FIRST 5 GLENN COUNTY

AUDIT REPORT
JUNE 30, 2023

FIRST 5 GLENN COUNTY

WILLOWS, CALIFORNIA

JUNE 30, 2023

COMMISSION MEMBERSHIP

NAME	AREA OF REPRESENTATION	TERM EXPIRES
Dwight Foltz (Chair)	Community Member at Large	2/6/2025
Bill Wathen (Co-Chair)	Health and Human Services Agency – Deputy Director of Social Services	2/2/2026
Phadie Irons	Local Planning Council – Coordinator	11/2/2025
Tom Arnold	County Board of Supervisors	12/31/2024
Vacancy	*Community Agency Member*	
Vacancy	*Community Agency Member*	
Vacancy	*Community Agency Member*	
Vacancy	*Community Member at Large - Parent*	
Vacancy	*Community Member at Large*	

ALTERNATIVE COMMISSION

NAME	POSITION	TERM EXPIRES
Christine Zoppi	Health & Human Services - Director	Pleasure

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL SECTION

CHRISTY WHITE
Certified Public Accountants serving K-12 School Districts and Charter Schools throughout California

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Independent Auditors' Report

Board of Commissioners
First 5 Glenn County
Willows, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of the First 5 Glenn County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the First 5 Glenn County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the First 5 Glenn County, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, 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 required supplementary information, such as budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of Commission contributions for pensions be presented to supplement the basic financial statements. Such information 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The organizational table and 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 29, 2024 on our consideration of 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 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 Commission's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
March 29, 2024

FIRST 5 GLENN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Accounts receivable	$ 127,199
Total Assets	127,199
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	170,359
Total Deferred Outflows of Resources	170,359
LIABILITIES	
Deficit cash	115,186
Accrued liabilities	106,197
Long-term liabilities	526,171
Total Liabilities	747,554
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	43,506
Total Deferred Inflows of Resources	43,506
NET POSITION	
Unrestricted	(493,502)
Total Net Position	$ (493,502)

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

FIRST 5 GLENN COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
Program Revenues	
Proposition 10 apportionment	$ 174,927
Small county augmentation	173,874
Proposition 56 apportionment	60,402
SMIF	888
Other state revenue	59,990
Total Program Revenues	470,081
Program Expenses	
Instruction-related services	
Instructional supervision and administration	44,098
General administration	
All other general administration	213,213
Plant services	33,099
Ancillary services	254,496
Total Program Expenses	544,906
Net Program Revenue (Expenses)	(74,825)
General Revenues	
Interest income	(597)
Total General Revenues	(597)
CHANGE IN NET POSITION	(75,422)
Net Position - Beginning	(418,080)
Net Position - Ending	$ (493,502)

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

FIRST 5 GLENN COUNTY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

		General Fund
ASSETS		
Accounts receivable	$	127,199
Total Assets	$	127,199
LIABILITIES		
Deficit cash	$	115,186
Accrued liabilities		106,197
Total Liabilities		221,383
FUND BALANCES		
Unassigned		(94,184)
Total Fund Balances		(94,184)
Total Liabilities and Fund Balances	$	127,199

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

Total Fund Balance - Governmental Funds		$ (94,184)
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absences	$ 3,734	
Net pension liability	522,437	(526,171)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 170,359	
Deferred inflows of resources related to pensions	(43,506)	126,853
Total Net Position - Governmental Activities		$ (493,502)

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

FIRST 5 GLENN COUNTY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

		General Fund
REVENUES		
Proposition 10 apportionment	$	174,927
Small county augmentation		173,874
Proposition 56 apportionment		60,402
SMIF		888
Other state revenue		59,990
Other local revenue		(597)
Total Revenues		469,484
EXPENDITURES		
Current		
Instruction-related services		
Instructional supervision and administration		47,320
General administration		
All other general administration		220,732
Plant services		33,099
Ancillary services		268,503
Total Expenditures		569,654
NET CHANGE IN FUND BALANCE		(100,170)
Fund Balance - Beginning		5,986
Fund Balance - Ending	$	(94,184)

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

FIRST 5 GLENN COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Governmental Funds	$	(100,170)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		(1,885)
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		26,633
Change in Net Position of Governmental Activities	$	(75,422)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The First 5 Glenn County (Commission), originally known as the Glenn County Children and Families First Commission, was established on December 15, 1998 pursuant to Health and Safety Code Sec. 130140. The commission was established in accordance with the provisions of the California Children and Families First Act of 1998 and by Glenn County Ordinance #1106. The five to nine members of the Commission are appointed by the Glenn County Board of Supervisors.

The Commission is responsible for the creation and implementation of a comprehensive, collaborative, and integrated system of information and services to enhance early child development.

B. Component Units

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

C. Basis of Presentation

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

D. Basis of Accounting – Measurement Focus

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

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

E. Assets, Liabilities, Fund Balance and Net Position

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

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

Compensated Absences
Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the General Fund.

Accumulated sick leave benefits are not recognized as liabilities of the Commission. The Commission's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the Commission will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Commission will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan (the Plan) of and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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

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

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

F. Estimates

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

G. Budgetary Data

Formal budgetary integration is employed as a management control device during the year. The budget is adopted on a basis consistent with generally accepted governmental accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. New Accounting Pronouncements

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The Commission has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The Commission has fully implemented this Statement as of June 30, 2023.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The Commission has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. New Accounting Pronouncements (continued)

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The Commission has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The Commission has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

The Commission's cash and cash equivalent balance at June 30, 2023 consisted of cash in county treasury totaling $(115,186). This is reported as deficit cash.

B. Policies and Practices

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

The County Treasurer maintains written investment policies that address a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. All cash deposits at the County Treasurer conform to the California Government Code Section 53646 and are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission manages its exposure to interest rate risk by investing in the County Treasury. The Commission maintains a pooled investment with the County Treasury with a fair value of approximately $(119,316) and an amortized book value of $(115,186). The average weighted maturity for this pool was not available.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2023, the pooled investments in the County Treasury were not rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the Commission's funds were held in the County Treasury and was not exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The Commission’s fair value measurements at June 30, 2023 were as follows:

	Uncategorized
Investment in county treasury	$ (119,316)
Total fair value of investments	$ (119,316)

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 consisted of the following:

		General Fund
State Government		
Proposition 10 apportionment	$	26,415
Small county augmentation		97,554
Other state revenue		3,230
Total	$	127,199

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2023 consisted of the following:

		General Fund
Payroll	$	97,569
Vendors payable		3,469
Due to GCOE - indirect costs		5,159
Total	$	106,197

NOTE 5 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2023 consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Balance Due In One Year
Governmental Activities					
Compensated absences	$ 1,849	$ 1,885	$ -	$ 3,734	$ -
Net pension liability	324,913	197,524	-	522,437	-
Total	$ 326,762	$ 199,409	$ -	$ 526,171	$ -

- Payments for compensated absences are liquidated in the General Fund.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to $3,734. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Net Pension Liability

The Commission's beginning net pension liability was $324,913 and increase by $197,524 during the year ended June 30, 2023. The ending net pension liability at June 30, 2023 was $522,437. See Note 7 for additional information regarding the net pension liability.

NOTE 6 – DEFICIT FUND BALANCE

The General Fund had a deficit fund balance of $(94,184) at June 30, 2023.

NOTE 7 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS). The Commission reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions
PERS Pension	$ 522,437	$ 170,359	$ 43,506
Total	$ 522,437	$ 170,359	$ 43,506

California Public Employees' Retirement System (CalPERS)

Plan Description
The Commission contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided
The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions
Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The Commission is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2023 was 25.37% of annual payroll. Contributions to the plan from the Commission were $74,357 for the year ended June 30, 2023.

NOTE 7 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, the Commission reported a liability of $522,437 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2022, the Commission's proportion was 0.002 percent, which did not change from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of $47,724. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 61,686	$ -
Differences between expected and actual experience	2,361	12,999
Changes in assumptions	31,955	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	-	30,507
Commission contributions subsequent to the measurement date	74,357	-
Total	$ 170,359	$ 43,506

The $74,357 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2024	$ 17,796	$ 30,108
2025	23,938	7,166
2026	16,654	6,232
2027	37,614	-
Total	$ 96,002	$ 43,506

NOTE 7 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions
The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Discount Rate	6.90%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 2000 through 2019.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 7 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)
The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*
Global Equity – cap-weighted	30.0%	4.45%
Global Equity – non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%
	100.0%	

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate
The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Commission's proportionate share of the net pension liability	$ 754,686	$ 522,437	$ 330,491

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2023, the Commission paid the Glenn County Office of Education, a related party, for services based on 2022-23 expenditures with the approved rate of 4.15%. This included fiscal support totaling $22,296.64.

In addition, the Commission paid the Glenn County Office of Education a flat rate of $1,500 for IT services.

NOTE 9 – PROGRAM EVALUATION

The Commission spent $7,300 on program evaluation during the fiscal ended June 30, 2023.

NOTE 10 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The Commission is exposed to various risks of loss related to loss or damage to property, general liability and workers' compensation. Insurance for the Commission is secured through its participation under a Joint Powers Agreement (JPA) with the Golden State Risk Management for property, general liability, and workers' compensation coverage. The relationship between the Commission and the JPA is such that the JPA is not a component unit of the Commission for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units, and its financial statements are not presented in these financial statements. However, fund transactions between the JPA and the Commission are included in these statements. The audited financial statements are generally available directly from the entity.

NOTE 11 – SECTION 30131.4 OF THE CALIFORNIA TAX AND REVENUE CODE CERTIFICATION

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

NOTE 12 – CONTINGENT LIABILITIES

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

NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plans
Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the Commission recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the Entity-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 7. At June 30, 2023, total deferred outflows related to pensions was $170,359 and total deferred inflows related to pensions was $43,506.

REQUIRED SUPPLEMENTARY INFORMATION

FIRST 5 GLENN COUNTY
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
State sources	$ 450,000	$ 450,000	$ 413,321	$ (36,679)
Other local sources	-	-	(597)	(597)
Total Revenues	450,000	450,000	412,724	(37,276)
EXPENDITURES				
Classified salaries	291,846	291,846	325,579	(33,733)
Employee benefits	42,483	42,483	105,201	(62,718)
Books and supplies	5,100	5,100	18,893	(13,793)
Services and other operating expenditures	118,588	118,588	97,684	20,904
Other outgo				
Transfers of indirect costs	13,205	13,205	22,297	(9,092)
Total Expenditures	471,222	471,222	569,654	(98,432)
NET CHANGE IN FUND BALANCE	(21,222)	(21,222)	(156,930)	(135,708)
Fund Balance - Beginning	5,986	5,986	5,986	-
Fund Balance - Ending	$ (15,236)	$ (15,236)	$ (150,944)	$ (135,708)

See accompanying notes to required supplementary information.

FIRST 5 GLENN COUNTY
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Commission's proportion of the net pension liability	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
Commission's proportionate share of the net pension liability	$ 522,437	$ 324,913	$ 488,611	$ 575,926	$ 448,939	$ 385,158	$ 313,825	$ 222,103	$ 173,415
Commission's covered payroll	$ 313,497	$ 335,766	$ 277,876	$ 303,957	$ 269,570	$ 206,043	$ 190,934	$ 141,611	$ 192,447
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	166.6%	96.8%	175.8%	189.5%	166.5%	186.9%	164.4%	156.8%	90.1%
Plan fiduciary net position as a percentage of the total pension liability	69.8%	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying notes to required supplementary information.

FIRST 5 GLENN COUNTY
SCHEDULE OF COMMISSION CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 74,357	$ 65,076	$ 48,353	$ 45,237	$ 49,438	$ 34,492	$ 28,573	$ 22,584	$ 16,115
Contributions in relation to the contractually required contribution*	(74,357)	(65,076)	(48,353)	(45,237)	(49,438)	(34,492)	(28,573)	(22,584)	(16,115)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered payroll	$ 306,026	$ 313,497	$ 335,766	$ 277,876	$ 303,957	$ 269,570	$ 206,043	$ 190,934	$ 141,611
Contributions as a percentage of covered payroll	24.30%	20.76%	14.40%	16.28%	16.26%	12.80%	13.87%	11.83%	11.38%

*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of the Commission's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Commission's proportion (percentage) of the collective net pension liability, the Commission's proportionate share (amount) of the collective net pension liability, the Commission's covered payroll, the Commission's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalPERS.

Changes in Assumptions

The discount rate changed from 7.15% to 6.90% and the inflation rate changed from 2.50% to 2.30% since the previous measurement for CalPERS.

Schedule of Commission Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Commission's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the Commission's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the Commission's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the Commission incurred an excess of expenditures over appropriations in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	$ 291,846	$ 325,579	$ 33,733
Employee benefits	$ 42,483	$ 105,201	$ 62,718
Books and supplies	$ 5,100	$ 18,893	$ 13,793
Other outgo			
Transfers of indirect costs	$ 13,205	$ 22,297	$ 9,092

SUPPLEMENTARY INFORMATION

FIRST 5 GLENN COUNTY
SCHEDULE OF EXPENDITURES BY FUND SOURCE OF CCFC FUNDS FOR FIRST 5 PROGRAMS AND ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	REVENUE	EXPENDITURES
Little Learners	$ 259,162	$ 259,162
Augmentation-Admin	192,688	297,735
Total CCFC Funds	$ 451,850	$ 556,897

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULE

Schedule of Expenditures by Fund Source of CCFC Funds for First 5 Programs and Activities

The accompanying Schedule of Expenditures by Fund Source of CCFC Funds for First 5 Programs and Activities shows a breakout of revenues and expenditures by School Readiness Program.

OTHER INDEPENDENT AUDITORS' REPORTS

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

Independent Auditors' Report

Board of Commissioners
First 5 Glenn County
Willows, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of First 5 Glenn County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the First 5 Glenn County's basic financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered First 5 Glenn County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First 5 Glenn County's internal control. Accordingly, we do not express an opinion on the effectiveness of First 5 Glenn County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings #2023-001, #2023-002 and #2023-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether First 5 Glenn County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

First 5 Glenn County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on First 5 Glenn County's response to the findings identified in our audit described in the accompanying schedule of findings and questioned costs. First 5 Glenn County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 First 5 Glenn County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
March 29, 2024

REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Commissioners
First 5 Glenn County
Willows, California

Report on State Compliance

Opinion on State Compliance

We have audited the First 5 Glenn County's (Commission) compliance with the requirements specified in the State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2023.

In our opinion, First 5 Glenn County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2023.

Basis for Opinion on State Compliance

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 for State Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the 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	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict of Interest	3	Yes
County Ordinance	4	Yes
Long - Range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefits Policies	2	Yes

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

Report on Internal Control Over Compliance

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

Our 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.

Christy White, Inc.

San Diego, California
March 29, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FIRST 5 GLENN COUNTY
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No
STATE COMPLIANCE	
Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with *2022-23 Standards and Procedures for Audits of Local Entities* Administering the California Children and Families Act ?	No
Type of auditors' report issued on compliance for state programs:	Unmodified

FINDING #2023-001: AVAILABLE RESERVES

Criteria: The criteria and standards for fiscal solvency states available reserves (the unrestricted amounts in the Reserve for Economic Uncertainties and the Unassigned/Unappropriated accounts in the General Fund) for any of the current fiscal year or two subsequent fiscal years are not less than 3%.

Condition: The unaudited actuals show that the available reserves are below the 3% minimum requirement for the 2022-23 fiscal year. The Commission currently has a negative fund balance in the General Fund.

Cause: Lack of oversight in the Commission's budgeting process in past years.

Effect: The Commission is not in compliance with the requirements of maintaining a 3% reserve.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend the Commission implement policies and procedures to ensure the budget and the minimum required reserves are monitored frequently.

Corrective Action Plan: Monitoring the budget and maintaining the required reserves will be an agenda item at each commission meeting, at minimum a fiscal review will be completed 6 times per fiscal year. The commission will receive monthly statements which includes all receivables and payments. The commission has established the goals and policies and procedures to create expenditure targets that are less than revenues to create a healthy reserve.

FINDING #2023-002: ACCOUNTS RECEIVABLE INTERNAL CONTROL

Criteria: Sound internal controls dictate that accounts receivable accruals are short term in nature and should be cleared or reversed within one year.

Condition: The auditor has posted an accounts receivable audit adjustment for year end accounts receivable accruals.

Cause: Insufficient internal controls over clearing balance sheet accounts.

Effect: Lack of proper internal controls can lead to accounting irregularities going undetected and increase risk of misstatement of assets.

Repeat Finding: No, this is not a repeat finding.

Recommendation: We recommend the Commission implement procedures to ensure prior year accounts receivable be cleared or reversed within one year.

Corrective Action Plan: Financial management internal controls have been implemented to prevent overspending and unauthorized expenditures. An approval process has been established for purchases, segregation of duties (employees/commission), and regular reviews at each commission meeting have been established. With a cash reserve and regular reviews of expenditures and revenues all receivables will be cleared annually.

FINDING #2023-003: FINANCIAL REPORTING

Criteria: Best business practices require an entity to maintain a sound financial system that supports financial reporting and budget monitoring. Compliance with this requirement includes proper accruals as of year-end and maintaining proper supporting documentation for year-end accruals and the closing process.

Condition: We noted transactions that were not properly accounted for during substantive testing of balances and transactions as of and for the year ended June 30, 2023. We noted the following control deficiency related to financial reporting:

- The auditor has posted an accounts receivable audit adjustment.

Cause: Commission oversight of regular necessary closing entries.

Effect: Potential for incorrect reporting of balance sheet items and transactions.

Repeat Finding: No, this is not a repeat finding.

Recommendation: The Commission is responsible for understanding and maintaining information related to year-end accruals and journal entries to close its fiscal year financial reporting.

Corrective Action Plan: The Commission will complete an annual forecasting and scenario planning with fiscal staff. At each commission meeting expenditures and revenues will be reviewed. Fiscal staff will work regularly with the commission and employees to ensure proper planning and forecasting for establishing year-end policies and adherence to the reserve policy. This will include year-end accruals, journal entries and cut-off dates for activity to ensure proper timing for close out procedures.

FIRST 5 GLENN COUNTY
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

There were no findings for the year ended June 30, 2022.