

**NAPA COUNTY
CHILDREN AND FAMILIES COMMISSION
(A Component Unit of the County of Napa)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
FINANCIAL STATEMENTS
JUNE 30, 2022**

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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
COMMISSION MEMBERSHIP**

<u>Name</u>	<u>Representing</u>	<u>Date of Appointment</u>	<u>Current Term Expires</u>
Monica Koenig	County Representative	02/2022	12/2026
Jennifer Yasumoto	Member	02/2020	12/2026
Brad Wagenknecht	Board of Supervisors	01/2019	12/2022
Michele Grupe	Member	02/2019	01/2023
Elba Gonzalez-Mares	Member	02/2021	01/2025
Jennifer Ocon	Member	02/2019	01/2023
Kecia Lind	Member	02/2019	01/2023
Juan Carlos Cisneros	Member	02/2021	01/2025
Kelsey Petithomme	Member	08/2022	01/2024

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Napa County Children and Families Commission
Napa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of the Napa County Children and Families Commission (the Commission), a component unit of the County of Napa, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Commission as of June 30, 2022, and the respective changes in financial position thereof and the General Fund budgetary comparison statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, budgetary comparison schedule on page 20, and note to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Expenditures by Fund Source and Net Position of California Children and Families Commission (CCFC) Funds for First 5 Programs and Activities; the Statement of Revenues, Expenditures, and Changes in Fund Balance – Divisional

Breakdown, and Schedule of Expenditures by Program and Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures by Fund Source and Net Position of California Children and Families Commission (CCFC) Funds for First 5 Programs and Activities; the Statement of Revenues, Expenditures, and Changes in Fund Balance – Divisional Breakdown; and Schedule of Expenditures by Program and Administration are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Commission membership information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California
October 24, 2022

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

On November 3, 1998, California voters approved Proposition 10 – the Children and Families First Act (the Act). The Act imposed an additional excise tax on cigarettes and tobacco related products to fund programs that promote, support, and improve the early development of children from prenatal through 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.

The Napa County (County) Board of Supervisors created the Napa County Children and Families Commission (Commission) in 1998 under the provisions of the Act. The Commission consists of nine members appointed by the County Board of Supervisors. The Commission is a public entity legally separate and apart from the County.

As management of the Commission, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's 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 supplementary information in addition to the financial statements themselves.

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

The *Statement of Net Position* presents information on all of the Commission's assets and liabilities, 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 (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 8-9 of this report.

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

The Commission adopts an annual appropriated budget for its fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

The fund financial statements can be found on pages 10-11 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-19 of this report.

Required Supplementary Information (RSI). RSI is presented concerning the Commission’s General Fund budgetary schedule. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Commission presents its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) 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. In the case of the Commission, assets exceed liabilities by \$887,916 at the close of the most recent fiscal year. The most significant portion of the Commission’s net position is its cash balance of \$748,021. Cash is maintained by the County Treasurer in the County’s cash and investment pool where interest earned on the Commission’s balance is apportioned to the Commission. Another source of net position resides in the Commission’s receivables, the majority due from the State Commission for Proposition 10 taxes in the amount of \$58,045, the Home visiting coordination grant of \$40,016, and HUB grant of \$182,052. These receivables represent taxes that were remitted by the State but had not been received by the Commission as of June 30, 2022. The Commission also reports accounts payable and accrued payroll of \$235,991 representing payments due for obligations and payroll expenses incurred during the year, but not yet paid. With the implementation of GASB Statement No. 87, the Commission also experience 100% increase in assets for the addition of a right-of-use asset in the amount of \$170,893 and a 100% increase in liabilities for the lease liability of \$174,623.

Napa County Children and Families Commission

Statement of Net Position Comparison

	Fiscal Year 2021-22	Fiscal Year 2020-21	Difference
Total Assets	\$ 1,314,999	\$ 1,034,984	\$ 280,015
Total Liabilities	427,083	167,839	259,244
Total Net Position	<u>\$ 887,916</u>	<u>\$ 867,145</u>	<u>\$ 20,771</u>

Statement of Activities Comparison

	Fiscal Year 2021-22	Fiscal Year 2020-21	Difference
Total Revenues	\$ 1,496,374	\$ 1,102,429	\$ 393,945
Total Expenses	1,475,603	1,043,013	432,590
Change in Net Position	<u>\$ 20,771</u>	<u>\$ 59,416</u>	<u>\$ (38,645)</u>

FINANCIAL ANALYSIS OF THE COMMISSION'S GOVERNMENTAL FUND

As noted earlier, fund accounting is used by the Commission to ensure and demonstrate compliance with finance-related legal requirements.

For the year ended June 30, 2022, the Commission reported an ending fund balance of \$905,910, an increase of \$140,701, or 18%, from the prior year.

The total fund balance represents committed resources for Commission approved contracts using Proposition 10 funds.

Napa County Children and Families Commission

Statement of Revenues, Expenditures, and Changes in Fund Balance

	Fiscal Year 2021-22	Fiscal Year 2020-21	Difference
Total Revenues	\$ 1,841,270	\$ 1,054,330	\$ 786,940
Expenditures			
Administration	178,879	224,134	(45,255)
Program Expenditures	1,521,690	811,847	709,843
Total Expenditures	1,700,569	1,035,981	664,588
Change in Fund Balance	\$ 140,701	\$ 18,349	\$ 122,352

Total revenue consisting of Proposition 10 funds, interest income and, State Commission matching revenue, increased from \$1,054,330 to \$1,841,270, an increase of \$786,940, or 74.6%, from the prior fiscal year. This increase was due to First 5 Napa serving as the fiscal agent for the region for HUB reimbursement funds.

Total expenditures increased from \$1,035,981 to \$1,700,569, an increase of \$664,588, or 64.2%, from the prior fiscal year. This increase was due to First 5 Napa serving as the fiscal agent for the region for HUB reimbursement funds.

FUND BUDGETARY HIGHLIGHTS

Total revenues were above final budget by \$316,897, approximately 20.8%, mainly due to the recognition of the lease (right-to-use) asset in accordance with GASB Statement No. 87. Total expenditures were under budget by \$59,098, approximately 3.5%, due to a combination of recognizing the lease liability in accordance with GASB Statement No. 87 and a reduction of community grants during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Commission's capital assets for governmental activities consisted of right-to-use leased assets at the end of the current fiscal year. The Commission's right-to-use leased assets totaled 170,893 (net of accumulated amortization) as of June 30, 2022. Right-to-use leased assets include one building lease. Refer to Note 4 and 5 for additional details.

The Commission's long-term obligations were for compensated absences and lease liabilities. The Commission's compensated absences obligations totaled \$16,469 as of June 30, 2022. The Commission's lease liabilities obligations totaled \$174,623 as of June 30, 2022. Refer to Notes 3 and 5 for additional details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission is committed to focusing Proposition 10 funds on the purposes for which they are intended, to promote and sustain an integrated, early childhood system, that will help to nurture children 0-5 years of age so that their young brains and bodies will develop appropriately.

The following economic factors were considered in preparing the Commission's financial plan for fiscal year 2022-23:

- The economic recession resulting from the COVID-19 pandemic
- Continued decline of State Proposition 10 revenues
- Quality Counts California Local Consortia and Partnership Grants awarded to the Commission by First 5 California, California Department of Education (CDE), and the California Department of Social Services
- The Home Visitation Coordination Grant awarded to the Commission by First 5 California

The Commission views Proposition 10 as a mechanism to improve and enhance the early childhood system in Napa County. Our updated Community Plan shows our focus on developing cross-sector community leaders, to comprehensively address systems that impact families, across the entire spectrum of prevention (from individual behavior and skill development to federal/state and local policy development). Key to this effort is a focus on diversity, equity, and inclusion in all programs, services, organizational structures, policies, and legislation.

The Commission will continue to create opportunities for collaboration with the early childhood community, community-based organizations, other government agencies, and non-traditional partners to position the Commission to leverage additional public and private funds and develop early childhood champions throughout Napa County.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Commission 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 the Napa County Children and Families Commission, 1303 Jefferson Street, Suite 100A, Napa, California 94559.

FINANCIAL STATEMENTS

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS

Cash in County treasury	\$	748,021
Imprest cash		500
Due from other agencies		390,785
Deposits with others		4,800
Leased assets		
Right-to-use - Building, net of accumulated amortization		170,893
Total Assets		1,314,999

LIABILITIES

Accounts payable		216,769
Accrued payroll		19,222
Long-term liabilities		
Due within one year:		
Compensated absences:		12,663
Lease liability		50,898
Due in more than one year		
Compensated absences:		3,806
Lease liability		123,725
Total Liabilities		427,083

NET POSITION

Net investment in capital assets (leased assets)		(3,730)
Unrestricted		891,646
Total Net Position	\$	887,916

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Program Expenses	
Salaries and employee benefits	\$ 416,711
Services and supplies	726,365
Community grants	329,059
Debt service:	
Interest	3,468
	1,475,603
Total Program Expenses	
Program Revenues	
Operating grants and contributions:	
State: Proposition 10 apportionment	668,435
State: Proposition 56	224,173
State: First 5 IMPACT grant	145,664
State: CDE QRIS Block Grant	47,983
State: HV Coordination Grant	88,573
State: HUB Reimbursement	289,751
State: PDG-R Grant	17,625
Other grants	5,425
	1,487,629
Total Program Revenues	
Net Program Revenues	12,026
General Revenues	
Other revenues	3,535
Interest revenue	5,210
	8,745
Total General Revenues	
Change in Net Position	20,771
Net Position, Beginning of Year	867,145
Net Position, End of Year	\$ 887,916

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
BALANCE SHEET
JUNE 30, 2022**

Assets

Cash in County treasury	\$ 748,021
Imprest cash	500
Due from other agencies	390,785
Deposits with others	<u>4,800</u>
Total Assets	<u><u>\$ 1,144,106</u></u>

Liabilities

Accounts payable	\$ 216,769
Accrued payroll	19,222
Unearned revenue	<u>2,205</u>
Total Liabilities	<u>238,196</u>

Fund Balance

Committed	<u>905,910</u>
Total Fund Balance	<u>905,910</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,144,106</u></u>

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balance - total governmental fund (from above)	\$ 905,910
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	(16,469)
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Right-to-use leased assets used for governmental activities are not reported as assets in the governmental fund.	170,893
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Lease liability is not reported in the governmental fund.	(174,623)
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Some of the County's intergovernmental revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the governmental funds.	<u>2,205</u>
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Net position of governmental activities (page 8)	<u><u>\$ 887,916</u></u>
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The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

Revenues:	
State: Proposition 10 apportionment	\$ 668,435
State: Proposition 56	224,173
State: First 5 IMPACT grant	240,447
State: CDE QRIS Block Grant	74,621
State: HV Coordination Grant	88,573
State: HUB Reimbursement	289,751
State: PDG-R Grant	17,625
Other grants	5,425
Donations and contributions	3,535
Interest earnings	5,210
	<u>1,617,795</u>
Total Revenues	
	<u>1,617,795</u>
Expenditures:	
Salaries and employee benefits	421,932
Services and supplies	673,783
Community grants	329,059
Debt service:	
Principal	48,852
Interest	3,468
Capital outlay:	
Right-to-use leased assets	223,475
	<u>1,700,569</u>
Total Expenditures	
	<u>1,700,569</u>
Deficiency of Revenues under Expenditures	
	<u>(82,774)</u>
Other financing sources:	
Lease inception	223,475
	<u>223,475</u>
Total Other Financing Sources	
	<u>223,475</u>
Net Change in Fund Balance	140,701
Fund Balance, Beginning of Year	765,209
	<u>765,209</u>
Fund Balance, End of Year	<u>\$ 905,910</u>

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022 (Continued)**

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities**

Net change in fund balance - total governmental fund (from above)	\$	140,701
Amounts reported for governmental activities in the statement of activities are different because:		
Lease amortization expense does not use current financial resources but has an effect on net position.		(52,582)
Lease principal payments on long-term debt use current financial resources but have no effect on net position.		48,852
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental fund.		5,221
Revenues in the Statement of Activities recognized in the current fiscal year which are reported as unearned revenue in the governmental funds.		<u>(121,421)</u>
Change in net position of governmental activities (page 9)	\$	<u><u>20,771</u></u>

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Napa County Children and Families Commission (Commission), previously known as the Napa County Children and Families First Commission, was established on December 15, 1998, pursuant to Health and Safety Code §130140. The Commission was also established in accordance with the provisions of the California Children and Families First Act of 1998 and by Napa County Ordinances 1151 and 1154. The name was changed pursuant to Ordinance 1175 on September 12, 2000. The nine members of the Commission are appointed by the Napa County Board of Supervisors.

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

The Commission includes all activities (operations of its administrative staff and Commission officers) considered to be a part of the Commission. The Commission reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14 and amended by Statement No. 61, relating to the financial reporting entity to determine whether the Commission is financially accountable for other entities. The Commission has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the financial statements. In addition, the Commission is not aware of any entity that would be financially accountable for the Commission that would result in the Commission being considered a component unit of that entity, but is considered a component unit of the County of Napa (the County) due to the selection of Commission members.

The financial statements included in this report are intended to present the financial position and results of operations of only the Commission. They are not intended to present the financial position and results of operations of the County taken as a whole.

B. Basis of Presentation and Accounting

Government-Wide Statements

The statement of net position and statement of activities display information about the primary government (Commission). These statements include the financial activities of the overall Commission.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including investment income, are presented 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting (Continued)

Fund Financial Statements

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

Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) value in exchange, include sales taxes, grants, entitlements, and donations. On the modified accrual basis of accounting, revenues from sales taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Commission reports one major governmental fund, the General Fund. The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the general government.

C. Due from Other Agencies

This amount represents receivables from the State government. Management has determined the Commission's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

D. Lease Assets

Right-to-use leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any direct costs that are ancillary charges necessary to place the lease assets into service in accordance with GASB Statement No. 87.

Right-to-use leased assets are amortizing using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the Commission has determined is reasonably certain of being exercised.

E. Compensated Absences

The Commission accounts for compensated absences in accordance with GASB Statement No. 16. Unused vacation benefits may be accrued up to a maximum of 180 hours.

The earned vacation is payable upon separation and is reported at the current balance of the liability. There is no payout of sick leave upon separation from the Commission.

F. Net Position/Fund Balance

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Position – This category represents net position of the Commission, not restricted for any project or other purpose.

Fund Balance

To be in conformance with GASB Statement No. 54, fund balance is reported 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, 2022, the Commission's fund balance consisted of the following component:

Committed Fund Balance includes amounts that are constrained by limits imposed by the government's highest level of decision making, the Board of Commissioners. Removal or modification of the use of funds can be accomplished only by formal action of the authority, the Board of Commissioners, that established the constraints.

G. 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.

H. New Accounting Pronouncements Implemented

GASB Statement No. 87 – Leases. The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all fiscal years thereafter. The Commission has implemented this statement and the provisions are contained within the financial statements.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this statement are effective for fiscal years beginning after December 15, 2020. This statement did not impact the financial statements or disclosures of the Commission as the Commission does not have these types of transactions.

GASB Statement No. 92 – Omnibus 2020. The requirements of this statement are effective as follows:

- The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of GASB Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of GASB Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in fiscal years beginning after June 15, 2021.

This statement does not impact the financial statements or disclosures of the Commission as the Commission does not have these types of transactions.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. The requirements of this statement, except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. The requirement in paragraph 11b is effective for fiscal years ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all fiscal years thereafter. This statement did not impact the financial statements or disclosures of the Commission as the Commission does not have these types of transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements Implemented (Continued)

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The requirements of this statement are effective as follows:

- The requirements in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately.
- The requirements in paragraphs 6–9 of this statement are effective for fiscal years beginning after June 15, 2021.

This statement does not impact the financial statements or disclosures of the Commission as the Commission does not have these types of transactions.

I. Future Accounting Pronouncements

GASB Statement No. 91 – *Conduit Debt Obligations.* The requirements of this statement are effective for fiscal years beginning after December 15, 2021. Earlier application is encouraged. The Commission has not fully judged the impact of implementation of this standard on the financial statements.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all fiscal years thereafter. The Commission has not fully judged the impact of implementation of this standard on the financial statements.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements.* The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Commission has not fully judged the impact of implementation of this standard on the financial statements.

GASB Statement No. 99 – *Omnibus 2022.* The requirements of this statement are effective as follows:

- The requirements related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all fiscal years thereafter.

Earlier application is encouraged. The Commission has not fully judged the impact of implementation of this standard on the financial statements.

GASB Statement No. 100 – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62.* For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Earlier application is encouraged. The Commission has not fully judged the impact of implementation of this standard on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Future Accounting Pronouncements (Continued)

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Earlier application is encouraged. The Commission has not fully judged the impact of implementation of this standard on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022, consisted of the following:

Cash in County Treasury	\$	748,021
Imprest Cash		<u>500</u>
Total Cash and Investments	\$	<u><u>748,521</u></u>

The Commission maintains all of its cash and investments with the County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County's financial statements may be obtained by contacting the County's Auditor-Controller's Office at 1195 Third Street, Room B10, Napa, CA 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the Commission's deposit and investment risks at June 30, 2022, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

NOTE 3 – CHANGES IN COMPENSATED ABSENCES

The following is a summary of long-term liabilities as of June 30, 2022:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	<u>\$ 21,691</u>	<u>\$ 17,618</u>	<u>\$ (22,840)</u>	<u>\$ 16,469</u>	<u>\$ 12,663</u>

NOTE 4 – CAPITAL ASSETS (LEASES)

Lease activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balances June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2022</u>
Right-to-use leased assets, amortizable:				
Buildings	\$ -	\$ 223,475	\$ -	\$ 223,475
Total right-to-use leased assets being amortized	<u>-</u>	<u>223,475</u>	<u>-</u>	<u>223,475</u>
Less accumulated amortization for:				
Buildings	<u>-</u>	<u>(52,582)</u>	<u>-</u>	<u>(52,582)</u>
Total accumulated amortization	<u>-</u>	<u>(52,582)</u>	<u>-</u>	<u>(52,582)</u>
Total right-to-use leased assets, net	<u>\$ -</u>	<u>\$ 170,893</u>	<u>\$ -</u>	<u>\$ 170,893</u>

Amortization for right-to-use leased assets for the fiscal year ended June 30, 2022, was \$52,582.

NOTE 5 – LONG-TERM LIABILITIES

The Commission has entered into one lease agreement, with a recognized inception date of July 1, 2021, as lessee for the use of 1303 Jefferson, Suite 100a. The lease term ends on October 31, 2025. An initial lease liability of \$223,475 was recorded on July 1, 2021. As of June 30, 2022, the value of the lease liability was \$174,623. The difference of \$48,852 is related to the principal portion of the lease payments made during the fiscal year 2022. The Commission has a fixed base rent schedule, ranging from \$4,300 a month on July 1, 2021, to \$4,802 a month ending October 31, 2025. The Commission is utilizing the County's incremental borrowing rate of 1.9%.

Principal and interest payments to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 50,898	\$ 2,880
2024	53,387	1,891
2025	55,978	854
2026	<u>14,360</u>	<u>46</u>
Total	<u>\$ 174,623</u>	<u>\$ 5,671</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022, the Commission paid the County, a related party, \$17,597 for accounting and administrative services.

NOTE 7 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to general liability and workers' compensation. Insurance for the Commission is secured through commercial lines for both general liability and workers' compensation coverage.

NOTE 8 – PROGRAM EVALUATION

The Commission spent \$17,625 on program evaluation during the year ended June 30, 2022. These funds were used for consulting fees.

NOTE 9 – SECTION 30131.4 OF THE CALIFORNIA TAX AND REVENUE CODE CERTIFICATION

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

NOTE 10 – CONTINGENT LIABILITIES

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

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 24, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary Fund Balances, July 1	\$ 272,792	\$ 265,459	\$ 765,209	\$ 499,750
Resources (Inflows)				
Proposition 10 apportionment	831,528	831,528	668,435	(163,093)
Interest earnings	5,000	5,000	5,210	210
State - Other funding	280,160	280,160	935,190	655,030
Other grants	407,685	407,685	5,425	(402,260)
Donations and contributions	-	-	3,535	3,535
Other financing sources	-	-	223,475	223,475
Amounts Available for Appropriation	<u>1,524,373</u>	<u>1,524,373</u>	<u>1,841,270</u>	<u>316,897</u>
Charges to Appropriations (Outflows)				
Salaries and employee benefits - Administration	524,553	464,553	421,932	42,621
Services and supplies:				
Communications	7,000	7,000	4,601	2,399
Insurance	9,270	9,270	11,795	(2,525)
Office expense	53,500	53,500	2,650	50,850
Office supplies - Furniture and fixtures	2,000	2,000	1,223	777
Postage	250	250	39	211
Memberships and certifications	5,000	5,000	4,995	5
Books/Media/Periodicals/Subscriptions	-	-	58	(58)
Advertising and marketing	150	150	322	(172)
Legal expense	2,000	2,000	1,688	312
Audit and accounting services	25,000	25,000	26,597	(1,597)
Consulting services	305,000	365,000	341,750	23,250
Interpreting services	5,000	5,000	4,820	180
Publications and legal notices	250	250	-	250
Training services	65,000	65,000	72,057	(7,057)
Training conference expenses	10,000	10,000	3,600	6,400
Business related meals and supplies	2,000	2,000	4,298	(2,298)
Business travel/mileage	3,500	3,500	-	3,500
Janitorial services	3,600	3,600	3,600	-
Other professional services	13,000	185,625	176,168	9,457
Computer equipment/accessories	2,000	2,000	614	1,386
Computer software/Licensing fee	2,500	2,500	6,984	(4,484)
Debt service:				
Principal	52,320	52,320	48,852	3,468
Interest	-	-	3,468	(3,468)
Rent and utilities:				
Rents and leases - Building and improvements	725	725	1,523	(798)
Rents and leases - Equipment	3,000	3,000	4,401	(1,401)
Service awards	1,000	1,000	-	1,000
Community grants	662,049	489,424	329,059	160,365
Capital outlay:				
Right-to-use leased assets	-	-	223,475	(223,475)
Total Charges to Appropriations	<u>1,759,667</u>	<u>1,759,667</u>	<u>1,700,569</u>	<u>59,098</u>
Net Change in Fund Balance	<u>(235,294)</u>	<u>(235,294)</u>	<u>140,701</u>	<u>375,995</u>
Fund Balance, End of Year	<u>\$ 37,498</u>	<u>\$ 30,165</u>	<u>\$ 905,910</u>	<u>\$ 875,745</u>

See the accompanying note to the required supplementary information.

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

BUDGET AND BUDGETARY ACCOUNTING

The Napa County Children and Families Commission (Commission) prepares and legally adopts a final budget on or before August 30th of each fiscal year. The Commission operation, commencing July 1st, is governed by the proposed budget, adopted by the Board of Commissioners in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Commission resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Commission.

Budget information is presented for the Commission's only fund. The Commission makes adjustments to its original budget during the year. This enables the effectiveness of the Commission in meeting budget objectives to be evaluated and the adequacy of the budget itself to be judged. The only exceptions to this are the appropriations of unanticipated revenues and the revision of appropriations to reflect major economic up or down turns materially affecting estimated revenues. Expenditures in excess of budgeted amounts are approved individually by the Board of Commissioners. Annual appropriated budgets are adopted for the Commission. It is this final revised budget that is presented in these financial statements.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object levels of expenditures include: salaries and benefits, services and supplies, rent and utilities, and program expenditures.

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTARY INFORMATION

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
 SCHEDULE OF EXPENDITURES BY FUND SOURCE AND NET POSITION
 OF CALIFORNIA CHILDREN AND FAMILIES COMMISSION (CCFC) FUNDS
 FOR FIRST 5 PROGRAMS AND ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022**

<u>Program and/or Activity</u>	<u>Revenue CCFC Funds</u>	<u>Expenditures</u>	<u>Change in Position</u>	<u>Net Position Beginning of Year</u>	<u>Net Position End of Year</u>
First 5 IMPACT CCFC Program Funds	\$ 240,447	\$ 176,143	\$ 64,304	\$ (94,784)	\$ (30,480)
Total	<u>\$ 240,447</u>	<u>\$ 176,143</u>	<u>\$ 64,304</u>	<u>\$ (94,784)</u>	<u>\$ (30,480)</u>

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DIVISIONAL BREAKDOWN
FOR THE YEAR ENDED JUNE 30, 2022**

	Children and Families First	Quality Counts	Total
Revenues:			
State: Proposition 10 apportionment	\$ 668,435	\$ -	\$ 668,435
State: Proposition 56	224,173	-	224,173
State: First 5 IMPACT grant	-	240,447	240,447
State: QRIS Block Grant	-	74,621	74,621
State: HV Coordination Grant	88,573	-	88,573
State: HUB Reimbursement	289,751	-	289,751
State: PDG-R Grant	17,625	-	17,625
Other grants	5,425	-	5,425
Donations and contributions	3,535	-	3,535
Interest earnings	5,210	-	5,210
Total Revenues	<u>1,302,727</u>	<u>315,068</u>	<u>1,617,795</u>
Expenditures:			
Salaries and employee benefits	382,174	39,758	421,932
Services and supplies	673,783	-	673,783
Community grants	176,188	152,871	329,059
Debt service:			
Principal	48,852	-	48,852
Interest	3,468	-	3,468
Capital outlay:			
Right-to-use leased assets	223,475	-	223,475
Total Expenditures	<u>1,507,940</u>	<u>192,629</u>	<u>1,700,569</u>
Financing sources:			
Lease inception	223,475	-	223,475
Total Other Financing Sources	<u>223,475</u>	<u>-</u>	<u>223,475</u>
Net Change in Fund Balance	18,262	122,439	140,701
Fund Balance, Beginning of Year	<u>888,836</u>	<u>(123,627)</u>	<u>765,209</u>
Fund Balance, End of Year	<u>\$ 907,098</u>	<u>\$ (1,188)</u>	<u>\$ 905,910</u>

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
SCHEDULE OF EXPENDITURES BY PROGRAM AND ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Evaluation	Direct Program	Administration	Total
Salaries and employee benefits	\$ -	\$ 295,815	\$ 126,117	\$ 421,932
Services and supplies	17,625	603,396	52,762	673,783
Community grants	-	329,059	-	329,059
Long-term liabilities:				
Principal	-	24,426	24,426	48,852
Interest	-	1,734	1,734	3,468
Capital outlay:				
Right-to-use leased assets	-	111,738	111,737	223,475
Total Expenditures	\$ 17,625	\$ 1,366,168	\$ 316,776	\$ 1,700,569
Percentage of total for each category	1%	80%	19%	100%

OTHER REPORTS

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

Board of Commissioners
Napa County Children and Families Commission
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Napa County Children and Families Commission (the Commission), a component unit of Napa County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our reported dated October 24, 2022.

Report on Internal Control over Financial Reporting

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

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

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

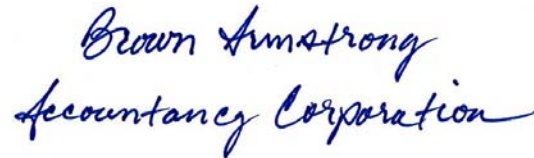
Report on Compliance and Other Matters

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

Purpose of This Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California
October 24, 2022

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Commissioners
Napa County Children and Families Commission
Napa, California

Opinion

We have audited the Napa County Children and Families First Commission's (the Commission), a component unit of County of Napa, 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, 2022.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the California Children and Families Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

accordance with GAAS, *Government Auditing Standards*, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the California Children and Families Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

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

Internal Control over Compliance

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

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

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

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
October 24, 2022

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

No findings in the current year.

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

No findings in the prior year.