

**FIRST 5 PLUMAS COUNTY,  
CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2019**

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**FIRST 5 PLUMAS COUNTY**  
**Annual Financial Report**  
**For the Year Ended June 30, 2019**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**FIRST 5 PLUMAS COUNTY**  
**List of Officials**  
**For the Year Ended June 30, 2019**

**Board of Commissioners**

Rachelle Hines	Chairperson
Colleen Kroll	Vice Chair
Kendrah Fredricksen	Treasurer
Lori Simpson	Member
Brenda Lory	Member
Andrew Woodruff	Member
Pam Becwar	Member
Neal Caiazzo	Member

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Supplementary Information**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
First 5 Plumas County  
Quincy, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of First 5 Plumas County, California (Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

To the Board of Commissioners  
First 5 Plumas County  
Quincy, California

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other 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 introductory section and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2019 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
October 7, 2019

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**Management's Discussion and Analysis  
(Unaudited)**

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In November 1998, voters passed Proposition 10, a statewide ballot initiative to add surtax to tobacco products. The monies collected are to be used to fund programs that promote early childhood development, from prenatal to age five. The intent is for all California children to be healthy, to live in a healthy and supportive family environment, and to enter school ready to learn. All revenue generated by Proposition 10 is collected in the California Children and Families Trust Fund Account, which is set up within the State Treasury. Allocations to each county are based on the number of births, according to the birth mother's county of residence. Due to the small number of births in California's twenty smallest counties, including Plumas, First 5 California provides additional funding so that each county commission can adequately conduct Proposition 10 administrative and program functions.

The Commission consists of nine members, who are appointed by the County Board of Supervisors. Three members are considered mandated members, comprised of representatives of the County Health Agency, Social Services Agency and Board of Supervisors. Other members are considered At-Large and represent parents, early childhood educators and children and families service providers. Each Commissioner serves a two-year term and may be reappointed to subsequent terms. The Commission currently has three parent representatives, Colleen Kroll was appointed by the Board of Supervisors in December 2012, Joanne Burgueno was appointed by the Board in December 2013, and Rachelle Hines was appointed in May 2016. In 2017, Kendrah Fredricksen, the Program Manager for CASA-Court Appointed Special Advocates, a program of Plumas Crisis Intervention and Resource Center applied for membership and was appointed by the Board in January 2018 for a two-year membership on the Commission. In October 2018 the Health and Human Services position was filled by Andrew Woodruff, MPH, the director of the Plumas County Public Health Agency. Brenda Lory resigned her membership on the Commission as of June 30, 2019.

#### Related Party Transactions

The Commission contracts with the County of Plumas to provide accounting, banking and investment, purchasing, risk management and other administrative services. The Commission incurred expenses totaling \$57,209 for all County services provided during the year ending June 30, 2019.

#### Impact of State Legislation Affecting State and County Children and Families Commissions

Two bills, Senate Bill 35 and Assembly Bill 109, were passed in September 2005 by the California State Legislature that impacted the fiscal and managerial operations of the state and county children and families commissions. SB 35 expands the requirements for commission annual financial audits and internal quality control functions. AB 109 requires commissions to adopt formal policies regarding conflict of interest regulations for commissioners, for contracting and purchasing operations, to require the establishment of limits by percentage that each commission can spend for administrative functions, and to establish standards for salaries and benefits for commission employees. First 5 Plumas County Commission, Executive Director and County Counsel closely followed the developments of this legislation and the entire expanded audit requirements were fully implemented by June 30, 2006.

On June 8, 2011 the Commission adopted Fund Balance Policy and Procedures in response to the Government Accounting Standards Board (GASB) Statement Number 54, which establishes a hierarchy clarifying the constraints that govern how a government entity can use the amounts reported as fund balance. GASB 54 establishes the following fund balance classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The Commission's fund balances for all major governmental funds as of June 30, 2019 can be found on pages 22 and 23 of this Independent Auditor's Report for the Year Ended June 30, 2019.

## Plumas County Ordinance

First 5 Plumas County adopted policies and practices to assure that it is adhering to the Plumas County Ordinance No. 98-908 which established the Commission and the Plumas County Children and Families Trust Fund in 1999.

First 5 Plumas County has complied with each of the following components of Plumas County Ordinance No. 98-908:

- All nine (8 current members) Commission members were appointed by the Plumas County Board of Supervisors
- Members of the Commission were not compensated for their services. Members are reimbursed for travel and lodging in accordance with the Commission's Bylaws.
- March 6, 2019, the Commission conducted a Public Hearing, Annual Review and Adoption of an adequate and complete Strategic Plan. The Strategic Plan was updated throughout fiscal year 2015-2016 and adopted for the five-year period from 2016 through June 30, 2021. The updated Strategic Plan was submitted to the Plumas County Board of Supervisors in July 2016 for approval. The Strategic Plan was then sent to First 5 California via electronic PDF format as required in July 2016.
- Commission measured and reported the outcomes of its funded programs on a biannual basis, a mid-year report in March 2019 and the final report in October 2019. All of the Commission's evaluation reports can be accessed on the website: [www.first5plumas.com](http://www.first5plumas.com)
- Commission conducted a Public Hearing on the State Commission's Annual Report FY 2017-2018 on March 6, 2019
- Commission conducted a Public Hearing and adopted its Annual Report/Audit FY 2018-2019 on October 2, 2019
- Commission conducted a Public Hearing prior to the adoption of the FY 2018-2019 budget on June 6, 2018
- Commission adopted policies, consistent with state and local law, on the conflicts of interest of its Commission members and personnel policies on April 12, 2006
- Commission re-adopted the Memorandum of Understanding between the Commission and the County of Plumas on June 3, 2019

As management of First 5 Plumas County, we offer readers this overview of First 5 Plumas County's financial activities for the fiscal year ending June 30, 2019.

### Overview of the Financial Statements

First 5 Plumas County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic 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, with the difference between the two reported as net position.

The statement of activities presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal

periods.

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

### Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. First 5 Plumas County, like other local governments, uses fund accounting to ensure compliance with finance-related legal requirements.

Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, 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.

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 the governmental fund and government-wide statements.

Within the fund balance there are committed and assigned funds. Recordation of committed and assigned funds is done in accordance with the definition of these two funds approved by First 5 California.

The fund financial statements can be found on pages 11 through 14 of this report.

The Commission adopts an annual combined budget for the Program, Administrative, and Evaluation expenditures. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget and can be found on page 25 of this report.

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 alters the focus and terminology to be used for fund balance reporting. GASB No. 54 compliance can be found on pages 22 through 23 of this report. The Commission receives a GASB No. 54 Fund Balance Report in June annually and more often when appropriate.

### 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 15 through 24 of this report.

### Government-Wide Financial Analysis

The Commission presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements - and Management's Discussion and Analysis (MD&A) - for State and Local Governments.

Net position may serve over time as a useful indicator of a government's financial position. Following is a summary of the Net Position as of June 30, 2019.

	<u>FY 2018/2019</u>	<u>FY 2017/2018</u>
Total Assets	\$ 939,884	\$ 927,279
Total Liabilities	<u>19,694</u>	<u>82,885</u>
Net Position:		
Restricted	<u>920,190</u>	<u>844,394</u>
Total Net Position	<u>\$ 920,190</u>	<u>\$ 844,394</u>

#### Financial Analysis of the Commission's Governmental Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with funding requirements.

Following is a summary comparison of prior year to current year balance sheet and statement of revenues, expenditures and changes in fund balance:

#### Balance Sheet

	<u>FY 2018/2019</u>	<u>FY 2017/2018</u>
Total Assets	\$ 939,884	\$ 927,279
Total Liabilities	\$ 19,694	\$ 82,885
Total Deferred Inflows of Resources	250,048	325,152
Total Fund Balance	<u>670,142</u>	<u>519,242</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 939,884</u>	<u>\$ 927,279</u>

#### Revenue, Expenditures and Changes in Fund Balance

	<u>FY 2018/2019</u>	<u>FY 2017/2018</u>
Revenues	\$ 728,714	\$ 473,334
Expenditures	<u>577,814</u>	<u>533,499</u>
Net Change in Fund Balance	150,900	(60,165)
Fund Balance - Beginning	<u>519,242</u>	<u>579,407</u>
Fund Balance - Ending	<u>\$ 670,142</u>	<u>\$ 519,242</u>

At the end of the current-fiscal year, First 5 Plumas County reported an ending fund balance of \$670,142, an increase of \$150,900 from the prior year. This increase in the ending fund balance is due to an increase in the Medi-Cal Administrative funds.

The Commission adopted an Administrative Cost Policy on May 10, 2006. Based on an analysis of the Commission's spending needs and best practice in government finance, the initial limit percentage of the annual operating budget that may be spent on administrative functions was a range of 16.0% - 20.0%. Due to the loss of state matching fund revenue, on June 8, 2011, the Commission adopted an increase that can be spent on administrative functions to 25%.

In Fiscal Year 2018-2019, First 5 Plumas County approved funding programs and services totaling \$555,179. The Commission funds strategies that further the four state-identified result areas: improved family functioning, improved child development, improved health, and improved systems of care. All funded programs were intended to achieve one or more of the four result areas as set forth in First 5 Plumas County's Strategic Plan. The distribution of funding that was awarded to 4 projects in the four focus areas is represented below. Proposition 10 funds awarded to these projects were not used to replace or supplant activities funded through existing resources.

The Commission's Proposition 10 funded service programs are as follows: 1) Plumas County Public Health Agency-\$100,000, 2) Plumas Unified School District-Early Intervention-\$20,000, 3) Roundhouse Council-\$30,000, 4) Jaye Bruce, Early Childhood Development Specialist-\$25,000 and 5) Impact coordination-\$110,000. The Commission also funds a portion of Plumas Unified School District's Kindergarten Roundup annually in the amount of \$7,000.

### Budgetary Highlights

Eighty-eight percent of the Total Budget for Fiscal Year 2018-2019 in the amount of \$577,803 was spent.

### Beyond FY 2018-2019

Revenue for FY 2019-2020 is projected at \$504,000, which includes program funding allocation for home visitation services for families with children ages 0-5.

On June 6, 2018, the First 5 Plumas County Commission completed its public annual review and update of its Long Term (5-year) Financial Plan. Management provides the Commission as well as members of the Public two opportunities, one in May and one in June of each fiscal year to provide input on the Commission's budget.

All service agreement contracts are reviewed and renewed by the Commission on an annual basis. All contracts from fiscal year 2018-2019 were approved for fiscal year 2019-2020. Service contracts are renewed on the basis of the evaluation of the program's outcomes.

In June 2015, the Commission issued a Request for Qualifications for a contractor to provide evaluation services. On August 26, 2015, the Commission approved a contract to Social Entrepreneurs, Inc. (SEI) an evaluation firm based in Reno, Nevada. SEI provides the Commission with two annual evaluation reports and works directly with First 5 grantees on systems/change and service integration of the home visiting services. SEI is currently contracted FY 2019-2020 in the amount of \$20,000 to assist the Commission with strategic planning.

Small County Augmentation: First 5 California (F5CA) provides annual augmentation support of small county operations, in recognition that small counties must use a proportionately greater share of their tax revenues to provide basic operations, including administrative services, planning, outreach, and evaluation. F5CA has committed to continuing these augmentations through June 30, 2021 for eligible counties. First 5 Plumas receives a base-line amount of \$350,000 annually in Proposition 10 revenues.

The plan recognizes that First 5 Plumas County will continue to explore leveraging opportunities to maximize Proposition 10 funding and will continue to promote linkages and integrated services that will lead to self-sufficiency in future years.

Since 2008, the Commission has partnered with the Public Health Agency to leverage Medi-Cal Administrative Activities (MAA) funds. First 5 Plumas County Commission received \$261,726 in MAA funding for fiscal year 2018-2019. The First 5 Executive Director participates in the Plumas County MAA program and the Commission anticipates there will be additional annual MAA revenues.

In 2015-2016 the Commission was approved to participate in IMPACT (Improve and Maximize Programs so All Children Thrive). The First 5 California initiative is an approach with a goal of helping children ages 0-5 and their families thrive by increasing the number of high-quality early learning settings. IMPACT is a reimbursable program and First 5 Plumas has been allocated \$383,040 through June 30, 2020. The State Commission has approved \$107 million for IMPACT 2.0 for an additional three-year period from 2020-2023.

#### Requests for Information

This financial report is designed to provide a general overview of First 5 Plumas County's finances for all those interested. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to First 5 Plumas County, 270 Hospital Drive Suite 206, Quincy, California 95971.

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**FIRST 5 PLUMAS COUNTY**  
**Statement of Net Position**  
**June 30, 2019**

	<u><b>Total Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 679,613
Receivables:	
Interest	3,014
Intergovernmental	257,257
Capital assets:	
Depreciable, net	-
Total capital assets	-
<b>Total Assets</b>	<u>939,884</u>
<b>LIABILITIES</b>	
Accounts payable	14,676
Salaries and benefits payable	5,018
<b>Total Liabilities</b>	<u>19,694</u>
<b>NET POSITION</b>	
Restricted	<u>920,190</u>
<b>Total Net Position</b>	<u><u>\$ 920,190</u></u>

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

**FIRST 5 PLUMAS COUNTY**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental activities:					
General government	\$ 577,814	\$ -	\$ 640,008	\$ -	\$ 62,194
<b>Total Governmental Activities</b>	577,814	-	640,008	-	62,194
<b>Total</b>	\$ 577,814	\$ -	\$ 640,008	\$ -	62,194
<b>General revenues:</b>					
				11,908	
				1,694	
				13,602	
					<b>Total General Revenues</b>
				75,796	
					<b>Change in Net Position</b>
				844,394	
					<b>Net Position - Beginning</b>
				\$ 920,190	
					<b>Net Position - Ending</b>

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

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**FIRST 5 PLUMAS COUNTY**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2019**

	<b>General</b>
<b>ASSETS</b>	
Cash and investments	\$ 679,613
Receivables:	
Interest	3,014
Intergovernmental	257,257
<b>Total Assets</b>	<b>\$ 939,884</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 14,676
Salaries and benefits payable	5,018
<b>Total Liabilities</b>	<b>19,694</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	250,048
<b>Total Deferred Inflows of Resources</b>	<b>250,048</b>
<b>FUND BALANCE</b>	
Committed	385,000
Assigned	285,142
<b>Total Fund Balance</b>	<b>670,142</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 939,884</b>

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

**FIRST 5 PLUMAS COUNTY**  
**Reconciliation of the Governmental Fund Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2019**

<b>Total Fund Balance - Total Governmental Fund</b>	\$ 670,142
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental fund.	<u>250,048</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 920,190</u></u>

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

**FIRST 5 PLUMAS COUNTY**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2019**

	<b>General</b>
<b>REVENUES</b>	
Intergovernmental revenues:	
Proposition 10 apportionment	\$ 85,770
Proposition 10 administration augmentation	247,011
Proposition 10 IMPACT	110,000
Proposition 10 SMIF	138
Proposition 56	10,467
Medi-cal administrative activities	261,726
Use of money and property	11,908
Other revenue	1,694
	728,714
 <b>Total Revenues</b>	
 <b>EXPENDITURES</b>	
Current general government:	
Administration:	
Salaries and benefits	16,812
Communications	894
Insurance	6,718
Memberships	2,875
Office expenses	1,434
Professional services	50,787
Overhead	4,922
Program Activity:	
Salaries and benefits	65,476
Insurance	320
Professional services	382,292
Education	341
Promotion	744
Outreach	5,005
Evaluation:	
Salaries and benefits	6,194
Insurance	30
Professional services	32,970
	577,814
 <b>Total Expenditures</b>	
 <b>Net Change in Fund Balance</b>	
	150,900
<b>Fund Balance - Beginning</b>	519,242
<b>Fund Balance - Ending</b>	\$ 670,142

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

**FIRST 5 PLUMAS COUNTY**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance of the Governmental Fund to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2019**

**Net Change in Fund Balance - Total Governmental Fund** \$ 150,900

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

Some revenues reported in the statement of activities will not be collected for several months after the Commission's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental fund.

Change in unavailable revenues

(75,104)

**Change in Net Position of Governmental Activities**

\$ 75,796

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

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

First 5 Plumas County (the Commission) was established by the Plumas County Board of Supervisors through adoption of Ordinance No. 98-908 on December 15, 1998, pursuant to Proposition 10, the California Children and Families Act of 1998 and amended by Ordinance No. 06-1051 on September 12, 2006. The purpose of the Commission is to develop a strategic plan describing programs, services, and projects to promote, support, and improve the early development of children. The Commission is funded by a tax of fifty (50) cents per pack on cigarettes and by a similar tax on other tobacco products. The Plumas County Public Health Agency acts as administrative agent to the Commission. The original Commission consisted of five voting members. On April 4, 2000, Ordinance No. 00-929 amended the Commission's members from five to nine.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

**Component Units**

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the Commission.

**Related Organizations**

The County of Plumas appoints one member to the Board of Commissioners and performs accounting functions for the Commission. However, the County is not financially accountable for this organization and therefore the Commission is not a component unit under Statement Nos. 14, 39, and 61 of the Governmental Accounting Standards Board.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information on all the activities of the Commission. These statements include the financial activities of the overall Commission. These statements report the governmental activities of the Commission, which are normally supported by intergovernmental revenues. The Commission had no business-type activities at June 30, 2019.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements**

Fund financial statements of the Commission are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The fund of the Commission is organized into the governmental category and treated as a major fund.

The Commission reports the following major governmental fund:

- The General fund is used to account for all revenues and expenditures related to basic governmental activities of the Commission.

**C. Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Under the accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Interest and intergovernmental revenues are considered susceptible to accrual and are accrued when their receipt occurs within 30 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

**D. Non-Current Governmental Asset/Liabilities**

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

**E. Investments**

The Commission pools all cash and investments with the County of Plumas. The Plumas County Treasury is an external investment pool for the Commission and the Commission is considered an involuntary participant. The Commission's share in this pool is displayed in the accompanying financial statements as cash and investments.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Investments (Continued)**

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

**F. Receivables**

Receivables consist mainly of Proposition 10 revenues and Medi-Cal Administrative Activities revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**G. Inventory**

Inventories are recorded as expenditures at the time inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

**H. Capital Assets**

Capital assets are defined by the Commission as an asset with a cost of more than \$1,500. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 25 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**I. Unearned Revenue**

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Compensated Absences and Other Postemployment Benefits (OPEB)**

The Commission's policy regarding compensated absences is to permit employees to accumulate earned but unused vacation and sick leave. In the government-wide financial statements, the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. The Commission includes its share of payroll taxes payable on behalf of the employees in the accrual for compensated absences. At June 30, 2019, the compensated absences payable was \$0.

The Commission does not currently provide any other postemployment benefits.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position 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. At June 30, 2019, the Commission did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position 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. The government has only one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental fund report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**L. Estimates**

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

**M. Implementation of Governmental Accounting Standards Board Statements (GASB)**

The following governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 83**, Certain Asset Retirement Obligations (AROs). This statement enhances the comparability of financial statements among governments, by establishing uniform criteria for governments to recognize and measure certain AROs including obligations that may not have been previously reported. This statement also enhances the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Implementation of Governmental Accounting Standards Board Statements (GASB) (Continued)**

**Statement No. 88**, Certain Disclosures Related to Debt, including Debt Borrowing, and Direct Placements. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

**NOTE 2: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2019, the Commission's cash and investments consisted of the following:

Investments:	
Plumas County Treasurer's Pool	\$ 679,613
Total Cash and Investments	<u>\$ 679,613</u>

**B. Cash**

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Commission and County comply with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

**C. Investments**

The Commission does not have a formal investment policy. At June 30, 2019, all investments of the Commission were in the County of Plumas investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- U.S. Treasuries and Agencies
- Banker's Acceptances
- Commercial Paper
- Medium Term Corporate Notes
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Time Certificates of Deposit
- Shares of Beneficial Interest
- Local Agency Investment Fund (LAIF)
- California Asset Management Program (CAMP)

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Fair Value of Investments - The Commission measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The Commission's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the Commission's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2019, the Commission had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
Plumas County Treasurer's Pool	<u>679,613</u>			
Total Investments	<u>\$ 679,613</u>			

**Interest Rate Risk** - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

**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 County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2019, the Commission's investments were all in the County Investment Pool which is not rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk** - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the Commission were in the County investment pool which contains a diversification of investments.

**D. Investments in External Pool**

Plumas County Pooled Investment Fund - The Plumas County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Plumas County Pooled Investment Fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Plumas' financial statements may be obtained by contacting the County of Plumas Auditor-Controller's office at 520 Main Street, Room 205, Quincy, CA 95971.

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital Assets, Being Depreciated:				
Furniture and fixtures	\$ 16,351	\$ -	\$ -	\$ 16,351
Total Capital Assets, Being Depreciated	<u>16,351</u>	<u>-</u>	<u>-</u>	<u>16,351</u>
Less Accumulated Depreciation For:				
Furniture and fixtures	( 16,351)	-	-	( 16,351)
Total Accumulated Depreciation	<u>( 16,351)</u>	<u>-</u>	<u>-</u>	<u>( 16,351)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 4: NET POSITION**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 4: NET POSITION (CONTINUED)**

- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Net Position Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**NOTE 5: FUND BALANCE**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balance for the governmental fund is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the Commission’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision making authority for the Commission that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the Commission’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the Commission’s General fund that includes all amounts not contained in other classifications.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 5: FUND BALANCE (CONTINUED)**

The fund balance for the governmental fund as of June 30, 2019, was distributed as follows:

	General
<b>Committed to:</b>	
FY 2019/20 contracts	\$ 385,000
Subtotal	385,000
<b>Assigned to:</b>	
Funds budgeted for FY 2019/20	156,136
Financial plan commitment	129,006
Subtotal	285,142
Total	\$ 670,142

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policy**

The Board of Commissioners has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements, and establishes a hierarchy of fund balance expenditures.

**NOTE 6: PROGRAM EVALUATION**

The Commission spent a total of \$39,194 on program evaluation during the audit period.

**NOTE 7: RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2019, the Commission paid the County of Plumas, a related party, \$57,209 for salaries and benefits and overhead. Administrative functions are provided by County staff under a memorandum of understanding signed March 21, 2000. This memorandum includes a provision for workers' compensation, commercial, general and automobile liability insurance covering the Commission.

**NOTE 8: RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Commission is covered under the insurance policy of the County of Plumas for workers' compensation, commercial, general and automobile liability and has purchased separate special liability insurance from a commercial carrier. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**FIRST 5 PLUMAS COUNTY**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE 9: TAX AND REVENUE CODE**

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

**NOTE 10: OTHER INFORMATION**

**A. Commitments and Contingencies**

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 Commission's management does not expect such amounts, if any, to be material.

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2019 through October 7, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information  
(Unaudited)**

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**FIRST 5 PLUMAS COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Proposition 10 apportionment	\$ 95,934	\$ 95,934	\$ 85,770	\$ (10,164)
Proposition 10 administration augmentation	243,308	243,308	247,011	3,703
Proposition 10 IMPACT	110,000	110,000	110,000	-
Proposition 10 SMIF	291	291	138	(153)
Proposition 56	10,467	10,467	10,467	-
Medi-cal administrative activities	250,000	250,000	261,726	11,726
Use of money and property	2,000	2,000	11,908	9,908
Other revenue	-	-	1,694	1,694
	<u>712,000</u>	<u>712,000</u>	<u>728,714</u>	<u>16,714</u>
<b>EXPENDITURES</b>				
Current general government:				
Salaries and benefits	93,018	93,451	88,482	4,969
Communications	1,000	1,000	894	106
Insurance	8,233	7,800	7,068	732
Memberships	3,800	3,800	2,875	925
Office expenses	1,500	1,500	1,434	66
Professional services	528,787	531,287	466,049	65,238
Education	1,000	1,000	341	659
Promotion	500	500	744	(244)
Publications	800	800	-	800
Outreach	10,000	10,000	5,005	4,995
Overhead	4,922	4,922	4,922	-
Travel	4,000	1,500	-	1,500
	<u>657,560</u>	<u>657,560</u>	<u>577,814</u>	<u>79,746</u>
<b>Net Change in Fund Balance</b>	54,440	54,440	150,900	96,460
<b>Fund Balance - Beginning</b>	<u>519,242</u>	<u>519,242</u>	<u>519,242</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 573,682</u>	<u>\$ 573,682</u>	<u>\$ 670,142</u>	<u>\$ 96,460</u>

**FIRST 5 PLUMAS COUNTY**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2019**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The Commission presents a comparison of annual budgets to actual results for the General fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the Commission in establishing the budgetary data reflected in the financial statements:

- (1) The Executive Director submits to the Board of Commissioners a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Commissioners review the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations to the Commission. The Commission may amend the budget by motion during the fiscal year.

The Commission does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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## **Supplementary Information**

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**FIRST 5 PLUMAS COUNTY**  
**Supplementary Information**  
**Schedule of First 5 California (F5CA) Funding**  
**For the Year Ended June 30, 2019**

<u>Program or Project Title</u>		<u>Beginning Program/ Project Balance (As of July 1)</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Ending Program/ Project Balance (As of June 30)</u>
Small Population Augmentation	F5CA Funds	\$ -	\$ 247,011	\$ (247,011)	\$ -
Total F5CA Funds		<u>\$ -</u>	<u>\$ 247,011</u>	<u>\$ (247,011)</u>	<u>\$ -</u>

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## **OTHER REPORTS**

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

To the Board of Commissioners  
First 5 Plumas County  
Quincy, 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 major fund of First 5 Plumas County, California (Commission) as of and for the year ended June 30, 2019, 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 7, 2019.

**Internal Control Over Financial Reporting**

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

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

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

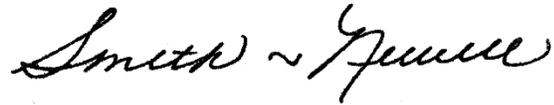
To the Board of Commissioners  
First 5 Plumas County  
Quincy, California

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Smith & Newell".

Smith & Newell CPAs  
Yuba City, California  
October 7, 2019

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

To the Board of Commissioners  
First 5 Plumas County  
Quincy, California

**Compliance**

We have audited the First 5 Plumas 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's 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, 2019.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

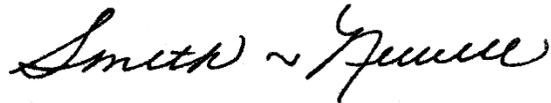
To the Board of Commissioners  
First 5 Plumas County  
Quincy, California

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

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

### Opinion

In our opinion, First 5 Plumas 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, 2019.



Smith & Newell CPAs  
Yuba City, California  
October 7, 2019