Plan, which aim to convert the Commission's commitment into action.

FINANCIAL HIGHLIGHTS

- During fiscal year 2024-2025, the Commission received Proposition 10 revenues of $4.8 million from the State of California as revenues collected under the Children and Families Act, $2.1 million in backfill dollars from Proposition 56, $50k as part of the Surplus Money Investment Fund (SMIF) and received $106k from the California Electronic Cigarette Excise Tax (CECET).

- The Commission disbursed approximately $9.6 million to funded agencies and programmatic expenses in the reported period ending June 30, 2025.

- In fiscal year 2024-2025 alone, over $6.8 million were committed by the Commission towards the agency's Strategic Plan, which will be disbursed in the subsequent fiscal years to fund its programmatic investments.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Government-Wide Statements

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

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

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

The Government-Wide Statements combine financial information for both the Commission (General Fund) and for the Lighthouse for Children, Inc. (Lighthouse Special Revenue Fund)—see Note 1 to the Financial Statements for more information. Separately-issued Financial Statements for Lighthouse for Children, Inc. may be obtained from Lighthouse for Children, Inc. of Fresno County, 2405 Tulare Street, Fresno, California 93721.

Fund Financial Statements

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The Commission's total assets were approximately $52.1 million at the end of the fiscal year. The majority of the Commission's assets, $36.7 million, are in cash and investments followed by the Lighthouse for Children building valued at $11.9 million.

Cash and investments are maintained in the Commission's checking and savings accounts, the Fresno County investment pool where interest earned on the Commission's balance is apportioned to the Commission, and in an investment account. Types of investments and credit ratings can be found in this report starting on page 29. Another asset is the Commission's approximately $881K receivable due from the State Commission for Proposition 10 and other tax-associated revenue (page 14). These receivables represent taxes remitted by the State but not received by the Commission as of June 30, 2025. The Commission also reports accounts payable of approximately $2.9 million representing payments due on invoices.

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

	June 30, 2025	June 30, 2024	Change
ASSETS			
Cash and investments	$ 36,718,583	$ 35,011,191	$ 1,707,392
Due from the State	881,494	1,007,826	(126,332)
Other receivables	1,671,236	2,130,931	(459,695)
Lease receivable	243,931	283,709	(39,778)
Prepaid assets	26,031	62,439	(36,408)
Capital assets, not being depreciated	676,530	676,530	-
Capital assets, net of accumulated depreciation	11,916,030	12,332,303	(416,273)
Total assets	52,133,835	51,504,929	628,906
LIABILITIES			
Current liabilities	2,911,971	3,314,939	(402,968)
Noncurrent liabilities	35,651	24,877	10,774
Total liabilities	2,947,622	3,339,816	(392,194)
DEFERRED INFLOWS OF RESOURCES			
Lease related	311,612	362,867	(51,255)
Total deferred inflows of resources	311,612	362,867	(51,255)
NET POSITION			
Net investment in capital assets	12,581,108	12,984,142	(403,034)
Restricted	1,643,376	1,503,029	140,347
Unrestricted	34,650,117	33,315,075	1,335,042
Total net position	$ 48,874,601	$ 47,802,246	$ 1,072,355

In fiscal year 2024-2025, the Commission's net position increased by approximately $1.1 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
STATEMENT OF ACTIVITIES COMPARISON

	June 30, 2025	June 30, 2024	Change
REVENUES			
Grants and contributions	$ 10,319,920	$ 11,235,631	$ (915,711)
General revenues	1,551,333	1,253,289	298,044
Total revenue	11,871,253	12,488,920	(617,667)
EXPENSES			
Child development services	10,798,898	10,402,452	396,446
Total expenditures	10,798,898	10,402,452	396,446
Change in net position	$ 1,072,355	$ 2,086,468	$ (1,014,113)

FINANCIAL ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND

For the fiscal year, the Commission reported an ending total fund balance of 36,108,115, an increase of approximately $1.3 million (see page 19).

Revenue and Expenditure Analysis – Governmental Funds

Total revenue consists of Proposition 10 funds, Proposition 56 and other tax-related funds, external grant revenues, investment earnings, and other revenues. As shown in the Governmental Fund Activities Comparison on the next page, there was a decrease in total revenues from approximately $12.5 million, in the prior year, to $11.9 million for the fiscal year 2024-2025. Program Revenues decreased, compared to the year ended June 30, 2024, by $1.09 million. This includes Proposition 10 Revenue decreased by $889K, from $5.7 million in FY 2023-24 to $4.8 million in FY 2024-25. Grant revenue from external sources such as First 5 California for IMPACT (Improve and Maximize Programs so All Children Thrive) efforts decreased slightly by $60K. Through this fiscal year's activity, 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 on par with the prior year.

One example of program investments during the 2024-2025 fiscal year:

This fiscal year the Commission awarded $700,000 for a new, multi-year partnership with BLACK Wellness & Prosperity Center (BWPC). This Fresno-based organization, BWPC, is focused on improving Black maternal and infant health outcomes in the Central Valley where Black families experience disproportionality high rates of preterm birth and life-threatening childbirth complications. Among their unique initiatives, BWPC is building their on-site capacity to provide clinical prenatal care and birthing services. Through this partnership with First 5 Fresno, BWPC provides culturally affirming and evidence-informed group care for pregnant individuals. Group care sessions are complemented with client-centered support, goal setting and referrals to help participants reduce stress, enhance life skills and build social support. This partnership is a branch off of the First 5 Fresno County Commission-funded Glow! Group Prenatal Care and Support Program (Glow!), a locally-enhanced group prenatal care model that has existed since 2017. In the future, BWPC will transition this partnership as an implementation of Glow!.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
GOVERNMENTAL FUND ACTIVITIES COMPARISON

	June 30, 2025	June 30, 2024	Change
REVENUES			
Program revenues	$ 7,049,963	$ 8,142,728	$ (1,092,765)
Grant revenues	3,135,737	3,092,903	42,834
Other revenue	155,544	208,463	(52,919)
Contributions	134,220	-	134,220
Investment earnings	1,395,789	1,044,826	350,963
Total revenues	11,871,253	12,488,920	(617,667)
EXPENDITURES			
Program services	9,552,471	9,000,895	551,576
Evaluation services	401,278	416,189	(14,911)
Administrative costs	410,754	512,659	(101,905)
Debt service	11,426	13,586	(2,160)
Capital outlay	9,374	3,182	6,192
Total expenditures	10,385,303	9,946,511	438,792
Change in fund balance	$ 1,485,950	$ 2,542,409	$ (1,056,459)

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 2024-2025 as detailed in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual (shown on pages 39 and 40). In fiscal year 2024-2025, the Commission received actual revenues of $11.9 million compared to the budgeted amount of $10.7 million. In preparing the budget, the Commission considered variables such as declining tobacco consumption, the effects of changes in legislation on revenue, and market activity monitoring for investments. Actual total revenues were $940K more than budgeted, which was mainly due to receiving more investment earnings than anticipated.

In fiscal year 2024-2025, actual expenditures were $4.09 million less than budgeted due to the Commission awarding multi-year contracts with the budgeted dollars that will be spent in subsequent fiscal years and cost savings in the Commission's evaluation database.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets of $12.6 million (net of accumulated depreciation) are for the Lighthouse for Children facility and equipment, the Huron land and childcare facility, and associated equipment purchased. Details of net capital assets are as follows:

	Governmental Activities		
	June 30, 2025	June 30, 2024	Change
Capital assets not being depreciated	$ 676,530	$ 676,530	$ -
Capital assets being depreciated	16,214,405	16,214,405	-
Accumulated depreciation and amortization	(4,298,375)	(3,882,102)	(416,273)
Total capital assets, net	$ 12,592,560	$ 13,008,833	$ 416,273

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 9 for details.

	Balance 06/30/2024	Additions	Deletions	Balance 06/30/2025	Due within One Year
Governmental activities:					
Subscription liability	$ 24,691	$ -	$ (13,239)	$ 11,452	$ 11,452
Compensated absences*	31,497	10,561	-	42,058	6,407
Total	$ 56,188	$ 10,561	$ (13,239)	$ 53,510	$ 17,859

**The compensated absence activity shown in the table above is presented on a net change basis, as permitted by GASB Statement No. 101*

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 committed to continued collaboration with community partners and to leveraging resources to maximize funds remains. Due to the ever reducing Proposition 10 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 2025-2030 Strategic Plan, the Commission synthesized existing community reports, evaluations and publishing to inform the foundation of the strategic plan. These 60 plus sourced resources were informed by community and data and became the starting point for framework of the strategic plan. The framework then included community engagement. The feedback received, complemented by the momentum of existing community efforts, formed the basis of the new 2025-2030 Strategic Plan which outlines the Commission's roles and areas of focus to address challenges our families are facing in responsive, collaborative, and innovative ways. The Commission's 2025-2030 Strategic Plan can be found on the Commission's website at www.first5fresno.org.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

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

- Maternal, Child and Family Health – $1.18 million
- Thriving Families – $1.28 million
- Early Learning – $1.27 million
- Systems Change – $663k

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

	Governmental Activities
ASSETS	
Cash and investments	$ 36,718,583
Due from the State	881,494
Other receivables	1,671,236
Lease receivable	243,931
Prepaid assets	26,031
Capital assets not being depreciated	676,530
Capital assets, net	11,916,030
Total assets	52,133,835
LIABILITIES	
Current liabilities:	
Accounts payable	2,881,294
Accrued payroll and related taxes	12,818
Noncurrent liabilities:	
Due in one year:	
Compensated absences	6,407
Software subscription liabilities	11,452
Due in more than one year:	
Compensated absences	35,651
Total liabilities	2,947,622
DEFERRED INFLOWS OF RESOURCES	
Lease related	311,612
Total deferred inflows of resources	311,612
NET POSITION	
Net investment in capital assets	12,581,108
Restricted	1,643,376
Unrestricted	34,650,117
Total net position	$ 48,874,601

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues	
Functions/Programs	Expenses	Operating Grants and Contributions	Changes in Net Position
Child development services	$ 10,798,898	$ 10,319,920	$ (478,978)
Total governmental activities	$ 10,798,898	$ 10,319,920	(478,978)
	General revenues:		
	Interest and investment earnings		1,395,789
	Miscellaneous income		155,544
	Total general revenues		1,551,333
	Change in net position		1,072,355
	Net position - beginning		47,802,246
	Net position - ending		$ 48,874,601

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

FUND FINANCIAL STATEMENTS

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Lighthouse Special Revenue Fund	Total
ASSETS			
Cash and investments	$ 36,510,185	$ 208,398	$ 36,718,583
Due from the State	881,494	-	881,494
Other receivables	1,671,236	-	1,671,236
Lease receivable	243,931	-	243,931
Prepaid expenses	26,031	-	26,031
Total assets	$ 39,332,877	$ 208,398	$ 39,541,275
LIABILITIES			
Accounts payable	$ 2,881,294	$ -	$ 2,881,294
Accrued payroll and related taxes	12,818	-	12,818
Total liabilities	2,894,112	-	2,894,112
DEFERRED INFLOWS OF RESOURCES			
Lease related	311,612	-	311,612
Total deferred inflows of resources	311,612	-	311,612
FUND BALANCES			
Nonspendable	26,031	-	26,031
Restricted	1,496,468	146,908	1,643,376
Committed	6,081,449	-	6,081,449
Assigned	28,523,205	61,490	28,584,695
Total fund balances	36,127,153	208,398	36,335,551
Total liabilities, deferred inflows of resources, and fund balances	$ 39,332,877	$ 208,398	$ 39,541,275

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	$ 36,335,551
Capital assets of $16,890,935 net of accumulated depreciation/amortization of $4,298,375, used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.	12,592,560
Compensated absences liability is not due in the current period and, therefore, is not included in the governmental funds.	(42,058)
Software subscription liabilities are not due in the current period and, therefore, are not included in the governmental funds.	(11,452)
Total net position - governmental activities	$ 48,874,601

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Lighthouse Special Revenue Fund	Total
REVENUES			
Proposition 10 taxes	$ 4,797,846	$ -	$ 4,797,846
Proposition 56 taxes	2,096,550	-	2,096,550
Other tax revenue	155,567	-	155,567
Grant revenue	3,033,049	102,688	3,135,737
Other revenue	145,044	10,500	155,544
Contributions	-	134,220	134,220
Investment earnings	1,395,789	-	1,395,789
Total revenues	11,623,845	247,408	11,871,253
EXPENDITURES			
Current:			
Program services	9,462,471	90,000	9,552,471
Evaluation services	401,278	-	401,278
Administrative costs	400,495	10,259	410,754
Debt service:			
Principal	11,155	-	11,155
Interest	271	-	271
Capital outlay	9,374	-	9,374
Total expenditures	10,285,044	100,259	10,385,303
Excess (deficiency) of revenues over (under) expenditures	1,338,801	147,149	1,485,950
Net change in fund balances	1,338,801	147,149	1,485,950
Fund balances - beginning	34,788,352	61,249	34,849,601
Fund balances - ending	$ 36,127,153	$ 208,398	$ 36,335,551

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

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - governmental funds	$	1,485,950
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 and amortization expense. This is the amount by which depreciation expense and amortization exceeded capital outlays in the current period.		(416,274)
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.		(10,560)
Software subscription liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		13,239
Change in net position - governmental activities	$	1,072,355

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

The Children and Families Commission of Fresno County (the Commission) was established by Fresno County Ordinance, Chapter 2.38, pursuant to the provision of California 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 up to 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. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Commission's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on 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 Commission; 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 Annual Comprehensive Financial Report available from the County of Fresno.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The basic financial statements of the Commission are prepared on the basis of Governmental Accounting Standards Board (GASB) statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*, and related standards. GASB Statement No. 34 established standards for external financial reporting for all state and local government entities which includes a management's 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 expenses 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 balances) 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 90 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 all financial resources of the entity, except those required to be accounted for in another fund, including those services provided 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.

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 Generally Accepted Accounting Principles (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 government-wide statements.

Cash and 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, repurchase agreements, and the State Treasurer's Local Agency Investment Fund (LAIF). Investments held by the County Treasurer are stated at fair value in accordance with GASB requirements. 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, 2025, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases

The Commission is a lessor for various leases of spaces within the Lighthouse for Children facility of which it owns. The Commission recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. Refer to the Statement of Net Position for lease-related receivables and deferred inflows. More information on the leases held can be found in Note 7.

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 and amortization 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
Right-to-use Software Arrangement	2-5 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Software Subscription Arrangements

The Commission has subscriptions for various information technology applications. The Commission recognizes subscription-based information technology arrangement (SBITA) liabilities and intangible right-to-use software arrangement assets in the government-wide financial statements as required by Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. At the commencement of a subscription arrangement, the Commission initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of the payments made. The Intangible Right-to-Use Software Arrangement asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the commencement of the subscription term. Subsequently, the intangible right-to-use software arrangement asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the Commission determines (1) the rate it uses to discount the expected SBITA payments to present value, (2) the SBITA term, and (3) the SBITA payments.

- The Commission uses the interest rate charged by the SBITA vendors as the discount rate. When the interest rate charged by the SBITA vendors is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the non-cancellable period of the arrangement. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments made during the subscription term.

The Commission monitors changes in circumstances that would require a remeasurement of its SBITA liability and related asset and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the Statement of Net Position. Payments made on the SBITA liability are reported as debt service expenditures within the Statement of Revenues, Expenditures and Changes in Fund Balances.

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. More information can be found in Note 9.

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. In the basic financial statements, these amounts are referred to as compensated absences. The measurement of compensated absences includes salary-related payments such as the employer portion of social security and Medicare taxes.

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 governmental fund financial statements, a liability for these payment in lieu 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.

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 amortization 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.

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.

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.

Pronouncements

New Accounting Pronouncement Adopted

Governmental Accounting Standards Board Statement No. 101

For the year ended June 30, 2025, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB Statement No. 101 establishes uniform accounting and financial reporting requirements for the recognition and measurement of compensated absences. These changes were incorporated in the Commission's June 30, 2025, financial statements and had no effect on the beginning net position of the General Fund.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments consisted of the following as of June 30, 2025:

Cash in banks	$ 3,302,504
Investments	33,416,079
Total cash and investments	$ 36,718,583

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 the General Authorization section 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 Fresno 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 Fresno 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 Fresno 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

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.

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:

		Remaining Maturity (in months)		
Investment Type	Amount	12 months or less	13 to 24 months	25 to 60 months
U.S. Treasuries	$ 7,235,382	$ 96,956	$ 1,815,930	$ 5,322,496
Federal Agency Mortgage Backed Securities	1,692,106	-	494,902	1,197,204
Corporate Notes	2,213,819	-	719,152	1,494,667
Asset-Backed Securities	1,260,849	-	98,540	1,162,309
Money Market Mutual Funds	40,168	40,168	-	-
County Pooled Investments Funds	20,973,755	20,973,755	-	-
Total	$ 33,416,079	$ 21,110,879	$ 3,128,524	$ 9,176,676

E. 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, 2025.

		Minimum	Rating as of Year-End									
Investment Type	Fair Value	Legal Rating	AAA	AA+	AA	AA-	A+	A	A-	A-1+	BBB+**	Not Rated**
U.S. Treasuries	$ 7,235,382	N/A	$ -	$ 7,235,382	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Agency Mortgage Backed Securities	1,692,106	N/A	-	1,692,106	-	-	-	-	-	-	-	-
Corporate Notes	2,213,819	A-	15,252	-	75,380	255,233	511,928	454,030	701,814	-	200,182	-
Asset-Backed Securities	1,260,849	AA-	1,065,428	-	-	-	-	-	-	-	-	195,421
Money Market Mutual Funds	40,168	AAA	40,168	-	-	-	-	-	-	-	-	-
County Pooled Investments Funds	20,973,755	N/A	-	-	-	-	-	-	-	-	-	20,973,755
Total	$ 33,416,079		$ 1,120,848	$ 8,927,488	$ 75,380	$ 255,233	$ 511,928	$ 454,030	$ 701,814	$ -	$ 200,182	$ 21,169,176

**Securities, not including the County Pooled Investment Funds, rated "BBB+" or "Not Rated" by S&P are rated "A-" (or the equivalent) or higher by Moody's and/or Fitch.

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Concentration of Credit Risk

The Commission's Investment Policy 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:

Issuer	Investment Type	Reported Amount	% of Total Investments
U.S. Treasuries	Treasury Securities	$ 7,235,382	21.7%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	$ 1,692,106	5.1%

G. 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 Commission has waived collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation.

The carrying amounts of the Commission's cash deposits totaled $3,302,504 at June 30, 2025. Bank balances were $3,534,034, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions, but not in the Commission's name.

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

NOTE 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, 2025, in valuing the Commission's assets carried at fair value:

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
U.S. Treasuries	$ 7,235,382	$ -	$ 7,235,382	$ -
Federal Agency Mortgage Backed Securities	1,692,106	-	1,692,106	-
Corporate Notes	2,213,819	-	2,213,819	-
Asset-Backed Securities	1,260,849	-	1,260,849	-
Total investments measured by fair value	12,402,156	$ -	$ 12,402,156	$ -
Investments not subject to fair value hierarchy:				
Money Market Mutual Funds	40,168			
County Pooled Investments Funds	20,973,755			
Total investments	$ 33,416,079			

NOTE 5 – RECEIVABLES

Accounts receivable as of June 30, 2025, consisted of intergovernmental grants, entitlements, state apportionments and local sources. All receivables, other than lease receivable, consisted of the following:

State government:	
Proposition 10	$ 785,574
Surplus Money Investment Fund	50,019
Other State taxes	45,901
Total State government	881,494
Other receivables:	
Grant receivables	1,508,392
Interest receivables	162,844
Total other receivables	1,671,236
Total receivables	$ 2,552,730

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Capital assets not being depreciated:				
Land	$ 676,530	$ -	$ -	$ 676,530
Total capital assets not being depreciated/amortized	676,530	-	-	676,530
Capital assets being depreciated/amortized:				
Equipment	31,191	-	-	31,191
Buildings and improvements	16,131,643	-	-	16,131,643
Intangible right-to-use software arrangements	51,571	-	-	51,571
Total capital assets being depreciated/amortized	16,214,405	-	-	16,214,405
Less accumulated depreciation/amortization:				
Equipment	(31,102)	(89)	-	(31,191)
Buildings and improvements	(3,825,215)	(403,291)	-	(4,228,506)
Intangible right-to-use software arrangements	(25,785)	(12,893)	-	(38,678)
Total accumulated depreciation/amortization	(3,882,102)	(416,273)	-	(4,298,375)
Total capital assets being depreciated/amortized, net	12,332,303	(416,273)	-	11,916,030
Total capital assets, net	$ 13,008,833	$ (416,273)	$ -	$ 12,592,560

Depreciation/amortization expense for the year ended June 30, 2025 was $416,273.

NOTE 7 – LEASES

The Commission reported Leases Receivable of $243,931 as of June 30, 2025, including $40,924 in lease revenues and $2,404 in lease interest revenues.

Office Space Lease – FCSS SELPA Department – On July 1, 2017, the Commission entered into a fourteen-year lease agreement with Fresno County Superintendent of Schools (FCSS), for the use of a portion (1,408 sq. ft.) of the third-floor office space at the Lighthouse for Children facility for their Special Education Local Plan Area (SELPA) Program staff. Based on this agreement, the Commission will receive monthly payments through June 2031. The tenant may request a lease extension by submitting a written notice ninety-days (90) prior to expiration of the current lease term. Both parties must agree to an extension upon negotiation of terms. The lease receivable was discounted to a net present value using a 0.9% interest rate, which was provided by the California State Controller's Office.

The leases are summarized below by lease holder as follows:

Lease Holder	Lease Receivable	Lease Revenue	Lease Interest Revenue
FCSS - SELPA	$ 243,931	$ 40,924	$ 2,404
Total	$ 243,931	$ 40,924	$ 2,404

Future lease principal and interest payments due to the Commission under non-cancellable agreements are as follows for the years ending June 30, 2025:

Fiscal Year Ended June 30	Principal	Interest
2026	$ 39,746	$ 2,032
2027	40,106	1,672
2028	40,468	1,310
2029	40,834	944
2030	41,203	575
2031	41,574	203
Total	$ 243,931	$ 6,736

NOTE 8 – ACCOUNTS PAYABLE

Accounts payable consisted of the following as of June 30, 2025:

Program grantees and expenses	$	2,859,056
Vendors		22,238
Total	$	2,881,294

NOTE 9 – LONG-TERM OBLIGATIONS

Long term obligations activity for the year ended June 30, 2025 was as follows:

	Balance 06/30/2024	Additions	Deletions	Balance 06/30/2025	Due within One Year
Governmental activities:					
Subscription liability	$ 24,691	$ -	$ (13,239)	$ 11,452	$ 11,452
Compensated absences*	31,497	10,561	-	42,058	6,407
Total	$ 56,188	$ 10,561	$ (13,239)	$ 53,510	$ 17,859

**The compensated absence activity shown in the table above is presented on a net change basis, as permitted by GASB Statement No. 101*

A. Compensated Absences – Governmental Activities

Compensated absences, which combines vacation and sick leave benefits into a single PTO bank account, amounted to $42,058 at June 30, 2025.

B. Subscription Liabilities

The Commission has one software arrangement that requires recognition under GASB No. 96. The Commission recognizes subscription-based information technology arrangement (SBITA) liabilities and intangible right-to-use software arrangement assets for an accounting software. The software amortization expense is included within expenditures on the Statement of Activities related to the Commission's SBITA, which are included as Intangible Right-to-Use Software Arrangements in the Commission's capital assets.

The Commission has an accounting software arrangement with a five-year term, initiated in fiscal year 2021 with an annual payment that ranges from $10,406 to $14,726. The Commission has used a 2.40% discount rate for this arrangement, which was provided by the California State Controller's Office. There is no option to extend the agreement or purchase the software.

A summary of future subscription payments under SBITA agreements is as follows:

SBITA - 5 year schedule

Fiscal Year Ended June 30	Principal	Interest
2026	$ 11,452	$ 23
Total	$ 11,452	$ 23

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 MissionSquare Retirement. 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 for employees. For the year ended June 30, 2025, the Commission made contributions to the Plan of $79,380.

The Commission also offers its employees a deferred compensation plan created in accordance with IRC Section 457 and administered through MissionSquare Retirement. 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 employees.

NOTE 11 – FUND BALANCE

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 2. A detailed schedule of fund balance as of June 30, 2025 is as follows:

Nonspendable:		
Prepaid vendor	$	26,031
Restricted:		
Outside grant funding		1,496,468
Special revenue fund		146,908
Committed:		
Awarded and unpaid grants		6,081,449
Assigned:		
First 5 initiatives		28,523,205
Lighthouse Special Revenue Fund		61,490
Total fund balance	$	36,335,551

NOTE 12 – 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 13 – EVALUATION EXPENDITURES

The Commission expended $401,278 on program evaluation during the fiscal year ended June 30, 2025.

NOTE 14 – 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 the Commission received from the additional taxes for the year ended June 30, 2025, was $7,049,963, or 60.7%, of the total revenue for the year. The Commission is thus subject to possible risk of reductions in services and/or closure due to potential future changes of Section 30131.2 of the California Tax and Revenue Code.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

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

A. Grantee Obligations

As of June 30, 2025, the Commission's remaining obligations to grantees of $6,081,449 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 16 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from June 30, 2025, through the date the financial statements were available to be issued at October 15, 2025 that would require disclosure or adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget to Actual)
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Proposition 10 taxes	$ 4,731,196	$ 4,731,196	$ 4,797,846	$ 66,650
Proposition 56 taxes	1,946,063	1,946,063	2,096,550	150,487
Other tax revenue	-	-	155,567	155,567
Grant revenue	559,250	3,388,228	3,033,049	(355,179)
Other revenue	104,741	104,741	145,044	40,303
Investment earnings	513,510	513,510	1,395,789	882,279
Total revenues	7,854,760	10,683,738	11,623,845	940,107
EXPENDITURES				
Salaries and employee benefits	1,140,165	1,181,013	1,116,678	64,335
Services and supplies	474,381	567,469	428,787	138,682
Evaluation services	450,000	1,610,000	401,278	1,208,722
Grant expenditures	6,008,210	10,948,032	8,317,501	2,630,531
Debt service:				
Principal	53,070	54,967	11,155	43,812
Interest	-	-	271	(271)
Capital outlay	19,000	19,000	9,374	9,626
Total expenditures	8,144,826	14,380,481	10,285,044	4,095,437
Excess (deficiency) of revenues over (under) expenditures	(290,066)	(3,696,743)	1,338,801	5,035,544
Net change in fund balance	$ (290,066)	$ (3,696,743)	1,338,801	$ 5,035,544
Fund balance - beginning			34,788,352	
Fund balance - ending			$ 36,127,153	

The Notes to the Required Supplementary Information are an integral part of this statement.

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget to Actual)
Lighthouse Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Grant revenue	$ -	$ -	$ 102,688	$ 102,688
Other revenue	-	-	10,500	10,500
Contributions	-	-	134,220	134,220
Total revenues	-	-	247,408	247,408
EXPENDITURES				
Insurance and tax expense	570	570	4,033	(3,463)
Professional services expense	6,194	6,194	6,226	(32)
Grant expense	-	-	90,000	(90,000)
Total expenditures	6,764	6,764	100,259	(93,495)
Excess (deficiency) of revenues over (under) expenditures	(6,764)	(6,764)	147,149	153,913
Net change in fund balance	$ (6,764)	$ (6,764)	147,149	$ 153,913
Fund balance - beginning			61,249	
Fund balance - ending			$ 208,398	

The Notes to the Required Supplementary Information are an integral part of this statement.

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.

Beginning in early May, the Director of Business (the Director) works with Commission staff to identify needs for the upcoming year and where funds should be applied. On or prior to the June Commission Meeting, the Director presents the upcoming fiscal year's proposed budget to the First 5 Commissioners for review. The Commissioners provide feedback, if any, and the Director updates accordingly. The final approved budget is then uploaded to the F5FC website in a timely manner.

The Commission's budgeted expenditures are broken down into two categories, operating expenses and strategic plan investment expenses. The categories are further broken down within the approved budget by program area. The revenue estimates are created based on communications with First 5 California, historical increases/decreases and any changes in legislation that may affect the Commission.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund incurred expenditures in excess of appropriations for the following amounts for the year ended June 30, 2025:

Debt service:		
Interest	$	271

The Lighthouse Special Revenue Fund incurred expenditures in excess of appropriations for the following amounts for the year ended June 30, 2025.

Insurance and tax expense	$	3,463
Professional services expense		32
Grant expense		90,000

Expenditures in excess of appropriations were funded by greater than anticipated revenues in the respective fund.

OTHER SUPPLEMENTARY INFORMATION

CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY
Supplemental Schedule of First 5 California (F5CA) Funding
For the Year Ended June 30, 2025

PROGRAM OR PROJECT TITLE		REVENUE F5CA	EXPENDITURES	CHANGE IN NET POSITION	NET POSITION BEG OF YEAR	NET POSITION END OF YEAR
First 5 CA Program	IMPACT Hub Program Funds	$ 2,928,049	$ 2,928,049	$ -	$ 501	$ 501
TOTAL F5CA FUNDS		$ 2,928,049	$ 2,928,049	$ -	$ 501	$ 501

PRICE PAIGE & COMPANY
Certified Public Accountants

The Place to Be

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
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 and each major fund of the Children and Families Commission of Fresno County (the Commission), as of and for the year ended June 30, 2025, 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 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on 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*.

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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 Paige & Company

Clovis, California
October 15, 2025

PRICE PAIGE & COMPANY
Certified Public Accountants
The Place to Be

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

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

Report on Compliance

Opinion

We have audited the Children and Families Commission of Fresno County's (Commission) compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2025.

In our opinion, the Children and Families Commission of Fresno County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the California Children and Families Program.

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act.* Accordingly, this report is not suitable for any other purpose.

Price Paige & Company

Clovis, California
October 15, 2025

FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

FINANCIAL STATEMENT FINDINGS

None reported.

Department of Public Health
Department Head Transition Review
As of August 4, 2025
County of Fresno, CA

County of Fresno

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

March 27, 2026

Humero 'Joe' Prado, Public Health
Department of Public Health
1221 Fulton Street
Fresno, CA 93775

Dear Mr. Prado,

We have completed a Department Head Transition Review for the Department of Public Health. The purpose of the Department Head Transition Review, which was limited in scope, was 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.

We have identified one finding and have made corresponding recommendations. The finding and recommendation are listed by section of the transition review's focus and can be found on pages 5 through 7 of this report.

We would like to express our appreciation to the Department of Public Health staff for their assistance and cooperation during this audit. If you have any questions, please contact Pai Her, Accounting & Financial Manager at (559) 600-1378 or Matthew Bell, Accounting & Financial Division Chief at (559) 600-1351.

Sincerely,

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

Table of Contents

Review Report

Introduction

The Financial Reporting & Audits division of the Auditor-Controller/Treasurer-Tax Collector (ACTTC) performed a transition review for the Department of Public Health (Department). The transition review was conducted due to a change in department head and in conjunction with Government Code Section 24051 and Fresno County Administrative Office's Management Directives Section 418.

Background

The Department's core purpose is to promote, preserve, and protect the well-being of Fresno County residents. The Department accomplishes this by identifying community health needs, assuring the availability of quality health services, and providing effective leadership in developing public health policies, while staying committed to working in partnership with local communities to eliminate health disparities.

Objectives

The objective of this review was to evaluate the transition of department head and to assess internal controls over assets, conflict of interest filings, credit cards, the final compensation of the departing Department Head, and the first compensation of the incoming Interim Department Head as of August 4, 2025.

Scope

The scope of this review was limited to records and activities occurring within 30 days of the incoming Interim Department Head assuming office.

Methodology

To achieve the review objective, we applied the following procedures:

- Tested internal controls and performed substantive testing, on a sample basis, over cash, capital assets, and inventoriable assets under the control of the departing Department Head.
- Tested expenditures posted to any credit cards previously held by the departing Department Head within 30 days before and after the departing Department Head's last day for appropriateness.

- Reviewed conflict-of-interest filings to verify completeness and compliance with applicable requirements.
- Examined the final paycheck of the departing Department Head and the first paycheck of the incoming interim Department Head to confirm accuracy, appropriateness, and compliance, including retirement contributions, pay rates, and any extraordinary payments.
- Verified compliance with Government Code Section 24051 by reviewing whether the certification of property was completed and signed by both the departing and incoming interim Department Heads.

Conclusion

The Department of Public Health Transition Review identified weakness in required compliance filing. Specifically, the Statement of Economic Interests forms, Form 700, were not consistently prepared and submitted in accordance with State and County reporting requirements.

This report is intended solely for the information and use of the County's Audit Committee and management of the Department and should not be used for any other purpose. However, this report is a matter of public records, and its distribution is not limited.

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

Findings, Recommendations, & Management Response

Finding 1 – Noncompliance with Required Filings

Criteria

County policy requires that Form 700, the Statement of Economic Interests, be completed accurately and submitted timely in accordance with the Fair Political Practices Commission (FPPC) guidelines and County filing requirements. This form is critical to ensuring transparency and mitigating potential conflicts of interest in public service.

Condition

Review testing 20 out of 20 Form 700 submissions were not submitted within the required timeframe and 16 out of 20 were not filled out completely.

Cause of Condition

The noncompliance appears to stem from the absence of a centralized tracking system to monitor the completion and submission of required forms.

Effect of Condition

Inaccurate or untimely submission of Form 700 increases the risk of noncompliance with County and State reporting requirements. Filing delays also diminish the effectiveness of internal controls designed to promptly identify and address potential conflicts of interest or ethical concerns.

Recommendation

We recommend that the Department develop and implement a formal tracking system to monitor the completion and timeliness of Form 700 filings. Filing requirements should be reinforced through staff training and periodic compliance reminders. Department leadership should assign responsibility for monitoring compliance to a designated staff member to ensure accountability and consistency.

Management Response and Corrective Action

The Department of Public Health agrees with the audit finding. The Department acknowledges that Form 700 filings were not consistently submitted within required timeframes and that some forms were incomplete. The Department recognizes the importance of timely and accurate Form 700 filings in maintaining transparency and ensuring compliance with State and County requirements. Since the time of review, the Department has evaluated its internal processes and implemented corrective actions to address the identified gaps and strengthen compliance moving forward.

The Department has implemented the following actions to address the issue:

- Clear Filing Instructions:

  Detailed instructions have been provided to all designated filers outlining which sections of Form 700 must be completed based on their County disclosure category. This ensures staff understand the specific requirements for compliance.

- Internal Deadline Established:

  The Department has established an internal submission deadline in advance of the official filing deadline of April 1st. For the current filing cycle, the internal deadline was set as March 13, 2026. This allows sufficient time for review and follow-up on incomplete or missing submissions.

- Administrative Review Process:

  Administrative Assistants or designated staff within each division now review all submitted Form 700 statements for completeness prior to final submission to the Executive Assistant. Incomplete forms are returned to the filer for correction.

- Tracking System Implementation:

  An Excel-based tracking spreadsheet has been implemented to monitor the distribution, completion, and submission status of all Form 700 filings. Administrative staff use this tool to track progress and follow up with employees who have not submitted or have incomplete forms.

Corrective actions were implemented beginning February 3, 2026, and were fully in place for the current Form 700 filing cycle.

To ensure continued compliance and prevent recurrence:

- Annual reminders and filing instructions will be distributed beginning January of each filing year.
- The internal deadline process will be maintained each year.
- The tracking spreadsheet will continue to be used to monitor compliance.
- Periodic internal reviews will be conducted to ensure all filings are submitted timely and completed in accordance with Fresno County Conflict of Interest Code requirements.

The Department remains committed to maintaining strong internal controls and ensuring compliance with all applicable requirements. We will continue to monitor these corrective actions and make improvements as needed. We appreciate the opportunity to strengthen our processes and thank you for your review.