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, 2022

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 4 through 10 and 23 through 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2022, 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 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2022

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, 2022. Please read in conjunction with the Commission's financial statements and accompanying notes that begin on page 11.

FINANCIAL HIGHLIGHTS

- The Commission received $6,090,290 in tobacco tax revenue, compared to $6,455,875 received in the prior fiscal year, a decrease of $365,585 or 6%.
- The Commission recognized $71,198 in leveraged funding from federal and state sources, compared to $87,056 received in the prior fiscal year.
- The Commission's expenses totaled $3,744,121 compared to $4,542,479 incurred in the prior fiscal year, a decrease of $798,358 or 18%. This decrease is primarily due to the planned conclusion of preschool investments, staff vacancies, limitations in fully implementing services due to the pandemic, and time-limited projects that occurred in the prior year.
- The Commission's assets at June 30, 2022 were $19,070,575, an increase of $1,913,680 or 11%, compared to total assets of $17,156,895 at June 30, 2021.
- The Commission's net position as of June 30, 2022 was $18,636,686, an increase of $2,245,557 or 14%, compared to a net position of $16,391,129 as of June 30, 2021.

OVERVIEW OF SIGNIFICANT EVENTS FOR FY 2021-22

In fiscal year (FY) 2021-22, the Commission implemented the first funding year of its two-year strategic plan that was adopted in June 2020. For this two-year strategic plan spanning a funding period of July 1, 2021 through June 30, 2023, the Commission planned an investment of $12 million dollars for children prenatal to 5 and their families in Ventura County. To have the greatest impact on strengthening the overall early childhood system of care, the Commission's resources continue to be directed towards designated direct services and systems integration, advocacy, and building organizational capacity. The investments in direct services include continuation of the Neighborhoods for Learning Initiative and programs that provide linkage to resources and early intervention countywide.

In FY 2021-22 the Commission began in-house implementation of the Neighborhoods for Learning (NfL) initiative, rather than contracting out the services. The Neighborhoods for Learning is a place-based service model whereby service sites are located in high need neighborhoods so that families can access early learning, and wellness and family support services more easily. Services include 1) Parent and Child Together programs (PACT), which is primarily for families with children ages prenatal to three and 2) family support services targeting the broader age group of prenatal to five. To ensure a smooth transition from the prior implementation contractor, existing staff were transferred, and existing site locations were continued. The Commission expanded its organizational infrastructure to support the internal operation of the program. Services began in July 2021, which occurred virtually until March 2022 when services resumed to in-person. Several new NfL service sites were added in underserved neighborhoods and observations of PACT classes resumed, leading to the development and implementation of quality improvement plans.

Spending levels for FY 2021-22 continued to be disrupted by the pandemic as the Commission faced barriers in implementing standard services and experienced the nationwide challenge of hiring staff. The Commission continued to partner with the Early Childhood Education (ECE) Task Force to address emerging needs of families with young children and service providers as a result of the pandemic and led joint advocacy efforts to raise awareness about the importance of child care and early learning services 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 intervention, child welfare, and access to resources:

- The Commission launched a Shared Services Alliance (SSA) two-year pilot to strengthen the fragile business model of family child care providers through access to an online child care business management system, in which "Wonderschool" was selected as the vendor. Additional funding was secured by pilot implementation partners that nearly doubled the number of family child care providers enrolled in Wonderschool platform, provided enhanced business advisement, and offered technology stipends.
- The Commission actively partnered with the Ventura County Human Services Agency, Children and Family Services on the development of the Ventura County Prevention Plan and, as a result, the Neighborhoods for Learning initiative has been identified as a building block for creating a countywide wellness system for children and their families.
- The Commission continued to refine the in-house implementation of Help Me Grow (HMG) and launched a new www.HelpMeGrowVC.org website, making it easier to navigate, allowing parents, providers and the community to access relevant information, including online developmental screenings. HMG also continued as an implementation partner in the ACEs Aware Network of Care Planning grant which led to the successful implementation of an ACEs Referral Pathway Pilot with a local pediatrician and a social worker.
- The Commission also continued to promote the importance of early literacy through partnerships. The Neighborhoods for Learning provided training and technical assistance to library staff on implementing Parent and Child Together classes and distributed over 15,000 books provided by the Dollywood Foundation and Barnes & Noble to children in underserved areas through WIC, local preschools, and other community partners. Take 5 and Read to Kids!, the Commission's signature literacy event, returned for the 6th year. Although scaled back in scope due to the pandemic, celebrity readers helped spread the importance of literacy message by reading at NfL sites and on social media.

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 (e.g., community investment loan fund). 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 the fiscal year ended June 30, 2022, the Commission maintained two individual governmental funds.

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, 2022 with June 30, 2021.

Statements of Net Position
As of

ASSETS	June 30, 2022	June 30, 2021	Change in Dollars	Change in Percent
Cash and investments	$ 18,020,804	$ 16,064,673	$ 1,956,131	12%
Current and other assets	1,049,771	1,092,222	(42,451)	-4%
Total assets	$ 19,070,575	$ 17,156,895	$ 1,913,680	11%
LIABILITIES				
Current liabilities	$ 310,289	$ 665,921	$ (355,632)	-53%
Long-term liabilities	123,600	99,845	23,755	24%
Total liabilities	433,889	765,766	(331,877)	-43%
NET POSITION				
Unrestricted	18,636,686	16,391,129	2,245,557	14%
Total liabilities and net position	$ 19,070,575	$ 17,156,895	$ 1,913,680	11%

As of June 30, 2022, the Commission's total assets were $19,070,575, an increase of $1,913,680 or 11% 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 $42,451 or 4%, in current and other assets. This minor decrease primarily results from loan repayments occurring throughout the year which reduced receivables for the Community Investment Loan Fund and having no grant reimbursements owed at year-end. This decrease is offset by an increase in expenses prepaid at year-end, a higher receivable for interest earnings for the fourth quarter, and accruing additional leveraged funds for participation in Medi-Cal Administrative Activities (MAA).

At the end of FY 2021-22, the Commission also accrued all amounts owed by the Commission but not yet paid by year-end. Liabilities include accounts and contracts payable along with accrued wages and benefits. Liabilities of $433,889 as of June 30, 2022 were substantially lower than the $765,766 at June 30, 2021. The decrease in total liabilities of 43%, or $331,877, mainly results from reduced contractor reimbursements at year-end since the Commission's investment in preschool concluded in the prior year and no longer contracting out the Neighborhood for Learning initiative. Additionally, accrued wages were lower than the prior year due to timing of the withdraw of funds from the bank account. The overall decrease in liabilities is offset by an increased liability for compensated absences with staff carrying higher balances.

The Commission's net position at June 30, 2022 was $18,636,686, an increase of 14% or $2,245,557, compared to a net position of $16,391,129 at June 30, 2021. While the Commission planned for a decrease in net position, revenues were sufficient to cover expenses in the current period as most programs and internal cost centers 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 2021-22 with FY 2020-21:

	Statements of Activities For the Fiscal Years Ended			
	June 30, 2022	June 30, 2021	Change in Dollars	Change in Percent
Expenses:				
Program services and systems integration	$ 3,240,075	$ 3,749,288	$ (509,213)	-14%
Program evaluation (Results-Based Accountability)	223,703	238,088	(14,385)	-6%
Administration	280,343	551,495	(271,152)	-49%
Equipment replacement	-	3,608	(3,608)	-100%
Total expenses	3,744,121	4,542,479	(798,358)	-18%
Program revenues:				
Proposition 10 tax distribution	6,090,290	6,455,875	(365,585)	-6%
First 5 CA IMPACT Hub	-	(3,000)	3,000	-100%
Pritzker Children's Initiative	-	6,784	(6,784)	-100%
Federal Revenues:				
Medi-Cal Administrative Activities	13,540	16,454	(2,914)	-18%
Grants - Other	57,658	66,818	(9,160)	-14%
Other income	125	9,020	(8,895)	-99%
Total program revenues	6,161,613	6,551,951	(390,338)	-6%
General revenues:				
Interest earnings	83,627	103,658	(20,031)	-19%
Surplus Monetary Investment Funds (SMIF)	2,900	3,902	(1,002)	-26%
Unrealized gain (loss) on investments	(258,462)	(75,670)	(182,792)	242%
Total general revenues	(171,935)	31,890	(203,825)	-639%
Change in net position	2,245,557	2,041,362	204,195	10%
Net position, beginning of year	16,391,129	14,349,767	2,041,362	14%
Net position, end of year	$ 18,636,686	$ 16,391,129	$ 2,245,557	14%

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 change in net position (current period revenues less expenses) was $2,245,557.

In FY 2021-22, the Commission spent $3,240,075 on program services and systems integration compared to $3,749,288 in the prior year, a decrease of $509,213 or 14%. In addition to the disruption in spending levels caused by the pandemic and widespread staffing shortages, this decrease is also attributed to: 1) no longer funding preschool spaces and scholarships due to its planned discontinuation given the State's increased investment and 2) certain grants and time-limited projects concluding.

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 FY 2021-22 in the amount of $223,703 were slightly lower than the prior year, which came in at $238,088. The decrease in expenses is primarily due to carrying out fewer evaluation projects, offset by filling a staff vacancy that is partially allocated to this cost center.

In FY 2021-22, administrative expenses were $280,343 compared to $551,495 spent in the prior year. This decrease is predominately due to a change in the Commission's approach to allocate administrative costs whereby centralized administrative support (also referred to as central services) are apportioned to internal program and evaluation cost centers. This modified approach recognizes the essential nature of administrative support costs and their inclusion in order to accurately reflect the total cost of operating programs and services. Administrative expenses in the current period were lower than budgeted, coming in at 72% of the administrative budget. On a modified accrual basis of accounting, which is the method used for establishing the Commission's administrative cost, the rate came in at 7.5%, below the established target of 12% of total operating costs.

The Commission received program revenues totaling $6,161,613 in FY 2021-22, a decrease of 6%, or $390,338, compared to the prior year's total program revenues of $6,551,951. The overall decrease in program revenues is primarily due to a decrease in the tobacco tax distribution.

The Commission received funding for a variety of projects in FY 2021-22 to leverage Proposition 10 funding. Through federal financial participation (FFP) and grant programs, the Commission enhanced and supported efforts on: 1) increasing awareness of Adverse Childhood Experiences (ACEs); 2) activities related to serving Medi-Cal enrolled families; and 3) quality improvement in non-traditional early learning settings, e.g., parent and child together programs.

The general revenues (from interest earnings), without consideration of the unrealized loss on investments as a result of fair value adjustments, in FY 2021-22 were $86,527, compared to $107,560 in the prior year. This 20% decrease is a result of declining interest rates and lower interest earnings in the current period, even with higher cash balances upon which to earn interest. The majority of these interest earnings come from the Commission's funds that are maintained in the Ventura County Treasury Investment Pool. The annual average of quarterly interest rates was 0.37% in FY 2021-22 for funds invested in the County investment pool, compared to the average rate of 0.58% in the prior year. Although interest rates for the first three quarters of FY 2021-22, were very low (ranging from 0.25% to 0.32%), the rate improved by the fourth quarter, coming in at 0.65%, as a result of the Federal Reserve raising interest rates.

The Commission recognized a change in fair value with an unrealized loss on investments of $258,462 in FY 2021-22, compared to the decrease in fair value of $75,670 recorded in the prior year. With this loss in fair value for FY 2021-22, the Commission's overall investment portfolio at June 30, 2022 reflects an unrealized loss of $283,161.

The Commission's financial position increased by $2.2 million in the current period. 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 23, the Commission projected $5.9 million in total revenues. Actual revenues earned for the fiscal year ended June 30, 2022 in the Operating Fund were $6.2 million. Of total revenues, Proposition 10 tobacco tax distributions had been originally budgeted at $5.7 million. A forecast prepared in April 2022 estimated these revenues at $6.1 million based on a 6% decline rate applied to the actual tobacco tax distributions earned in the prior year. For FY 2021-22, actual Proposition 10 revenues came in as forecasted at $6.1 million, which reflects a decrease of 5.7% compared to the prior year. Statewide, Proposition 10 revenues decreased by 5.2%. Locally, this decrease was 0.5% higher because Ventura County experienced a slightly lower percent distribution of statewide births (1.977% in FY 2021-22 compared to 1.987% in FY 2020-21). The Commission received $57,658 in grant funding and other revenues during FY 2021-22.

In FY 2021-22, the Commission budgeted just over $6.1 million for Operating Fund expenditures. Actual expenditures in the Operating Fund came in at $3.7 million. Aside from lower spending levels caused by the pandemic, additional factors contributed to the overall budget variance of $2.4 million, including: 1) ramp up for the in-house implementation of the Neighborhood for Learning initiative and challenges filling vacant positions in all cost centers; 2) budgeting for close-out tasks for programs sunsetting on June 30, 2021, in which most funds were not utilized; 3) funding Challenge Grants on a limited pilot basis; and 4) delaying or limiting implementation of community capacity building efforts and certain evaluation projects and education campaigns.

As there were no excess interest earnings from the Community Investment Loan Fund in the prior fiscal year, the Commission did not budget for a transfer to the Operating Fund in FY 2021-22.

Revenues 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 (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. As presented in the accompanying "Budgetary Comparison Schedule – Community Investment Loan Fund" on page 24, the Commission allocated $685,000 in FY 2021-22 for the Community Investment Loan Fund. Of that amount, $650,000 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. Three loans have been fully repaid, one of which occurred in August 2021. Two of the three remaining loans continued to fulfill their obligations. The third active loan was to be restructured; however, subsequent to June 30, 2022, the liability was settled in full. While new loans and their associated earned interest and inflows of repayments were anticipated, no additional loans were processed by June 30, 2022.

Actual revenues earned in FY 2021-22 for the Community Investment Loan Fund represent interest earnings of $24,530, just slightly higher than the $23,720 budgeted. Since no loans were issued in FY 2021-22, there were no revenues for loan origination fees. Revenues fell short by $7,146 of covering actual expenditures of $31,676 for costs related to implementing the loan fund. As additional loans are issued and market conditions improve, interest earnings are expected to more than cover the costs related to operating the Loan Fund. 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 $123,600.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

In FY 2022-23, the Commission will implement the second funding year of its two-year strategic plan extension that was adopted in June 2020. The strategic plan maintains key investments in Neighborhoods for Learning, Help Me Grow, and systems-building throughout the county to improve child outcomes in priority areas. The overall local investment is budgeted at $6.9 million inclusive of the Operating Fund and the Community Investment Loan Fund. Strategic investments include $3.3 million annually for Parent and Child Together programs (PACT) and family support services through the Neighborhoods for Learning Initiative. 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.

Recognizing the negative impact of the pandemic on families with young children, the Commission advocated for its youngest citizens and their families resulting in the designation of American Rescue Plan Act (ARPA) funds from the County of Ventura. The Commission is slated to receive $3.5 million over 30 months in Federal funds to expand Neighborhood for Learning services countywide and pilot a light-touch home visiting program in South Oxnard, targeting pregnant moms and new parents. Implementation is expected to begin in the Fall of 2022.

The Commission updated its long-range financial plan in April 2022. The plan provides a substantial investment in the county's early childhood system and forecasts a spending level of $46 million between FY 2022-29. Through designated direct services and its work with community partners, the Commission will focus on playing a critical role in shaping the system of care for young children, and in particular for Ventura County's most vulnerable populations. Investments for direct services include parent and child together programming, family support services, 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. In addition to investments in direct services and systems-building, the financial plan allocates resources for results-based accountability, program management, and administration.

Through strategic planning reviews and ongoing monitoring, the Commission will continue to assess its implementation strategies for key investments to assure program effectiveness, fidelity and alignment with local, state, and federal priorities, challenges, and opportunities, including the impact of the State's investment in Transition to Kindergarten for all 4 year-olds.

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 continues to be uncertain. Additionally, if the proposed ban on flavored tobacco products is passed on the State ballot in November 2022, tobacco tax revenues would be negatively impacted. The Commission will reevaluate its financial plan if that occurs. First 5 Commissions were created through 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. The Commission will continue to consider strategies for building its financial resources and identify opportunities for supporting services for young children in Ventura County. 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. The Commission's local investment and leveraged funding resulted in a total investment of almost $4 million for FY 2021-22. 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, 2022

ASSETS		
Cash and investments	$	18,020,804
Due from other governments		426,035
Loans receivable		496,483
Accounts receivable		1,567
Interest receivable		56,614
Prepaid expenses		69,072
Total assets	$	19,070,575
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts and contracts payable	$	237,745
Accrued wages and benefits		72,544
Long-term Liabilities:		
Due within one year:		
Compensated absences		123,600
Total liabilities		433,889
NET POSITION		
Unrestricted		18,636,686
Total liabilities and net position	$	19,070,575

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXPENSES	
Program expenses:	
Neighborhoods for Learning	$ 2,032,841
Program & Systems Integration	874,148
Countywide Linkage to Resources & Early Intervention	237,303
Challenge Grants	63,724
Countywide Preschool Strategies	383
Community Investment Loan Fund - Implementation	31,676
Evaluation expenses - Results-Based Accountability	223,703
Administration expenses	280,343
Total expenses	3,744,121
REVENUES	
Program revenues:	
Proposition 10 tax distribution	6,090,290
Federal revenue:	
Medi-Cal Administrative Activities (MAA)	13,540
Grants - Other	57,658
Other	125
Total program revenues	6,161,613
Net revenue (expense)	2,417,492
General revenues:	
Interest earnings	83,627
Proposition 10 SMIF	2,900
Unrealized gain (loss) on investments	(258,462)
Total general revenues	(171,935)
Change in net position	2,245,557
Net position, beginning of year	16,391,129
Net position, end of year	$ 18,636,686

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, 2022

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
ASSETS			
Cash and investments	$ 17,289,908	$ 730,896	$ 18,020,804
Due from other governments	426,035	-	426,035
Loans receivable	-	496,483	496,483
Accounts receivable	1,567	-	1,567
Interest receivable	30,171	26,443	56,614
Prepaid expenses	69,072	-	69,072
Total assets	$ 17,816,753	$ 1,253,822	$ 19,070,575
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts and contracts payable	$ 232,445	$ 5,300	$ 237,745
Accrued wages and benefits	72,544	-	72,544
Compensated absences	-	-	-
Total liabilities	304,989	5,300	310,289
Deferred inflows of resources:			
Unavailable revenue	29,994	-	29,994
Fund balance:			
Nonspendable	69,072	496,483	565,555
Restricted	-	-	-
Committed	17,412,698	752,039	18,164,737
Assigned	-	-	-
Unassigned	-	-	-
Total fund balance	17,481,770	1,248,522	18,730,292
Total liabilities, deferred inflows of resources, and fund balance	$ 17,816,753	$ 1,253,822	$ 19,070,575

Total fund balance from above	$ 18,730,292
Amounts reported for governmental activities in the statement of net position are different because:	
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.	29,994
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore are not reported in the governmental fund.	(123,600)
Net position of governmental activities	$ 18,636,686

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, 2022

	Operating Fund	Community Investment Loan Fund	Total Governmental Funds
REVENUES			
Program revenues:			
Proposition 10 tax distribution	$ 6,090,290	$ -	$ 6,090,290
Federal revenue:			
Medi-Cal Administrative Activities (MAA)	-	-	-
Grants - Other	57,658	-	57,658
Other	125	-	125
Total program revenues	6,148,073	-	6,148,073
General revenues:			
Interest earnings	59,097	24,530	83,627
Proposition 10 SMIF	2,900	-	2,900
Unrealized gain (loss) on investments	(247,940)	(10,522)	(258,462)
Total general revenues	(185,943)	14,008	(171,935)
Total revenues	5,962,130	14,008	5,976,138
EXPENDITURES			
Program expenditures:			
Neighborhoods for Learning	2,009,026	-	2,009,026
Program & Systems Integration	875,134	-	875,134
Countywide Linkage to Resources & Early Intervention	237,303	-	237,303
Challenge Grants	63,724	-	63,724
Countywide Preschool Strategies	383	-	383
Community Investment Loan Fund - Implementation	-	31,676	31,676
Evaluation expenditures - Results-Based Accountability	223,703	-	223,703
Administrative expenditures	279,417	-	279,417
Total expenditures	3,688,690	31,676	3,720,366
Excess (deficiency) of revenues over (under) expenditures	2,273,440	(17,668)	2,255,772
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balance	2,273,440	(17,668)	2,255,772
Fund balance, beginning of year	15,208,330	1,266,190	16,474,520
Fund balance, end of year	$ 17,481,770	$ 1,248,522	$ 18,730,292

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - concluded
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental funds	$ 2,255,772
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the governmental fund's statement that do not provide current financial resources are not reported as revenue in the fund.	13,540
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.	(23,755)
Change in net position of governmental activities	$ 2,245,557

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

NOTES TO THE 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:

- Government-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).

Government-wide Financial Statements – The government-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 government-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.

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 government-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 government-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, 2022.

Compensated Absences

The Commission has estimated vested liabilities for compensated absences to be $123,600 as of June 30, 2022. Compensated absence obligations are reported in the fund financial statements as expenditures in the period paid. The estimated liabilities have been accrued in the government-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 government-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, 2022.
- Restricted net position – Consists of net position with legal limitations imposed on their use by County or State Ordinance and external restrictions by other governments, creditors or grantors. There were no restrictions of net position as of June 30, 2022.
- 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 2021-22 budget was reviewed by the Ventura County Board of Supervisors on June 15, 2021 and provided to the Community Commission for Ventura County and June 20, 2021.

The budget is prepared on the modified accrual basis of accounting. 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.

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

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. There is no material effect on the Commission's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for years beginning after June 15, 2022. The Commission has not yet determined the impact of implementation of this standard on the financial statements.

GASB Statement No. 99 – *Omnibus 2022*. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. All other requirements are applicable for years beginning after June 15, 2023. The Commission has not yet determined the impact of this implementation of this standard on the financial statements.

Subsequent Events

The Commission has evaluated subsequent events through October 10, 2022, the date which the financial statements were available to be issued. One loan through the Community Investment Loan Fund was settled in July 2022 for the outstanding principle of $180,391 and the accrued interest. In August 2022, another loan was settled for the outstanding principle of $107,657 and the accrued interest. Settlement of these two loans reduces the Commission's receivables in the Loan Fund. There were no other subsequent events to disclose.

2. CASH AND INVESTMENTS

The Commission's carrying value of deposits with a bank was $150,192 at June 30, 2022. The corresponding bank balance was $284,873. 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, 2022, the Commission had $17,870,511 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 loss of $283,161 as of June 30, 2022. 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 November 2021, the County portfolio has continually maintained a rating of AAAf by Standard & Poor's (S&P), the highest possible rating given by the agency. The rating reflects S&P's opinion that the portfolio is well-managed, creditworthy, well-diversified, and has a low sensitivity to interest rate variations. 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 it 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; and Level 3 inputs are significant unobservable inputs. As of June 30, 2022, 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, 2022 of $17,870,511 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, 2022 consisted of amounts due to the Commission from the California Children and Families Commission (also known as First 5 California) and from the County of Ventura as a claiming unit for Medi-Cal Administrative Activities (MAA) as follows:

Tobacco tax revenues for June 2022	$396,041
MAA reimbursement for January – June 2021	16,454
MAA reimbursement for July 2021 – June 2022	13,540
Total due from other governments	$426,035

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, 2022, 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 2021-22, bringing the total to three loans settled. Therefore, there were three active loans at June 30, 2022.

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. Two of the loans are fully amortized over seven (7) years with maturity dates through January 2026. One loan, which began as an amortizing loan, was to be restructured. However, subsequent to June 30, 2022, the liability was settled in full. Notes receivable are evaluated for collectability. No provision for loss was considered necessary by management at June 30, 2022. Additional distribution of loan funds is budgeted for the fiscal year ending June 30, 2023. The loans are administrated by the Economic Development Collaborative.

5. OPERATING LEASE

The Commission leases office space for its main office from a third party under a lease which expires in December 2022. Monthly rental payments of $3,670 are due through December 2022. Rent expense totaled $42,990 for the year ended June 30, 2022.

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) doing business as Mission Square. 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, 2022 was $139,948. All contributions made to the 457 plan are solely at the discretion of the employees.

7. INTERFUND TRANSFERS

Any earned interest that exceeds the amount needed to operate the Community Investment Loan Fund are transferred to the Operating Fund to help maintain program funding levels. As there were no excess interest earnings from the prior fiscal year ended June 30, 2021, the Commission did not make a transfer in the fiscal year ended June 30, 2022.

8. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to general liability, directors’ and officers’ liability, public officials’ errors and omissions, employment practices, and workers’ compensation. The Commission manages these various risks of loss by purchasing commercial insurance coverage. While direct services are provided with parents in the presence of their children at all times, which mitigates risk, a supplemental abuse and molestation policy is purchased to comply with certain service site agreements. There have been no settlements nor are there any claims that are expected to result in a settlement.

9. LONG-TERM LIABILITIES

Long-term liabilities balances and transactions for the fiscal year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Compensated absences	$99,845	$23,755	-	$123,600	$123,600

10. ECONOMIC DEPENDENCY

The Commission is largely dependent on Proposition 10 tobacco tax 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 the fiscal year ended June 30, 2022, the Commission entered into contracts with these agencies to provide funding of $362,779. Amounts paid under these contracts amounted to $351,152. The Commission’s conflict of interest policy prohibits a commissioner from any decision-making process that involves a related agency.

12. PROGRAM EVALUATION – RESULTS-BASED ACCOUNTABILITY

The Commission spent $223,703 on program evaluation during the year ended June 30, 2022 which includes the data software system, the annual evaluation report, evaluation projects, and coordination of evaluation activities.

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, 2022, the Commission had active contracts totaling $731,431 for the purchase of fixed assets and infrastructure projects with $399,765 remaining to be forgiven through September 30, 2029.

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, 2022

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Program Revenues:				
Proposition 10 apportionment	$ 5,740,875	$ 5,740,875	$ 6,090,290	$ 349,415
Ventura County Office of Education - IMPACT grant	50,000	50,000	47,500	(2,500)
Grants - Other	13,585	13,585	10,158	(3,427)
Other	-	-	125	125
Total program revenues	5,804,460	5,804,460	6,148,073	343,613
General revenues:				
Interest earnings	62,940	62,940	59,097	(3,843)
Proposition 10 SMIF	-	-	2,900	2,900
Total general revenues	62,940	62,940	61,997	(943)
Total revenues	$ 5,867,400	$ 5,867,400	$ 6,210,070	$ 342,670
EXPENDITURES				
Program expenditures:				
Neighborhoods for Learning (NfL)	$ 3,190,000	$ 3,190,000	$ 2,009,026	$ 1,180,974
Program & Systems Integration	1,415,000	1,415,000	875,134	539,866
Countywide Linkage to Resources & Early Intervention	375,000	375,000	237,303	137,697
Challenge Grants	400,000	400,000	63,724	336,276
Countywide Preschool Strategies	55,000	55,000	383	54,617
Evaluation expenditures - Results-Based Accountability	300,000	300,000	223,703	76,297
Administrative expenditures	390,000	390,000	279,417	110,583
Total expenditures	$ 6,125,000	$ 6,125,000	$ 3,688,690	$ 2,436,310
OTHER FINANCING SOURCES (USES)				
Transfers in - from Community Investment Loan Fund	-	-	-	-
Total other financing sources and uses	$ -	$ -	$ -	$ -
Net change in fund balance	$ (257,600)	$ (257,600)	$ 2,521,380	$ 2,778,980

BUDGET-TO-GAAP RECONCILIATION:

Actual revenue on a budgetary basis	$ 6,210,070
Differences - budget to GAAP:	
For budgetary purposes investment earnings do not include unrealized gains and losses	(247,940)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	$ 5,962,130

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, 2022

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES/INFLOWS				
Loan repayments	$ 116,280	$ 116,280	$ 81,408	$ (34,872)
Loan fees	13,000	13,000	-	(13,000)
Total revenues/inflows	129,280	129,280	81,408	(47,872)
General revenues:				
Interest earnings	23,720	23,720	24,530	810
Total revenues/inflows	$ 153,000	$ 153,000	$ 105,938	$ (47,062)
EXPENDITURES/OUTFLOWS				
Loan implementation	$ 35,000	$ 35,000	$ 31,676	$ 3,324
Loan disbursements	650,000	650,000	-	650,000
Total expenditures/outflows	$ 685,000	$ 685,000	$ 31,676	$ 653,324
OTHER FINANCING SOURCES (USES)				
Transfers out - to Operating Fund	$ -	$ -	$ -	$ -
Net change in fund balance	$ (532,000)	$ (532,000)	$ 74,262	$ 606,262

BUDGET-TO-GAAP RECONCILIATION:	Actual on Budgetary Basis
Actual revenue/inflows on a budgetary basis	$ 105,938
Differences - budget to GAAP:	
For GAAP purposes loan repayments are not recognized as revenue	(81,408)
For budgetary purposes investment earnings do not include unrealized gains and losses	(10,522)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	$ 14,008

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

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Children and Families 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, 2022, 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 10, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 10, 2022

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance

Opinion

We have audited the Children and Families First Commission of Ventura County's (Commission) compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the fiscal year ended June 30, 2022.

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, 2022.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Internal Control over Compliance

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

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

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

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 10, 2022