

First 5 Tulare County
A Component Unit of the
County of Tulare
Audit Report
For the Year Ended June 30, 2023

First 5 Tulare County

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Independent Auditors' Report

To the Board of Commissioners
of First 5 Tulare County
816 W. Acequia Ave
Visalia, CA 93291

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activity and the general fund of First 5 Tulare County (the Commission), a component unit of the County of Tulare, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and the general fund of the Commission, as of June 30, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed;

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provision of law, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance


Visalia, California
October 3, 2023

Management's Discussion and Analysis

FIRST 5 TULARE COUNTY
Management's Discussion and Analysis
June 30, 2023

As management of First 5 Tulare County (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Commission's financial statements, which immediately follow this section.

Financial Highlights

- During the fiscal year ended June 30, 2023, the Commission granted approximately \$4.6 million to local programs to support the healthy development of young children.
- The Commission reported an ending net position of \$7,298,669, an increase of \$261,286 in comparison with the prior year. The increase is primarily attributed to an increase in operating grants.
- The Commission's administrative expenses were approximately 8.9 percent of total expenses.
- Operating Grants increased by \$101,512 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's financial statements are comprised of:

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

This report also contains other supplementary information in addition to the financial statements themselves.

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

The *statement of net position* presents information on all of the Commission's assets and liabilities. The difference between the two is reported as net position.

The *statement of activities* presents information showing how the Commission's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission maintains only one fund, the general fund, which is a governmental fund.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements. The governmental fund financial statements can be found on pages 11 and 12.

The Commission adopts an annual budget for its fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget. Budget to actual comparisons can be found on page 22.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-21 of this report.

Financial Analysis. The differences between the Commission's government-wide financial statements and its fund financial statements are related to an accrual for compensated absences, and the capitalization of capital assets, the net of which is insignificant. Therefore, the financial analysis that follows is applicable to both sets of statements.

Net Position. Net position may serve over time as a useful indicator of a government's financial position. The following two tables summarize the overall financial position and results of operations of the Commission for the fiscal year ended June 30, 2023, as compared to the prior year:

	Governmental Activities		
	2023	2022	Change
Current and Other Assets	\$ 7,751,482	\$ 7,449,017	\$ 302,465
Capital Assets	767,185	438,401	328,784
Total Assets	<u>8,518,667</u>	<u>7,887,418</u>	<u>631,249</u>
Current and Other Liabilities	1,115,205	760,100	355,105
Long-term Liabilities	104,793	89,935	14,858
Total Liabilities	<u>1,219,998</u>	<u>850,035</u>	<u>369,963</u>
Net Position:			
Net Investment in Capital Assets	767,185	438,401	328,784
Unrestricted	6,531,484	6,598,982	(67,498)
Total Net Position	<u>\$ 7,298,669</u>	<u>\$ 7,037,383</u>	<u>\$ 261,286</u>

Although \$6,531,484 in net position is classified as unrestricted, the entire amount has been either committed or assigned to future provider contracts.

Net position increased \$261,286 from the prior year, which is discussed in the chart below:

Changes in Net Position:

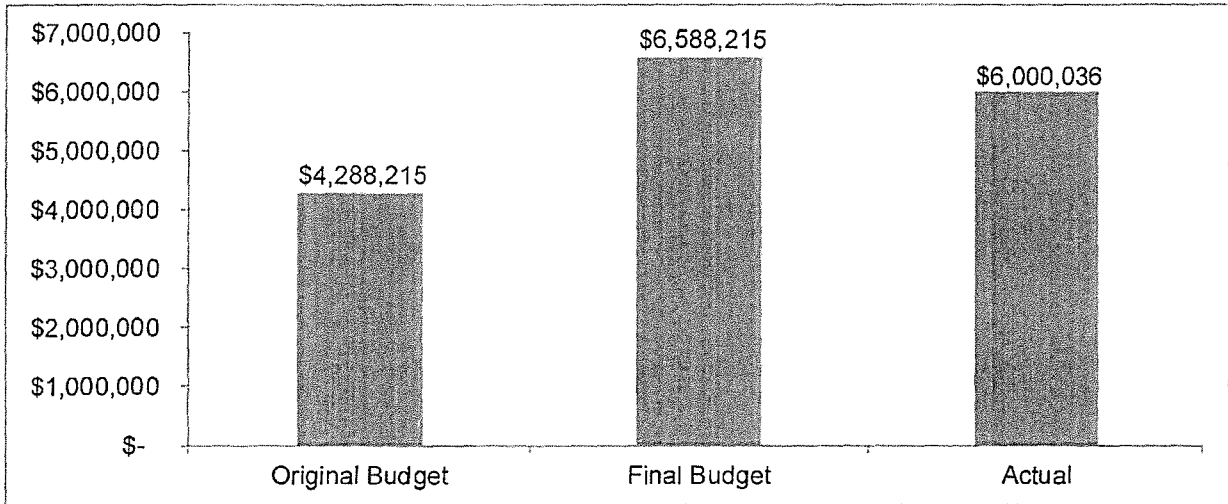
	Governmental Activities		
	2023	2022	Change
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 5,896,964	\$ 5,795,452	\$ 101,512
General Revenues:			
Unrestricted Investment Earnings	102,521	51,841	50,680
Miscellaneous	551	1,769	(1,218)
Total Revenues	<u>6,000,036</u>	<u>5,849,062</u>	<u>150,974</u>
Expenses:			
Child Development Expenses	5,738,750	5,004,396	734,354
Total Expenses	<u>5,738,750</u>	<u>5,004,396</u>	<u>734,354</u>
Increase (Decrease) in Net Position	261,286	844,666	(583,380)
Net Position - Beginning	7,037,383	6,192,717	844,666
Net Position - Ending	<u>\$ 7,298,669</u>	<u>\$ 7,037,383</u>	<u>\$ 261,286</u>

An increase in total revenue from the prior year of \$150,974 is primarily due to increases in operating grants and investment earnings.

An increase in total expenses from the prior year of \$734,354 is primarily attributable to an increase in provider contract payments.

General Fund Budgetary Highlights. The Commission is required to adopt a budget before the start of the fiscal year. During the year, the Commission may revise the budget at any scheduled meeting. The following two charts depict revenues and expenditures per the original and final budgets as well as actual results:

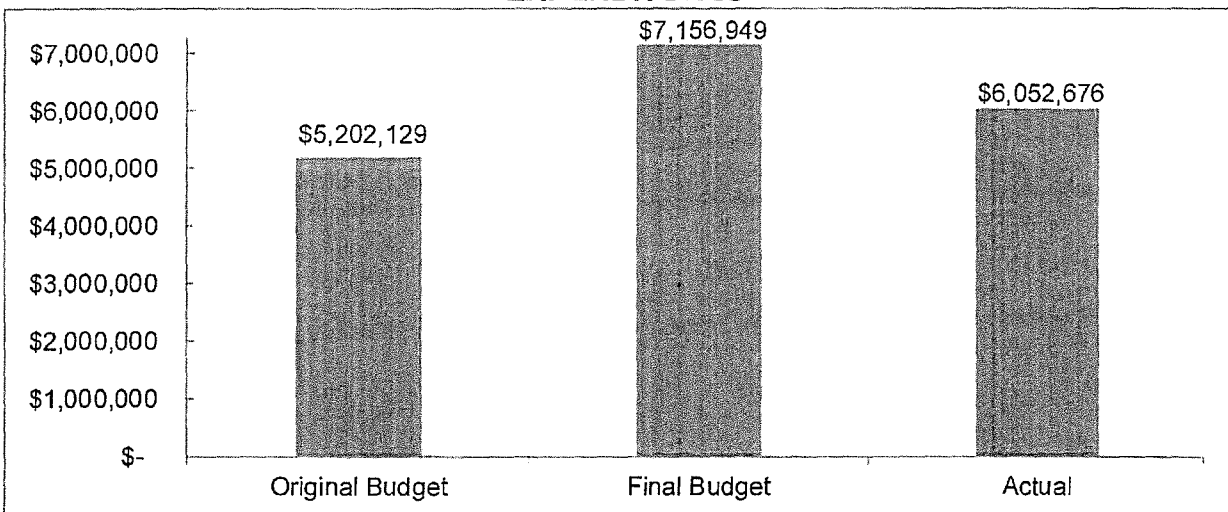
REVENUES



The \$2,300,000 increase in revenues between the original budget and the final budget is due to additional grant funding awarded mid-year.

Actual revenues were \$588,179 lower than the final budget. This difference is primarily due to lower than anticipated Proposition 10 revenue and unspent grant funds.

EXPENDITURES



The \$1,954,820 increase in expenditures between the original budget and the final budget is primarily due to additional provider contracts being added mid-year.

The \$1,104,273 difference between actual expenditures and the final budget was due primarily to provider contracts and budgeted expenditures for building improvements not being fully expended.

Capital Assets

The Commission's investment in capital assets as of June 30, 2023, amounts to \$767,185 (net of accumulated depreciation). This investment in capital assets includes an office building (land, building and improvements), vehicle and an office copier/printer.

Economic Factors and Next Year's Budget

The Commission's budget for the fiscal year 2023-2024 was adopted on May 26, 2023. Highlights and assumptions of this budget include:

- Total estimated revenues decreased \$1,496,561 from the prior year's final budget. The decrease is primarily due to a projected decrease in other grant revenue and Proposition 10 revenue.
- Total appropriations decreased by \$1,468,550 from the prior year's final budget. Included in this decrease is a \$885,617 decrease to program, a \$74,454 decrease to administrative, a \$504,597 decrease to capital expenditures, and a \$3,882 decrease to data evaluation appropriations.
- Net position is budgeted to decrease by \$28,011.

Requests for Information

The financial report is designed to provide a general overview of First 5 Tulare County finances for all interested persons. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

First 5 Tulare County, 816 W. Acequia Ave, Visalia, CA 93291

Basic Financial Statements

**First 5 Tulare County
Statement of Net Position
June 30, 2023**

Assets	<u>Governmental Activities</u>
Cash and Cash Equivalents (Note 2)	\$ 6,426,515
Accounts Receivable (Note 3)	1,204,979
Advances (Note 4)	92,036
Prepaid Expenses	22,407
Deposits (Note 5)	5,545
Capital Assets not being depreciated (Note 6)	440,552
Capital Assets net of Accumulated Depreciation (Note 6)	<u>326,633</u>
Total Assets	<u>8,518,667</u>
Liabilities	
Accounts Payable	1,105,959
Accrued Salaries and Benefits	9,246
Long-term Liabilities Due or Payable After One Year: Compensated Absences (Note 8)	<u>104,793</u>
Total Liabilities	<u>1,219,998</u>
Net Position	
Net Investment in Capital Assets	767,185
Unrestricted	<u>6,531,484</u>
Total Net Position	<u><u>\$ 7,298,669</u></u>

The notes to the basic financial statements are an integral part of this statement.

**First 5 Tulare County
Statement of Activities
For the Year Ended June 30, 2023**

<u>Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental Activities:			
Child Development	\$ 5,738,750	\$ 5,896,964	\$ 158,214
Total Governmental Activities	<u>\$ 5,738,750</u>	<u>\$ 5,896,964</u>	<u>158,214</u>
General Revenues:			
Unrestricted Investment Earnings			102,521
Miscellaneous			551
Total General Revenues			<u>103,072</u>
Change in Net Position			261,286
Net Position - July 1, 2022			<u>7,037,383</u>
Net Position - June 30, 2023			<u>\$ 7,298,669</u>

The notes to the basic financial statements are an integral part of this statement.

**First 5 Tulare County
Balance Sheet - Governmental Fund
June 30, 2023**

Assets

Cash and Cash Equivalents (Note 2)	\$ 6,426,515
Accounts Receivable (Note 3)	1,204,979
Advances (Note 4)	92,036
Prepaid Expenses	22,407
Deposits (Note 5)	5,545
Total Assets	\$ 7,751,482

Liabilities

Accounts Payable	\$ 1,105,959
Accrued Salaries and Benefits	9,246
Total Liabilities	1,115,205

Fund Balance (Note 9)

Nonspendable	27,952
Committed	4,560,395
Assigned	2,047,930
Total Fund Balance	6,636,277

Total Liabilities and Fund Balance	\$ 7,751,482
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**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position:**

Total Fund Balance	\$ 6,636,277
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	767,185
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Compensated absences liability is not due and payable in the current period and, therefore, is not reported in the Governmental Fund Balance Sheet.	(104,793)
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Net Position of Governmental Activities	\$ 7,298,669
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The notes to the basic financial statements are an integral part of this statement.

First 5 Tulare County
Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund
For the Year Ended June 30, 2023

Revenues	
State Proposition 10 Funds	\$ 4,102,466
Grants	1,794,498
Interest	102,521
Miscellaneous	551
Total Revenues	6,000,036
Expenditures	
Current, Child Development:	
Wages and Benefits	727,025
Operating Expenditures	4,986,437
Capital Outlay	339,214
Total Expenditures	6,052,676
Net Change in Fund Balance	(52,640)
Fund Balance - July 1, 2022	6,688,917
Fund Balance - June 30, 2023	\$ 6,636,277

**Reconciliation of the Change in Fund Balance to the Change in
Net Position in the Statement of Activities:**

Net Change in Fund Balance - Governmental Fund \$ (52,640)

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

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of these
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlays exceeded depreciation expense in the
current period. 328,784

Compensated absences expense reported in the Statement
of Activities does not require the use of current financial
resources and, therefore, is not reported as an expenditure in
governmental funds. This amount represents the net change
in the compensated absences liability. (14,858)

Change in Net Position of Governmental Activities \$ 261,286

The notes to the basic financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

The California Children and Families Act of 1998 (Proposition 10) called for the formation of a State Commission, First 5 California, to oversee and support the funding of education, health and child care programs for children ages 0 to 5 and their families. The Act also allowed for 58 First 5 county commissions statewide to develop and fund programs for young children that are tailored to the needs of local communities.

First 5 California is funded by revenue generated by a state excise tax on cigarettes and other tobacco products. Eighty percent of the total revenues collected are allocated to the 58 county commissions according to live birth rates for the preceding year and are to be utilized to promote and support early childhood development for children prenatal to five years of age.

Pursuant to Proposition 10, the Tulare County Children and Families Commission (the Commission) was created by Tulare County Ordinance No. 3217, approved by the Tulare County Board of Supervisors on December 8, 1998. The Commission approved the Commission's change of name to First 5 Tulare County on October 24, 2002. The Commission consists of seven members appointed by the Board of Supervisors. The Commission has the responsibility to develop a local strategic plan and to implement and administer projects funded by Proposition 10.

The accompanying financial statements present only the First 5 Tulare County Fund, which is a component unit of the County of Tulare, and are not intended to present fairly the financial position and results of the County of Tulare in conformity with accounting principles generally accepted in the United States of America.

Government-wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. The statement of net position and the statement of activities display information about the primary government and include all the activities of the Commission.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the function of the Commission. Investment earnings and other items not included among program revenues are reported as general revenues. Net position represents the

**First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

resources that the Commission has available for use in providing services. Net position is composed of net investment in capital assets and unrestricted net position. At June 30, 2023, the Commission reported unrestricted net position of \$6,531,484. Tobacco tax allocations to county commissions are not automatically categorized as restricted fund balance because the purposes for which tobacco tax allocations may legally be used are no narrower than the purpose for which the commissions were created in Proposition 10 enabling legislation.

Separate financial statements are provided for governmental funds. The Commission operates with only one governmental fund, which is reported as a single column in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements 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 to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for certain compensated absences which are recognized when payment is due.

The accounts of the Commission are organized into a fund. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

The Commission reports the following major governmental fund:

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

When more than one classification of fund balance is available for a particular purpose, it is the Commission's policy to use restricted resources first, then committed, then assigned, and finally unassigned.

Cash and Investments

The Commission maintains substantially all of its cash in the Tulare County Treasury. The County pools these funds with those of other participants in the County and invests the cash. Interest earned is deposited quarterly into the participating funds. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis, which approximates fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Receivables

The Commission accrues revenues when they are both measurable and available. The Commission has no allowance for uncollectable accounts as all receivables are deemed to be collectible.

Capital Assets

Capital assets, which consist of an office building (building, building improvements and land), vehicle, office copier/printer and a fully depreciated computer server, are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000. The Commission depreciates capital assets using the straight-line method over an estimated useful life of thirty years for an office building, five years for a vehicle, and five years for a copier/printer. Building improvements currently in construction will begin depreciation upon completion of the project.

**First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. No liability is accrued for unpaid accumulated sick leave since the Commission does not have a policy to pay any amounts when employees separate from service with the Commission.

Fund Balance

The fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the specific purposes for which amounts can be spent. The classifications are as follows: Nonspendable, Committed, and Assigned. Nonspendable fund balance represents amounts that are not in spendable form (deposits and prepaid expenses). Committed fund balance represents amounts that have been committed by formal action of the Commission for legally enforceable contracts that have not yet been spent. The Commission is the government's highest level of decision-making authority and can create a commitment through a majority vote at a publicly held meeting. The same action is required to modify or remove a commitment. Assigned fund balance represents the Commission's intended use of resources per the Commission's long-range financial plan, for future contracts that have not yet been executed. The Commission, Technical Advisory Committee, or the Executive Director have the authority to assign fund balance. Modification of the Commission's intent would not require formal action.

Use of Estimates

The preparation of 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 could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is at the fund and object level. For the fiscal year ended June 30, 2023, there were no instances in which expenditures exceeded appropriations.

**First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

Note 2 - Cash and Cash Equivalents

Cash as of June 30, 2023 consisted of the following:

<u>Cash Balances</u>	<u>Amount</u>
Cash in County Treasury	\$ 5,784,303
Cash in Citizen's Business Bank	641,962
Petty Cash	250
	<u>\$ 6,426,515</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that a government will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The risk is mitigated by the fact that the Commission's bank deposits are entirely insured or collateralized and the collateral is held by the pledging financial institution's trust department or its agent. The first \$250,000 deposited into the Citizen's Business Bank account is insured by the Federal Deposit Insurance Corporation (FDIC). All money deposited in excess of \$250,000 is collateralized by pledged securities. The bank balance in the Citizen's Business Bank account at June 30, 2023 was \$662,909 of which \$250,000 is insured by the FDIC, and \$412,909 was collateralized by pledged securities.

The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to the Commission's indirect investment in securities through the use of mutual funds or government investment pools.

**First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023**

Note 2 - Cash and Cash Equivalents (continued)

Interest Rate Risk

This is the risk that fluctuations in 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 the market interest rates. The Commission held no investments at June 30, 2023.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment with a single user. The Commission held no investments at June 30, 2023

Note 3 - Accounts Receivable

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

Proposition 10 funds due from the State of California	\$ 552,496
Other Grants Receivable	637,400
Interest due from the Surplus Money Investment Fund (SMIF)	15,083
	<u>\$ 1,204,979</u>

Note 4 – Advances

Provider payments are made in accordance with contract terms. Payments in excess of the amount earned by the providers are classified as advances and totaled \$92,036 at June 30, 2023.

Note 5 - Deposits

Deposits consist of a security deposit in the amount of \$5,545 for the lease of office space located at 200 N. Santa Fe St, Visalia, CA.

First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 6 - Capital Assets

The capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 159,132	\$ -	\$ -	\$ 159,132
Building Improvements in Progress	-	281,420	-	281,420
Total capital assets, not being depreciated	<u>159,132</u>	<u>281,420</u>	<u>-</u>	<u>440,552</u>
Capital Assets, being depreciated:				
Building	284,002	-	-	284,002
Vehicle	-	49,982	-	49,982
Copier/Printer	-	7,812	-	7,812
Computer Server	15,516	-	-	15,516
Less Accumulated Depreciation	<u>(20,249)</u>	<u>(10,430)</u>	<u>-</u>	<u>(30,679)</u>
Total Capital Assets, being depreciated, net	<u>279,269</u>	<u>47,364</u>	<u>-</u>	<u>326,633</u>
Governmental activities capital assets, net	<u><u>\$438,401</u></u>	<u><u>\$328,784</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 767,185</u></u>

Total depreciation expense for the year ended June 30, 2023, was \$10,430, and is included in the Government-wide Financial Statements.

Note 7 – Commitments and Contingencies

The Commission has entered into funding commitments of \$4,560,395 with various local children’s organizations contingent on future state funding.

Note 8 - Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 89,935</u>	<u>\$ 51,872</u>	<u>\$ 37,014</u>	<u>\$ 104,793</u>	<u>\$ -</u>

Because of the nature of compensated absences and uncertainty over when benefits will be taken, a statement of debt service requirements to maturity has not been presented for compensated absences.

First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 9 - Fund Balance

Fund balance is reported using the classifications listed in GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. Nonspendable fund balance includes prepaid expenses and deposits. Committed fund balance represents amounts that have been committed by formal action of the Commission for legally enforceable contracts that have not yet been spent. The Commission is the government's highest level of decision-making authority and can create a commitment through a majority vote at a publicly held meeting. The same action is required to modify or remove a commitment. Assigned fund balance represents the Commission's intended use of resources per the Commission's long-range financial plan, for future contracts that have not yet been executed. The Commission, Technical Advisory Committee, or the Executive Director have the authority to assign fund balance. Modification of the Commission's intent would not require formal action.

Fund balance classifications at June 30, 2023, are as follows:

<u>Description</u>	<u>Amount</u>
Nonspendable:	
Prepaid Expenses	\$ 22,407
Deposits	5,545
Total Nonspendable Fund Balance	<u>27,952</u>
Committed:	
Provider Contracts Approved by Commission	4,560,395
Total Committed Fund Balance	<u>4,560,395</u>
Assigned:	
Assigned for Future Projects	2,047,930
Total Assigned Fund Balance	<u>2,047,930</u>
Total Fund Balance	<u>\$ 6,636,277</u>

Note 10 - Related Party Transactions

The required composition of the Board of Commissioners includes members from the County of Tulare. First 5 Tulare County receives funding from the County of Tulare. Commissioners with a conflict of interest abstain from voting on issues directly related to their respective organizations.

First 5 Tulare County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 10 - Related Party Transactions (continued)

The following is a summary of revenues and expenditures and the related receivables and payables at June 30, 2023, for each related party:

<u>Related Party</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Receivable</u>	<u>Payable</u>
County of Tulare	\$ 1,794,498	\$ -	\$ 637,400	\$ -
Total	<u>\$ 1,794,498</u>	<u>\$ -</u>	<u>\$ 637,400</u>	<u>\$ -</u>

In addition, the Commission had \$1,516 in expenditures and \$372 in outstanding payables for accounting and other services provided by the County of Tulare for the year ended June 30, 2023.

Note 11 - Retirement

Defined Contribution Pension Plan: First 5 Tulare County contributes to the ICMA Retirement Corporation 401(a) plan, a defined contribution plan, for all full-time employees who have completed one year of employment. The plan is administered by First 5 Tulare County. Benefit terms are established and may be amended by the Commission. First 5 Tulare County is required to contribute 8 percent of gross wages for all full-time employees, upon completion of one year of employment. Employees do not contribute to this plan. Employees are fully vested in employer contributions. For the year ended June 30, 2023, employer contributions totaled \$40,047. First 5 Tulare County had no outstanding liabilities to the plan at June 30, 2023.

Deferred Compensation Plan: On September 24, 2002, the Commission established a deferred compensation plan with ICMA Retirement Corporation in accordance with Internal Revenue Code (IRC) Section 457. The plan covers full-time employees who wish to enroll after they have worked 90 days. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Total employee contributions for the year ended June 30, 2023, were \$24,720.

Note 12 - Program Evaluation and Data Management

During the year ended June 30, 2023, a total of \$228,445 was spent on Program Evaluation and Data Management. The total includes \$89,943 for wages and benefits paid to First 5 Tulare County employees and \$138,502 to outside contractors.

Note 13 - Concentrations of Risk

The Commission is economically dependent on Proposition 10 revenue from First 5 California, as substantially all of the Commission's revenue comes from this single source.

Required Supplementary Information

**First 5 Tulare County
Governmental Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State Proposition 10 Funds	\$ 4,238,395	\$ 4,238,395	\$ 4,102,466	\$ (135,929)
Grants	-	2,300,000	1,794,498	(505,502)
Interest	49,820	49,820	102,521	52,701
Miscellaneous	-	-	551	551
Total Revenues	<u>4,288,215</u>	<u>6,588,215</u>	<u>6,000,036</u>	<u>(588,179)</u>
Expenditures				
Current, Child Development:				
Wages and Benefits	725,569	735,218	727,025	8,193
Operating Expenditures	4,021,963	5,917,134	4,986,437	930,697
Capital Outlay	454,597	504,597	339,214	165,383
Total Expenditures	<u>5,202,129</u>	<u>7,156,949</u>	<u>6,052,676</u>	<u>1,104,273</u>
Net Change in Fund Balance	(913,914)	(568,734)	(52,640)	(516,094)
Fund Balance - July 1, 2022	6,688,917	6,688,917	6,688,917	-
Fund Balance - June 30, 2023	<u>\$ 5,775,003</u>	<u>\$ 6,120,183</u>	<u>\$ 6,636,277</u>	<u>\$ (516,094)</u>

Other Supplementary Information

**First 5 Tulare County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Federal Assistance Listing</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Pass-through County of Tulare			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	\$ 987,512
Total Expenditures of Federal Awards			<u>\$ 987,512</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

First 5 Tulare County
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the First 5 Tulare County. Federal awards passed through the State of California are included in the SEFA. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). First 5 Tulare County's reporting entity is defined in Note 1 to the Commission's basic financial statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the Commission's Financial Statements.

C. Relationship to Basic Financial Statements

Federal award expenditures agree or can be reconciled with the amounts reported in the Commission's basic financial statements.

D. Federal Assistance Listing

The Federal Assistance Listing included in this report was determined based on the program name and review of grant contract information.

E. Temporary Assistance for Needy Families

The Single Audit Act defines major federal award programs based upon total federal expenditures of the grantee during the period reported. The Schedule of Expenditures of Federal Awards includes expenditures incurred for Temporary Assistance for Needy Families (No. 93.5588) in the fiscal year 2022-2023, which were approved for reimbursement by the grantor agency.

F. De Minimus Cost Rate

The Commission elected to use the 10% de minimus cost rate.

G. Subrecipients

Of the federal expenditures presented in the schedule, the Commission had no subrecipients that were provided federal awards.

Other Independent Auditors' Reports



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CERTIFIED PUBLIC ACCOUNTANTS

**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

To the Board of Commissioners
of First 5 Tulare County
816 W. Acequia Ave
Visalia, CA 93291

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 activity and the general fund of First 5 Tulare County (the Commission), a component unit of the County of Tulare, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 3, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

M. Green and Company LLP

Visalia, California
October 3, 2023



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M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditors' Report

To the Board of Commissioners
of First 5 Tulare County
816 W Acequia Ave
Visalia, CA 93291

**Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program**

We have audited First 5 Tulare County's (the Commission), a component unit of the County of Tulare, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2023. The Commission's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 on compliance for the major federal program. 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 Commission's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 considered 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed;

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 identified 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 federal 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 Auditors' 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

M. Green and Company CP
Visalia, California
October 3, 2023



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Commissioners
of First 5 Tulare County
816 W. Acequia Ave
Visalia, CA 93291

Report on Compliance

Opinion

We have audited First 5 Tulare County's (the Commission), a component unit of the County of Tulare, 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 Tulare County 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, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. 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.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred 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.

Auditors' Responsibilities for the Audit of 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 auditing standards generally accepted in the United States of America, *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 auditing standards generally accepted in the United States of America, *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:

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

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

Internal Control over Compliance

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

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

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

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

M. Green and Company CP

Visalia, California
October 3, 2023

Findings and Questioned Costs Section

**First 5 Tulare County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance? Yes X No

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporarily Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

**First 5 Tulare County
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. State Award Findings and Questioned Costs

NONE

**First 5 Tulare County
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Explanation if not Implemented</u>
There were no prior year findings.		