

**LASSEN COUNTY CHILDREN AND  
FAMILIES COMMISSION**

Financial Statements, Management's Discussion &  
Analysis, and Independent Auditor's Report  
As of and for the year ended June 30, 2021

# LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION

Audit Report  
June 30, 2021

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## Independent Auditor's Report on Financial Statements

Board of Commissioners  
Lassen County Children and Families Commission  
Susanville, CA 96130

Members of the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Lassen County Children and Families Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Lassen County Children and Families Commission as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

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

### Other Information

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2021, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SingletonAuman, PC', followed by a comma and the letters 'PC'.

SingletonAuman, PC  
Susanville, California  
August 28, 2021

## **FINANCIAL SECTION**

# **Lassen County Children and Families Commission Management's Discussion and Analysis (MD&A) June 30, 2021**

## **INTRODUCTION**

Our discussion and analysis of Lassen County Children and Families Commission (Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the Commission's financial statements (including notes and supplementary information), which follow this section.

## **FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$854,777 at June 30, 2021. This was an increase of \$68,160 over the prior year.
- ❑ Overall revenues were \$494,561, which was more than expenses of \$426,402 by \$68,160.

## **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the Commission's budget for the year is included.

### **Government-Wide Statements**

The government-wide statements report information about the Commission as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Commission's net position and how it has changed. Net position, the difference between the assets and liabilities, is one way to measure the Commission's financial health or position.

- ❑ Over time, increases or decreases in the Commission's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the Commission, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the birth rates within the county, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the Commission include governmental activities. Most of the Commission's basic services are included here, such as school readiness, home visits, oral health, and general administration. State grants finance most of these activities.



## Fund Financial Statements

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

- Governmental fund - All of the Commission's basic services are included in the governmental fund, which generally focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government fund statements that explains the relationship (or differences) between them.

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The Commission's combined net position was \$854,777 at June 30, 2021. See Table 1.

Cash decreased due to higher accounts receivable.

**Table 1:**  
**Net Position**

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
Assets			
Cash	\$ 608,379	\$ 763,566	-20.32%
Accounts Receivable	253,672	23,179	994.40%
<b>TOTAL ASSETS</b>	<u>862,051</u>	<u>786,745</u>	9.57%
Liabilities			
Accounts Payable and Accrued Liabilities	7,274	128	0.00%
<b>TOTAL LIABILITIES</b>	<u>7,274</u>	<u>128</u>	0.00%
Net Assets			
Restricted	854,777	786,617	8.66%
<b>TOTAL NET POSITION</b>	<u>\$ 854,777</u>	<u>\$ 786,617</u>	<u>8.66%</u>



## Changes in Net Assets

The Commission's total revenues were \$494,561. A majority of the revenue comes from grants (97.5%). Interest accounted for another 2.23% of total revenues. Revenues increased from the prior year due to changes in how the state funded the Commission.

The total cost of all programs and services was \$426,402.

**Table 2:**  
**Changes in Net Position**

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
Revenues			
Program Revenues:			
State and Local Entitlements	\$ 484,561	\$ 436,275	11.07%
General Revenues			
Interest and Other Income	10,000	9,960	0.40%
<b>TOTAL REVENUES</b>	<b>494,561</b>	<b>446,235</b>	<b>10.83%</b>
Program Expenses			
Grants and Projects	426,402	373,936	14.03%
<b>TOTAL EXPENSES</b>	<b>426,402</b>	<b>373,936</b>	<b>14.03%</b>
<b>INCREASE IN NET ASSETS</b>	<b>\$ 68,159</b>	<b>\$ 72,299</b>	<b>5.73%</b>

## Governmental Activities

Table 3 presents the cost of each of the Commission's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

The cost of all governmental activities this year was \$426,402.

Most of the costs were paid directly by grants and contributions of \$436,275.

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Grants and Projects	426,402	373,936	58,159	62,339
<b>TOTAL</b>	<b>\$ 426,402</b>	<b>\$ 377,195</b>	<b>\$ 58,159</b>	<b>\$ 62,339</b>

## FINANCIAL ANALYSIS OF THE COMMISSIONS FUNDS

The overall financial performance of the Commission as a whole is reflected in its governmental funds as well. As the Commission completed the year, its governmental fund reported a fund balance of \$854,777, which is above last year's ending fund balance of \$786,617.

## **General Fund Budgetary Highlights**

Over the course of the year, the Commission revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved on June 30, 2020. A schedule of the Commission's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2021, the Commission had no capital assets.

### **Debt**

At year end, the Commission had no debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

At the time these financial statements were prepared and audited, the Commission was aware of several circumstances that could affect its future financial health:

- ❑ The uncertainty of federal and state funding can have a profound impact on the financial health of the Commission. Although no changes are currently anticipated, the federal and the state governments could implement budget cuts.
- ❑ The budget assumptions used to prepare the budget for 2020 were based on revenue and expense assumptions detailed in the Long Range Financial Plan.
- ❑ FUTURE EVENTS OR DEVELOPMENTS:
  - Continued County-wide school readiness program through home visiting
  - Continued distribution of New Parent Kits
  - Increased public awareness of Commission activities
  - Continued enhancement and use of web based data collection system
  - Continued exploration of emerging initiatives
  - Continued efforts in the development and implementation of streamlined service systems for children.
  - Create a home visiting collaboration who can manage the interagency engagement, facilitation, communications and implementation of the group's vision on a day-to-day basis.
  - Support local childcare providers and community members with PPP to help with COVID-19

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Tim Clark  
Executive Director  
Lassen County Children and Families Commission  
PO Box 270826  
Susanville, CA 96127

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

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash in County Treasury	\$ 429,580
Cash in Banks	178,799
Accounts Receivable	<u>253,672</u>
Total Assets	<u>\$ 862,051</u>
 <b>Liabilities</b>	
Accounts Payable and Accrued Liabilities	\$ <u>7,274</u>
Total Liabilities	<u>\$ 7,274</u>
 <b>Net position</b>	
Restricted	\$ <u>854,777</u>
Total Net Position	<u>\$ 854,777</u>

Please note, this statement may be subject to rounding differences.

The accompanying notes are an integral part of this statement.

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

<b>Governmental Activities</b>	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Total Governmental Activities</b>
First 5 Projects	\$ 426,402	\$ 484,562	\$ 58,160
Total Governmental Activities	<u>\$ 426,402</u>	<u>\$ 484,562</u>	<u>\$ 58,160</u>
<b>General Revenues:</b>			
Interest and Other Income			<u>10,000</u>
Total General Revenue			10,000
Change in net position			68,160
Net position beginning			<u>786,617</u>
Net position ending		\$	<u><u>854,777</u></u>

The accompanying notes are an integral part of this statement.  
Please note, this statement may be subject to rounding differences.

**LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION**  
**BALANCE SHEET**  
**JUNE 30, 2021**

	<u>General Fund</u>
<b>Assets</b>	
Cash in County Treasury	\$ 429,580
Cash in Banks	178,799
Accounts Receivable	<u>253,672</u>
 Total Assets	 <u>\$ 862,051</u>
 <b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts Payable and Accrued Liabilities	\$ <u>7,274</u>
Total Liabilities	<u>7,274</u>
 Fund Balance:	
Committed for future contracts	372,700
Assigned for First 5 Programs	<u>482,077</u>
Total Fund Balance	<u>854,777</u>
 Total Liabilities and Fund Balance	 <u>\$ 862,051</u>

Please note, this statement may be subject to rounding differences.

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - Governmental Funds	\$ 854,777
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Reconciling Items:

Adjustments to Governmental Funds	<u>-</u>
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Total Net Position - Governmental Activities	<u><u>\$ 854,777</u></u>
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There were no entries necessary to convert from Governmental Fund Balances to Net Position.

Please note, this statement may be subject to rounding differences.

The accompanying notes are an integral part of this statement



**LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund
Revenue:	
Prop 10 Allocation	\$ 484,562
Interest and Other Income	10,000
	<hr/>
Total Revenue	494,562
	<hr/>
Expenditures:	
Administration:	
Contracted Staff	75,900
Professional Services	7,500
Dues	3,125
Insurance	1,439
Program:	
Improved Child Development	106,687
Improved Family Functioning	174,513
Improved Child Health	42,450
Other Program Costs	1,812
Evaluation:	
Other Evaluation Costs	12,976
	<hr/>
Total Expenditures	426,402
	<hr/>
Revenue Over (Under) Expenditures	68,160
	<hr/>
Fund Balance July 1, 2020	786,617
	<hr/>
Fund Balance June 30, 2021	\$ 854,777
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Please note, this statement may be subject to rounding differences.

The accompanying notes are an integral part of this statement.

**LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2021**

Net Changes in Fund Balances - Total Governmental Funds	\$ 68,160
Reconciling Items:	
Adjustments to Govenmental Funds	<u>-</u>
Changes in Net Position of Governmental Activities - Statement of Activities	<u><u>\$ 68,160</u></u>

There were no entries necessary to convert from Governmental Changes in Fund Balances to Changes in Net Position.

Please note, this statement may be subject to rounding differences.

The accompanying notes are an integral part of this statement

**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 1 - Summary of Significant Accounting Policies**

The Lassen County Children and Families Commission (Commission), accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The Commission was established on January 12, 1999, pursuant to Health and Safety Code Section 130140. The Commission was also established in accordance with the provisions of the California Children and Families First Act of 1998 and by Lassen County Ordinance #538. The ten members of the Commission are appointed by the Lassen County Board of Supervisors. The purpose of the Commission is to develop a strategic plan describing programs, services, and projects to promote, support, and improve the early development of children. The Commission is funded by a tax of fifty cents per pack on cigarettes and by a similar tax on other tobacco products.

The accounting methods and procedures adopted by the Commission conform to Generally Accepted Accounting Principles as related to governmental entities. These financial statements present the government and any component units, entities for which the Commission is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14. Based on the application of the criteria set forth by GASB 14, the Commission has determined that there are no component units of the Commission.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Commission's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Commission reports the following major governmental fund:

The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the Commission.

**b. Measurement Focus, Basis of Accounting**

Government-Wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include county assessments, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include entitlement revenue from the State of California.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission does not consider revenues collected more than 60 days after its year-end to be available in the current period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

**3. Assets, Liabilities, and Equity**

**a. Deposits and Investments**

The Commission maintains a significant portion of its cash in the County Treasury. Funds are pooled with those of other agencies and invested. These pooled funds are carried at cost, which closely approximates fair market value as determined by the pooled fund manager. Therefore, no adjustment has been made to reflect the current market value in the financial statements. Assumptions made in determining the fair value of the pooled investment portfolios are available from the Lassen County Treasurer. Interest earned is deposited into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Cash balances held in banks (\$178,799) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

The Commission is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the Commission are either secured by federal depository insurance or are collateralized.

**b. Capital Assets**

The Commission does not report any capital assets in its financial statements. The Commission leases its office furniture and equipment. The Commission does not have a capitalization policy because they do not expect to have capital assets in the future.

**c. Receivable and Payable Balances**

The Commission believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

**d. Equity Classifications and Restrictions**

Fund Financial Statements:

The Commission has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.



**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance**—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance**—amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority (i.e., Commission Board). To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level action to remove or change the constraint.
- **Assigned fund balance**—amounts the Commission intends to use for a specific purpose. Intent can be expressed by the Commission Board or by an official or body to which the Commission Council delegates the authority. The Commission has chosen not to delegate this authority.
- **Unassigned fund balance**—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as obligated for future contracts). Assigned fund balance is established by Commission Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission Board has provided otherwise in its commitment or assignment actions.



**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

Government Wide Financial Statements:

For Government Wide financial statements, equity is classified in three components as follows:

Net Investment in Capital Assets consists of capital assets reduced by accumulated depreciation and the outstanding balances of debt borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position consists of net assets with restrictions placed on the use either by external groups such as contributors, grantors, or regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

e. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates.

f. Budget

The Commission adopted a budget consistent with the modified accrual basis of accounting used in governmental funds.

**Note 2 - Compliance and Accountability**

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None Reported	Not Applicable	Not Applicable

**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 3 - Excess of Expenditures over Appropriations**

The Commission did not have any expenditures over appropriations for the year ending June 30, 2021.

**Note 4 – Commitments and Contingencies**

Litigation

The Commission is not currently involved in any litigation. In the opinion of management and legal counsel, the disposition of any litigation pending will not have a material effect on the financial statements.

State Allowances, Awards, and Grants

The Commission has received State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

**Note 5 - Risk Management and Litigation**

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; and natural disasters. The Commission has managed these risks by obtaining coverage from commercial insurance companies as well as providing employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported are considered.

The Commission estimates that the amount of actual or potential claims against the Commission as of June 30, 2021 will not materially affect the financial condition of the Commission. Therefore, the General Fund contains no provision for estimated claims. Information relating to an analysis of claims activities for the year was not available.

**Note 6 – Program Evaluation**

The amount spent on Program Evaluations during the year ended June 30, 2021 was \$12,976.

**Note 7 – Concentration of Revenue Risk**

The Commission received approximately 97.6% of its revenue from the State of California. If the Commission's programs experience partial or complete cuts due to a state budget shortfall, the Commission will be unable to continue its current level of service.

**Lassen County Children and Families Commission**  
**Notes to the Financial Statements**  
**June 30, 2021**

**Note 8 – Subsequent Events**

Subsequent events have been evaluated through August 28, 2021, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LASSEN COUNTY CHILDRENS AND FAMILIES COMMISSION  
GENERAL FUND STATEMENT OF REVENUES AND  
EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund			Variance With
	Budget Amounts			Final Budget
	Original	Final	Actual	Favorable (Unfavorable)
Revenue:				
Prop 10 Allocation	\$ 489,488	\$ 489,488	\$ 484,562	\$ (4,926)
Interest and Other Income	10,697	10,697	10,000	(697)
Total Revenue	500,185	500,185	\$ 494,562	(5,623)
Expenditures:				
Administration:				
Contracted Staff	75,900	75,900	75,900	-
Professional Services	7,500	7,500	7,500	-
Dues	3,125	3,125	3,125	-
Insurance	1,439	1,439	1,439	-
Program:				-
Improved Child Development	106,687	106,687	106,687	-
Improved Family Functioning	174,513	174,513	174,513	-
Improved Child Health	-	-	42,450	
Improved Systems	36,398	36,398	-	
Other Program Costs	1,972	1,972	1,812	160
Evaluation:				-
Other Evaluation Costs	12,976	12,976	12,976	-
Total Expenditures	420,510	420,510	426,402	
Revenue Over (Under) Expenditure	76,675	79,675	68,160	

Please note, this statement may be subject to rounding differences.

## **OTHER SUPPLEMENTARY INFORMATION**



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

Program or Project Title		Revenue F5CA Funds	Expenditures	Change in Net Assets	Net Assets Beginning of FY	Net Assets End of FY
Prop 10 Tobacco Tax	F5CA Funds	\$ 206,157	\$ 281,200	\$ (75,043)	\$ (202,077)	\$ (277,120)
Prop 10 Tobacco Tax Small County Augmentation	F5CA Funds	\$ 201,664	\$ 102,751	\$ 98,913	\$ 278,800	\$ 377,713
Prop 10 Tobacco Tax SMIF	F5CA Funds	\$ 698		\$ 698	\$ 1,539	\$ 2,237
Total F5CA Funds		<u>\$ 408,519</u>	<u>\$ 383,951</u>	<u>\$ 24,568</u>	<u>\$ 78,262</u>	<u>\$ 102,830</u>

Please note, this statement may be subject to rounding differences.

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Commissioners  
Lassen County Children and Families Commission  
Susanville, CA 96130

Members of the Board of Commissioners:

### Compliance

We have audited the Lassen County Children and Families Commission's compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirement identified below for the year ended June 30, 2021.

### Management's Responsibility

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Commission's compliance with the requirements listed above based on our audit. We conducted our compliance audit 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 that could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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:


<u>Description</u>	<u>Audit</u>	<u>Procedures</u>
	<u>Guide</u>	<u>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 Lassen County Children and Families 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 year ended June 30, 2021.

This report is intended solely for the information of the County Board of Supervisors, the County Commission, the California Children and Families Commission, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

  
**SingletonAuman PC**  
**Susanville, California**  
 August 28, 2021

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

Board of Commissioners  
Lassen County Children and Families Commission  
Susanville, CA 96130

Members of the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Lassen County Children and Families Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated August 28, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) 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 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 of those charged with governance.

Our consideration of the 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.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Commission's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

## **Purpose of the Report**

This 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.

This report is intended solely for the information and use of the County Board of Supervisors, the County Commission, the State Commission, the State Controller's office, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



**SingletonAuman PC**  
**Susanville, California**  
August 28, 2021

**LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION  
COMBINED SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

**EXECUTIVE SUMMARY**

The Families First Initiative of 1998 (Prop 10), was approved by the voters of the State of California on November 10, 1998. In order to carry out the requirements of the Initiative, the Lassen County Board of Supervisors adopted an ordinance establishing the Lassen County Children and Families Commission. The Commission is responsible for the creation and implementation of a comprehensive, collaborative and integrated system of information and services to enhance early childhood development.

The quality of the Commission's internal controls is highly dependent upon involvement in the day to day operations by the volunteer Commission Board Members. Also, due to the limited number of employees of the Commission, there is an inability to segregate the custody of and accountability for Commission assets in the manner generally required for model systems of internal accounting controls. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Unmodified
2. **Internal Control Findings:** No Significant Deficiencies and No Material Weaknesses.
3. **Material Noncompliance Noted:** None.



**LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
(FINDINGS FROM THE JUNE 30, 2020 AUDIT REPORT)  
JUNE 30, 2021**

There were no prior year audit findings.

**LASSEN COUNTY CHILDREN AND FAMILIES COMMISSION  
CORRECTIVE ACTION PLAN  
JUNE 30, 2021**

There were no findings in the current year audit.