



**FIRST 5 MARIN**

Learn. Grow. Thrive.

**MARIN COUNTY CHILDREN AND  
FAMILIES COMMISSION**

Audited Financial Statements

June 30, 2024

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# MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## Audited Financial Statements, and Compliance Reports

June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Marin County Children and Families Commission  
San Rafael, 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 Marin County Children and Families Commission (the Commission), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Marin County Children and Families Commission, as of June 30, 2024, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for 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's 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 generally accepted 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 generally accepted auditing standards 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, budgetary comparison schedule, schedule of the proportionate share of the net pension liability and schedule of contributions to the pension plan, as listed in the table of contents, 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

To the Board of Commissioners  
Marin County Children and Families Commission

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2024, 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 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.

*Richardson & Company, LLP*

October 22, 2024

This section of the Marin County Children and Families Commission (Commission) annual financial report presents our discussion and analysis of the Commission's financial performance for the fiscal year that ended June 30, 2024. Please read it in conjunction with the Commission's financial statements, which immediately follow this section.

## **Financial Highlights**

### **Government-wide Financial Statements**

As of June 30, 2024, the Commission's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$4,029,853 (net position), a decrease of 8.3% from the previous year's amount of \$4,398,839. \$4,048,113 of the net position is classified as "unrestricted," which is available to meet the Commission's ongoing obligations. The deficit "net investment in capital assets" of \$(18,260) is the Commission's right-to-use lease asset offset by the lease liability amount, as calculated per GASB Statement No. 87, *Leases*. The deficit is temporary due to the timing of the amortization of the leased asset and a lease liability. The change in net position continues a trend of many years. Fewer Californians are using tobacco, a good public health outcome. Additionally, the Passage of Proposition 31, banning the sale of additional tobacco products used in vaping products, caused an immediate drop in tax revenue. The California Department of Finance estimates that Prop 31 is responsible for a 30% long-term reduction in tobacco taxes.

Total Commission revenues for fiscal year 2023-24 are substantially from Marin County's portion of state tobacco tax revenue. Our total revenue, excluding investment income, on a full-accrual basis was \$1,894,539 which is a slight increase of \$267,748 or 16%, from the prior year's amount of \$1,626,791.

Total expenses for fiscal year 2023-24 were \$2,451,210, a decrease of \$268,816 or 10%, from prior year expenses of \$2,720,026. In 2022-23, Marin Children and Families Commission experienced a decrease in evaluation expenses due to the commission's renewal of the strategic plan.

### **Governmental Funds**

At the close of the current fiscal year, the Commission's governmental fund reported a fund balance of \$4,018,271, a decrease of \$353,303, or 8%, in comparison with the prior year.

At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was \$4,018,271.

### **Overview of the Financial Statements**

The Commission's financial report includes:

1. The basic financial statements, which include the *government-wide financial statements* and the *fund financial statements*.
2. Notes to the financial statements.
3. Required supplementary information



### **Government-Wide Financial Statements**

The *government-wide financial statements* provide a broad overview of the Commission's activities as a whole and are comprised of the *statement of net position* and the *statement of activities*. The *statement of net position* provides information about the financial position of the Commission on the full accrual basis, similar to that used in the private sector. It shows the Commission's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The *statement of activities* provides information about the Commission's revenues and expenses, also on the full accrual basis, and explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

### **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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Commission's activities are accounted for in the general fund.

The *fund financial statements* report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements report the Commission's operations in more detail and focus on the near-term activities of the Commission. The fund financial statements are prepared on the modified accrual basis and measure only current revenues, expenditures and fund balances; they exclude capital assets and long-term liabilities.

### **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.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Commission's progress in funding its obligations to provide pension benefits to its employees and a budget versus actual summary for the general fund. Required supplementary information can be found immediately after the notes to the financial statements.

Marin County Children and Families Commission  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024

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**Financial Information**

The following is a summary of the Commission's statement of net position comparing balances at June 30, 2023 and June 30, 2024.

	Governmental Activities			
	2024	2023	Change	% Change
<b>Assets</b>				
Current and other assets	\$ 4,493,762	\$ 4,681,483	\$ (187,721)	-4%
Noncurrent assets	174,282	229,553	(55,271)	-24%
Total assets	4,668,044	4,911,036	(242,992)	-5%
 Deferred outflows of resources	 241,218	 289,689	 (48,471)	 -17%
<b>Liabilities</b>				
Current liabilities	456,082	380,398	75,684	20%
Noncurrent liabilities	347,174	348,822	(1,648)	0%
Total liabilities	803,256	729,220	74,036	10%
 Deferred inflows of resources	 76,153	 72,666	 3,487	 5%
<b>Net Position</b>				
Net investment in capital assets	(18,260)	(15,736)	(2,524)	16%
Unrestricted	4,048,113	4,414,575	(366,462)	-8%
Total net position	\$ 4,029,853	\$ 4,398,839	\$ (368,986)	-8%

The Commission's net position from governmental activities decreased from \$4,398,839 in 2023 to \$4,029,853 on June 30, 2024. The \$(368,986) decrease in net position is primarily attributed to the Commission's decision to transfer funds from investments funds into programs to ensure continuity of funding responsibility to grantees.

Total assets decreased by \$242,992, or 4.95%, from the prior year. For 2024 the Commission recognized a right-to-use lease asset due to the implementation of GASB Statement No. 87, *Leases* of \$170,418 net of accumulated amortization. Furthermore, the CalPERS net pension liability was \$189,339, compared to a net pension liability of \$134,654 on June 30, 2023.

Current liabilities for the year ending June 30, 2024 increased by \$75,684 to \$456,082. For 2024 the Commission recognized a lease liability due to the implementation of GASB Statement No. 87, *Leases*. The current portion of the lease liability was \$56,734 on June 30, 2024. The changes in other current liabilities including accounts payable are due to timing of payments.

Noncurrent liabilities as of June 30, 2024, consisted of the long-term component of compensated absences of \$25,891 and the Commission's administrative office lease of \$131,944. Noncurrent liabilities increased mostly due to an increase in the CalPERS net pension liability offset by a reduction in the lease liability from scheduled payments.

At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources in the amounts of \$241,218 and \$76,153, respectively. The deferred outflows (inflows) of resources represent amounts that will increase (decrease) pension expense in subsequent periods.

Marin County Children and Families Commission  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024

The following is a summary of the Commission's revenues, expenses and change in net position comparing fiscal year 2022-23 with fiscal year 2023-24.

	Governmental Activities			
	2024	2023	Change	% Change
Program Revenues		*		
Proposition 10 tobacco tax	\$ 978,882	\$ 943,818	\$ 35,064	4%
Proposition 56 tobacco tax	385,054	316,122	68,932	22%
California Electronic Cigarette Excise tax	28,235	16,907	11,328	67%
Government grant revenue	488,618	308,998	179,620	58%
Sponsorship revenue	10,500	40,946	(30,446)	-74%
Fees for services revenue	3,250	-	3,250	100%
Total program revenues	1,894,539	1,626,791	267,748	16%
General Revenues				
Investment income	187,695	49,311	138,384	281%
Miscellaneous	-	75,266	(75,266)	-100%
Total revenues	2,082,234	1,751,368	330,866	19%
Expenses				
Program services	2,210,488	2,477,357	(266,869)	-11%
Evaluation	29,562	121,945	(92,383)	-76%
General administration	211,160	120,724	90,436	75%
Total expenses	2,451,210	2,720,026	(268,816)	-10%
Change in net position	(368,976)	(968,658)	599,682	-62%
Net position beginning of year	4,398,839	5,367,497	(968,658)	-18%
Net position end of year	\$ 4,029,863	\$ 4,398,839	\$ (368,976)	-8%

\* 2023 was reallocated based on current classifications.

Tobacco tax revenues increased \$103,996, or 8% compared to 2022-2023. The difference is mostly due to the slight increase of Prop 56 backfill monies and the Commission's intent to actively pursue other grant funding sources to account for the decline in tobacco tax dollars.

The Commission allocates its expenses based on the strategic priorities which are identified in the 2022-2030 Strategic Plan: The allocation of expenses, identified as cost centers, are: Systems Strengthening/Grassroots Capacity, Policy and Advocacy, Communications/Public Education and Data and Information. In 2020, the Help Me Grow program was added to the Strategic Plan. In accordance with state law, the Commission also maintains a cost center which reflects evaluation efforts. The Commission expended \$2,451,210 in fiscal year 2023-24 compared to \$2,720,026 in the previous fiscal year. This is a decrease of expenses of \$268,816 or 10%. The decrease is primarily due to the strategic planning process and the decision to minimize programmatic expenditures due to the awareness of the decrease in Prop 10 funding.

### Financial Analysis of the General Fund

The fluctuations in the Commission's General Fund revenues and expenditures from the year ended June 30, 2023, to June 30, 2024, are like those in the government-wide statement of activities. Differences between the general fund, which reports accounting transactions on the modified accrual basis of accounting, and the governmental activities, which reports accounting transactions on the full accrual

## Marin County Children and Families Commission

Management's Discussion and Analysis (Unaudited)

June 30, 2024

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basis of accounting, arise primarily due to the general fund not reporting long-term assets and liabilities. Specifically, accrued vacation, pension, and tobacco tax revenue not received in the availability period and deferred are recognized in the governmental activities financial statements but not the general fund.

The general fund's ending fund balance as of June 30, 2024, was \$4,018,271, a decrease of \$353,303 compared to a decrease of \$620,411 in 2023. Tobacco tax revenues increased in comparison to the previous year by \$27,614, grant revenues increased \$179,620, and we recognized investment income of \$178,161, but expenditures exceeded revenues. This was partly offset because of an intentional decrease in programmatic expenditures during the budget planning process.

### **General Fund Budgetary Highlights**

Total revenues were less than the budgeted amount by \$146,874, and total expenditures were less than the budgeted amount of \$501,424. Total expenditures were less than budgeted due to the pause on budgeted program activities due to strategic planning.

### **Capital Assets and Debt Administration**

The Commission's investment in capital assets and long-term debt for its governmental activities as of June 30, 2024, amounts to \$157,771 (net of accumulated depreciation/amortization) and \$188,678 respectively. This investment in capital assets and long-term debt represents the building lease, which only changed due to lease payments and amortization.

### **Economic Outlook and Major Initiatives**

The state projects a continuing decrease of Proposition 10 Tobacco Surtax revenue due to a decline in tobacco consumption and the passages of Prop 31 and Prop 56. Therefore, the Commission's allocation is also expected to decline, with a projected decrease of approximately 3-4% in the upcoming fiscal year and continuing thereafter.

In January 2024, the Commission approved a new Request For Proposal application process for fiscal years 2024-2027 with a total community investment of \$1,000,000 for each fiscal year. Many of the projects that were selected for award will provide direct services focused on increasing families' access to services that improve child health and/or will focus on strengthening networks and centering the community in efforts to advance systems change. Ten (10) projects were selected for award totaling \$1,011,526, and contracts are programmed to start in FY 2024-2025, with continuous support of projects up through Fiscal Years 2025-2026 and 2026-2027.

### **Request for Information**

This annual report is intended to provide the community with a general overview of the Commission's finances. Questions about this report should be directed to Maria P. Niggle, Executive Director, at 1050 Northgate Drive, Suite 130, San Rafael, CA 94903.

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## STATEMENT OF NET POSITION

June 30, 2024

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 4,224,120
Taxes receivable	163,964
Grants receivable	84,601
Interest receivable	17,827
Accounts receivable	3,250
	<u>TOTAL CURRENT ASSETS</u>
	4,493,762
NONCURRENT ASSETS	
Deposit	3,864
Lease asset, net	170,418
	<u>TOTAL NONCURRENT ASSETS</u>
	174,282
	<u>TOTAL ASSETS</u>
	4,668,044
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	<u>241,218</u>
CURRENT LIABILITIES	
Accounts payable and accrued expenses	85,680
Accrued salaries and benefits	16,250
Project payables	280,323
Compensated absences - current portion	17,095
Lease liability - current portion	56,734
	<u>TOTAL CURRENT LIABILITIES</u>
	456,082
NONCURRENT LIABILITIES	
Compensated absences - noncurrent portion	25,891
Lease liability - noncurrent portion	131,944
Net pension liability	189,339
	<u>TOTAL NONCURRENT LIABILITIES</u>
	347,174
	<u>TOTAL LIABILITIES</u>
	803,256
DEFERRED INFLOWS OF RESOURCES	
Pension plan	<u>76,153</u>
NET POSITION	
Net investment in capital assets	(18,260)
Unrestricted	<u>4,048,113</u>
	<u>TOTAL NET POSITION</u>
	<u>\$ 4,029,853</u>

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

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	Charges for Services	Governmental Activities
GOVERNMENTAL ACTIVITIES				
PROGRAM EXPENSES				
Governmental activities:				
Early childhood development	\$ 2,451,210	\$ 1,891,289	\$ 3,250	\$ (556,671)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,451,210</u>	<u>\$ 1,891,289</u>	<u>\$ 3,250</u>	<u>(556,671)</u>
GENERAL REVENUES				
Investment income				187,685
TOTAL GENERAL REVENUES				<u>187,685</u>
CHANGE IN NET POSITION				(368,986)
Net position, beginning of year				<u>4,398,839</u>
NET POSITION, END OF YEAR				<u>\$ 4,029,853</u>

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

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## BALANCE SHEET - GENERAL FUND

June 30, 2024

	<u>Fund</u>
ASSETS	
Cash and investments	\$ 4,224,120
Taxes receivable	163,964
Grants receivable	84,601
Interest receivable	17,827
Accounts receivable	<u>3,250</u>
TOTAL ASSETS	<u><u>\$ 4,493,762</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued expenditures	\$ 85,680
Accrued salaries and benefits	16,250
Project payables	<u>280,323</u>
TOTAL LIABILITIES	<u><u>382,253</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>93,238</u>
FUND BALANCES	
Assigned	1,646,400
Unassigned	<u>2,371,871</u>
TOTAL FUND BALANCES	<u><u>4,018,271</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 4,493,762</u></u>

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

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

June 30, 2024

Fund balances - governmental funds, June 30, 2024	\$ 4,018,271
Amounts reported for governmental activities in the government-wide statement of activities are different from those reported in the governmental funds above because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	170,418
Pension adjustments will increase or reduce the pension liability in the future and are reported as deferred outflows or inflows of resources on the government-wide statement of activities.	165,065
The Commission placed a deposit with the lessor in connection with its leased office facility. The deposit is not a current financial resource and therefore is not reported in the governmental fund.	3,864
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Lease liability	(188,678)
Compensated absences	(42,986)
Net pension liability	(189,339)
Unavailable revenue is recognized under the full accrual basis for government-wide purposes.	<u>93,238</u>
Net position - governmental activities, June 30, 2024	<u><u>\$ 4,029,853</u></u>

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



MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND

For the Year Ended June 30, 2024

REVENUES

Tobacco tax, Proposition 10	\$ 902,500
Tobacco tax, Proposition 56	385,054
Government grant revenue:	
Federal grant revenue - American Rescue Plan Act (ARPA)	413,258
State and local grant revenue	73,577
California Electronic Cigarette Excise Tax	22,686
Investment income	178,161
Sponsorship revenue	10,500
Fees for services - CalAIM	3,250
TOTAL REVENUES	<u>1,988,986</u>

EXPENDITURES

Current:

Early childhood education:

Partnership for change	929,951
Grassroot capacity	276,454
Public education	257,500
Public policy advocacy	161,741
Evaluation	27,455
Help Me Grow	427,293
General administration	196,110

Debt service - lease:

Principal	52,747
Interest	13,038

TOTAL EXPENDITURES 2,342,289

NET CHANGE IN FUND BALANCE (353,303)

Fund balance, beginning of year 4,371,574

FUND BALANCE, END OF YEAR \$ 4,018,271

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

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL  
FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Net change in fund balances - governmental funds	\$ (353,303)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, governmental funds show proceeds from disposals of capital assets, while the statement of activities shows gains and losses on those disposals.

Amortization of lease asset	(55,271)
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Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense	(106,643)
Change in interest payable	748
Change in compensated absences liability	(502)
Change in lease liability	52,747

Revenues not received within the availability period are deferred in governmental funds, but are recognized as revenue under the full accrual method of accounting in the government-wide statements. Amount represents the change in unavailable revenue.

93,238
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Change in net position - governmental activities	<u>\$ (368,986)</u>
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The accompanying notes are an integral part of these financial statements.

# MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Marin County Children and Families Commission (the Commission) are prepared in conformity with U.S. generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Commission are described below.

Reporting Entity: The Commission, known as First 5 Marin, is a local commission formed in accordance with Section 130100-130150 of the California Health and Safety Code.

On December 15, 1998, the Marin County Board of Supervisors passed and adopted Ordinance 3288 amending the Marin County Code to add Chapter 2-41, which created the Marin County Children and Families Commission and the Marin County Children and Families Trust Fund.

A governing board consisting of at least five but not more than nine members, which are appointed by the Marin County Board of Supervisors, administers the Commission. The membership consists of two members from the County's Department of Health and Human Services, one member from the County's Board of Supervisors and the remaining members are selected from one or more of the following categories: tobacco control, recipients of project services, educators specializing in early childhood development, representatives of local resource and referral agencies, representatives from local child care coordinating groups, representatives from local organizations specializing in early intervention for families at risk, representatives from community-based organizations that have the goal of promoting nurturing and early childhood development, representatives from local school districts, and representatives from local medical, pediatric, or obstetric associations or societies.

Basis of Presentation – Government-wide Financial Statements: The government-wide statement of net position and statement of activities display information about the non-fiduciary activities of the primary government (the Commission).

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activities. Direct expenses are those that are specifically associated with the Commission's activities. Program revenues include operating grants and contributions that are restricted to meeting the operational requirements of the Commission. Revenues that are not classified as program revenues, including investment income, are presented 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. Nonexchange transactions in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include tobacco taxes, grants, entitlements and contributions. Revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied, even if no claim has been filed.

Basis of Presentation – Fund Financial Statements: The accounts of the Commission are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers all revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured and are payable from current financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

When both restricted and unrestricted fund balance/net position may be available to finance program expenditures, the Commission's policy is to first apply restricted resources to such programs, followed by unrestricted resources as necessary.

The Commission reports all operations in the General Fund.

Capital Assets: Capital assets are stated at historical cost or estimated historical cost if historical cost is not available. Capital assets are defined as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Provision is made for depreciation or amortization by the straight-line method over the estimated useful lives of the individual assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Lease assets are recognized at the lease commencement date and represent the Commission's right to use an underlying asset for the lease term. Lease assets are measured at the present value of the lease payments plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 5 years.

Subscription assets are recognized at the subscription commencement data and represent the Commission's right to use the underlying asset for the subscription term. Subscription assets are measured at initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Subscription assets are amortized over the subscription term or useful life of the underlying asset using the straight-line method. The Commission had no subscription assets at June 30, 2024.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and subscriptions and will remeasure the lease and subscription asset and liabilities if certain changes occur that are expected to significantly affect the amount of the liability.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources(expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

outflows and inflows of resources include amounts deferred related to the Commission’s pension plan under GASB Statement No. 68 as described in Note F. Unavailable revenue in governmental funds arise when a potential revenue source does not meet both the “measurable” and “available” criteria for recognition in the current period.

Compensated Absences: Compensated absences are considered long-term in nature and are reported in the fund financial statements as expenditures in the period paid or when due and payable at year-end under the modified accrual basis of accounting. A liability for compensated absences has been accrued in the government-wide financial statements.

Compensated absences consist of employee earned vacation time and floating holiday time and are accrued by the Commission when earned by the employee. Unused vacation time and personal holiday may be accumulated up to a specified maximum and are paid at the time of termination from Commission employment. Vacation is available to any permanent employee after successfully completing 90 days of employment. Hours will accumulate according to the schedule and cannot exceed a maximum of one and a half times the employees annual benefit in hours. Vacation accrual rates are as follows:

Years of Service	Hourly Standard Accrual	Maximum Vacation Days
Less than 3 years	0.0385	10
3 to 5 years	0.0587	15
5 or more years	0.0770	20

Full time employees are allowed to take two floating holidays per calendar year, which do not carry over to the following year if not used and are not payable at separation. Sick leave and personal time are also accumulated for each employee. Sick leave and personal time are not payable at separation. Accumulated employee personal time, sick leave and personal time are, therefore, not recognized as a liability of the Commission since payment of such benefits is not probable. Therefore, these benefits are recorded as expenditures in the period the benefits are taken.

Lease and Subscription Liabilities: Lease liabilities represent the Commission’s obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The lease payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate. Information about the Commission’s lease payable is discussed in Note D.

Subscription liabilities represent the Commission’s obligation to make subscription payments arising from subscription contracts. Subscription liabilities are recognized at the subscription commencement date based on the present value of the future subscription payments expected to be made during the subscription term, adjusted for lease payments made at or before the subscription commencement date, plus certain initial direct costs. The subscription payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate. The Commission had no subscription liabilities at June 30, 2024.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources and pension expense related to the pension plan, information about the fiduciary net position of the Commission’s California Public Employees’ Retirement System (CalPERS) pension plan (the Plan)

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund is used to liquidate the pension liability.

Net Position: The government-wide financial statements present net position. Net position is categorized as the net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and amortization and capital related liabilities reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Commission had no restricted net position at June 30, 2024.

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

Fund Balance: Governmental funds report nonspendable, restricted, committed, assigned and unassigned fund balance.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which include prepaid expenses.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is by resolution of the Commission. These amounts cannot be used for any other purpose unless the governing body modifies or removes the fund commitment with another board resolution.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance is described in Note E to the financial statements.

Unassigned Funds – Unassigned fund balance is the residual classification of the Commission's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The Commission had only assigned and unassigned fund balance at June 30, 2024.

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

New Accounting Pronouncements: In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for each type of accounting change, including changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity, and error corrections. This Statement requires changes in accounting principles and error corrections to be reported retroactively by restating prior periods; requires changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period; and requires changes in accounting estimates to be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of new pronouncements in absence of specific transition provisions in the new pronouncement. This Statement also requires the aggregate amount of adjustments to and restatements of beginning net position, fund balance or fund net position, as applicable, to be displayed by reporting unit in the financial statements. Furthermore, this Statement requires information presented in required supplementary information or supplementary information to be restated for error corrections, if practicable, but not for changes in accounting principles. The Commission implemented this Statement during the year ended June 30, 2024 and it had no impact on the Commission's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a primary government, or reporting unit that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. If the criteria in the Statement have been met for a concentration or constraint, the government should disclose information in notes to financial statements in sufficient detail to enable users of financial statements understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The provisions of this Statement are effective for years beginning after June 15, 2024.

# MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including 1) certain topics and disclosures in Management's Discussion and Analysis; 2) requiring the display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide, governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement are effective for years beginning after June 15, 2025.

The Commission will fully analyze the impact of these new Statements prior to the effective dates listed above.

### NOTE B – CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 consisted of the following:

Bank deposits	\$ 830,235
Investments:	
U.S. Treasury obligations	1,574,508
Non-negotiable certificates of deposit	219,995
Corporate notes	721,397
Mutual funds	483,067
Marin County pooled investment fund	282,519
Local Agency Investment Fund (LAIF)	112,399
Total investments	<u>3,393,885</u>
Total cash and investments	<u>\$ 4,224,120</u>

Investments Authorized by the California Government Code and the Commission's Investment Policy:  
The Commission's investment policy and the California Government Code allow the Commission to invest in the following, provided the credit ratings of the issuers are acceptable to the Commission and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Commission's investment policy where the Commission's investment policy is more restrictive.



## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE B – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment Per Issuer
Local agency bonds, notes and warrants	5 years	None	None	None
U.S. Treasury obligations	5 years	None	None	None
U.S. agency securities	5 years	None	None	None
Banker's acceptances	270 days	None	40%	None
Commercial paper	180 days	A-1/P-1/F-1	40%	10%
Overnight commercial paper	180 days	A-1/P-1/F-1	40%	10%
Negotiable certificate of deposit	5 years	None	30%	None
Non-negotiable certificates of deposit	5 years	None	None	None
Corporate notes	5 years	A	30%	None
Mutual funds	N/A	AAA/Aaa	20%	10%
Money market mutual funds	N/A	AAA/Aaa	20%	10%
Marin County pooled investment fund	N/A	None	None	None
Local Agency Investment Fund	N/A	None	None	None

**Interest Rate Risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission manages its interest rate risk by purchasing a combination of shorter term and longer-term investments so that a portion of the portfolio is maturing or coming close to maturing evenly over time.

Information about sensitivity of the fair values of the Commission's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Commission's investments by maturity.

Authorized Investment Type	Total	12 Months or less	13 to 36 Months	36 to 60 Months
U.S. Treasury obligations	\$ 1,574,508	\$ 1,574,508		
Non-negotiable certificates of deposit	219,995	148,081	\$ 71,914	
Corporate notes	721,397	239,618	146,289	\$ 335,490
Mutual funds	483,067		483,067	
Marin County pooled investment fund	282,519			282,519
Local Agency Investment Fund (LAIF)	112,399	112,399		
Total investments	<u>\$ 3,393,885</u>	<u>\$ 2,074,606</u>	<u>\$ 701,270</u>	<u>\$ 618,009</u>

**Investment in the County of Marin Investment Pool:** The District's Investment Policy indicates the District may invest excess funds in the County's investment pool. The County's investment pool is monitored and reviewed by a Treasury Oversight Committee (Committee). The Committee and the County Board of Supervisors review and approve the County's investment policy yearly. The County's investment pool is not registered by the Securities and Exchange Commission. Interest earned on the pool is allocated to participants quarterly using the average daily cash balance of each fund.

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE B – CASH AND INVESTMENTS (Continued)

Investments held in the County's investment pool are available on demand to the District and are stated at amortized cost, which approximates fair value. The investment in the County pool is withdrawn on the amortized cost basis, which is different than the fair value of the District's investment in the pool. More information about the County's investment pool can be found in the notes to the County's basic financial statements at <https://www.marincounty.org>.

The Commission is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Commission reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by the State Statute. At June 30, 2024, the average maturity of investments in LAIF was 217 days.

**Credit Risk:** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following credit ratings issued by a nationally recognized rating agency as of June 30, 2024:

Investment Type	Total	Aaa/AAA	Aa1/AA+	A1/A+	A2/A	A3/A-	BBB	Unrated
U.S. Treasury obligations	\$ 1,574,508		\$ 1,574,508					
Non-negotiable certificates of deposit	219,995							\$ 219,995
Corporate notes	721,397	\$ 72,358		\$ 236,192	\$ 246,997	\$ 73,891	\$ 91,959	
Mutual funds	483,067							483,067
Marin County pooled investment fund	282,519							282,519
Local Agency Investment Fund	112,399							112,399
Totals	\$ 3,393,885	\$ 72,358	\$ 1,574,508	\$ 236,192	\$ 246,997	\$ 73,891	\$ 91,959	\$ 1,097,980

**Concentration of Credit Risk:** The investment policy of the Commission has no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. Investments exceeding 5% of total investments are required to be disclosed under GASB Statement No. 40, which excludes U.S. Treasury securities, mutual funds and external investment pools. At June 30, 2024 investments exceeding 5% of total investments were as follows:

Issuer	Type	Amount
American Express National Bank	Non-negotiable certificates of deposit	\$ 219,995
Alibaba Group Holding Limited	Corporate Notes	236,192

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE B – CASH AND INVESTMENTS (Continued)

that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2024, the Commission had \$157,771 in deposits at banks above the federally insured limit, which are collateralized by securities pledged by the financial institution, but not in the name of the Commission.

Fair Value Measurement: The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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 has the following recurring fair value measurements as of June 30, 2024:

	Total	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Treasury obligations	\$ 1,574,508		\$ 1,574,508		
Non-negotiable certificates of deposit	219,995		219,995		
Corporate notes	721,397		721,397		
Mutual funds	483,067		483,067		
Marin County pooled investment fund	282,519				\$ 282,519
Local Agency Investment Fund	112,399				112,399
Total investments by fair value level	<u>\$ 3,393,885</u>	<u>\$ -</u>	<u>\$ 2,998,967</u>	<u>\$ -</u>	<u>\$ 394,918</u>

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, which include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications. Deposits and withdrawals from the Marin County investment pool and LAIF are made on the basis of \$1 and not fair value. Accordingly, the Commission's proportionate share of investments in those funds are an uncategorized input not defined as Level 1, Level 2 or Level 3.

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE C – CAPITAL ASSETS

Capital assets activity was as follows for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets, being depreciated/amortized:				
Lease asset	\$ 285,566			\$ 285,566
Total capital assets, being depreciated/amortized	285,566			285,566
Less accumulated depreciation/amortization:				
Lease asset	(59,877)	\$ (55,271)		(115,148)
Total accumulated depreciation/amortization	(59,877)	(55,271)		(115,148)
Capital assets, net	\$ 225,689	\$ (55,271)	\$ -	\$ 170,418

Depreciation and amortization were charged to the early childhood development function/program of the Commission's governmental activities.

## NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2024 with the exception of the net pension liability reported in Note F:

	Balance July 1, 2023	Additions	Retirements	June 30, 2024	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 42,484	\$ 502		\$ 42,986	\$ 17,095	\$ 25,891
Lease liability - office	241,425		\$ (52,747)	188,678	56,734	131,944
	<u>\$ 283,909</u>	<u>\$ 502</u>	<u>\$ (52,747)</u>	<u>\$ 231,664</u>	<u>\$ 73,829</u>	<u>\$ 157,835</u>

Lease Payable: The Commission entered into a multi-year lease agreement for its administrative offices as lessee that ends on July 31, 2027. The Commission is required to make monthly principal and interest payments of \$5,244 to \$5,731 over the remaining lease term. The lease was discounted at an interest rate of 3.90%. The value of the right-to-use asset as of the end of the current fiscal year was \$285,566 and had accumulated amortization of \$115,148 at June 30, 2024.

The future principal and interest lease payments as of June 30, 2024 were as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 56,734	\$ 6,356	\$ 63,090
2026	60,914	4,070	64,984
2027	65,317	1,616	66,933
2028	5,713	18	5,731
	<u>\$ 188,678</u>	<u>\$ 12,060</u>	<u>\$ 200,738</u>

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE E – FUND BALANCE

Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance at June 30, 2024 consisted of the following:

Assigned for:	
Child Development Programs:	
Evaluation	\$ 100,000
Grassroots capacity	445,000
Help Me Grow	150,000
Partnerships for change	776,400
Public education	110,000
Public policy and advocacy	65,000
Total assigned fund balance	<u>1,646,400</u>
Unassigned	<u>2,371,871</u>
Total fund balance	<u>\$ 4,018,271</u>

The Commission may use the unassigned fund balance only for activities and costs within its jurisdiction. It is management's intention to use the unassigned fund balance for programs under the Commission's Strategic Plan.

The Commission's approved target is to maintain a fund balance stabilization reserve of not less than six months of annual operating expenditures, which was \$866,000 at June 30, 2024. In October of 2013, the governing board adopted a resolution establishing a stabilization account, which is part of unassigned fund balance in the General Fund. Under the resolution, a part of the fund balance of the general fund is reserved for stabilization arrangements to satisfy outstanding liabilities and meet contractual financial obligations under the Commission's Strategic Plan. The specific events that will allow access to the stabilization account are actions taken by the California legislature, voters, or other parties to redirect First 5 funding, repeal the proposition establishing First 5 Commissions, or otherwise limit the revenue available to the Commission.

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLAN

CalPERS Pension Plan Description: All qualified permanent and probationary employees are eligible to participate in the Commission's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The Commission participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Plan
- PEPPRA Miscellaneous Plan

Benefit provisions under the Plan are established by state statute and Council resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA rate plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1959 Survivor Benefit level 4. The cost-of-living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	PEPRA	
	Miscellaneous	Miscellaneous
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	11.84%	7.68%

The Miscellaneous rate plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2024, contributions of \$46,404 were made to the Plan.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2024, the Commission reported a net pension liability of \$189,339 for its proportionate share of the net pension liability of the Plan.

The Commission's net pension liability for its Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2023 was as follows:

Proportion - June 30, 2024	0.0038%
Proportion - June 30, 2023	0.0029%
Change	0.0009%

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

For the year ended June 30, 2024, the Commission recognized pension expense of \$153,047. At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to its Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 46,404	
Differences between actual and expected experience	9,672	\$ (1,500)
Changes in assumptions	11,431	
Differences between the employer's contributions and the employer's proportionate share of contributions		(74,653)
Change in employer's proportion	143,055	
Net differences between projected and actual earnings on plan investments	30,656	
Total	<u>\$ 241,218</u>	<u>\$ (76,153)</u>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date above will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2025	\$ 63,102
2026	36,760
2027	17,921
2028	878
	<u>\$ 118,661</u>

Actuarial Assumptions: The total pension liability at the June 30, 2023 measurement date for the Plan was determined using the following actuarial assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Payroll growth	2.80%
Projected salary increase	0.20% to 7.64% depending on entry age and service
Investment rate of return	6.90%
Mortality	Derived using CalPERS membership data for all funds

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

## NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 Experience Study report that can be found on the CalPERS website under Forms and Publications.

Discount Rate: The discount rate used to measure the total pension liability for the Plan was 6.90% at June 30, 2024. The projection of cash flows used for the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class for each risk pool. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a,b)
Global equity - cap-weighted	30.0%	4.54%
Global equity non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.00%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management Study.



MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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

1% decrease		5.90%
Net pension liability	\$	499,940
Current discount rate		6.90%
Net pension liability	\$	189,339
1% increase		7.90%
Net pension liability (asset)	\$	(66,311)

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

Payables to the Plan: The Commission did not have any significant payables to the Plan as of June 30, 2024.

Deferred Compensation Plan: The Commission offers an Internal Revenue Code Section 457 deferred compensation plan to employees called the California Public Employees' Deferred Compensation Plan (the Plan). The Plan is administered by CalPERS and Voya Institutional Plan Services. Benefit terms, including contribution requirements, are established and may be amended by the Board of Commissioners subject to the provisions in the CalPERS Plan Document. Participation is voluntary and participants are eligible to participate after signing a participation agreement. Participants are allowed to contribute up to the applicable Internal Revenue Code limit, have a separate account held in trust for benefits and self-direct the investment of their account balances. The participants are fully vested in their contributions and the Commission's contributions when they are made. The Commission and participants each contributed \$13,000 to the Plan during the year ended June 30, 2024.

NOTE G – CONTINGENCIES AND COMMITMENTS

Grant Contingency: The Commission receives revenue from federal, state and local agencies that have requirements to be followed when expending the revenues. If the requirements are not followed, the unauthorized expenditures could be required to be refunded to the granting agency. No such refunds are expected to occur.

Legal Contingencies: The Commission is a party to claims, legal actions and complaints that arise in the normal course of operations. It is management's belief, after consultation with legal counsel, that there are no loss contingencies that will result in a material adverse impact on the financial position of the Commission.

Grants Awarded: In April 2024, the Commission approved grant awards through the Request for Proposal grant application process to various partners through June 30, 2027 in the amount of \$1,542,288. Contracts will be entered into with the recipients on a yearly basis for the grant awards. Payment is subject to the recipients' expending funds under the grant guidelines and funding availability.

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE H – PROGRAM EVALUATION

In accordance with the *Standards and Procedures for Adults of California Counties Participating in the 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.

For the year ended June 30, 2024, the Commission expended \$27,455 for program evaluation.

NOTE I – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to the loss of, damage to and destruction of assets caused by accidents, forces of nature, and the requirements of the California Labor Code.

The Commission mitigates its exposure to loss through purchase of private insurance. During the year ending June 30, 2024, the Commission had no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance limits.

NOTE J – CONCENTRATION

The Commission receives a significant percentage of its revenue from tobacco tax collected under Propositions 10 and 56. The reduction of these revenue sources could have a significant impact on the Commission's operations.

NOTE K – SUBSEQUENT EVENTS

In September 2024, the Commission was awarded a \$146,417 grant from the Partnership HealthPlan of California for the 2024-2025 First 5 Grant Program. The terms of the grant will be received in the near future.

In October, 2024, the Commission was awarded \$225,500 in state and federal grant funds through the California Department of Health Care Services Capacity and Infrastructure Transition, Expansion, and Development (CITED) initiative Round 3 Intergovernmental Transfer (IGT) program. The funds are to be used to hire a Child and Family Care Coordinator/Case Manager to expand Enhanced Care Management (ECM) services to five underserved focus areas. The Commission is required to provide grant matching funds under the agreement.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Tobacco tax, Proposition 10	\$ 1,325,311	\$ 1,325,311	\$ 902,500	\$ (422,811)
Tobacco tax, Proposition 56			385,054	385,054
Government grant revenue:				
Federal grant revenue - ARPA	691,002	691,002	413,258	(277,744)
State and local grant revenue	117,047	117,047	73,577	(43,470)
California Electronic Cigarette Excise Tax			22,686	22,686
Investment income	2,500	2,500	178,161	175,661
Sponsorship revenue			10,500	10,500
Fees for services - CalAIM			3,250	3,250
TOTAL REVENUES	<u>2,135,860</u>	<u>2,135,860</u>	<u>1,988,986</u>	<u>(146,874)</u>
EXPENDITURES				
Current:				
Early childhood development:				
Contracts and initiatives	1,559,002	1,559,002	1,225,341	333,661
Salaries and employee benefits	684,295	684,295	693,331	(9,036)
Professional services	342,900	342,900	256,621	86,279
Supplies	13,000	13,000	9,944	3,056
Software	27,500	27,500	40,506	(13,006)
Equipment purchase	17,000	17,000		17,000
Equipment rental and maintenance	5,700	5,700	6,530	(830)
Insurance	7,500	7,500	6,532	968
Travel and conferences	28,500	28,500	15,456	13,044
Telephone and internet	10,500	10,500	7,847	2,653
Printing and postage	11,800	11,800	2,798	9,002
Dues and subscriptions	8,000	8,000	6,016	1,984
Meetings	10,000	10,000	4,526	5,474
Investment fees			1,056	(1,056)
Contingency fund	50,000	50,000		50,000
Debt service - lease:				
Principal	54,978	54,978	52,747	2,231
Interest	13,038	13,038	13,038	
TOTAL EXPENDITURES	<u>2,843,713</u>	<u>2,843,713</u>	<u>2,342,289</u>	<u>501,424</u>
NET CHANGE IN FUND BALANCE	(707,853)	(707,853)	(353,303)	354,550
Fund balance, beginning of year	<u>4,371,574</u>	<u>4,371,574</u>	<u>4,371,574</u>	
FUND BALANCE, END OF YEAR	<u>\$ 3,663,721</u>	<u>\$ 3,663,721</u>	<u>\$ 4,018,271</u>	<u>\$ 354,550</u>

## MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

## REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)  
Last 10 Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0038%	0.0029%	-0.0011%	0.0011%	0.0004%	0.0070%	0.0069%	0.0064%	0.0061%	0.0026%
Proportionate share of the net pension liability (asset)	\$ 189,339	\$ 134,654	\$ (207,931)	\$ 44,581	\$ 14,086	\$ 262,069	\$ 270,976	\$ 223,501	\$ 166,549	\$ 162,982
Covered - employee payroll - plan measurement period	\$ 400,301	\$ 437,953	\$ 420,400	\$ 359,438	\$ 263,263	\$ 265,239	\$ 220,282	\$ 348,199	\$ 326,111	\$ 258,938
Proportionate share of the net pension liability as a percentage of covered payroll	47.30%	30.75%	-49.46%	12.40%	5.35%	98.80%	123.01%	64.19%	51.07%	62.94%
Plan fiduciary net position as a percentage of the total pension liability	91.76%	71.14%	90.49%	75.10%	77.73%	75.26%	75.39%	74.06%	78.40%	79.82%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms.

Changes in assumptions:

Change in discount rate - measurement date	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.65%	7.50%
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**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)  
Last 10 Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions (actuarially determined)	\$ 46,404	\$ 36,514	\$ 39,485	\$ 44,075	\$ 34,794	\$ 23,409	\$ 22,227	\$ 18,453	\$ 26,881	Not
Contributions in relation to the actuarially determined contributions	(46,404)	(36,514)	(39,485)	(44,075)	(34,794)	(23,409)	(22,227)	(18,453)	(26,881)	Available
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered-employee payroll - Council's fiscal year	\$ 478,327	\$ 400,301	\$ 437,953	\$ 420,400	\$ 359,438	\$ 263,263	\$ 265,239	\$ 220,282	\$ 348,199	\$ 326,111
Contributions as a percentage of covered - employee payroll	9.70%	9.12%	9.02%	10.48%	9.68%	8.89%	8.38%	8.38%	7.72%	#VALUE!

Notes to Schedules:

Valuation date for contributions - June 30

Reporting valuation date - June 30

Reporting measurement date - June 30

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Amortization method

Remaining amortization period

Asset valuation method

Inflation

Salary increases

Investment rate of return and discount rate

used to determine contribution rates

Retirement age

Mortality

Entry age normal cost method

Level percentage of payroll, closed

Varies by rate plan, but not more than 30 years

Market value

Varies based on entry age and service

50-67 years. Probabilities of retirement are based on most recent CalPERS Experience Study

Most recent CalPERS Experience Study

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be reported in both tables above prospectively as it becomes available. Note also that the 2015 employer contributions were not reported in the financial statements and are not available.

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

NOTE A – BUDGET

The Commission prepares and legally adopts a final budget on or before June 30<sup>th</sup> of each year. The Commission operations, commencing July 1<sup>st</sup>, are governed by the proposed budget, adopted by the board of Commissioners by June of the prior fiscal year.

An operating budget is adopted each fiscal year in accordance with generally accepted accounting principles based on estimates of revenues and anticipated expenditures. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unpaid contracts in process at year-end are fully performed by year-end or purchase commitments satisfied. Unencumbered appropriations lapse at year-end and encumbrance balances that will not be honored are liquidated.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the total fund level. The Commission does not establish a budget for capital outlay.

NOTE B – SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS

A cost-sharing employer is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan) – the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. The schedules present information to illustrate changes in the Commission's proportionate share of the net pension liability and employer contributions over a ten-year period when the information is available.

NOTE C – SCHEDULE OF PENSION CONTRIBUTIONS

This schedule presents information on the Commission's contribution, the amounts actually contributed, and any excess or deficiency related to the calculated contribution. In the future, as data becomes available, ten years of information will be presented.

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## **COMPLIANCE REPORT**

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

To the Board of Commissioners  
Marin County Children and Families Commission  
San Rafael, California

We have audited, 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, the financial statements of the governmental activities and the General Fund of the Marin County Children and Families Commission (the Commission) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 22, 2024.

**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) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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 have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

To the Board of Commissioners  
Marin County Children and Families Commission

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 entity'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.

*Richardson & Company, LLP*

October 22, 2024



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## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Commissioners  
Marin County Children and Families Commission  
San Rafael, California

### **Report on State Compliance**

#### ***Opinion***

We have audited the Marin County Children and Families Commission's (the 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, 2024.

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, 2024.

#### ***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 (*Government Auditing Standards*), 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 the material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of

To the Board of Commissioners  
Marin County Children and Families Commission

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 Benefits Policies	2	Yes

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

### **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*

To the Board of Commissioners  
Marin County Children and Families Commission

*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.

*Richardson & Company, LLP*

October 22, 2024

MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

SUMMARY OF AUDITOR'S RESULTS

June 30, 2024

**FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**STATE COMPLIANCE**

Type of auditor's report issued on compliance for all programs:	Unmodified
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MARIN COUNTY CHILDREN AND FAMILIES COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2024

**CURRENT YEAR FINDINGS**

None

**PRIOR YEAR FINDINGS**

**Finding 2023-001 – Material Weakness in Internal Control, Audit Adjustments**

**Criteria:** Management of the Commission is responsible for establishing and maintaining effective internal controls over financial reporting, and for the fair presentation of the financial statements and related financial statement disclosures being audited.

**Condition:** Audit adjustments were necessary for the financial statements to comply with GAAP in all material respects.

**Cause:** Management personnel responsible for financial accounting and reporting did not consider all applicable accounting standards for governmental entities.

**Current Status:** The Commission identified and recorded all significant closing entries during the June 30, 2024 audit. This finding is considered resolved.

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