

**AUDIT REPORT  
OF  
IMPERIAL COUNTY  
CHILDREN AND FAMILIES FIRST COMMISSION  
(A Legal Public Entity Separate from the  
County of Imperial, California)  
  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

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Board of Commissioners  
Imperial County Children and Families First Commission  
El Centro, California 92243

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of the General Fund of the Imperial County Children & Families First Commission (Commission), a legal public entity separate from the County of Imperial, California, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Imperial County Children & Families First Commission as of June 30, 2018, 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.

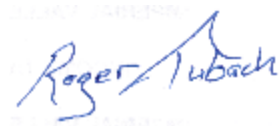
**Other Matters**

**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 on pages 3 through 6 and 16 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 28, 2018, on my consideration of the Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Imperial County Children & Families First Commission's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Roger Tubach". The signature is written in a cursive style with a large, sweeping initial "R".

EL Centro, California  
November 28, 2018

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2018**

In November 1998, California voters passed a statewide ballot initiative to add a surtax to tobacco products (Proposition 10). 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 environment, and to enter school ready to learn.

The discussion and analysis of the financial performance of the Imperial County Children & Families First Commission (the Commission) provides an overview of the Commission's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole. The users of these financial statements should read this discussion.

**FINANCIAL HIGHLIGHTS**

- The Commission received \$2,372,060 from the State of California from revenues collected under the California Children and Families Act (Proposition 10).
- During the current fiscal year, the Commission disbursed \$1,878,679 in grants to various community programs.
- The assets of the Commission exceeded its liabilities at the close of the 2017-2018 fiscal year by \$5,197,721 (*Net Position*). Compared to the close of the 2016-2017 fiscal year in which *net position* was \$5,198,063.
- The Commission's net position from activities decreased by \$342 during the current fiscal year. In comparison with the 2016-2017 fiscal year net position from activities decreased by \$129,416.
- At the close of the 2017-2018 fiscal year *net position* included \$741,857 of encumbrances. In comparison with the 2016-2017 fiscal year when encumbrances were \$631,213.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Commission's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the activities during the reporting period.

**1. 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. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or declining.

The Statement of Activities describes changes to the Commission's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, some revenues and expenses are reported in this statement that will only result in cash inflows and outflows in future fiscal years.

The government-wide financial statements are presented on pages 7 and 8 of this report.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. Fund Financial Statements (General Fund)**

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. The Imperial County Children and Families Commission like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

The Commission maintains one governmental fund, the general fund. The Commission adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

The governmental fund financial statements are presented on pages 7 and 8 of this report.

**3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. The notes to the financial statements are presented on pages 9 through 15 of this report.

**REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's finances. The Required Supplementary Information, which consists of the "*budgetary comparison schedule*" can be found on page 16 of this report.

**GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS NET POSITION**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Commission's assets exceeded liabilities by \$5,197,721 at the close of the current fiscal year. In the prior period, assets exceeded liabilities by \$5,198,063. See *Imperial County Children and Families First Commission's Net Position* page 7.

The Commission's total net position is comprised of \$2,791,857 in *Assigned Funds*, \$2,214,531 in *Committed Funds* and \$224,606 in *Unassigned Funds*. A portion of the Commission's *Assigned Funds*, \$741,857, represent encumbrances. The Commission uses encumbrances to keep track of unused budgets, so prior year expenditures/contracts will be properly charged to these budgeted amounts. The balance of the Commission's *Assigned Funds* of \$2,050,000 is designated for Local Initiatives and Program Sustainability.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2018**

The following is a summary of the Commission's Statement of Net Position comparing balances at June 30, 2018 and June 30, 2017.

**Imperial County Children and Families First Commission's Net Position**

	<u>FY 2017/2018</u>	<u>FY 2016/2017</u>	<u>Dollar Increase / (Decrease)</u>	<u>Percent Increase / (Decrease)</u>
<b>Current Assets and Other Assets</b>	\$ 5,242,472	\$ 5,209,039	\$ 33,433	0.6 %
Total Assets	<u>\$ 5,242,472</u>	<u>\$ 5,209,039</u>	<u>\$ 33,433</u>	<u>0.6 %</u>
<b>Current and Other Liabilities</b>	\$ 44,751	\$ 10,976	\$ 33,775	307.7 %
Total Liabilities	<u>44,751</u>	<u>10,976</u>	<u>33,775</u>	<u>307.7 %</u>
<b>Net Position</b>				
Unrestricted	<u>5,197,721</u>	<u>5,198,063</u>	<u>--</u>	<u>-- %</u>
Total Net Position	<u>5,197,721</u>	<u>\$ 5,198,063</u>	<u>(342)</u>	<u>-- %</u>
Total Liabilities and Net Position	<u>\$ 5,242,472</u>	<u>\$ 5,209,039</u>	<u>\$ 33,775</u>	<u>0.6 %</u>

The following is a summary of the Commission's Statement of Activities comparing revenues, expenses and changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

**Imperial County Children and Families First Commission's Statement of Activities**

	<u>FY 2017/2018</u>	<u>FY 2016/2017</u>	<u>Dollar Increase / (Decrease)</u>	<u>Percent Increase / (Decrease)</u>
<b>Revenues</b>				
Program Revenues				
Proposition 10 apportionment	\$ 2,372,060	\$ 2,146,621	\$ 225,439	10.5 %
Total Program Revenues	<u>2,372,060</u>	<u>2,146,621</u>	<u>225,439</u>	<u>10.5 %</u>
General revenues				
Investment Earnings	42,072	33,025	9,047	27.4 %
Refunds and reimbursements	2,403	107,392	(104,989)	(97.8)%
Total General Revenues	<u>44,475</u>	<u>140,417</u>	<u>(95,942)</u>	<u>(68.3)%</u>
Total Revenues	<u>2,416,535</u>	<u>2,287,038</u>	<u>129,497</u>	<u>5.7 %</u>
<b>Expenses</b>				
Professional and special services	2,125,891	2,166,741	(40,850)	(1.9)%
Service and supplies	<u>290,986</u>	<u>249,713</u>	<u>41,273</u>	<u>16.5 %</u>
Total expenses	<u>2,416,877</u>	<u>2,416,454</u>	<u>423</u>	<u>-- %</u>
Change in net position	(342)	(129,416)	129,074	(99.7)%
Net Position, Beginning of year	<u>5,198,063</u>	<u>5,327,479</u>	<u>(129,416)</u>	<u>(2.4)%</u>
Net Position, End of year	<u>\$ 5,197,721</u>	<u>\$ 5,198,063</u>	<u>\$ (342)</u>	<u>-- %</u>

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2018**

**BUDGETARY ANALYSIS**

Budget to actual analysis provides the reader with useful information regarding the Commission's use of budgets and a sense of what management was attempting to achieve during the year. Budget to actual comparisons can be found on page 16.

**General Fund Budgetary Highlights**

**Final Revenue Budget vs. Actual Revenues**

The following information provides a summary of the primary factors that caused the variances in the final budgeted revenues compared to actual revenues:

- Proposition 10 Apportionment revenue is more than the budgeted amount by \$267,558
- Interest revenue was not budgeted, therefore, is more than the budgeted amount by \$42,073
- Refunds and Reimbursement revenue was not budgeted, therefore, is more than the budgeted amount by \$2,403
- There is a favorable increase of Total Revenues above the budgeted amount by \$312,033

**Final Expenditure Budget vs. Actual Expenditures**

The following information provides a summary of the primary factors that caused the variance in the final budgeted expenditures compared to actual expenditures:

- Professional and Special Services expenses were less than the budgeted amount by \$546,509
- Services and Supplies were more than the budgeted amount by \$152,602
- There is a favorable decrease of Total Expenditures below the budgeted amount by \$393,907

**Overall Final Budget vs Revenues and Expenditures**

- Overall there is a favorable increase in the actual Revenues less Expenditures compared to the Final Budget of \$705,940. This is a result of a favorable increase in total revenues above the budgeted amount by \$312,033 and the favorable decrease in total expenditures below the budgeted amount by \$393,907.

**Next Years Budget**

The Commission has adopted its budget of \$2,753,755 for 2018-2019 fiscal year. The Commission anticipates funding to be approximately \$1,500,660 for major grant projects, \$310,992 for First 5 Impact, \$40,200 for First 5 Impact HUB/CDE, \$172,683 for the School Readiness Initiative, \$60,000 for the PACES Early Care Stipend Program, \$15,000 for Community Outreach Support, \$15,000 for the Professional Development Mini-Grant and \$99,996 for Mini-Grants. Evaluation and office administration costs are preliminarily budgeted at \$539,224.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may reach Julio Rodriguez at (760) 482-2991.



**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
GOVERNMENT FUND BALANCE SHEET AND STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>General Fund</b>	<b>Adjustments (Note 1)</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and Investments	\$ 4,594,691	\$ --	\$ 4,594,691
Due From Other Governments	645,881	-	645,881
Payroll Tax Refund Receivable	1,900	--	1,900
Total Assets	<u>\$ 5,242,472</u>	<u>\$ --</u>	<u>\$ 5,242,472</u>
<b>Liabilities</b>			
Accounts Payable and Payroll Liabilities	\$ 11,478	\$ --	\$ 11,478
Compensated Absences	--	33,273	33,273
Total Liabilities	<u>11,478</u>	<u>33,273</u>	<u>44,751</u>
<b>Fund Balance/Net Position</b>			
<b>Fund Balance</b>			
Assigned Funds	2,791,857	(2,791,857)	--
Committed Funds	2,214,531	(2,214,531)	--
Unassigned Funds	224,606	(224,606)	--
Total Fund Balance	<u>5,230,994</u>	<u>(5,230,994)</u>	<u>--</u>
<b>Net Position</b>			
Restricted Funds	--	5,197,721	5,197,721
Total Net Position	<u>--</u>	<u>5,197,721</u>	<u>5,197,721</u>
Total Liabilities, and Fund Balances/Net Position	<u>\$ 5,242,472</u>	<u>\$ -</u>	<u>\$ 5,242,472</u>

See accompanying Notes to the Financial Statements

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
GOVERNMENT FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Adjustments (Note 1)</b>	<b>Statement of Activities</b>
<b>Program Revenues</b>			
Proposition 10 apportionment	\$ 2,372,060	\$ --	\$ 2,372,060
Total Program Revenues	<u>2,372,060</u>	<u>--</u>	<u>2,372,060</u>
<b>General Revenues</b>			
Investment earnings	42,072	--	42,072
Refunds and Reimbursements	<u>2,403</u>	<u>--</u>	<u>2,403</u>
Total General Revenues	<u>44,475</u>	<u>--</u>	<u>44,475</u>
Total Revenues	<u>2,416,535</u>	<u>--</u>	<u>2,416,535</u>
<b>Expenditures/Expenses</b>			
<b>Children and Family Services</b>			
Professional and special services	2,092,618	33,273	2,125,891
Services and supplies	<u>290,986</u>	<u>--</u>	<u>290,986</u>
Total Program Expenses	<u>2,383,604</u>	<u>33,273</u>	<u>2,416,877</u>
Excess of Revenues Over Expenditures	32,931	--	--
Net Change in Fund Balance	32,931	(32,931)	--
Net Change in Fund Balance	--	(342)	(342)
Fund Balance/Net Position			
Beginning of Year	<u>5,198,063</u>	<u>--</u>	<u>5,198,063</u>
Fund Balance/Net Position - End of year	<u>\$ 5,230,994</u>	<u>\$ (33,273)</u>	<u>\$ 5,197,721</u>

See accompanying Notes to the Financial Statements

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Imperial County Children and Families First Commission (the Commission) was established by the Imperial County Board of Supervisors pursuant to Proposition 10, the California Children and Families First Act of 1998, through adoption of Ordinance Number 1213 on December 8, 1998, and amended by Ordinance No. 1301 on September 3, 1999. The purpose of the Commission is to promote, support, and improve the early development of children from the prenatal stage through five years of age. The Commission is funded by taxes levied by the State of California on tobacco products. The Commission consists of nine voting members.

***A Legal Public Entity Separate From the County***

On June 18, 2013 the Board of Supervisors of the County of Imperial approved ordinance 1489 which supplemented ordinances 1213 and 1301 with two changes. The first change clarified the status of the Commission to be a legal public entity separate from the County. The second Change acknowledged the expanded audit guidelines established by the Health & Safety Code section 130151 and require that the audits and reports provided under these guidelines shall be transmitted to the Imperial County Auditor-Controller.

**B. Basis of Presentation and Accounting**

***Government-Wide Financial Statements  
(Statement of Net Position and Statement of Activities)***

Government-wide financial statements consist of the statement of net position and the statement of activities. These statements are presented on an economic resources measurement focus. All economic resources and obligations of the reporting government are reported in the financial statements.

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 specifically associated with the Commission. Program revenues include proposition 10 apportionments that are restricted to meeting the operational requirements of the Commission. Revenues that are not classified as program revenues, such as investment earnings and refunds and reimbursements, are presented instead as general revenues.

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 when a liability is incurred, regardless of the timing of related cash flows.

***Fund Financial Statements  
(General Fund)***

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance of the Commission's general fund. These statements are presented on a current-financial resources measurement focus. The fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. The statement of revenues, expenditures and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current resources. All operations of the Commission are accounted for in the general fund.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation and Accounting (continued)**

***Fund Financial Statements (continued)  
(General Fund)***

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues susceptible to accrual include grants, and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred except for compensated absences which are recorded only when payment is due.

The General Fund is the Commission's primary operating fund and its only major fund. The General Fund accounts for all financial resources of the Commission.

***Net Position***

The government-wide financial statements utilize a net position presentation. The Commission's net position is classified as follows:

**Unrestricted:** This category represents the net position of the Commission, not restricted for any project or other purpose.

***Fund Balance Classification***

In accordance with generally accepted accounting principles, the Commission implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

**Nonspendable:** portion of net resources that cannot be spent because they are not in an expendable form (e.g., Prepaid Expenditure or Inventory), or portion of net resources that cannot be spent because they must be maintained intact (e.g., revolving fund or the principal of an endowment).

**Restricted:** amounts or limitations constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations of other governments – e.g., funds granted by First 5 California under specific agreements for services such as matching funds for specific initiatives).

**Committed:** limitation imposed at the highest level of decision-making that require the same formal action to remove or modify. The highest level of decision-making authority is the appointed Commissioners, and the agenda item is the formal action used to commit fund balance, which would include a vote to commit the funds for a specified purpose.

**Assigned:** amounts or limitations are constrained by the Commission's intent to be used for a specific purpose. The Commission's Board is responsible for assigning fund balance through a formal action by an agenda item however; the Executive Director has the authority to remove the assignment.

**Unassigned:** resources in the fund balance that cannot be reported in any other classification or negative fund balance.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, followed by the committed, assigned, and unassigned resources as they are needed.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***B. Basis of Presentation and Accounting (continued)***

***Fund Balance Classification (continued)***

The Commission has evaluated the composition of its fund balance and has reported in the following categories:

- Restricted:

The restricted fund balance is \$0

- Committed for Budgeted Program, Award Grantees, and School Readiness:

The Commission has set aside certain spendable fund balance for programs that have been approved and awarded funding. At year end, the committed fund balance is \$2,214,531 of which \$1,600,656 is for budgeted for programs, \$310,992 is for First 5 IMPACT, \$40,200 is for First 5 Impact HUB/CDE, \$172,683 is for the School Readiness Initiative, \$60,000 is for PACES, \$15,000 is for Community Outreach Support, and \$15,000 is for Professional Develop Mini-Grant

- Assigned for Encumbrances, Local Initiatives and Program Sustainability:

Assigned Funds include Encumbrances of \$741,857 which represent amounts pending on contracts and other commitments. These encumbrances are reported on the balance sheet as a reservation of fund balance at year end since they do not constitute expenditures or liabilities. An additional amount of \$2,050,000 is designated as Assigned Funds to be used for Local Initiatives and Program Sustainability. Total assigned fund balance is \$2,791,857.

- Unassigned:

The unassigned fund balance is \$224,606.

***C. Fair Value Measurement***

The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Commission does not have any investments that are measured using Level 3 inputs.

The Commission is a participant in the County of Imperial Treasurer's Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). Cash on deposit in the County Pool at June 30, 2017, is stated at fair value. Information regarding categorization of investments and risk can be found in the County's financial statements. The financial statements for the County of Imperial may be obtained by contacting the Auditor-Controller's office in El Centro, CA.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Capital Assets**

Capital assets purchased or acquired with an original cost of \$7,500 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of the asset are capitalized.

**E. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2. CASH AND INVESTMENTS**

The Commission's cash is deposited with the Imperial County Treasurer and in a bank account separate from the Imperial County Treasurer. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

The portion of the County treasury attributed to the Commission's cash was \$4,436,496 as of June 30, 2018. The fair value of the Commission's portion of this pool as of June 30, 2018 was \$4,436,496. The portion of the separate bank account was \$158,195 as of June 30, 2018 with a fair market value of \$158,195.

The Commission benefits from the Treasurer's practice of pooling cash and investing certain funds. Interest earned on these pooled investments is allocated and apportioned quarterly to the Commission, based on the average daily balance for each quarter.

**Note 3. DUE FROM OTHER GOVERNMENTS**

Due from other governments represents amounts due to the Commission from the California Children and Families Commission ("State Commission") for Prop 10 related revenues and Interest Receivable due to the Commission from the County of Imperial. The amounts due at June 30, 2018, were as follows:

Prop 10 Revenue For:	
May-17	\$ 167,408
June-17	115,030
First 5 Impact	265,505
Prop 56	83,060
SMIF (Interest)	<u>2,726</u>
Total Prop 10 Revenue due from other Governments	633,729
County of Imperial	
Interest Receivable	<u>12,152</u>
Total Due from other Governments	<u><u>\$ 645,881</u></u>

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 4. - COMPENSATED ABSENCES**

Commission policy permits employees to accumulate earned, but unused vacation pay benefits. Vacation and holiday pay are accrued when incurred. Governmental funds record amounts that are due and payable at year-end as a liability in the government-wide financial statements. At June 30, 2017, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net position was \$33,273.

**Note 5. - RELATED PARTY TRANSACTIONS**

Imperial County Children and Families First Commission board membership includes members of the County and local community-based organizations which serve children in Imperial County. At times programs funded through the Commission may be operated by organizations that are represented by members of the Commission's board. Those board members abstain from voting on issues involving their respective organizations.

**Note 6: RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, employees health and natural disasters, The Commission manages these various risks of loss by purchasing commercial insurance coverage. Their insurance includes coverage for bodily injury, property damage, personal injury, directors' and officers' liability, public officials' errors and omissions, and non-owned and hired autos. In addition the Commission maintains a Workers' compensation package for it's employees.

**Note 7: 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.

**Note 8. PROGRAM EVALUATION**

California Children and Families Program, issued by the California State Controller, the Commission is required to disclose the amounts expended during the fiscal year on program evaluation. Program evaluation costs pertain to those activities undertaken to support the collection, production, analysis and presentation of evaluation information for Commission management, Commissioners and other interested parties.

The Commission spent \$238,852 on program evaluation during the fiscal year ending June 30, 2018.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 9. COMMITMENTS**

The Commission has two (2) operating leases for their current office location. The leases are for a term of four (4) years each, starting July 1, 2016. These leases require payments of \$2,250 per month for the Commission's office rent and \$1,666 per month for the Commission's First Five Impact office rent. Both of these leases expire on June 30, 2020. Rent expense for the year ended June 30, 2018 was \$27,000 for office rent and \$19,992 for First 5 Impact office rent.

The Commission has an operating lease for a copier with a term of 60 months. This lease was signed on June 6, 2013. Copier lease expense for the year ended June 30, 2018 was \$2,080. Total lease payments for the year ended June 30, 2018 were \$49,072.

Future minimum lease payments are as follows:

Year Ended June 30,			
2019		\$	49,755
2020			49,302
2021			2,311
2022			2,311
2023			2,311
Total			<u><u>\$ 105,990</u></u>

**Note 10. EFFECT OF NEW GOVERNMENT ACCOUNTING BOARD STANDARDS) PRONOUNCEMENTS**

**GASB Statement No. 75** – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. In June 2015, GASB issued Statement No. 75. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement is effective for periods beginning after June 15, 2017. The Commission determined that this statement did not have a material effect on the financial statements.

**GASB Statement No. 85** – *Omnibus*. In March 2017, GASB issued Statement No. 85. The objective of this Statement is to address practice issues that have been identified during implementation of application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Commission determined that this statement did not have a material effect on the financial statements.

**GASB Statement No. 86** – *Certain Debt Extinguishment Issues*. In May 2017, GASB issued Statement No. 86. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Commission determined that this statement did not have a material effect on the financial statements.



**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 11. EFFECT OF FUTURE GOVERNMENT ACCOUNTING BOARD STANDARDS (GASB) PRONOUNCEMENTS**

**GASB Statement No. 83 - *Certain Asset Retirement Obligations.*** In November 2016, GASB issued Statement No. 83. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The Commission has not determined the effect, if any, on the financial statements.

**GASB Statement No. 84 - *Fiduciary Activities.*** In January 2017, GASB issued Statement No. 84. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Commission has not determined the effect, if any, on the financial statements.

**GASB Statement No. 87 - *Leases.*** In June 2017 GASB issued Statement No. 87. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The Commission has not determined the effect, if any, on the financial statements.

**GASB Statement No. 88 - *Certain Disclosures Related to debt, including Direct Borrowings and Direct Placements.*** In March 2018, the GASB issued Statement No. 88. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This statement is effective for periods beginning after June 15, 2018. The Commission has not determined the effect, if any, on the financial statements.

**GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period.*** In June 2018, the GASB issued Statement No. 89. The objectives of this statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This statement is effective for periods beginning after December 15, 2019. The Commission has not determined the effect, if any, on the financial statements.

**GASB Statement No. 90 - *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61.*** In September 2018, the GASB issued Statement No. 90. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018. The Commission has not determined the effect, if any, on the financial statements.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amountst</u>	<b>Variances Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Proposition 10 apportionment	\$ 2,104,502	\$ 2,104,502	\$ 2,372,060	\$ 267,558
Interest	--	--	42,072	\$ 42,072
Refunds and Reimbursements	<u>--</u>	<u>--</u>	<u>2,403</u>	<u>2,403</u>
Total revenues	<u>2,104,502</u>	<u>2,104,502</u>	<u>2,416,535</u>	<u>312,033</u>
<b>Expenditures</b>				
Professional and special services	2,639,127	2,639,127	2,092,618	546,509
Services and supplies	<u>138,384</u>	<u>138,384</u>	<u>290,986</u>	<u>(152,602)</u>
Total expenditures	<u>2,777,511</u>	<u>2,777,511</u>	<u>2,383,604</u>	<u>393,907</u>
Net Change in Fund Balance	<u>\$ (673,009)</u>	<u>\$ (673,009)</u>	\$ 32,931	<u>\$ 705,940</u>
Fund Balance - Beginning of Year			<u>5,198,063</u>	
Fund Balance - End of Year			<u>\$ 5,230,994</u>	

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2018**

**Note 1: Budget and Budgetary Reporting**

The Commission is required to prepare a budget each year based on estimated revenues and expenditures. The budget is adopted by the Commission Board on or before July 1 on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is exercised at the fund level. All changes to the budget during the year are reflected in these financial statements and require the approval of the Board of Commissioners. All unencumbered annual appropriations lapse at the end of each fiscal year.

The original budget was approved by the Commission on June 7, 2018 for the fiscal year 2018/2019.

Board of Commissioners  
Imperial County Children and Families First Commission  
El Centro, California 92243

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

**INDEPENDENT AUDITOR'S REPORT**

I 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 of the Imperial County Children & Families First Commission (Commission), a legal public entity separate from the County of Imperial, California as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued my report thereon dated November 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Commission's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2018-1 to be a material weaknesses.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2018-2 to be a significant deficiency.

## **Compliance and Other Matters**

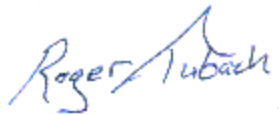
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

## **Imperial County Children & Families First Commission's Response to Findings**

Imperial County Children & Families First Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Imperial County Children & Families First Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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 blue ink that reads "Roger Tubach". The signature is written in a cursive style with a large, stylized initial "R".

El Centro, California  
November 28, 2018

Board of Commissioners  
 Imperial County Children and Families First Commission  
 El Centro, California 92243

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

**Compliance**

I have audited the Imperial County Children & Families First Commission's (Commission) compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2018.

**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**

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

I conducted my 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 I 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 occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance. However, my audit does not provide a legal determination of the Commission's compliance with those requirements. In connection with the audit referred to above, I 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 my opinion, Imperial County Children & Families First Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct material effect on the California Children and Families Program for the year ended June 30, 2018.

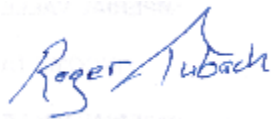
## **Other Matters**

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act and which are described in the accompanying schedule of findings and responses as item 2018-03.

The Commission's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

## **Purpose of Report**

The purpose of this report on compliance is solely to describe the scope of our testing 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

A handwritten signature in blue ink that reads "Roger Tubach". The signature is written in a cursive style with a large, sweeping initial "R".

El Centro, California  
November 28, 2018

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**FINDING 2018-01**

**FINANCIAL REPORTING**

**Criteria:**

Management is responsible for a system of internal controls over financial reporting which should be designed to initiate, authorize, record, process and report financial data reliably in accordance with U.S. generally accepted accounting principles (GAAP).

**Condition:**

- While conducting the audit, it was noted that the payroll transactions, including employee benefits were materially misstated in the draft financial statements.
- While conducting the audit, it was also noted that the payroll transactions, including employee benefits did not have trial balance, general ledger, trial balance, balance sheet or income statements.

**Context:**

The Commission utilizes the County of Imperial Auditor's office and accounting system to record income and expenses and to provide the detail transaction (general ledger) and summary transaction (trial balance) reports. The Commission also utilizes a local bookkeeping service to prepare payroll checks which also include employee benefits. These transactions were done on a separate bank account that is not integrated in the County of Imperial's accounting system. The payroll transactions were not accurately reported in the trial balance. This resulted in a material misstatement of the trial balance accounts.

**Effect:**

The condition increases the risk that a material misstatement to the trial balance (and financial statements) could go uncorrected.

**Cause:**

The Commission did not have sufficient procedures over accounting processes that is adequately designed to correct misstatements in the trial balance (and the financial statements) in a timely manner.

**Recommendation:**

I recommend that the Commission strengthen procedures to ensure that the payroll transactions are prepared in accordance with GAAP and adequately integrated into the trial balance. I also recommended that complete financial statements are prepared and reviewed for accuracy and completeness. Further, I recommend that personnel involved in payroll and in the preparation and review of the financial statements obtain training to ensure payroll transactions and financial statements are presented in conformity with GAAP.

**View of Responsible Officials and Planned Corrective Action:**

The Commission agrees with the recommendation. Implementation and corrective actions will consist of ensuring that payroll transactions will be prepared in accordance with GAAP and integrating these in the trial balance as well as financial statements in a complete and accurate manner. Personnel involved in payroll transactions and financial statements will obtain guidance conforming to GAAP standards.



**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**Finding 2018-02**

**INTERNAL CONTROLS PAYROLL**

**Criteria:**

Management is responsible for a system of internal controls over payroll which should be designed to initiate, authorize, record, process and report payroll financial data reliably in accordance with U.S. generally accepted accounting principles and government accounting standards.

**Condition:**

While conducting the audit, it was noted that many of the time sheets prepared by employees were not signed by the employee and approved by their supervisor and executive director prior to payroll preparation.

**Context:**

Time sheets have been submitted for payroll processing sometimes more than one pay period in advance. An employee resigned in which payroll checks were already prepared. Those checks were subsequently voided. However, this resulted in an overpayment of federal and state payroll taxes.

**Effect:**

The condition increases the risk errors and misstatements could go uncorrected.

**Cause:**

The Commission did not have sufficient internal controls over the payroll timesheets and the payroll preparation process that are adequately designed to detect and correct errors.

**Recommendation:**

I recommend that the Commission design internal controls and develop payroll procedures, over the payroll process, to provide reasonable assurance that errors in payroll will be prevented or detected in a timely manner. Further, I recommend that personnel involved in the preparation and review of the payroll transactions obtain training in internal controls.

**View of Responsible Officials and Planned Corrective Action:**

The Commission agrees with the recommendation. Corrective action will consist of designing internal controls and developing payroll procedures that assure that payroll errors be prevented and detected in a timely manner. Personnel involved in payroll transactions will obtain guidance in internal controls.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**FINDING 2018-03**

**ADMINISTRATIVE COSTS, FINANCIAL CONDITION AND PROGRAM EVALUATION POLICIES**

**Criteria or Specific Requirement:**

The Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (Guide), issued by the California State Controller's Office states the following:

- Section V-b, Administrative Costs: The county commission must have a process in place to monitor these costs.
- Section V-f, Financial Condition of the Commission: The county commission must have policies and practices with respect to communicating its financial condition.
- Section V-g, Program Evaluation: The county commission must have policies and practices with respect to the amount it spends on program evaluation and the documented results of these expenditures.

**Condition:**

It was noted that the Commission staff provides financial reports reports to the Commission Board. However, these financial reports do not accurately report payroll activity.

**Context:**

The financial reports provided to the Commission Board are materially misstated due to errors in reporting payroll transactions.

**Effect:**

The Commission staff increases its risk of noncompliance with the statutory requirements of the Guide. The Guide notes that future allocations may be withheld.

**Cause:**

The Commission staff did not fully comply with practices and procedures with respect to communicating it's financial condition.

**View of Responsible Officials and Planned Corrective Action:**

The Commission will work to assure that policies and practices are enhanced to guarantee that reports fully comply with communicating its financial condition, which will include incorporating the County of Imperial Auditor's accounting system and payroll prepared by a bookkeeping service that provide both detailed and summary transaction reports on income and expenses.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
ROSTER OF COMMISSION MEMBERS  
JUNE 30, 2018**

At June 30, 2018, the Commission consisted of the following members:

Karla A. Sigmond, Chairperson  
Educator/Administrator  
El Centro Elementary School District

Barbara J. Deol, RB, MSN, Vice Chairperson  
Care Manager  
California Health and Wellness

Yurii Camacho  
Educator  
Holtville Unified School District

Ray Castillo  
Supervisor, County Board of Supervisors  
County of Imperial

Becky Green  
Director of Child, Family & Consumer Science  
Imperial Valley College

Joong S. Kim  
Business Owner

Fred Miramontes  
Undersherrif, Imperial County Sheriff's Office  
County of Imperial

Peggy Price, MPA  
Director of Social Services  
County of Imperial

Danila Vargas, MPA  
Deputy Director of Public Health  
County of Imperial