

**TRINITY COUNTY CHILDREN AND FAMILIES
FIRST COMMISSION**

**AUDIT REPORT
JUNE 30, 2020**



TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION

WEAVERVILLE, CALIFORNIA

JUNE 30, 2020

COMMISSION MEMBERSHIP

NAME	AREA OF REPRESENTATION	TERM EXPIRES
Keith Groves	Trinity County Supervisor	12/31/2020
Sarah Supahan	Superintendent of Schools	12/31/2021*
Liz Hamilton	Deputy Director of Health & Human Services	6/30/2021*
Connie Smith	Director of Mental Health Services	12/31/2021*
Sheri White	Director of Human Response Network	6/30/2021*
Jennifer VanMatre	CFO Trinity Hospital	6/30/2021*
Richard Kuhns	Trinity County Administrative Officer	12/31/2021
Marcie Cudziol	Director of Public Health Nursing	12/31/2021*
<i>Vacancy</i>	<i>Member of the General Public</i>	

**Term expiration and/or until appointment of successor*

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Trinity County Children and Families First Commission
Weaverville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Trinity County Children and Families First Commission, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Trinity County Children and Families First Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Trinity County Children and Families First Commission, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trinity County Children and Families First Commission's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 on our consideration of Trinity County Children and Families First 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 Trinity County Children and Families First 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 Trinity County Children and Families First Commission's internal control over financial reporting and compliance.

San Diego, California
October XX, 2020

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 103,160
Due from other governments	<u>82,289</u>
Total Assets	<u>185,449</u>
LIABILITIES	
Accrued liabilities	<u>24,623</u>
Total Liabilities	<u>24,623</u>
NET POSITION	
Unrestricted	<u>160,826</u>
Total Net Position	<u>\$ 160,826</u>

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

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Governmental Activities</u>
Program Revenues	
Proposition 10 apportionment	\$ 64,723
Proposition 56 apportionment	19,483
Augmentation	251,241
SMIF allocation	500
Total Program Revenues	<u>335,947</u>
Program Expenses	
Child development	<u>501,956</u>
Total Program Expenses	<u>501,956</u>
Net Program Revenue (Expenses)	(166,009)
General Revenues	
Interest income	<u>3,336</u>
Total General Revenues	<u>3,336</u>
CHANGE IN NET POSITION	(162,673)
Net Position - Beginning	<u>323,499</u>
Net Position - Ending	<u>\$ 160,826</u>

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

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 103,160
Due from other governments	82,289
Total Assets	<u>\$ 185,449</u>
LIABILITIES	
Accrued liabilities	\$ 24,623
Total Liabilities	<u>24,623</u>
FUND BALANCES	
Committed	
Programs and program services	160,826
Total Fund Balances	<u>160,826</u>
Total Liabilities and Fund Balances	<u>\$ 185,449</u>

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

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
JUNE 30, 2020**

Amounts reported for assets and liabilities for governmental activities in the statement of net position do not differ from amounts reported in governmental fund.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>
REVENUES	
Proposition 10 apportionment	\$ 64,723
Proposition 56 apportionment	19,483
Augmentation	251,241
SMIF allocation	500
Interest	3,336
Total Revenues	<u>339,283</u>
EXPENDITURES	
Program expenditures	
Child development	501,956
Total Expenditures	<u>501,956</u>
NET CHANGE IN FUND BALANCE	(162,673)
Fund Balance - Beginning	<u>323,499</u>
Fund Balance - Ending	<u>\$ 160,826</u>

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

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the statement of activities do not differ from amounts reported in governmental fund.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Trinity County Board of Supervisors established First 5 Trinity, also known as Trinity County Children and Families First Commission (“the Commission”) in 1998 under the provisions of the California Children and Families Act of 1998 (Act). The Commission provides support for all children, prenatal to five years, and their families to improve early childhood development. The Commission is funded through cigarette tax revenue generated as a result of the California approval of the Proposition 10 Act (“Prop 10”) in November 1998. The commission shall consist of nine members. The membership shall consist of: (1) one member of the board of supervisors; (2) the director of behavioral health or his/her designee; (3) the health and human services director or his/her designee; (4) the county administrative officer or his/her designee; (5) the hospital administrator or his/her designee; (6) the county superintendent of schools or his/her designee; (7) the director of human response network or his/her designee; (8) director of public health nursing or his/her designee; and (9) one member of the general public (Ord. 1250 §1, 2001: Ord. 1223 §1(part), 1998). The Commission is implementing comprehensive and integrated systems for children to thrive in supportive, nurturing and loving environments; enter school healthy and ready to learn and become productive and well-adjusted as members of society. The Commission developed a strategic plan to guide activities and funding for the period of July 2015 through June 2020. The Commission’s areas of priority are to 1) empower children and families through improved child development, child health and family functioning 2) improve the systems of care and networking systems for families and 3) early child care and development through improved health and child development.

B. Component Units

Component units are legally separate organizations for which the Commission is financially accountable. Component units may also include organizations that are fiscally dependent on the Commission in that the Commission approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the Commission is not financially accountable but the nature and significance of the organization’s relationship with the Commission is such that exclusion would cause the Commission’s financial statements to be misleading or incomplete. The Commission has no such component units. In addition, the Commission is not aware of any entity that would be financially accountable for the Commission that would result in the Commission being considered a component unit of that entity.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the Commission). These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for the Commission’s governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including investment income, are presented as general revenues.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The governmental fund financial statements are reported using the current financial resources measurement focus. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Proposition 10 taxes and investment income are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. All receivables are expected to be collected within the current year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include Proposition 10 taxes and grants. Revenues from Proposition 10 taxes are recognized when all eligibility requirements are met which coincides with the State apportions Proposition 10 tax revenues to the Commission. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied.

General Fund: The General Fund is the main operating fund of the Commission. It accounts for all financial resources of the general government.

D. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted net position is available, restricted resources are used only after the unrestricted resources are depleted.

E. Assets, Liabilities, Fund Balance and Net Position

Cash and Cash Equivalents

The Commission's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Cash held in the county treasury is recorded at cost, which approximates fair value.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Due from Other Agencies

These amounts represent receivables from other local governments. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Capital Assets

The Commission's assets are capitalized at historical cost. Depreciation is charged to operations using a straight-line method, based on the average useful life of the asset. The estimated useful lives of their property and equipment are five years. The Commission currently does not possess capital assets. Its equipment purchases are under the \$5,000 County capitalization threshold.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Commission Membership or by a designee of the Commission, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Commission Membership. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance, continued

Unassigned - In the General Fund, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The Commission applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Estimates

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

G. Budget and Budgetary Process

The Commission adopts an annual budget, which can be amended by the Commission throughout the year. The basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures. An annual budget is not required by the California Government Code for the Commission but is a recommended element in the First Five Association of California Financial Management Guide.

H. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The Commission has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The Commission has not yet determined the impact on the financial statements.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. New Accounting Pronouncements (continued)

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The Commission has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The Commission has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This standard's primary objective is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The statement is effective immediately. The Commission has implemented GASB Statement No. 95.

A. Summary of Cash and Cash Equivalents

The Commission's cash and cash equivalent balance at June 30, 2020 consisted of cash in county treasury totaling \$103,160.

B. Policies and Practices

The Commission maintains all of its cash and investments with the Trinity County Treasurer in an investment pool. On a quarterly basis the County Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County Treasurer's financial statements.

The County Treasurer maintains written investment policies that address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management.

All cash deposits at the County Treasurer conform to the California Government Code Section 53646 and are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Commission funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
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	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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 investing in the County Treasury. The Commission maintains a pooled investment with the County Treasury with an amortized book value of \$103,160. The fair market value of the pooled investment in the County Treasury as well as the average weighted maturity for this pool as of June 30, 2020 were not available as of the date of the audit report.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2020, the pooled investments in the County Treasury were not rated.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the Commission's funds were held in the County Treasury and was not exposed to custodial credit risk.

G. Fair Value

The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Commission's own data. The Commission should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Commission are not available to other market participants.

Uncategorized - Investments in the Trinity County Treasury Investment Pool are not measured using the input levels above because the Commission's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Commission's fair value measurements at June 30, 2020 were as follows:

	Uncategorized
Investment in county treasury*	\$ 103,160
Total fair market value of investments	\$ 103,160

*The fair market value of the pooled investment in the County Treasury as of June 30, 2020 was not available as of the date of the audit report.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2020 consisted of the following:

	<u>General Fund</u>
Augmentation	\$ 72,267
Proposition 10 apportionment	
May 2020	4,140
June 2020	5,882
Total	<u>\$ 82,289</u>

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consisted of the following:

	<u>General Fund</u>
Vendors payable	\$ 24,623
Total	<u>\$ 24,623</u>

NOTE 5 – REVENUE

The Commission receives a proportionate share of Proposition 10 money from the State Commission based on the number of live births in the County in comparison to the number of live births statewide. This fund is identified in the Trinity County’s accounting records as the California Children and Families Commission (Fund Number 478). The Commission also receives special funding for small county augmentation.

NOTE 6 – FUND BALANCES

Fund balance at June 30, 2020 was committed totaling \$160,826.

The Commission is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE 7 – RELATED PARTY TRANSACTIONS

The required composition of the Board of Commissioners includes members from the County and other local governments, community-based organizations which serve children, and the Trinity County Superintendent of Schools. Many of the programs funded by the Commission are operated by organizations represented by the Commissioners. Commissioners must abstain from voting on issues directly related to their respective organizations.

Amounts paid to organizations represented by Commissioners:

Human Response Network	\$	13,052
Trinity County Office of Education		148,792
Health & Human Services		15,000
Total	\$	<u>176,844</u>

NOTE 8 – PROGRAM EVALUATION

The Commission spent \$17,682 on program evaluation during the fiscal year ended June 30, 2020.

NOTE 9 – RISK MANAGEMENT

The Commission is covered under the risk management program of Trinity County which provides insurance through various joint powers authorities and commercial carriers. The Commission has had no claims filed against it and has no outstanding claims.

NOTE 10 – SECTION 30131.4 OF THE CALIFORNIA TAX AND REVENUE CODE CERTIFICATION

The Commission has certified that the supplant requirement stated in Section 30131.4 of the California Tax and Revenue Code has been met.

NOTE 11 – CONTINGENT LIABILITIES

The Commission receives funding from the State of California Proposition 10, the Children and Families First Act, to fund programs that promote, support, and improve the early development of children from prenatal through age five. These programs must be in compliance with applicable laws and may be subject to financial and compliance audits by the State. The amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time, although the County's management does not expect such amounts, if any, to be material.

REQUIRED SUPPLEMENTARY INFORMATION

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Proposition 10 apportionment	\$ 60,873	\$ 60,873	\$ 64,723	\$ 3,850
Proposition 56 apportionment	6,998	6,998	19,483	12,485
Augmentation	178,974	178,974	251,241	72,267
First 5 Impact	60,000	60,000	-	(60,000)
SMIF allocation	-	-	500	500
Interest	3,700	3,700	3,336	(364)
Total Revenues	310,545	310,545	339,283	28,738
EXPENDITURES				
Program expenditures				
Personnel costs	75,000	75,000	77,103	(2,103)
Professional fees	77,650	77,650	43,185	34,465
Dues and subscriptions	3,000	3,000	3,000	-
Telephone expense	720	720	720	-
Office expense	2,054	2,054	419	1,635
Travel and training	2,500	2,500	-	2,500
Miscellaneous expenses	2,200	2,200	626	1,574
Community grants	428,900	428,900	376,903	51,997
Total Expenditures	592,024	592,024	501,956	90,068
NET CHANGE IN FUND BALANCE	(281,479)	(281,479)	(162,673)	118,806
Fund Balance - Beginning	323,499	323,499	323,499	-
Fund Balance - Ending	\$ 42,020	\$ 42,020	\$ 160,826	\$ 118,806

See accompanying notes to required supplementary information.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the Commission’s budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, the Commission incurred an excess of expenditures over appropriations in the Budgetary Comparison Schedule as follows:

	<u>Expenditures and Other Uses</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Program expenditures			
Personnel costs	\$ 75,000	\$ 77,103	\$ 2,103

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Board of Commissioners
Trinity County Children and Families First Commission
Weaverville, 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 the general fund of Trinity County Children and Families First Commission (the Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October XX, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

San Diego, California
October XX, 2020

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Board of Commissioners
Trinity County Children and Families First Commission
Weaverville, California

Compliance

We have audited the basic financial statements of Trinity County Children and Families First Commission (the Commission) as of and for the year ended June 30, 2020 and have issued our report thereon dated October XX, 2020. 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. We have also audited the Commission's compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2020.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Commission's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Trinity County Children and Families First Commission's compliance based on our audit.

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

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

<u>DESCRIPTION</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict of Interest	3	Yes
County Ordinance	4	Yes
Long - Range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefits Policies	2	Yes

Opinion

In our opinion, Trinity County Children and Families First Commission complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs listed above for the year ended June 30, 2020.

San Diego, California
 October XX, 2020

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
 SCHEDULE OF FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

There were no financial statement findings or findings of non-compliance in fiscal year ended June 30, 2020.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no findings in fiscal year ended June 30, 2019.