

**CHILDREN AND FAMILIES FIRST COMMISSION  
OF VENTURA COUNTY**

*A Component Unit of the County of Ventura*

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

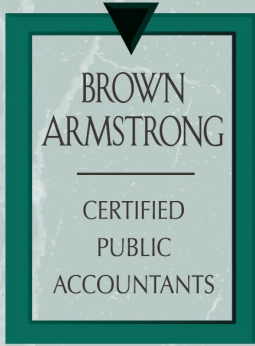
**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020  
WITH COMPARTIVE TOTALS FOR  
JUNE 30, 2019**

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
 A Component Unit of the County of Ventura

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## FINANCIAL SECTION



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Commissioners and Administration/Finance Committee  
Children and Families First Commission of Ventura County  
Ventura, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Children and First Families Commission of Ventura County (Commission), a component unit of the County of Ventura, California, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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## 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 each major fund of the Commission, as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 3 through 10 and 26 through 27 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.

## Report on Summarized Comparative Information

The consolidated financial statements of the Commission as of June 30, 2019, were audited by other auditors. Those auditors expressed an unmodified opinion on those consolidated financial statements in their report dated October 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2020, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
October 12, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2020

This section of the Children and Families First Commission of Ventura County's (Commission) Annual Financial Report presents management's discussion and analysis of the Commission's financial performance during the fiscal year ended June 30, 2020. Please read in conjunction with the Commission's financial statements and accompanying notes that begin on page 11.

### FINANCIAL HIGHLIGHTS

- The Commission received \$6,229,249 in tobacco tax revenue, compared to \$5,926,261 received in the prior fiscal year, an increase of \$302,988 or 5%.
- The Commission recognized \$824,871 in grant funding from federal, state, and foundation sources, compared to \$610,818 received in the prior fiscal year.
- The Commission's expenses totaled \$5,649,738 compared to \$10,763,983 incurred in the prior fiscal year, a decrease of \$5,114,245 or 48%. This decrease is due to the planned transition to reduced spending levels in years four and five of the Commission's current five-year strategic plan.
- The Commission's assets at June 30, 2020 were \$15,346,244, an increase of \$394,908 or 3%, compared to total assets of \$14,951,336 at June 30, 2019.
- The Commission's net position as of June 30, 2020 was \$14,349,767, an increase of \$1,668,124 or 13%, compared to a net position of \$12,681,643 as of June 30, 2019.

### OVERVIEW OF SIGNIFICANT EVENTS FOR FY 2019-20

In fiscal year (FY) 2019-20, the Commission implemented the fourth funding year of its five-year strategic plan that was adopted in June 2015. Over this five-year strategic plan spanning a funding period of July 1, 2016 through June 30, 2021, the Commission anticipates its local investment to total \$42 million dollars. For funding years one through three, investments in strategies and programs had largely remained the same as the Commission utilized its Sustainability Fund to maintain current funding levels as long as possible due to declining revenues. With the final transfer of the Sustainability Fund to the Operating Fund that occurred in FY 2018-19, the Commission had reduced spending levels beginning July 1, 2019. Thus, strategic investments for years four and five transition towards systems-building and advocacy efforts to support and strengthen the overall early childhood system of services.

The Commission implemented a substantial shift in its investments in FY 2019-20, due to reduced resources resulting from the depletion of the Sustainability Fund. As a result, expenditures align closer to revenues, although budgeted investment levels are still being enhanced, albeit at a lesser degree, with available fund balance. A considerable investment in the county's early childhood system continues to be provided. These investments include continuation of place-based services focused on Parent and Child Together programs (PACT) and family support services through a redesigned Neighborhoods for Learning Initiative, preschool services for a two-year transitional period to maintain licensed preschool capacity while efforts continue to transition these spaces to public funding source; programs that provide linkage to resources and early intervention countywide, and systems integration, advocacy, and capacity building efforts.

Furthering the Commission's Neighborhoods for Learning Initiative, the Commission is one of 29 communities nationwide selected to participate in the Pritzker Children's Initiative, which aims to increase the number of children developmentally on track for Kindergarten readiness by age three. The Commission received funding from the J.B. and M.K. Pritzker Family Foundation as one of nine communities to house a Fellow, thereby advancing the Commission's Prenatal to Three (PN-3) agenda and transitioning to the redesigned Neighborhoods for Learning Initiative.

The Commission acted swiftly to address emerging needs of families with young children and service providers when stay at home orders were enacted in March 2020 as a result of the COVID-19 coronavirus pandemic. Service providers quickly implemented practices so that virtual services could be delivered where possible. Through a grant from the California Family Resource Association, early learning kits were distributed and families received support with groceries and meals. The Commission led efforts to create the Early Childhood Education COVID-19 Taskforce to ensure a coordinated response to the child care needs of essential workers and the issues faced

by child care providers. Webinars were hosted for nearly 300 child care providers on reopening child care during the pandemic and on completing the County's emergency small business grant applications. Through existing partner networks with service organizations, emergency supplies/diapers/personal protective equipment, primarily provided by First 5 California, were distributed to child care providers. Joint advocacy efforts occurred to raise awareness about the importance of child care as an economic recovery strategy.

Several accomplishments were realized this year in the development and implementation of countywide system initiatives in promoting parent engagement, early literacy, preschool quality, early intervention, child welfare, early relational health, and access to resources. Through national, state, and local partnership-based collaboratives with agencies, schools, and community organizations, common frameworks for addressing the needs of young children and their families were advanced. Significant strides were made this year with the Commission's parent engagement strategy, which is built upon a national model, in collaboration with the Center for the Study of Social Policy's EC-LINC. The Commission continued to promote the importance of early literacy through book distribution and collaboration with libraries, including hosting the Annual Take 5 and Read! Event, which was held virtually due to the pandemic. Outreach and leadership was provided locally and statewide for the 2020 Census to aid in the counting of families with children 0-5 as one of the "hard to count" populations. The Commission actively partnered with the Ventura County Human Services Agency, Child Welfare Department on the development of the Ventura County Prevention Plan. The Commission was invited to participate in a national project led by Nemours Children's Health System and a state-level project led by The Center for the Study of Social Policy to better leverage Medi-Cal for promoting child outcomes.

Building upon the in-depth evaluation of Parent and Child Together (PACT) services, the main strategy within the Neighborhoods for Learning Initiative that concluded in the prior fiscal year, the Commission implemented a new PACT Program Model. With the goal to standardize PACT classes for consistency throughout Ventura County, the new model was launched with the contractor in July 2019. Furthermore, a new evaluation tool for evaluating parental self-efficacy outcomes within the Neighborhoods for Learning program was selected. The implementation of the new evaluation tool was scheduled to launch in mid-March 2020, however, it was delayed due to the closure of programs related to the pandemic.

In June 2020, the Commission completed a comprehensive planning process and adopted a two-year extension of its current strategic plan, which included developing a new financial plan that allocates \$12 million dollars for funding years 2021-22 through 2022-23. Since the transition to modified investment strategies within the current strategic plan only just began in FY 2019-20, the extension period allows time to review recent investments and account for the rapid changes due to shifting state priorities in early childhood and emerging issues resulting from the pandemic. With a continued investment focusing on systems-building and advocacy, resources will be blended with designated direct services to have a greater impact on the early childhood system of care. Implementation of the FY 2020-22 strategic plan will begin on July 1, 2021.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's financial statements comprise three components:

- 1) Government-wide financial statements;
- 2) Fund financial statements; and
- 3) Notes to the financial statements.

The Commission's financial statements offer key, high-level financial information about its activities.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of Commission finances in a manner similar to private-sector business.

The *Statement of Net Position* presents total assets and deferred outflows of resources (if applicable), and total liabilities and deferred inflows of resources (if applicable), with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is changing.

The *Statement of Activities* presents information on how net position changed during the most recent 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 reported in this statement include some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

**Fund Financial Statements.** A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Commission has established funds to control and manage funding for a particular purpose (future years' financing, community investment loan funds). The Commission reports all activities under *governmental funds*.

*Governmental funds* focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. In fiscal year ended June 30, 2020, the Commission maintained two individual governmental funds. In the prior fiscal year, three funds were maintained with a sustainability fund that was depleted in March 2019.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Commission is considered a legal public entity separate from the County of Ventura (County). However, for financial statement presentation purposes only, the Commission is a component unit of the County.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the Commission's assets, liabilities and net position comparing June 30, 2020 with June 30, 2019.

Statements of Net Position			
As of			
	June 30, 2020	June 30, 2019	Percent Increase (Decrease)
<b>ASSETS</b>			
Cash and investments	\$13,183,757	\$12,320,009	7%
Current and other assets	2,162,487	2,631,327	(18%)
<b>Total assets</b>	<b>\$15,346,244</b>	<b>\$14,951,336</b>	3%
<b>LIABILITIES</b>			
Current liabilities	\$921,413	\$2,203,173	(58%)
Long-term liabilities	75,064	66,520	13%
<b>Total liabilities</b>	<b>\$996,477</b>	<b>\$2,269,693</b>	(56%)
<b>NET POSITION</b>			
Unrestricted	14,349,767	12,681,643	13%
<b>Total liabilities and net position</b>	<b>\$15,346,244</b>	<b>\$14,951,336</b>	3%

As of June 30, 2020, the Commission's total assets were \$15,346,244, an increase of \$394,908 or 3% compared to the prior year. The Commission accrued all amounts due to the Commission but not yet received by year-end. These amounts are reflected under current and other assets. Current and other assets include receivables and prepaid expenses such as amounts due from other governments, loans for preschool facilities, and interest receivables. There was a decrease of 18%, or \$468,840, in current and other assets, which is primarily attributed to a decrease in amounts due from other governments. Specifically, the tobacco tax distribution for April was received in June and did not need to be accrued and the May distribution was lower than the prior year thereby reducing receivables. Additionally, loan repayments occurred throughout the year which reduced receivables for the Community Investment Loan Fund. There were higher grant reimbursements due at year-end for early learning systems building, which offset this decrease.



At the end of FY 2019-20, the Commission also accrued all amounts owed by the Commission but not yet paid by year-end. Liabilities include accounts and contracts payable, accrued wages and benefits, and unearned revenue. Liabilities of \$996,477 as of June 30, 2020 were substantially lower than the \$2,269,693 at June 30, 2019. The decrease in total liabilities of 56%, or \$1,273,216, is mainly due to the planned transition to reduced spending levels in years four and five of the Commission's five-year strategic plan. Thus, reduced contract amounts and fewer externally funded programs resulted in lower liabilities at year-end. Additionally, there was a decrease in the balance of unearned revenue as a result of earning revenues on grants received in advance. For the remaining unearned revenues, expenses will occur in FY 2020-21 at which time the revenue will be recognized thereby clearing the liability.

The Commission's net position at June 30, 2020 was \$14,349,767, an increase of 13% or \$1,668,124, compared to a net position of \$12,681,643 at June 30, 2019. While the Commission planned for a decrease in net position, revenues were sufficient to cover expenses in the current period as most programs did not spend their full allocation. Therefore, resources from the existing fund balance were not drawn upon in the current period. The Commission's remaining net position is dedicated for future program sustainability.

The following table summarizes the changes in net position comparing FY 2019-20 with FY 2018-19:

Statements of Activities For the Fiscal Years Ended			
	June 30, 2020	June 30, 2019	Percent Increase (Decrease)
<b>Expenses:</b>			
Programs	\$4,886,480	\$9,898,190	(51%)
Program evaluation (Results-Based Accountability)	170,831	280,409	(39%)
Administration	582,410	582,183	0%
Equipment replacement	10,017	3,201	213%
Total expenses	5,649,738	10,763,983	(48%)
<b>Revenues:</b>			
<b>Program revenues:</b>			
State distribution of Proposition 10 funds	6,229,249	5,926,261	5%
First 5 CA IMPACT Hub	580,708	295,836	96%
Pritzker Children's Initiative	68,216	75,000	(9%)
<b>Federal Revenues:</b>			
California QRIS Certification	24,406	73,155	(67%)
Pay for Success	102,135	110,919	(8%)
Grants - Other	49,406	55,908	(12%)
Other income	2,215	575	285%
Total program revenues	7,056,335	6,537,654	8%
<b>General revenues:</b>			
Interest earnings	257,627	361,146	(29%)
Surplus Monetary Investment Funds (SMIF)	21,599	16,218	33%
Unrealized gain (loss) on investments	(17,699)	35,892	(149%)
Total general revenues	261,527	413,256	(37%)
 Change in net position	 \$1,668,124	 \$(3,813,073)	
 Net position, beginning of year	 \$12,681,643	 \$16,494,716	
 Net position, end of year	 \$14,349,767	 \$12,681,643	

The Commission planned for a decrease in net position, utilizing funds from prior years' distributions to support program services in the current period. Revenues sufficiently covered expenses, therefore, the resources from the existing fund balance were not drawn upon in the current period. With consideration given to the unrealized

loss on investments as a result of fair value adjustments. The net program and general revenues against total expenses was \$1,668,124.

In FY 2019-20, the Commission spent \$4,886,480 on program services compared to \$9,898,190 in the prior year, a decrease of \$5,011,710 or 51%. This decrease is attributed to the planned reduction in spending levels. Furthermore, in addition to the impact of the pandemic, ramp-up for new contractors and lower than anticipated preschool enrollment resulted in programs not spending their full allocation.

Program evaluation (Results-Based Accountability) includes expenses for the data software system, external evaluation services, and staffing/operating expenses for the coordination of evaluation activities. Expenses for this year in the amount of \$170,831 were lower than the prior year, which came in at \$280,409. The reduction in expenses is primarily due to the completion of a one-time grant from the Center for the Study of Social Policy that occurred in the prior year, reassigning community capacity building efforts under the Systems Change Efforts and Program Management cost center, fewer external evaluation activities in the current period, and a part-time staff vacancy.

In FY 2019-20, administrative expenses were 10.3% of operating expenses, below the established target of 12.0% of total operating costs. Actual administrative expenses of \$582,410 were commensurate with the \$582,183 spent in the prior year. Administrative expenses in the current period were lower than budgeted, coming in at 90% of the administrative budget.

The Commission received program revenues totaling \$7,056,335 in FY 2019-20, an increase of 8%, or \$518,681, compared to prior year's total program revenues of \$6,537,654. The overall increase in program revenues is primarily due to an increase in the tobacco tax apportionment along with a higher reimbursement from First 5 California for the IMPACT Hub - Region 7 activities. This increase is somewhat offset by decreased federal funding for preschool quality efforts and other grants that concluded in the prior year.

For the past four years, the Commission has served as the fiscal agent leading one of 10 IMPACT Hub regional consortiums established by First 5 California for the purpose of advancing the implementation of Quality Counts California - a statewide system of locally-implemented quality rating and improvement systems (QRIS) - in each county and across the regions. The Commission received \$580,708 from First 5 California on behalf of Region 7 (comprised of Ventura, Santa Barbara, and San Luis Obispo counties) to coordinate and provide reimbursement for systems-building work. Enhancing these efforts even further, the Commission received \$24,406 from the California Department of Education to support the training of QRIS coaches and assessors in Region 7.

The Commission also received grant funding for a diverse range of projects in FY 2019-20, thereby successfully leveraging Proposition 10 funding as highlighted below:

- \$102,135 in funding from the United States Department of Education, in collaboration with the Ventura County Office of Education (VCOE), to conduct a feasibility study for Pay for Success (PFS), an innovative financing model that drives government resources toward high-performing social programs. This study explored alternative financing options for quality preschool.
- \$68,216 from the national Pritzker Children's Initiative towards the cost of a hosting a Fellow, thereby advancing the Commission's Prenatal to Three (PN-3) agenda and transitioning to the redesigned Neighborhoods for Learning Initiative.
- \$37,412 from the California Family Resource Association for COVID-19 support, enabling the Commission to quickly respond to the needs of children and families impacted by state and local stay-at-home orders.
- \$11,994 from the Ventura County Community Foundation for 2020 Census outreach to Ventura County's families with young children.

The general revenues (from interest earnings), without consideration of the unrealized loss on investments as a result of fair value adjustments, in FY 2019-20 were \$279,226, compared to \$377,364 in the prior year. This 26% decrease is a result of falling interest rates (particularly, in the last quarter) and lower interest earnings in the current period, even with higher cash balances upon which to draw interest. The majority of these interest earnings come from the Commission's funds that are maintained in the Ventura County Treasury Investment Pool. The Ventura County Treasurer-Tax Collector's Office earned an average rate of 2.0% in FY 2019-20 for funds invested in the County investment pool, compared to the average rate of 2.3% earned in FY 2018-19.

The Commission recognized a change in fair value with an unrealized loss on investments of \$17,699 in FY 2019-20, compared to the increase in fair value of \$35,892 recorded in the prior year. With this loss in fair value for FY 2019-20, the Commission's overall investment portfolio at June 30, 2020 reflects an unrealized gain of \$50,971.

The Commission's financial position increased by \$1.7 million. The overall financial condition of the Commission remains strong. A portion of the Commission's net position will be used to fill the gap between revenues and designated spending levels in subsequent years.

## **BUDGETARY HIGHLIGHTS**

### **OPERATING FUND**

As presented in the accompanying "Budgetary Comparison Schedule – Operating Fund" on page 26, the Commission projected \$6.4 million in total revenues. Actual revenues earned for the fiscal year ended June 30, 2020 in the Operating Fund were \$6.7 million. Of total revenues, tobacco tax distributions had been originally budgeted at \$5.5 million. A forecast prepared in May 2020 estimated revenues at just slightly less than the \$5.5 million based on significant fluctuations and uncertainties experienced over the past year in tobacco tax revenues. The forecast estimated Proposition 10 distributions at an overall 8% rate of decline for FY 2019-20, which was comprised of a month over month decline of 25% (based on July through December 2019 trend data) and offset by the actual Proposition 56 backfill realized of \$1.4 million.

Actual Proposition 10 revenues of \$6.2 million were higher than budgeted. In Ventura County, this represents an increase in tobacco tax revenues of 5.1% compared to the prior year. This is primarily due to a substantially higher annual backfill from Proposition 56 of \$1.4 million, compared to the prior year, which was \$583,000. Furthermore, tobacco tax revenues recovered in the last half of the year. Without consideration of the backfill, the Commission's Proposition 10 tax distributions decreased 10.4% in comparison to the statewide overall decrease of 11.1%. Locally, this decrease is offset by 0.7% because Ventura County experienced a slightly higher percent distribution of statewide births (1.976% in FY 2019-20 compared to 1.961% in FY 2018-19). The backfill from Proposition 56 mitigated this decrease. Due to the delayed timing of state administrative fees to manage the Proposition 10 fund, higher costs may be reflected in the FY 2020-21 distributions. A statewide assessment is underway to understand factors for revenue decreases and administrative costs. In addition to tobacco tax revenues, the Commission received over \$240,000 in grant funding during FY 2019-20. Resources related to the First 5 California IMPACT program were not received within 90 days of the end of the fiscal period to be available for spending. Thus, recognition of \$580,858 in revenues was deferred. These revenues will be recognized in FY 2020-21, when collection has occurred.

In FY 2019-20, the Commission budgeted \$8.7 million for Operating Fund expenditures. Actual expenditures in the Operating Fund came in at \$5.6 million. Aside from lower spending levels caused by the pandemic, additional factors contributed to the overall budget variance of \$3.1 million, including: 1) ramp up for new contractors, 2) budgeting for close-out tasks for programs sunseting on June 30, 2019, in which most funds were not utilized; 3) lower enrollment for preschool services; 4) delaying implementation of challenge grants, the website redesign, and certain projects/education campaigns; and 5) some partial staff vacancies and cost savings in the Commission's internal cost centers.

The Commission also budgeted for a transfer of \$13,130 from the Community Investment Loan Fund in excess interest earnings for the fiscal year ended June 30, 2020. The actual transfer in was \$15,986 to the Operating Fund from the Community Investment Loan Fund, which represents excess interest earnings from FY 2018-19.

Revenues and the transfer sufficiently covered expenditures, therefore, the resources from the existing fund balance were not drawn upon in the current period.

### **COMMUNITY INVESTMENT LOAN FUND**

The Community Investment Loan Fund, launched in 2008, provides low-cost capital for facilities development, including planning, construction and amortized loans to create new early care and education spaces. The Commission's implementation partner for the loan fund is the Economic Development Collaborative – Ventura County. As presented in the accompanying "Budgetary Comparison Schedule – Community Investment Loan Fund" on page 27, the Commission allocated \$385,000 in FY 2019-20 for the Community Investment Loan Fund. Of that amount, \$350,000 was budgeted for loan disbursements.

This Fund has issued six (6) loans since its inception, totaling \$1,196,868, creating a total of 343 new early care and education spaces in high need areas. In FY 2019-20, one loan settled its liability in August 2019 as scheduled. Despite the closures resulting from COVID-19, most loans continued to fulfill their obligations with only minimal disruption in remitting payments for two borrowers. One loan experienced more challenges and is being converted to interest-only for a period of time to be determined. While new loans and their associated earned interest and inflows of repayments were anticipated, no additional loans were processed by June 30, 2020.

Actual revenues earned in FY 2019-20 for the Community Investment Loan Fund represent interest earnings of \$40,184, commensurate with the amount budgeted. Since no loans were issued in FY 2019-20, there were no loan origination fees, however, some late fees were received. Revenues in the current period more than cover actual expenditures of \$31,774 for costs related to implementing the loan fund. As interest earnings are expected to more than cover the costs related to loan administration, interest earnings that exceed the amount needed to operate the Loan Fund are subsequently transferred to the Operating Fund to help sustain program funding levels.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the current fiscal year, the Commission did not have any capital assets.

### **Debt Administration**

At the end of the current fiscal year, the Commission had long-term obligations outstanding consisting of compensated absences of \$75,064 and \$66,520 as of June 30, 2020 and 2019, respectively.

## **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

In FY 2020-21, the Commission will implement the fifth funding year of its five-year plan that was adopted in June 2015. The overall local investment is budgeted at \$7.7 million inclusive of the Operating Fund and the Community Investment Loan Fund. Strategic investments include: \$2.9 million annually for place-based services focused on Parent and Child Together programs (PACT) and family support services through the Neighborhoods for Learning Initiative; \$1.4 million for preschool related services – the last year of a two-year transitional period to maintain licensed preschool capacity while efforts continue to transition these spaces to public funding sources. The remainder of funds will be invested in countywide linkage to resources and early intervention, program and systems integration, results-based accountability, and administration. Additionally, emerging needs resulting from the pandemic will continue to be monitored and addressed by the Commission as relevant.

The Commission will continue to consider strategies for building its financial resources and identify opportunities for supporting services for young children in Ventura County. This includes becoming a Medi-Cal Administrative Activities (MAA) Claiming Unit in FY 2020-21 under the County of Ventura. Using Help Me Grow investments, the Commission will receive reimbursement on a portion of expenditures associated with MAA activities.

Coinciding with strategic planning, the Commission updated its long-range financial plan in May 2020 that provides a substantial investment in the county's early childhood system. The work with community partners will continue to expand as the Commission shifts the focus from managing funded programs to playing a critical role in shaping the system of care for young children, and in particular for Ventura County's most vulnerable populations. For funding years 2021-22 through 2022-23, the Commission has allocated \$12 million dollars over the two-year period. With a continued investment focusing on systems-building and advocacy, these resources will be blended with direct services to have a greater impact on the early childhood system of care. Investments for direct services include parent and child together programming, family support, linkage to resources, and early intervention. Systems-building efforts include collaborative partnerships to integrate services, training and capacity building, parent engagement, and building best practices and quality standards for improved outcomes for young children. The strategic direction applies a program and systems integration approach to all of the strategic priorities: comprehensive child health, strong and resilient families, and quality early learning. The Commission will maintain key investments in Neighborhoods for Learning, Help Me Grow, and systems-building throughout the county to improve child outcomes in each priority area. Implementation of the extended strategic plan will begin on July 1, 2021. Subsequent to June 30, 2023, the financial plan forecasts a three-year annual spending level of \$5.3 million

with continued investments in place-based services, countywide linkage to resources and early intervention, systems change, results-based accountability, program management, and administration.

Future annual revenues from the Proposition 10 apportionments are expected to continue to decline due to the decrease in the amount of tobacco sales within the State, smokers purchasing tobacco via the Internet, illegal sales of tobacco, and state administrative costs for tax collection and fund management. The financial impact of the pandemic is uncertain. First 5 Commissions are a voter-initiative and not subject to the State budget process, however, the current economic climate may have an impact on tobacco consumption and related tax revenues. To prepare for decreases in future years' revenues, the Commission closely monitors and periodically revises its long-term financial plan.

## **SUMMARY**

Brain research clearly tells us that ages 0-5 are critical years for developing lifelong social, emotional and learning skills. While this period is absolutely key to a child's development, it is also where public investments are the lowest. Together with parents, school districts, community leaders, and social and healthcare agencies, First 5 Ventura County works to fill the gaps through its network of essential services for young children and their families—a network that strengthens futures for children, families and communities. For FY 2019-20, in addition to a local investment of \$4.8 million, the Commission successfully brought in \$820,000 in grants and leveraged program dollars, resulting in a total investment of \$5.6 million. The Commission and its partners will continue to serve children and families and improve the system of care in Ventura County.

This financial report is designed to provide the public with an overview of the Commission's financial operations and conditions. If you have questions about this report or need additional financial information, please contact First 5 Ventura County (Children and Families First Commission of Ventura County), 2580 E. Main Street, Suite 203, Ventura, CA 93003, (805) 648-9990.

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and investments	\$ 13,183,757	\$ 12,320,009
Due from other governments	1,322,229	1,640,975
Loans receivable	662,882	773,077
Accounts receivable	36,529	26,157
Interest receivable	110,380	152,652
Prepaid expenses	<u>30,467</u>	<u>38,466</u>
Total assets	<u>\$ 15,346,244</u>	<u>\$ 14,951,336</u>
 <b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts and contracts payable	\$ 871,575	\$ 2,136,869
Accrued wages and benefits	48,331	41,052
Unearned revenue	1,507	25,252
Long-term Liabilities:		
Due within one year:		
Compensated absences	<u>75,064</u>	<u>66,520</u>
Total liabilities	<u>996,477</u>	<u>2,269,693</u>
 Net Position -		
Unrestricted	<u>14,349,767</u>	<u>12,681,643</u>
Total liabilities and net position	<u>\$ 15,346,244</u>	<u>\$ 14,951,336</u>

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	<u>2020</u>	<u>2019</u>
EXPENSES		
Program expenses:		
Neighborhoods for Learning	\$ 2,931,139	\$ 6,339,386
Countywide Preschool Strategies	229,775	1,592,592
Systems Change Efforts and Program Management	1,308,739	1,319,675
Countywide Linkage to Resources & Early Intervention	385,053	618,076
Community Investment Loan Fund	31,774	28,461
Evaluation expenses - Results-Based Accountability	170,831	280,409
Administration expenses	582,410	582,183
Equipment replacement	10,017	3,201
Total expenses	<u>5,649,738</u>	<u>10,763,983</u>
REVENUES		
Program revenues:		
Proposition 10 apportionment	6,229,249	5,926,261
First 5 California IMPACT Program	580,708	295,836
Pritzker Children's Initiative	68,216	75,000
Federal grant revenue:		
California QRIS Certification	24,406	73,155
Pay for Success	102,135	110,919
Grants - Other	49,406	55,908
Other	2,215	575
Total program revenues	<u>7,056,335</u>	<u>6,537,654</u>
Net revenue (expense)	<u>1,406,597</u>	<u>(4,226,329)</u>
General revenues:		
Interest earnings	257,627	361,146
Proposition 10 SMIF	21,599	16,218
Unrealized gain (loss) on investments	(17,699)	35,892
Total general revenues	<u>261,527</u>	<u>413,256</u>
Change in net position	1,668,124	(3,813,073)
Net position, beginning of year	<u>12,681,643</u>	<u>16,494,716</u>
Net position, end of year	<u>\$ 14,349,767</u>	<u>\$ 12,681,643</u>

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

GOVERNMENTAL FUNDS BALANCE SHEET  
AS OF JUNE 30, 2020

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 12,570,352	\$ 613,405	\$ 13,183,757
Due from other governments	1,322,229	-	1,322,229
Loans receivable	-	662,882	662,882
Accounts receivable	35,629	900	36,529
Interest receivable	93,663	16,717	110,380
Prepaid expenses	30,467	-	30,467
<b>Total assets</b>	<b>\$ 14,052,340</b>	<b>\$ 1,293,904</b>	<b>\$ 15,346,244</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts and contracts payable	\$ 859,336	\$ 12,239	\$ 871,575
Accrued wages and benefits	48,331	-	48,331
Compensated absences	-	-	-
Unearned revenue	1,507	-	1,507
<b>Total liabilities</b>	<b>909,174</b>	<b>12,239</b>	<b>921,413</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	580,858	-	580,858
<b>Fund balance:</b>			
Nonspendable	30,467	662,882	693,349
Restricted	-	-	-
Committed	12,531,841	618,783	13,150,624
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balance</b>	<b>12,562,308</b>	<b>1,281,665</b>	<b>13,843,973</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 14,052,340</b>	<b>\$ 1,293,904</b>	<b>\$ 15,346,244</b>

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

Total fund balance from above	\$ 13,843,973
As the focus of the governmental funds are on short-term financing, some assets will not be available to pay current expenditures. Those assets (receivables) are offset by unavailable revenue in the governmental fund.	580,858
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(75,064)
Net position of governmental activities	<u>\$ 14,349,767</u>

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



CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

GOVERNMENTAL FUNDS BALANCE SHEET  
AS OF JUNE 30, 2019 (PRESENTED FOR COMPARATIVE TOTALS)

	Operating Fund	Sustainability Fund	Community Investment Loan Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 11,808,519	\$ -	\$ 511,490	\$ 12,320,009
Due from other governments	1,640,975	-	-	1,640,975
Loans receivable	-	-	773,077	773,077
Accounts receivable	26,157	-	-	26,157
Interest receivable	137,682	-	14,970	152,652
Prepaid expenses	38,466	-	-	38,466
<b>Total assets</b>	<b>\$ 13,651,799</b>	<b>\$ -</b>	<b>\$ 1,299,537</b>	<b>\$ 14,951,336</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts and contracts payable	\$ 2,126,054	\$ -	\$ 10,815	\$ 2,136,869
Accrued wages and benefits	41,052	-	-	41,052
Compensated absences	-	-	-	-
Unearned revenue	25,252	-	-	25,252
<b>Total liabilities</b>	<b>2,192,358</b>	<b>-</b>	<b>10,815</b>	<b>2,203,173</b>
Fund balance:				
Nonspendable	38,466	-	773,077	811,543
Restricted	-	-	-	-
Committed	11,420,975	-	515,645	11,936,620
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balance</b>	<b>11,459,441</b>	<b>-</b>	<b>1,288,722</b>	<b>12,748,163</b>
<b>Total liabilities and fund balance</b>	<b>\$ 13,651,799</b>	<b>\$ -</b>	<b>\$ 1,299,537</b>	<b>\$ 14,951,336</b>

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

Total fund balance from above	\$ 12,748,163
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(66,520)
<b>Net position of governmental activities</b>	<b>\$ 12,681,643</b>

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
<b>REVENUES</b>			
Program revenues:			
Proposition 10 apportionment	\$ 6,229,249	\$ -	\$ 6,229,249
First 5 California IMPACT Program	(150)	-	(150)
Pritzker Children's Initiative	68,216	-	68,216
Federal grant revenue:			
California QRIS Certification	24,406	-	24,406
Pay for Success	102,135	-	102,135
Grants - Other	49,406	-	49,406
Other	815	1,400	2,215
Total program revenues	<u>6,474,077</u>	<u>1,400</u>	<u>6,475,477</u>
General revenues:			
Interest earnings	217,443	40,184	257,627
Proposition 10 SMIF	21,599	-	21,599
Unrealized gain (loss) on investments	(16,818)	(881)	(17,699)
Total general revenues	<u>222,224</u>	<u>39,303</u>	<u>261,527</u>
Total revenues	<u>6,696,301</u>	<u>40,703</u>	<u>6,737,004</u>
<b>EXPENDITURES</b>			
Program expenditures:			
Neighborhoods for Learning	2,931,139	-	2,931,139
Countywide Preschool Strategies	229,775	-	229,775
Systems Change Efforts and Program Management	1,303,980	-	1,303,980
Countywide Linkage to Resources & Early Intervention	385,053	-	385,053
Community Investment Loan Fund	-	31,774	31,774
Evaluation expenditures - Results-Based Accountability	170,831	-	170,831
Administrative expenditures	578,625	-	578,625
Equipment replacement	10,017	-	10,017
Total expenditures	<u>5,609,420</u>	<u>31,774</u>	<u>5,641,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,086,881</u>	<u>8,929</u>	<u>1,095,810</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	15,986	-	15,986
Transfers out	-	(15,986)	(15,986)
Total other financing sources and uses	<u>15,986</u>	<u>(15,986)</u>	<u>-</u>

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
 A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - concluded  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
Net change in fund balance	1,102,867	(7,057)	1,095,810
Fund balance, beginning of year	<u>11,459,441</u>	<u>1,288,722</u>	<u>12,748,163</u>
Fund balance, end of year	<u>\$ 12,562,308</u>	<u>\$ 1,281,665</u>	<u>\$ 13,843,973</u>

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

Net change in fund balance from above \$ 1,095,810

Revenues in the governmental fund's statement that do not provide current financial resources  
 are not reported as revenue in the fund. 580,858

The change in compensated absences reported in the statement of activities does not  
 require the use of current financial resources and, therefore, is not reported as expenditures  
 in governmental funds. (8,544)

Change in net position of governmental activities \$ 1,668,124

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Operating Fund	Sustainability Fund	Community Investment Loan Fund	Total Governmental Funds
<b>REVENUES</b>				
Program revenues:				
Proposition 10 apportionment	\$ 5,926,261	\$ -	\$ -	\$ 5,926,261
First 5 California IMPACT Program	295,836	-	-	295,836
Pritzker Children's Initiative	75,000	-	-	75,000
Federal grant revenue:				
California QRIS Certification	73,155	-	-	73,155
Pay for Success	110,919	-	-	110,919
Grants - Other	55,908	-	-	55,908
Other	575	-	-	575
Total program revenues	<u>6,537,654</u>	<u>-</u>	<u>-</u>	<u>6,537,654</u>
General revenues:				
Interest earnings	213,322	103,377	44,447	361,146
Proposition 10 SMIF	16,218	-	-	16,218
Unrealized gain (loss) on investments	46,736	(12,957)	2,113	35,892
Total general revenues	<u>276,276</u>	<u>90,420</u>	<u>46,560</u>	<u>413,256</u>
Total revenues	<u>6,813,930</u>	<u>90,420</u>	<u>46,560</u>	<u>6,950,910</u>
<b>EXPENDITURES</b>				
Program expenditures:				
Neighborhoods for Learning	6,339,386	-	-	6,339,386
Countywide Strategies	1,592,592	-	-	1,592,592
Countywide Preschool Strategies	1,319,675	-	-	1,319,675
Program Management and Community Initiatives	606,536	-	-	606,536
Community Investment Loan Fund	-	-	28,461	28,461
Evaluation expenditures - Results-based				
Accountability and Quality Assurance	280,409	-	-	280,409
Administrative expenditures	575,691	-	-	575,691
Equipment replacement	3,201	-	-	3,201
Total expenditures	<u>10,717,490</u>	<u>-</u>	<u>28,461</u>	<u>10,745,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,903,560)</u>	<u>90,420</u>	<u>18,099</u>	<u>(3,795,041)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,386,184	-	-	6,386,184
Transfers out	-	(6,370,490)	(15,694)	(6,386,184)
Total other financing sources and uses	<u>6,386,184</u>	<u>(6,370,490)</u>	<u>(15,694)</u>	<u>-</u>

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

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - concluded  
COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Operating Fund	Sustainability Fund	Community Investment Loan Fund	Total Governmental Funds
Net change in fund balance	2,482,624	(6,280,070)	2,405	(3,795,041)
Fund balance, beginning of year	<u>8,976,817</u>	<u>6,280,070</u>	<u>1,286,317</u>	<u>16,543,204</u>
Fund balance, end of year	<u>\$ 11,459,441</u>	<u>\$ -</u>	<u>\$ 1,288,722</u>	<u>\$ 12,748,163</u>

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

Net change in fund balance from above \$ (3,795,041)

The change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. (18,032)

Change in net position of governmental activities \$ (3,813,073)

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Children and Families First Commission of Ventura County (Commission), known as First 5 Ventura County, was established by the Ventura County Board of Supervisors in 1998 under the provisions of the California Children and Families First Act of 1998 (the Act). The purpose of the Commission is to promote, support, and improve the early development of children from the prenatal stage through five years of age. The Commission's programs are primarily funded by taxes levied by the State of California on tobacco products. Any change to the tobacco tax revenue impacts the Commission's ability to perform services.

The Commission is administered by a governing board of nine voting members. The Ventura County Board of Supervisors appoints the commissioners as follows:

- a. One member of the Board of Supervisors.
- b. Two members recommended by the County Executive Officer responsible for management of the County's children's services, public health services, behavioral health services, social services and tobacco or other substance abuse prevention and treatment services.
- c. A representative recommended by the Child Care Planning Council.
- d. The remaining five members shall be selected from members of the Community Commission of Ventura County, nominated, one each, by the members of the Board of Supervisors, who are either described in (b) above or are: (1) recipients of project services included in the Commission's strategic plan, (2) educators specializing in early childhood development, (3) representatives of a local child care resource or referral agency or child care coordinating group, (4) representatives of a local organization for prevention or early intervention for families at risk, (5) representatives of community-based organizations that have the goal of promoting nurturing and early childhood development, (6) representative of local school districts, or (7) representatives of local medical, pediatric, or obstetric associations or societies.

The Commission is considered a legal public entity separate from the County of Ventura (County). However, the Commission is a component unit of the County for financial reporting purposes.

Upon termination of the Commission, all assets of the Commission shall be returned to the State of California. The liabilities of the Commission shall not become liabilities of the County upon either termination of the Commission or the liquidation or disposition of the Commission's remaining assets.

**Basis of Presentation and Accounting and Measurement Focus**

The basic financial statements of the Commission are composed of the following:

- Commission-wide financial statements
- Fund financial statements
- Notes to the financial statements

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (Governmental Accounting Standards Board).

Commission-wide Financial Statements – The commission-wide financial statements consist of the statement of net position and the statement of activities and display information about the primary government (the Commission).

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

The statement of activities presents a comparison of direct expenses and program revenues for the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include grants 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.

**Fund Financial Statements** – The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance. These statements are presented on a current-financial resources measurement focus. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Revenues are generally considered to be available when they are collected within 90 days of the end of the current fiscal year. All receivables are expected to be collected within the current year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The Commission reports only governmental funds as follows:

**Operating Fund** – The Operating Fund accounts for the legally authorized activities of the Commission not provided for in other specialized funds. For financial reporting information, the Operating Fund includes the state distribution and investment revenues and program, evaluation, and administration expenditures.

**Sustainability Fund** – The Sustainability Fund concluded in FY 2018-19. Recognizing there are reductions in tobacco tax revenue, which would impact the Commission's ability to fund services, this fund accounted for those funds set aside by terms of the Commission's financial plan for future years' financing of specifically designated programs. Therefore, the Sustainability Fund provided for the ability to continue to fund services until depleted, which occurred in fiscal year ended June 30, 2019.

**Community Investment Loan Fund** – The Community Investment Loan Fund accounts for those funds set aside by terms of the Commission's strategic plan for programs related to providing financing for facilities development of licensed quality child care and preschool.

As a general rule, the effect of interfund activity has been eliminated from the commission-wide financial statements.

### **Cash and Investments**

The Commission participates in an external investment trust fund managed by the County of Ventura Treasurer. The County Treasurer's investment pool is defined in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The external investment pool commingles the moneys of more than one legally separate entity and invests on the participant's behalf in an investment portfolio for the purpose of increasing investment earnings. Interest earned on the pooled funds is allocated and credited to these funds quarterly. The Commission is required to deposit, but is not required to maintain, the state distributions of the tobacco tax in the County Treasury.

### **Capital Assets**

Capital assets are reported in the commission-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of three years. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. There were no capital assets at June 30, 2020 or 2019.

### **Compensated Absences**

The Commission has estimated vested liabilities for compensated absences to be \$75,064 and \$66,250 as of June 30, 2020 and 2019, respectively. Compensated absence obligations are reported in the fund

financial statements as expenditures in the period paid. The estimated liabilities have been accrued in the commission-wide financial statements and are included in long-term liabilities.

### **Unearned Revenue**

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

### **Equity**

In the commission-wide financial statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. The Commission did not have any of its net position invested in capital assets at June 30, 2020 and 2019.
- Restricted net position – Consists of net position with legal limitations imposed on their use by County or State Ordinance, external restrictions by other governments, creditors or grantors. There were no restrictions of net position as of June 30, 2020 and 2019.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The Commission follows the provisions of GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” Accordingly, 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 fund balance - includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid expenses or inventory) or (b) legally or contractually required to be maintained intact (e.g., resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment).
- Restricted fund balance - includes resources that are subject to constraints for which there are externally enforceable legal restrictions (e.g., funding from the State Commission or foundations that are legally restricted to specific uses; funds legally restricted by County, state, or federal legislature, or a government’s charter or constitution; amounts collected from non-spendable items, such as the long-term portion of loan outstanding, if those amounts are also subject to legal constraints).
- Committed fund balance - includes amounts that can only be used for specific purposes pursuant to limitations imposed by the Board of Commissioners. Formal action is required by the Board of Commissioners to commit, to modify or remove the commitment. Committed fund balance also includes the minimum fund balance whereby up to six months of operating funds shall be maintained.
- Assigned fund balance - includes amounts that are constrained by the Commission’s intent to be used for specific purposes, but are neither restricted nor committed. Unless formal authority is delegated to another appointed body or official by the Board of Commissioners, the Board of Commissioners shall be the level of authority to allocate resources to the assigned category.
- Unassigned fund balance - includes fund balance that has not been classified into any of the other categories.

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.

### **Budgets and Budgetary Accounting**

The Commission is legally required to prepare and submit a budget of expected expenditures to the Ventura County Board of Supervisors and the Ventura County Children, Family, and Community Commission for their review and comment. The Commission’s fiscal year 2019-20 budget was reviewed by the Ventura County Board of Supervisors and the Community Commission for Ventura County on March 12, 2019 and June 12, 2019, respectively.



The budget is prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. The budgetary basis of accounting is different from generally accepted accounting principles because for budgetary purposes investment earnings are recognized when earned. Under generally accepted accounting principles, investments and investment earnings include changes in fair values.

The accompanying Budgetary Comparison Schedule - Operating Fund and Budgetary Comparison Schedule - Community Investment Loan Fund include the budgeted expenditures and transfers for the year, along with management's estimate of revenues for the year. Budgetary control is exercised at the fund level.

For the fiscal year ended June 30, 2020, the Operating Fund had expenditures over budget of \$20,053 for the Countywide Linkage to Resources & Early Intervention Initiative. This variance is due to a new grant opportunity received late in the fiscal year to address family needs resulting from the pandemic.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **New Accounting Pronouncements**

In June 2017, the GASB issued Statement of Governmental Accounting Standard No. 87 "Leases" which amends the accounting and financial reporting for leases. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the standard, a lessee will be required to recognize a lease liability and an intangible right-to-use asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 was to be effective for the year ending June 30, 2022, however, GASB Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" postponed the effective date to provide temporary relief to governments and stakeholders in light of the pandemic. The requirements of this statement are effective immediately. Therefore, the Commission has implemented GASB Statement No. 95, which postpones the effective date for GASB Statement No. 87 by 18 months.

### **Subsequent Events**

The Commission has evaluated subsequent events through October 12, 2020, the date which the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the net position. Other financial impact could occur, although such potential impact is unknown at this time.

### **Reclassifications**

Compensated absences reported on the statement of net position as of June 30, 2019 has been reclassified as a long-term liability. Program Management and Community Initiatives reported in FY 2018-19 has been expanded for FY 2019-20. Thus, for comparative purposes on the statement of activities, Program Management and Community Initiatives has been reported under Systems Change Efforts and Program Management.

## **2. CASH AND INVESTMENTS**

The Commission's carrying value of deposits with a bank was \$154,201 and \$63,372 at June 30, 2020 and 2019, respectively. The corresponding bank balance was \$240,445 and \$120,835, respectively. Bank balances up to \$250,000 are covered by the Federal Deposit Insurance Corporation. Any remaining uninsured balance is covered by a written collateral agreement with the financial institution whereby any uninsured deposits will be collateralized with eligible securities having a market value of at least 110% of the amount of the deposits.

At June 30, 2020 and 2019, the Commission had \$13,029,456 and \$12,256,536, respectively, held in an external investment pool in the County of Ventura. Investments are stated at fair value, per GASB Statement No. 31 requiring fair value reporting of all investments. The fair value of the County's pooled investments was determined by the County's investment advisory firm. The Commission's investments include recognized but unrealized net gain of \$50,971 and \$68,669 as of June 30, 2020 and 2019, respectively. Because the County's investment practice is to generally hold investments until maturity, the amount to be collected over the life of the security is known and the risk of market losses is minimized. Therefore, while potential gains or losses are recognized and reported because of the County's investment policy, they are not anticipated to be realized.

The Commission is authorized under California Government Code to make direct investments. In January 2009, the Commission adopted an investment policy to provide for the prudent investment of funds and the effective management of investment activities, including short-term investments to meet daily cash flow requirements and long-term investments to meet future goals. The policy was updated in April 2019. A minimum of six months of operating funds must be maintained in the Ventura County Treasury Investment Pool or the Local Agency Investment Fund (LAIF). Any remaining funds beyond one year of operating funds may be invested in the Ventura County Treasury Investment Pool or elsewhere as outlined in the *Eligible, Authorized, and Suitable Investments* section of the Policy. An investment plan is developed and approved annually by the Commission. All funds are currently being invested in the Ventura County Investment Pool. Reaffirmed in December 2019, the County portfolio has continually maintained a rating of AAf by Standard & Poor's (S&P), the highest possible rating given by the agency. The portfolio was rated S1+, also the highest ranking given by S&P, for maintaining sufficient liquidity to meet cash flow needs.

The County Treasurer maintains a cash investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the Commission based on the average daily balances on deposit with the County Treasurer. Investment earnings are accrued at year-end.

The County Treasurer invests Commission funds in accordance with the state statutes and the County's investment policy as approved by the Treasury Oversight Committee and the County Board of Supervisors. The policy emphasizes safety, liquidity, and yield and follows the "prudent investor rule." The County Treasurer is authorized by Government Code Section 53635 to invest in U.S. Government Treasury and Agency Securities, certain commercial paper, bankers' acceptances, corporate bonds and notes, repurchase agreements and the State Treasurer Local Agency Investment Fund.

The external investment pool held with the County of Ventura categorizes its fair value measurements within their fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2019, the Commission held no individual investments. All funds are invested in the Ventura County Investment Pool. The Commission's proportionate share of investments in the Ventura County Investment Pool at June 30, 2020 of \$13,029,456 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

The County of Ventura's financial statements may be obtained by contacting the County of Ventura's Auditor-Controller's office at 800 South Victoria Avenue, Ventura, CA 93009.

### 3. DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2020 consisted of amounts due to the Commission from the California Children and Families Commission (also known as First 5 California) as follows:

Tobacco tax revenues (May and June)	\$741,371
IMPACT Hub reimbursement	580,858
Total due from other government's	<u>\$1,322,229</u>

#### 4. LOANS RECEIVABLE

The Community Investment Loan Fund provides low-cost capital for facilities development, including planning, construction and amortized loans to create new early care and education spaces. As of June 30, 2020, the Commission had issued six loans to preschool providers which were granted under the provisions of the Community Investment Loan Fund. One loan settled its liability in FY 2019-20 along with another in FY 2018-19, therefore, there were four active loans at June 30, 2020.

The loans bear interest at 4.25% per year and are secured by all assets of the business; personal guarantees; and, for two of the loans, a deed of trust. The three loans are fully amortized over seven (7) years with maturity dates through January 2026. One loan, which began as an amortizing loan, is being converted to interest-only for a period of time. The expected date to resume principle payments is yet to be determined. Notes receivable are evaluated for collectability. No provision for loss was considered necessary by management at June 30, 2020. Additional distribution of loan funds is budgeted for fiscal year ending June 30, 2021. The loans are administered by the Economic Development Collaborative.

#### 5. OPERATING LEASE

The Commission leases office space from a third party under a lease which expires in December 2020. Monthly rental payments of \$6,560 are due through December 2020. Rent expense totaled \$77,588 and \$75,320 for the years ended June 30, 2020 and 2019, respectively.

#### 6. RETIREMENT PLAN

The Commission has established a 401(a), a defined contribution plan, and a 457, a deferred compensation plan, through International City/County Management Association Retirement Corporation (ICMA RC). The 401(a) and 457 plans are administered by the Commission with the 401(a) for employer contributions and the 457 for employee contributions. Benefit terms are established and may be amended by the Commission. The 457 plan is administered in accordance with Internal Revenue Code (IRC) Section 457.

The Commission contributes 3% of an employee's salary earnings for all regular classified employees that are regularly scheduled to work 20 hours or more per week. The Commission matches additional contributions, up to 4%, for every percent that the employee contributes to their 457 plan. The maximum contribution by the Commission is 7%. The Commission provides immediate 100% vesting for the participants. The retirement contribution by the Commission for the fiscal year ended June 30, 2020 and 2019 was \$70,092 and \$63,905, respectively. All contributions made to the 457 plan are solely at the discretion of the employees.

#### 7. INTERFUND TRANSFERS

The Commission recognizes there are reductions in tobacco tax revenue, which impacts the Commission's ability to fund services; therefore, the former Sustainability Fund provided for the ability to continue to fund program services until depleted, which occurred in fiscal year ended June 30, 2019. Additionally, any interest earnings that exceed the amount needed to operate the Community Investment Loan Fund are transferred to the Operating Fund to help maintain program funding levels. In fiscal year ended June 30, 2020, the Commission transferred in \$15,986 to the Operating Fund from the Community Investment Loan Fund, which represents excess interest earnings resulting from the prior fiscal year ended June 30, 2019.

#### 8. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to general liability and workers' compensation. The Commission has general liability insurance to \$1,000,000 per occurrence. There have been no settlements nor are there any claims that are expected to result in a settlement.

#### 9. LONG-TERM DEBT

Long-term debt balances and transactions for the fiscal year ended June 30, 2020 are as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$66,520	\$8,814	-	\$75,064	\$75,064

## 10. ECONOMIC DEPENDENCY

The Commission is largely dependent on Proposition 10 Tobacco funds for its revenue. Any reduction to the tobacco tax revenue impacts the Commission's ability to fund services.

## 11. RELATED PARTY TRANSACTIONS

Certain members of the Commission are contractors, directors, or employees of agencies that are funded by the Commission and, accordingly, may receive payments or compensation from those agencies. For fiscal year ending June 30, 2020, the Commission entered into contracts with these agencies to provide funding of \$585,041. Amounts paid under these contracts amounted to \$561,678. The Commission's conflict of interest policy prohibits a commissioner from any decision-making process that involves a related agency.

## 12. PROGRAM EVALUATION – RESULTS ACCOUNTABILITY AND QUALITY ASSURANCE

The Commission spent \$170,831 on program evaluation during the year ended June 30, 2020 which includes the data software system, the annual evaluation report, evaluation projects, coordination of evaluation activities. The Commission spent \$280,409 on program evaluation for the year ended June 30, 2019.

## 13. COMMITMENTS - FUNDING FOR PURCHASE OF FIXED ASSETS AND INFRASTRUCTURE PROJECTS

The Commission adopted a policy in 2000 to provide for the granting of funds for the acquisition of fixed assets (commonly known as capital assets). In February 2012, the Commission amended the policy and incorporated provisions for infrastructure projects. In connection with this policy, any funds granted for the purchase of fixed assets or infrastructure projects over \$5,000 are structured as no-interest forgivable loans for each year that the grant recipient remains in business and continues operation of the program for which the asset was purchased or the infrastructure investment was made. The Commission recognizes the funding for the acquisition of fixed assets as program expenditures in the year granted. Grant recipients are expected to continue operations of the program for the determined length of time for which the asset was purchased or the infrastructure project was made.

As of June 30, 2020, the Commission had active contracts totaling \$1,249,431 for the purchase of fixed assets and infrastructure projects with \$545,484 remaining to be forgiven through September 30, 2029.

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## REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

BUDGETARY COMPARISON SCHEDULE - OPERATING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Program Revenues:				
Proposition 10 apportionment	\$ 5,485,450	\$ 5,485,450	\$ 6,229,249	\$ 743,799
First 5 California IMPACT Program	444,940	444,940	(150)	(445,090)
Pritzker Children's Initiative	75,000	75,000	68,216	(6,784)
Federal grant revenue:				
California QRIS Certification	21,755	21,755	24,406	2,651
Pay for Success	-	105,000	102,135	(2,865)
Grants - Other	-	-	49,406	49,406
Other	-	-	815	815
Total program revenues	<u>6,027,145</u>	<u>6,132,145</u>	<u>6,474,077</u>	<u>341,932</u>
General revenues:				
Interest earnings	231,855	231,855	217,443	(14,412)
Proposition 10 SMIF	-	-	21,599	21,599
Total general revenues	<u>231,855</u>	<u>231,855</u>	<u>239,042</u>	<u>7,187</u>
Total revenues	<u>\$ 6,259,000</u>	<u>\$ 6,364,000</u>	<u>\$ 6,713,119</u>	<u>\$ 349,119</u>
<b>EXPENDITURES</b>				
Program expenditures:				
Neighborhoods for Learning (NfL)	\$ 3,680,000	\$ 4,080,000	\$ 2,931,139	\$ 1,148,861
Countywide Preschool Strategies	1,440,000	1,440,000	229,775	1,210,225
Systems Change Efforts and Program Management	1,388,740	1,493,740	1,303,980	189,760
Countywide Linkage to Resources & Early Intervention	365,000	365,000	385,053	(20,053)
Challenge Grants	400,000	400,000	-	400,000
Evaluation expenditures - Results-Based Accountability	240,000	240,000	170,831	69,169
Administrative expenditures	645,000	645,000	578,625	66,375
Equipment replacement	5,000	11,500	10,017	1,483
Total expenditures	<u>\$ 8,163,740</u>	<u>\$ 8,675,240</u>	<u>\$ 5,609,420</u>	<u>\$ 3,065,820</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in - from Community Investment Loan Fund	13,130	13,130	15,986	2,856
Total other financing sources and uses	<u>\$ 13,130</u>	<u>\$ 13,130</u>	<u>\$ 15,986</u>	<u>\$ 2,856</u>
Net change in fund balance	<u>\$ (1,891,610)</u>	<u>\$ (2,298,110)</u>	<u>\$ 1,119,685</u>	<u>\$ 3,417,795</u>
<b>BUDGET-TO-GAAP RECONCILIATION:</b>				
Actual revenue on a budgetary basis			\$ 6,713,119	
Differences - budget to GAAP:				
For budgetary purposes investment earnings do not include unrealized gains and losses			(16,818)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance			<u>\$ 6,696,301</u>	

See accompanying notes to the basic financial statements and auditor's report.

CHILDREN AND FAMILIES FIRST COMMISSION OF VENTURA COUNTY  
A COMPONENT UNIT OF THE COUNTY OF VENTURA

BUDGETARY COMPARISON SCHEDULE - COMMUNITY INVESTMENT LOAN FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>REVENUES/INFLOWS</b>				
Loan repayments	\$ 141,710	\$ 141,710	\$ 144,081	\$ 2,371
Loan fees	7,000	7,000	1,400	(5,600)
Total revenues/inflows	<u>148,710</u>	<u>148,710</u>	<u>145,481</u>	<u>(3,229)</u>
General revenues:				
Interest earnings	<u>39,690</u>	<u>39,690</u>	<u>40,184</u>	<u>494</u>
Total revenues/inflows	<u>\$ 188,400</u>	<u>\$ 188,400</u>	<u>\$ 185,665</u>	<u>\$ (2,735)</u>
<b>EXPENDITURES/OUTFLOWS</b>				
Loan implementation	\$ 35,000	\$ 35,000	\$ 31,774	\$ 3,226
Loan disbursements	350,000	350,000	-	350,000
Total expenditures/outflows	<u>\$ 385,000</u>	<u>\$ 385,000</u>	<u>\$ 31,774</u>	<u>\$ 353,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out - to Operating Fund	<u>\$ (13,130)</u>	<u>\$ (13,130)</u>	<u>\$ (15,986)</u>	<u>\$ (2,856)</u>
Net change in fund balance	<u>\$ (209,730)</u>	<u>\$ (209,730)</u>	<u>\$ 137,905</u>	<u>\$ 347,635</u>
<b>BUDGET-TO-GAAP RECONCILIATION:</b>			Actual on Budgetary Basis	
Actual revenue /inflows on a budgetary basis			\$ 185,665	
Differences - budget to GAAP:				
For GAAP purposes loan repayments are not recognized as revenue			(144,081)	
For budgetary purposes investment earnings do not include unrealized gains and losses			<u>(881)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance			<u>\$ 40,703</u>	

See accompanying notes to the basic financial statements and auditor's report.

## OTHER REPORTS





# BROWN ARMSTRONG

*Certified Public Accountants*

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

To the Commissioners and Administration/Finance Committee  
Children and Families First Commission of Ventura County  
Ventura, California

### **BAKERSFIELD OFFICE (MAIN OFFICE)**

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Children and Families First Commission of Ventura County (Commission), a component unit of the County of Ventura, California, as of and for the fiscal 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 12, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

## Compliance and Other Matters

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

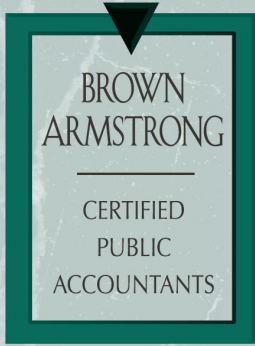
## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission'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  
October 12, 2020



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Commissioners and Administration/Finance Committee  
Children and Families First Commission of Ventura County  
Ventura, California

### Compliance

We have audited the Children and Families First Commission of Ventura County (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 fiscal year ended June 30, 2020.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Commission's compliance with the requirements referred to above based on our audit.

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

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

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

**Opinion**

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
October 12, 2020