

**SUTTER COUNTY CHILDREN AND  
FAMILIES COMMISSION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2025**

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**Financial Statements**  
**For the Year Ended June 30, 2025**

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## SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION

### Commission Membership

June 30, 2025

<u>Name</u>	<u>Position</u>	<u>Date of Original Appt.</u>	<u>Current Term Expires</u>
Mike Ziegenmeyer	Commission Chair County Board of Supervisor	01/2021	No Set Term
Tonya Byers	Commission Vice Chair Child Planning Council of Yuba & Sutter Counties	12/2015	No Set Term
Sarah Eberhardt-Rios	Sutter County, Director of Health & Human Services	07/2024	No Set Term
Nicole Ritner	Sutter County Chief Probation Officer	02/2021	No Set Term
Doreen Osumi	Yuba City Unified School District Superintendent	11/2016	No Set Term
Mathew Gulbrandsen	Live Oak Unified School District Superintendent	10/2018	No Set Term
Toni Cole	City of Yuba Councilmember	04/2025	No Set Term
Mark Boomgaarden	City of Yuba Councilmember	01/2024	No Set Term
Dr. Robert Morgan	Sutter County Office of Education Assistant Superintendent, SELPA	09/2024	No Set Term
Narinder Dhaliwal	Community Member	05/2024	05/2026

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Sutter County Children and Families Commission  
Yuba City, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Sutter County Children and Families Commission (The Commission) as of and for the year ended June 30, 2025, 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 major fund of the Commission, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the

financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with 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 to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, and Schedules related to the pension liability and other post-employment benefits on pages 4 through 8 and 31 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.



Jensen Smith

Certified Public Accountants, Inc.

Lincoln, California

December 1, 2025

## **Sutter County Children and Families Commission**

### **Management's Discussion and Analysis For the Year Ended June 30, 2025**

On November 3, 1998, California voters approved Proposition 10 – the Children and Families First Act (Act). The Act imposed additional excise tax on cigarettes and tobacco related products to fund programs that promote, support, and improve the early development of children from prenatal through age five. The intent is for all California children to be healthy, to live in a healthy and supportive family environment, and to enter school ready to learn.

The Sutter County (County) Board of Supervisors created the Sutter County Children and Families Commission (Commission) on January 5, 1999 under the provisions of the Act. The Commission consists of nine commissioners appointed by the County Board of Supervisors. The Commission is a public entity legally separate and apart from the County, and is not considered a component unit of the County.

As management of the Commission, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2025.

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

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: (1) government-wide financial statements, (2) general fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The Government-wide Financial Statements can be found on pages 9-10 of this report.

### ***Fund Financial Statements.***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, general fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

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

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

The Fund Financial Statements can be found on pages 11-12 of this report.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and general fund financial statements. The notes to the financial statements can be found on pages 13–30 of this report.

### ***Government-wide Financial Analysis***

The net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceed liabilities by \$2,177,729 at the close of the most recent fiscal year. The most significant portion of the Commission's net position is its cash and investments balance (\$2,158,638). This represents resources received from the California State Commission from Proposition 10 taxes that have not been expended. Cash and investments are maintained in the County's cash and investment pool where interest earned on the Commissions balance is apportioned to the Commission. Another source of the net position also resides in the State Funds Receivable and Grants and Other Receivables of \$82,255 and \$176,891, respectively. The State Funds Receivable represents taxes that were remitted by the State but had not been received by the Commission as of June 30, 2025. The Commission also reports Grants, Contracts, and Accounts Payable of \$61,970, representing payments due on grant service contracts and other payables that had not been expended at year-end.

The Commission's net position increased \$282,384 during the 2024-2025 fiscal year for the current year activity. This increase is explained in the government-wide financial statements and is primarily a result of revenues in excess of expenditures for the current year and new grant funds received.

### ***Governmental Activities***

The Commission does not have business type activities and so the analysis presented below for the government fund financial statements represents an analysis of the Commission's governmental activities.

#### ***Financial Analysis of the Commission's Governmental Fund***

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

For the year-ended June 30, 2025, as shown on page 11 the Commission reported an ending fund balance of \$2,358,484, an increase of \$267,795 during the 2024-2025 fiscal year for current activities. This increase represents the amount of revenues in excess of expenditures for the year ended June 30, 2025, and due to the increases in revenues, specifically from new funding sources.

The Commission has committed \$915,000 and assigned \$1,443,484 of its fiscal year 2024-2025 ending fund balance for future payments to awarded projects and future projects. There are no funds in the unassigned category.

#### **SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**

##### **Balance Sheet Comparison**

(in thousands)

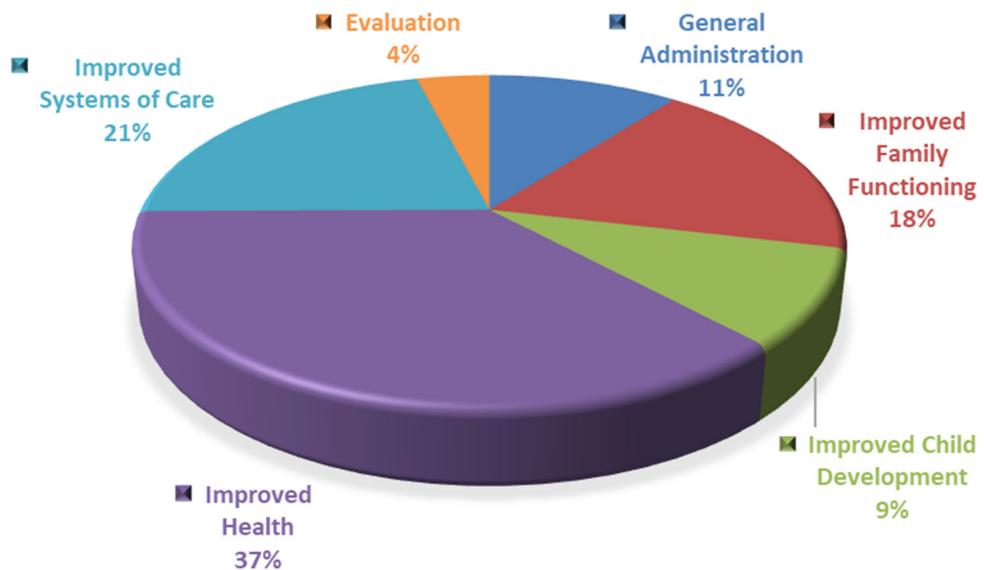
	<u>FY 2024-25</u>	<u>FY 2023-24</u>	<u>Difference</u>
Total Assets	\$ 2,420	\$ 2,390	\$ 30
Total Liabilities	62	299	(237)
Fund Balance	<u>\$ 2,358</u>	<u>\$ 2,091</u>	<u>\$ 267</u>

##### **Revenues and Expenditures Comparison**

(in thousands)

	<u>FY 2024-25</u>	<u>FY 2023-24</u>	<u>Difference</u>
Total Revenues	\$ 1,652	\$ 1,631	\$ 21
Total Expenditures	(1,384)	(1,234)	(150)
Deficiency of Revenues over Expenditures	<u>\$ 268</u>	<u>\$ 397</u>	<u>\$ (129)</u>

Total revenue (see above) consisting of Proposition 10 funds, interest income, and State Commission matching revenue increased from \$1,631 thousand to \$1,652 thousand for the year ended June 30, 2025. This increase was due primarily to the funding in fiscal year 2024-2025 for new grants. Total expenditures increased to \$1,384 thousand, an increase of \$150 thousand from the prior fiscal year. Percentages of expenditures per program area are represented as follows.



### ***Fund Budgetary Highlight***

Total revenues were under budget by 16% or \$303,917. This was primarily due to the timing of some grant funds and underspending by contractors. Expenditures were under budget by 29.2% or \$571,712. The budget to actual comparison is on page 31-32 of this report.

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

**Capital Assets:** As of June 30, 2025, the Commission had total capital assets of \$345,745, accumulated depreciation of \$345,745, leaving total net Capital Assets of \$0. Capital assets are capitalized at cost when the cost exceeds its capital asset threshold of \$5,000. More detailed information about the Commission's capital assets is presented in Note 4 of the basic financial statements on page 19 of this report.

**Debt Administration:** The commission's long-term debt consists of compensated absences payable. As well as the Pension and Other Post Employment Benefit Liabilities. These are discussed in full in the footnote disclosures.

### ***Economic Factors and Next Year's Budget***

The Commission is committed to focusing Proposition 10 funds on the purposes for which it is intended: To promote and sustain comprehensive, integrated programs and services that support all Sutter County children 0-5 and their families, and helps to ensure that each child enters school healthy and ready to learn.

The Commission carefully considered the following economic factors in preparing the financial plan for FY 2025-2026.

- Committing funds to local organizations and community partners to provide services to children 0-5 (FY 2025-2026).
- Annual commitment to program evaluation of 5% per contract.
- Revenue decline continues to be projected based on First 5 California revenue projections, historical trends and current economic situation.

The Sutter County Children and Families Commission carefully considered the following factors in the development of its financial plan for 2025-2026:

The Commission continues to invest in programs and services that result in the improved health, development, and wellbeing of the county's youngest children. These core programs are evaluated to provide ongoing management and to serve as a learning tool to improve program effectiveness and viability. In an effort to strengthen these programs, the Commission placed a 5% evaluation cost per contract. At the present time, Sutter County continues to spend down the reserves with a balanced approach.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Sutter County Children and Families Commission's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sutter County Children and Families Commission, 1445 Veterans Memorial Circle, Yuba City, California, 95993.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**ASSETS**

Current Assets:

Cash in County Treasury	\$ 2,158,638
State Commission Funds Receivable	82,255
Grant and Other Receivables	176,891
Prepaid Expenses	2,670
Total Assets	<u>2,420,454</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows - related to pension plan	152,843
Deferred Outflows - related to OPEB plan	13,890
Total Deferred Outflows of Resources	<u>166,733</u>

**LIABILITIES**

Current Liabilities:

Grants, Contracts and Accounts Payable	61,970
Total Current Liabilities	<u>61,970</u>

Long-term Liabilities:

Compensated Absences Payable	41,131
Net Pension Plan Liability	218,283
Net OPEB Plan Liability	60,216
Total Long-term Liabilities	<u>319,630</u>
Total Liabilities	<u>381,600</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows - related to pension plan	-
Deferred Inflows - related to OPEB plan	27,858
Total Deferred Inflows of Resources	<u>27,858</u>

**NET POSITION**

Restricted	2,177,729
Total Net Position	<u>\$ 2,177,729</u>

See Accompanying Notes to Financial Statements.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**FIRST 5 PROGRAM EXPENSES**

Personnel and overhead through County Department	\$ 717,479
Communication	9,676
Insurance	8,922
Memberships	13,572
Office Expenses	16,657
Subscriptions and Licenses	45,161
Professional Services	160,120
Legal Notices	427
County Administration Fees and Allocated Costs	(25,354)
Rents - Storage	5,185
Small Office Equipment and Replacement	5,198
Special Department Expenses	90,250
Training and Travel	6,965
Sub-Recipients	<u>315,770</u>
Total Program Expenses	<u>1,370,028</u>

**PROGRAM REVENUES**

Operating Grants and Contributions:	
State Tax Apportionment	653,185
State Commission Program Funding	291,180
Surplus Money Investment Funds	4,667
Other Program Revenue	<u>589,407</u>
Total Program Revenues	<u>1,538,439</u>
Net Program Revenues (Expense)	168,411

**GENERAL REVENUES**

Interest Income	64,488
Unrealized Gain(Loss)	49,485
Total General Revenues	<u>113,973</u>

**Change in Net Position**

Net Position - Beginning of Year	282,384
Net Position - End of Year	<u>1,895,345</u>
	<u><u>\$ 2,177,729</u></u>

See Accompanying Notes to Financial Statements.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**BALANCE SHEET**  
**JUNE 30, 2025**

**ASSETS**

Cash in County Treasury	\$ 2,158,638
State Funds Receivable	82,255
Other Receivables	176,891
Prepaid Expenses	2,670
Interest Receivable	-
 Total Assets	 <u>\$ 2,420,454</u>

**LIABILITIES**

Grants, Contracts and Accounts Payable	\$ 61,970
Total Liabilities	<u>61,970</u>

**FUND BALANCES**

Committed	915,000
Assigned	1,443,484
Unassigned	-
 Total Fund Balances	 <u>2,358,484</u>
Total Liabilities and Fund Balances	<u>\$ 2,420,454</u>

**Reconciliation of the Governmental Fund Balance Sheet  
to the Government - Wide Statement of Net Position - Governmental Activities**

Fund Balance - Total Governmental Fund (from above) \$ 2,358,484

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

Deferred outflows of resources represents a consumption of net position that applies to future period(s) and, therefore, will not be recognized as an outflow of resources (expense) in the governmental fund.

Deferred outflows of resources related to pension	152,843
Deferred outflows of resources related to OPEB	13,890

Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported in the governmental fund.

Net Pension Liability	(218,283)
Net OPEB Liability	(60,216)
Compensated Absences	(41,131)

Deferred inflows of resources represents an acquisition of net position that applies to

Deferred inflows of resources related to pension	-
Deferred inflows of resources related to OPEB	<u>(27,858)</u>

Net Position of Governmental Activities \$ 2,177,729

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2025**

## REVENUES

### Operating Grants and Contributions:

State Tax Apportionment	\$ 653,185
State Program Funding	291,180
Other Grants	588,543
Other Revenues	864
Surplus Money Investment Funds	4,667
Unrealized Gain(Loss)	49,485
Interest Income	64,488
<b>Total Revenues</b>	<b>1,652,412</b>

## EXPENDITURES

Administrative Costs	
General Administration	144,796
Program Costs	
Improved Family Functioning	252,410
Improved Child Development	130,000
Improved Health	509,539
Improved Systems of Care	292,702
Program Evaluation	55,170
Total Expenses	1,384,617
Excess (Deficiency) of Revenues over Expenditures	267,795
Fund Balance - Beginning of Year	2,090,689
Fund Balance - End of Year	\$ 2,358,484

## **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Government-Wide Statement of Activities - Governmental Activities**

Net Change to Fund Balance - Total Governmental Fund \$ 267,795

Amounts reported for activities in the Statement of Activities differ from the amounts reported in the Statement of Revenue, Expenditures and changes in fund balance because:

Receivables received more than 90 days after the year end are not considered financial resources and therefore are not reported in the fund financial statements

NONE for 2024-25

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund

Net Change in pension related amounts	24,508
Net Change in OPEB related amounts	(1,222)
Change in Compensated Absences	(8,697)
Change in Net Position of Governmental Activities	\$ 282,384

See Accompanying Notes to Financial Statements.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1: Nature of the Entity**

**Reporting Entity**

The Sutter County Children and Families Commission (Commission), was established on January 5, 1999 pursuant to Health and Safety Code 130140. The Commission was also established in accordance with the provisions of the California Children and Families First Act of 1998. The nine members of the Commission are appointed by the Sutter County Board of Supervisors.

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

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

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

**Note 2: Summary of Significant Accounting Policies**

**A. Basis of Presentation and Accounting**

*Government-Wide Statements*

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

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

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

*Government-Wide Statements (continued)*

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including investment income, are presented instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place.

*Fund Financial Statements*

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

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

The Commission reports one major governmental fund

- The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the Commission.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

**B. Non-Current Governmental Assets/Liabilities**

GASB Statement No.34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide statement of net position.

**C. State Funds Receivable and Grant and Other Receivables**

The state funds receivable represents receivables from First 5 California. As of June 30, 2025, the Commission was due \$82,255 from the First 5 California programs. Grants and other receivables represent receivables on grants from other agencies and totaled \$176,891. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

**D. Compensated Absences**

Employees accrue vacation based upon years of service with the County of Sutter, with a maximum accrual of 240 or 320 hours depending on years of service. Upon termination, unused vacation, up to accrual limits, is paid off in cash. Employees with seven or more years of service with the County are eligible upon termination to receive 15-25% of their accrued unused sick leave depending on years of service. At fiscal year-end, the total of accrued unused vacation and sick leave liability was \$41,131.

**E. Capital Assets**

Capital assets have been acquired for general commission purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost or estimated cost where no historical records are available. The Commission defines capital assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated in the government-wide statements using the straight-line method over their estimated useful lives of 6 years.

**F. Net Position/Fund Balances**

**Net Position**

- *Restricted* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

**Fund Balances**

The Government Accounting Standards Board (GASB) has issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as noted below.

**• Nonspendable –**

This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example

- Assets that will never convert to cash, such as prepaid items and inventories of supplies;
- Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
- Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

**• Restricted –**

This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include

- Funding from the State Commission or foundations that are legally restricted to specific uses. For example, funds advanced by First 5 CA under specific agreements for services, or matching funds for specific initiatives.
- Funds legally restricted by County, state, or federal legislature, or a government's charter or constitution.
- Amounts collected from non-spendable items, such as the long term portion of loan outstanding, if those amounts are also subject to legal constraints.
- Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

• **Committed –**

Two criteria determine the Committed fund balance:

1. Use of funds is constrained by limits imposed by the government's highest level of decision making. The highest level of decision making for Proposition 10 funds is the Sutter County Children and Families Commission.
2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Commission) that established the constraints.

Both commitments and modifications or removal must occur prior to the end of reporting period; that is, the fiscal year being reported upon. For First 5 organizations, resources in this category would include:

- Resources committed for a future initiative as long as commission action is also required to remove this commitment.
- Resources that have been committed by a commission for specific agreements that have not yet been executed, where commission action is also required to remove this commitment.
- Resources committed as the local match for a State Commission initiative.

• **Assigned –**

The assigned portion of the fund balance reflects a commission's intended use of resources, which is established either by the county First 5 Commission, a body created by the commission, such as a commission finance committee, or an official designated by the commission (e.g., an Executive Director). The "assigned" component is similar to the "committed" component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance		
	Committed	Assigned
A decision to use funds for a specific purpose requires action of First 5 Commission	Yes	No
Formal action of Commission is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period	Yes	No

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 2: Summary of Significant Accounting Policies (continued)**

**• Assigned (continued)**

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Consequently, tobacco tax revenues would not automatically be placed in the “committed” component. Resources that fit into this category include:

- Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year’s budget, where the Executive Director may decide whether to use the entire amount.
- Resources assigned to a specific program or project or organization for which the commission has approved a plan or budget
- Resources approved by a commission for a long range financial plan where formal approval is not required to modify the amount.

Sutter County Children and Families Commission can assign amounts under this category, and may also authorize the Executive Director to assign amounts under this category when that decision is consistent with the approved long term financial plan.

**• Unassigned –**

This category includes the fund balance that cannot be classified into any of the other categories.

If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned amounts and then unassigned amounts.

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain unreported amounts and disclosures. Actual results could differ from those estimates.

**Note 3: Credit Risk, Carrying Value and Market Value of Investments**

At June 30, 2025, all cash is pooled for investment purposes and held by the County of Sutter. The Sutter County Treasury is an external investment pool for the Commission and the Commission is considered an involuntary participant. The investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
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**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 3: Credit Risk, Carrying Value and Market Value of Investments (Continued)**

The County established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasury is accountable to the County Treasury Oversight Committee. The Commission's fair value portion in the pool is the same as the Commission's pool share.

The current year difference between the fair value and carrying value of cash and investments at June 30, 2025 was a loss of \$18,150, and was adjusted by the County of Sutter for GASB 31 compliance. The difference between the prior year GASB 31 adjustment and the current year GASB 31 adjustment was a gain of \$49,485 and is reported in as unrealized gains and losses in the financial statements.

The balance of the cash at the County is therefore adjusted for the fluctuation of the market as adjusted for June 30, 2025 as follows:

	<u>Carrying Cost</u>	<u>Adjusted FMV</u>	<u>Difference</u>
Cash	\$2,176,788	\$2,158,638	\$(18,150)

The Commission deposits funds in interest bearing accounts with Sutter County. The Commission does not own any specific identifiable investments in the pool. Information regarding categorization of cash and investments held in the County can be found in the County of Sutter's financial statements. Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

**Notes 4: Capital Assets**

A summary of changes in Capital Assets for the year ended June 30, 2025, was as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Equipment	\$ 345,745	\$ --	\$ --	\$ 345,745
Less accumulated depreciation	(345,745)	--	--	(345,745)
Capital assets, net	\$ --	\$ --	\$ --	\$ --

**Note 5: Lease Commitments – Implementation of GASB 87**

The Commission implemented Governmental Accounting Standards (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 5: Lease Commitments – Implementation of GASB 87 (Continued)**

A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Commission's financial statements and had no impact on the financial statements. Currently the Commission does not have any arrangements/agreements that would be considered leases.

**Note 6: Employees – Related Party**

The Commission contracts with the County of Sutter for Human Resources and Personnel Services for the Commission. As such, the County of Sutter is the employer of the employees working at the Commission. The contract with the County of Sutter allows the employees to receive the rights and benefits of all other County employees. The Commission reimburses the County for costs associated with the employees in the Commission. The Commission paid or accrued personnel and overhead costs of \$717,479, paid or payable to the County for the year ended June 30, 2025. For financial statement purposes, these expenses were included changes in the accrued vacation of \$8,697, as well as the pension and OPEB liability activities totaling (\$23,286).

As employees of the County of Sutter, the Commission employees participate in the retirement and other post-employment benefits (OPEB) of the County of Sutter and reimburse the County for the costs incurred.

During the fiscal year ended June 30, 2020, the Commission and County updated the agreement for the employees. Although the personnel costs are now reported as a contract expense with the County, the Commission remains liable for the pension and OPEB costs and liabilities. Therefore, the Commission reports those liabilities on the Commission's financial statements.

**Note 7: Defined Benefit Pension Plan**

*Plan Description.*

The Commission employees participate in the County of Sutter's Miscellaneous defined benefit pension plan administered by the State of California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for California cities and governmental jurisdictions, which participate in this retirement plan. Benefit provisions and other requirements are established by State statute and County resolution.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 7: Defined Benefit Pension Plan (Continued)**

The County's defined benefit pension plan provides retirement, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The County selects optional benefit provisions by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however separate reports for the County's plans are not available. Copies of CalPERS annual financial reports which include required supplementary information (RSI) for each plan may be obtained from CalPERS Executive Offices, Lincoln Plaza North, 400 Q Street, Sacramento CA 95811.

*Benefits Provided.*

All pension plans provide benefits, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed time period. Non-vested employees who terminate services are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate services after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected and actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

*Contributions.*

Rates for the County's contributions are set by CalPERS based upon annual experience of County members and on periodic actuarial valuations. The contribution rate for the Commission is established by the County of Sutter. The employer contribution rate for the fiscal year ended June 30, 2025, was 10.92% plus 6.75% for employee PEPRA contributions. There is also additional funding for the unfunded liability contribution. Additional information regarding the plan and required contributions is included in the required supplemental information for the pension.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2025, the Commission reported a liability of \$218,283 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. For June 30, 2025, the Commission's proportion of the County's net pension liability was based on the Commission's number of employees relative to the total employees of the County as a whole. At June 30, 2025, 2024, 2023, 2022, 2021 and 2020, the Commission's proportionate share was 0.16%, 0.17%, 0.17%, 0.17%, 0.18% and 0.18% respectively. For the years ended June 30, 2019 and 2018, the Commission's proportionate share of the County's net pension liability was based on the Commission's annual contribution dollars and resulted in the Commission's proportionate shares to be 0.25% and 0.27% respectively.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 7: Defined Benefit Pension Plan (Continued)**

For the year ended June 30, 2025, the Commission recognized pension credit of \$24,508 for its proportionate share of the County expense. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 10,027	\$ --
Change in assumptions	--	--
Difference between expected and actual experience	8,763	--
Employer contributions paid by the Commission Subsequent to the measurement date	<u>134,053</u>	--
Total	<u>\$ 152,843</u>	\$ --

The \$134,053 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions to the County's plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Commission's proportion of the County's pension plan will be recognized in pension expense as follows:

Measurement Period Year Ended June 30,	
2025	\$ 5,570
2026	18,601
2027	(2,271)
2028	(3,110)
2029	--
Thereafter	<u>--</u>
Total	<u>\$ 18,790</u>

*Actuarial assumptions.*

The Commission's proportion of the County's total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method method	Entry age normal cost

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 7: Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions:

Discount Rate	6.90%
Investment rate of return	7.00%
Inflation	2.5%
Projected Salary increases and Service	Varies by Entry Age
Payroll Growth	2.75%

The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvements using 80% of Scale MP-2020 published by the Society of Actuaries.

*Changes of Assumptions and Allocations.*

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

None in 2019-2024. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

In fiscal year 2019-20, the methodology for allocating the Commission's proportionate share of the County's liability was changed to the number of Commission's employees to the total number of County's employees resulting in the proportionate share of 0.16% for fiscal year 2024-25. This is the same for fiscal years ended June 30, 2022, 2023 and 2024 (0.17%) and 2020-21 (0.18%). For fiscal years 2017-18 and 2018-19 the Commission's allocation was based on the percent of the Commission's contributions to the pension to the total County's contributions resulting in the proportionate shares of 0.27% and 0.25%, respectively.

*Discount rate.*

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 7: Defined Benefit Pension Plan (Continued)**

Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

Long-Term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return Years (1-10)(1,2)
Global equity – cap-weighted	30%	4.54%
Global equity – non-cap-weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-backed Securities	5	0.50
Investment Grade Corporate	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)

1 An expected inflation of 2.30% used for this period.

2 Figures are based on the 2021-22 Asset Liability Management study.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 7: Defined Benefit Pension Plan (Continued)**

*Sensitivity of the Commission's proportionate share of the County's net pension liability to changes in the discount rate.*

The following table presents the Commission's proportionate share of the County's net pension liability calculated using the discount rate of 6.90 percent, as well as what the Commission's proportionate share of the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90 %) than the current rate:

	1% Decrease (5.90%)	Current Disc. Rate (6.90%)	1% Increase (7.90%)
Commission's proportionate share of the County's net pension liability	\$ 329,201	\$ 218,283	\$ 126,480

*Pension plan changes in the net pension plan liability and pension plan fiduciary net position.*

Detailed information about the County's collective net pension liability and plan fiduciary net position is available in the County's separately issued Comprehensive Annual Financial Report (CAFR). The County of Sutter's financial statements may be obtained by contacting the County of Sutter, Department of Financial Services, 61160 Civic Center Blvd., Suite B, Yuba City, CA 95993 or visiting the County's website at [www.SutterCounty.org](http://www.SutterCounty.org).

Detailed information about the CalPERS fiduciary net position is available in a separately issued CalPERS comprehensive annual financial report. Copies of the CalPERS annual report may be obtained from CalPERS Headquarters, Lincoln Plaza North, 400 Q Street, Sacramento, California 95811, or visiting [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Note 8: Retiree Medical Plan – Other Post-employment Benefits**

*Plan Description.*

The Commission is a participant in the County of Sutter's Retiree Medical Plan (the Plan). The County contributes to the miscellaneous plan of the County of Sutter and the safety plan of the County of Sutter (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8: Retiree Medical Plan – Other Post-employment Benefits (Continued)**

*Benefits Provided.*

The County provides medical, dental and vision insurance to retirees under an approved County ordinance. Employees that meet the following requirements are eligible for coverage under the County of Sutter Retiree Healthcare Plan: 1) the employee retires directly from the County under CalPERS; or 2) participates in the Tri County Schools Insurance Group (TCSIG) plan. The County has elected to contribute a percentage toward the cost of premiums for the retiree and spouse based on years of service.

The County contributes a monthly subsidy for retirees who participate in the medical plan offered by the County. The amounts are determined based on date of retirement.

- Employees who retire before 12/24/2005 receive a monthly amount of \$16, regardless of age.
- Employees who retire on or after 12/24/2005 receive a monthly amount of:

\* \$55 as of 1/1/2018 (before 1/1/2018, this amount was \$16 per month), if they are 65 or older, and

\* Prior to age 65, an amount based on years of County service, as shown in the chart below.

<u>Years of Service</u>	<u>Monthly Subsidy</u>
5-9	\$16
10-14	56
15-19	96
20-24	136
25-29	176
30+	216

- Subsidies end with the death of the retiree, though a surviving spouse may continue coverage by paying the full monthly premiums. In addition, if the retiree reaches age 65 prior to his or her covered spouse, the spouse may continue coverage until age 65 by paying the full monthly premium, even if the retiree discontinues coverage on the County's plan.

*Employees Covered by Benefit Terms.*

At the OPEB liability valuation date of June 30, 2023, the Commission employees are included in the County figures; the following County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	106
Active plan members employees	914

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8: Retiree Medical Plan – Other Post-employment Benefits (Continued)**

*Net OPEB Liability.*

At June 30, 2025 the Commission's proportionate share of the County's net OPEB liability was \$60,216. The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. For June 30, 2025, the Commission's proportion of the County's net OPEB liability was based on the Commission's number of employees relative to the total number of eligible covered County employees as a whole. At June 30, 2025, 2024, 2023, 2022, 2021 and 2020, the Commission's proportionate share was 0.45%, 0.46%, 0.38%, 0.43%, 0.48% and 0.48%. For the years ended June 30, 2019 and 2018, Commission's proportionate shares were 0.19% and 0.18% respectively.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024
Funding Method	Entry Age Normal Cost, level percent of pay

*Actuarial Methods and Assumptions Used to Determine Total OPEB Liability.*

The total OPEB liability measured as of June 30, 2024 was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

General Inflation Rate:	2.50% per year
Salary Increase Rate:	3.00 % per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between services.
Discount Rates:	For accounting: 3.93 for June 30, 2024, 4.13% for June 30, 2023, 4.09% on June 30, 2022, 2.18% on June 30, 2021, 2.66% on June 30, 2020 – For funding: 5.75%
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over prior year's levels were derived using the Getzen model and can be found on the County website in the GASB 75 valuation report.
Medical Trends:	Updated to use the Getzen healthcare trend model sponsored by the Society of Actuaries.
Mortality Improvement:	MacLeod Watts Scale 2022 applied generationally from 2015.
Long term Return On Assets	5.75% as of June 30, 2023 and 2022

The actuarial "demographic" assumptions (i.e. rates of retirement, death, disability or other termination of employment) used in the actuarial report are based on the 2021 experience study of the California Public Employees Retirement System issued November 2021.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8: Retiree Medical Plan – Other Post-employment Benefits (Continued)**

*Changes of Assumptions*

The discount rate changed based on the published change in return for the applicable municipal bond index as follows:

<u>Measurement date</u>	<u>Discount rate</u>	<u>Measurement date</u>	<u>Discount rate</u>
June 30, 2019	2.79%	June 30, 2022	4.09%
June 30, 2020	2.66%	June 30, 2023	4.13%
June 30, 2021	2.18%	June 30, 2024	3.93%

*Sensitivity of the Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rate*

The following presents the net OPEB liability as of the measurement date, calculated using the discount rate of 3.93 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.93 percent) or 1 percentage-point higher (4.93 percent) than the current rate:

	1.00% Decrease (2.93%)	Current Discount Rate (3.93%)	1.00% Increase (4.93%)
Discount Rate Commission's proportionate share of the County's net OPEB liability	\$ 65,424	\$ 60,216	\$ 55,337

Healthcare cost trend rate was assumed to start at 6.5% effective January 1, 2025 and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown below.

	Trend -1% Current Trend Rate	Trend +1% Current Trend Rate
Healthcare Cost Trend Rate Commission's proportionate share of the County's net OPEB liability	\$ 54,736	\$ 60,216

*Changes in the OPEB plan liability and net position.*

Detailed information about the County's collective net OPEB liability and plan fiduciary net position is available in the County's separately issued Comprehensive Annual Financial Report (CAFR). The County of Sutter's financial statements may be obtained by contacting the County of Sutter, Department of Financial Services, 61160 Civic Center Blvd., Suite B, Yuba City, CA 95993 or visiting the County's website at [www.SutterCounty.org](http://www.SutterCounty.org).

*Amortization of Deferred Outflows and Deferred Inflows of Resources*

The net difference between projected and actual earnings on OPEB plan investments is amortized over a 5-year period on a straight-line basis. The net difference between expected and actual experience and changes in assumptions and changes in proportions are amortized over a 7.5-year period on a straight line basis.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8: Retiree Medical Plan – Other Post-employment Benefits (Continued)**

For the year ended June 30, 2025, the Commission recognized an OPEB expense of \$1,221. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ --	\$ --
Net difference between expected and actual experience	12,325	16,688
Change of assumptions	1,566	11,170
Employer contributions paid by the Commission		
Subsequent to the measurement date		--
Total	\$ 13,891	\$ 27,858

There were no deferred outflows of resources related to OPEBs resulting from the Commission's contributions to the County's plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Commission's proportion of the County's OPEB plan will be recognized in pension expense (credit) as follows:

Year Ended June 30,	
2026	\$(3,215)
2027	(3,215)
2028	(3,215)
2029	(3,215)
2030	(1,195)
Thereafter	88

**Note 9: Related Party Transactions**

During the fiscal year ended June 30, 2025, the Commission received a credit from the County of Sutter, including the Department of Health and Human Services, a related party, for \$25,354, for accounting, allocated overhead, allocated administrative costs and risk management services.

**Notes 10: Program Evaluation**

The Commission spent \$55,170 on program evaluation during the fiscal year ended June 30, 2025.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Notes 11: Risk Management**

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

**Note 12: Section 30131.4 of the California Tax & Revenue Code Certification**

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

**Note 13: Subsequent Events**

Events subsequent to June 30, 2025 have been evaluated through December 1, 2025, the date at which the Commission's audited financial statements were available to be issued. There were no events through this date that required disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance With Final Budget</u>
<b><u>Resources (Inflows)</u></b>				
Operating Grants and contributions:				
State Tax Allocation	\$ 661,313	\$ 734,413	\$ 653,185	\$ (81,228)
Surplus Money Investment Funds	2,798	2,798	4,667	1,869
Other Revenues	1,066,719	1,184,163	880,587	(303,576)
Unrealized Gain(Loss) GASB 31	-	-	49,485	49,485
Interest Income	<u>34,955</u>	<u>34,955</u>	<u>64,488</u>	<u>29,533</u>
Total Revenues	<u>1,765,785</u>	<u>1,956,329</u>	<u>1,652,412</u>	<u>(303,917)</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
Administrative Costs				
General Administration	167,884	181,838	144,796	37,042
Program Costs				
Improved Family Functioning	658,423	537,730	252,410	(285,320)
Improved Child Development	130,000	130,000	130,000	-
Improved Health	487,375	661,145	509,539	(151,606)
Improved Systems of Care	326,746	399,931	292,702	(107,229)
Program Evaluation	<u>45,685</u>	<u>45,685</u>	<u>55,170</u>	<u>9,485</u>
Total Expenses	<u>1,816,113</u>	<u>1,956,329</u>	<u>1,384,617</u>	<u>(571,712)</u>
Net Change in Fund Balance	<u>(50,328)</u>	<u>-</u>	<u>267,795</u>	<u>(267,795)</u>
Fund Balance - Beginning of Year	<u>2,090,689</u>	<u>2,090,689</u>	<u>2,090,689</u>	
Fund Balance - End of Year	<u>\$3,787,350</u>	<u>\$2,090,689</u>	<u>\$2,358,484</u>	

See Accompanying Notes and Auditor's Report.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2025**

**BUDGET AND BUDGETARY ACCOUNTING**

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

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

An operating budget is adopted each fiscal year on the modified accrual basis. 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 unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent years and included in the subsequent years' budgets. Unencumbered appropriations lapse at year-end.

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

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET**  
**PENSION LIABILITY AND CONTRIBUTIONS**

**NET PENSION LIABILITY**

Fiscal Year Ended June 30*	2024	2023	2022	2021	2020	2019	2018	2017**
Commission's proportion of the net pension liability	0.16%	0.17%	0.17%	0.17%	0.18%	0.18%	0.24%	0.34%
Commission's proportionate share of the County's net pension liability	\$ 218,283	\$ 243,119	\$ 234,410	\$ 130,468	\$ 233,849	\$ 223,764	\$ 275,991	\$ 401,030
Commission's proportionate share of covered payroll	\$ 88,866	\$ 84,807	\$ 86,485	\$ 86,485	\$ 90,308	\$ 87,269	\$ 117,916	\$ 158,734
Commission's proportionate share of the County's net pension liability as a percentage of covered employee payroll	245.63%	286.67%	281.78%	150.86%	258.94%	256.41%	234.06%	252.64%

**CONTRIBUTIONS – Proportionate share of the County**

Plan Contributions for the Fiscal Years Ended June 30 *	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 30,131	\$ 30,131	\$ 27,810	\$ 26,242	\$ 25,642	\$ 23,066	\$ 28,374	\$ 37,420
Contributions in relation to the actuarially determined contribution	\$ (30,131)	\$ (30,131)	\$ (27,810)	\$ (26,242)	\$ (25,642)	\$ (23,066)	\$ (28,374)	\$ (37,400)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's covered-employee payroll – proportionate share of county	\$ 84,807	\$ 84,807	\$ 83,190	\$ 86,485	\$ 90,308	\$ 87,269	\$ 117,916	\$ 158,734
Contributions as a percentage of covered-employee payroll	30.34%	30.34%	30.34%	30.34%	28.39%	26.43%	24.06%	23.57%

\* This is noted as of the measurement date which is the year of the employer's prior fiscal year.

\*\*Although the GASB standards require historical information displayed up to 10 years, the fiscal year 2017-2018 was the first year the Commission's proportionate share was separated from the County of Sutter's pension and OPEB plans. Future years' information will be displayed up to 10 years as information becomes available.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET**  
**PENSION LIABILITY AND CONTRIBUTIONS**

**CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Total Pension Liability (Commission's proportionate share of County)	Measurement Periods Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 15,720	\$ 15,223	\$ 15,124	\$ 14,382	\$ 15,298	\$ 15,069	\$ 21,133	\$ 29,139
Interest on total pension liability	56,509	57,371	54,912	53,691	55,098	44,083	67,174	90,563
Change of Benefit Terms	-	1,322	-	-	-	-	-	-
Assumption Changes	-	-	24,732	-	-	-	(7,364)	72,967
Actual vs. expected experience	9,839	7,933	(6,763)	(4,429)	(915)	14,417	355	(17,255)
Benefit payments, including refunds of employee contributions	(43,229)	(39,159)	(43,145)	(39,900)	(40,084)	(38,280)	(45,560)	(59,048)
<b>Net change in total pension liability</b>	<b>38,839</b>	<b>42,690</b>	<b>44,860</b>	<b>23,744</b>	<b>29,397</b>	<b>35,289</b>	<b>35,738</b>	<b>116,366</b>
Change in proportions	(56,530)			(45,183)		(245,842)	(383,503)	-*
<b>Total pension liability - beginning</b>	<b>879,411</b>	<b>836,721</b>	<b>791,861</b>	<b>813,300</b>	<b>783,903</b>	<b>994,456</b>	<b>1,342,221</b>	<b>1,225,855</b>
<b>Total pension liability - ending (a)</b>	<b>\$861,720</b>	<b>\$879,411</b>	<b>\$836,721</b>	<b>\$791,861</b>	<b>\$813,300</b>	<b>\$783,903</b>	<b>\$ 994,456</b>	<b>\$1,342,221</b>
<b>Plan Fiduciary Net Position</b>								
Contributions – employer (proportionate)	\$ 29,307	\$ 30,131	\$ 27,810	\$ 26,242	\$ 25,642	\$ 23,066	\$ 28,374	\$ 37,420
Contributions – employee(proportionate)	7,513	6,659	6,096	6,234	6,619	6,435	8,818	12,469
Net investment income	56,265	36,779	(49,425)	122,104	27,925	34,949	57,599	95,022
Benefit payments	(43,229)	(44,259)	(43,145)	(39,900)	(40,084)	(38,280)	(45,557)	(59,048)
Administrative expense	(483)	(443)	(412)	(547)	(790)	(381)	(1,048)	(1,265)
Other Misc Income/(Expense)	-	13	(6)	-	-	1	(1,991)	18
<b>Net change in plan fiduciary net position</b>	<b>49,373</b>	<b>28,880</b>	<b>(59,082)</b>	<b>114,133</b>	<b>19,312</b>	<b>25,790</b>	<b>46,195</b>	<b>84,616</b>
<b>Change in proportions</b>	<b>(37,128)</b>	<b>1</b>	<b>-</b>	<b>(32,191)</b>	<b>-</b>	<b>(195,116)</b>	<b>(268,921)</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$631,192</b>	<b>\$602,311</b>	<b>\$661,393</b>	<b>\$579,451</b>	<b>\$560,139</b>	<b>\$718,465</b>	<b>\$ 941,191</b>	<b>\$ 856,575</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>643,437</b>	<b>631,192</b>	<b>602,311</b>	<b>661,393</b>	<b>579,451</b>	<b>549,139</b>	<b>718,465</b>	<b>941,191</b>
Net pension liability - ending (a)-(b)	\$218,283	\$248,219	\$234,410	\$130,468	\$233,849	\$234,764	\$275,991	\$ 401,030
Plan fiduciary net position as a percentage of the total pension liability	74.67%	72.19%	71.98%	83.52%	71.25%	70.05%	72.25%	70.12%
Covered payroll – as a proportion of Sutter County	\$ 88,866	\$ 84,807	\$ 83,190	\$ 86,485	\$ 90,308	\$ 87,269	\$ 117,916	\$ 158,734
Plan net pension liability/(asset) as a percentage of covered payroll	286.67%	286.67%	281.78%	150.86%	258.39%	256.41%	234.06%	252.64%
Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018

During fiscal year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activities related to postemployment benefits for participation in the State of California agent OPEB plan. Accordingly CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pension in accordance with GASB 68, Accounting and Financial Reporting for pensions.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED**  
**RATIOS AND CONTRIBUTIONS**

(Commission's proportionate share of County)

	<b>Fiscal Years</b>							
	<b>24-25</b>	<b>23-24</b>	<b>22-23</b>	<b>21-22</b>	<b>20-21</b>	<b>19-20</b>	<b>18-19</b>	<b>17-18</b>
<b>Total OPEB Liability</b>								
Service cost	\$ 2,087	\$ 1,884	\$ 2,610	\$ 3,229	\$ 3,388	\$ 4,516	\$ 1,701	\$ 1,678
Interest on total OPEB liability	2,349	1,659	984	1,461	1,588	2,205	862	680
Actual vs. expected experience	-	(2,659)	(2,995)	(5,037)	-	(11,537)	-	-
Assumption Changes	1,001	15,207	(1,504)	620	673	(8,662)	(953)	(1,173)
Benefit payments, including refunds of employee contributions	-	-	-	(2,143)	(2,446)	(2,500)	(2,045)	(807)
Change in proportions	-	-	-	-	-	(8,662)	4,326	-
<b>Net change in total OPEB liability</b>	<b>5,437</b>	<b>16,091</b>	<b>(905)</b>	<b>(1,870)</b>	<b>3,203</b>	<b>(24,640)</b>	<b>3,891</b>	<b>378</b>
<b>Change in County Proportionate Share</b>								
<b>Total OPEB liability - beginning</b>	<b>54,779</b>	<b>38,688</b>	<b>50,896</b>	<b>57,953</b>	<b>54,750</b>	<b>28,350</b>	<b>24,459</b>	<b>24,081</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 60,216</b>	<b>\$ 54,779</b>	<b>\$ 38,688</b>	<b>\$ 50,896</b>	<b>\$ 57,953</b>	<b>\$ 54,750</b>	<b>\$ 28,350</b>	<b>\$ 24,459</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ -	\$ -	\$ -	\$ 3,011	\$ 2,446	\$ 2,500	\$ 1,002	\$ 886
Net Investment Income	-	-	-	38	-	-	-	-
Benefit payments	-	-	-	(2,143)	(2,446)	(2,500)	(1,002)	(886)
Net Change in plan fiduciary net position	-	-	-	906	-	-	-	-
<b>Change in County Proportionate Share</b>				(906)				
<b>Plan fiduciary net position -beginning</b>		-	-	906				
<b>Plan fiduciary net position – ending (b)</b>		-	-	906				
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 60,216</b>	<b>\$ 54,779</b>	<b>\$ 38,688</b>	<b>\$ 49,990</b>	<b>\$ 57,953</b>	<b>\$ 54,750</b>	<b>\$ 28,350</b>	<b>\$ 24,459</b>
Covered payroll – as a proportion of Sutter County	\$ 359,499	\$ 321,662	\$ 242,406	\$ 262,151	\$ 288,180	\$ 275,612	\$ 108,372	\$ 95,171
Net OPEB liability as percentage of covered payroll	16.75%	17.03%	15.96%	19.07%	20.11%	19.86%	26.16%	25.70%
Measurement Date – June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Discount Rate on Measurement Date	3.93%	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%

**CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS \* CONTRIBUTIONS**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer Fiscal Year Ended June 30,								
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ 3,662	\$ 2,446	\$ 2,500	\$ 1,002	\$ 886
Contributions in relation to the actuarially determined contribution	-	-	-	(2,177)	(2,446)	(2,500)	(1,002)	(886)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 1,485	\$ -	\$ -	\$ -	\$ -
Commission's covered employee payroll (**)	\$ 359,499	\$ 321,662	\$ 242,406	\$ 262,151	\$ 288,180	\$ 275,612	\$ 108,372	\$ 95,171
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.78%	0.85%	0.91%	0.92%	0.93%

\* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

\*\* For the 12-months ended June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018 respectively – proportionate share of County.

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED  
RATIOS AND CONTRIBUTIONS**

In accordance with Actuarial Standards of Practice, the following methods and assumptions were used to for the 2023-2024 actuarially determined contribution rates:

- a) Actuarial valuation date: June 30, 2024
- b) Actuarial cost method: Entry Age Normal Level % of Pay
- c) Healthcare Cost Trend Rate – 6.5% in 2025 fluctuating down to 3.9% by 2075
- d) Discount rate: 2.18% as of June 30, 2021, 2.66% as of June 30, 2020 and 2.79% as of June 30, 2019
- e) Inflation: 2.5%
- f) Salary increases: 3.0%; since benefits do not depend on salary, this is used to allocate the cost of benefits between services
- g) Retirement age – 50-75
- h) Mortality: CalPERS 2021 Experience Study
- i) Mortality Improvement: MW scale 2022 applied generationally from 2017

The full GASB 75 Actuarial Report is available on the County's website, [www.suttercounty.org](http://www.suttercounty.org)

**OTHER SUPPLEMENTARY INFORMATION**

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION**  
**Schedule of Expenditures by Fund Source and**  
**Net Position of California Children and Families Commission Funds**  
**For First 5 Programs and Activities**  
**For the Year Ended June 30, 2025**

	Revenue CCFC Funds	Expenditures	Change in Net Position	Net Position Beginning of Year	Net Position End of Year
Home Visitation Coordination	\$57,047	\$57,047	\$ --	\$ --	\$ --

**SUTTER COUNTY CHILDREN AND FAMILIES COMMISSION  
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2025**

**2008-001 to 2025-001 Reliance upon Auditor for Reporting and Footnote Disclosures**

**Condition:** Management relies on the auditor to suggest and draft the footnote disclosures for the financial statements.

**Recommendation:** We recommend that management consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full disclosure financial statements whenever it is necessary to issue financial statements to third party users that require this conformity prior to the audit of those financial statements.

**Response:** The Commission has determined there is no cost-benefit to hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm with such experience to compile full disclosure financial statements for the purpose of avoiding a significant deficiency and material weakness. The Commission feels that management provides reliable financial statements for board decision-making and reliance upon the auditor for foot note disclosures is cost effective. This is consistent with the GFOA's (Government Finance Officers Association) Recommended Practice: "The GFOA does *not* recommend that governments engage the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported." The commission staff will continue to reconcile internal records against the Sutter County Auditor-Controller's financial statements. However, should the need arise for issuing financial statements to third-party users prior to the annual audit, management will consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full disclosure financial statements.

**Status:** Uncorrected

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

**Independent Auditor's Report**

Board of Commissioners  
Sutter County Children and Families Commission  
Yuba City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sutter County Children and Families Commission (Commission) as of and for the year ended June 30, 2025 and the related notes to the financial statements which collectively comprise the Commission's basis financial statements and have issued our report thereon dated December 1, 2025.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below as 2025-001 that we consider to be significant deficiency.

**2025-001 Reliance upon Auditor for Footnote Disclosures – uncorrected from prior years**

**Condition:** Management relies on the auditor to suggest and draft the footnote disclosures for the financial statements.

**Criteria:** Auditing Standards state that the auditor may not be part of the Commission's internal control system; specifically someone from the Commission or contracted by the Commission must be sufficiently knowledgeable in generally accepted accounting principles (GAAP) to draft financial statement disclosures in compliance with GAAP including pronouncements from the Government Accounting Standards Board (GASB).

**Cause:** The Commission does not have an employee familiar with either the disclosure requirements for generally accepted accounting principles or GASB Statements.

**Effect:** It was necessary for the Commission to rely upon the auditor for adequate disclosures.

**Recommendation:** We recommend that management consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full disclosure financial statements whenever it is necessary to issue financial statements to third party users that require this conformity prior to the audit of those financial statements.

**Response:** The Commission has determined there is no cost-benefit to hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm with such experience to compile full disclosure financial statements for the purpose of avoiding a significant deficiency and material weakness. The Commission feels that management provides reliable financial statements for board decision-making and reliance upon the auditor for footnote disclosures is cost effective. This is consistent with the GFOA's (Government Finance Officers Association) Recommended Practice: "The GFOA does *not* recommend that governments engage the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported." The commission staff will continue to reconcile internal records against the Sutter County Auditor-Controller's financial statements. However, should the need arise for issuing financial statements to third-party users prior to the annual audit, management will consider the cost benefit of hiring an accountant familiar with generally accepted accounting

principles or hiring an independent CPA firm to compile full disclosure financial statements.

### **Compliance and Other Matters**

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

### **Sutter County Children and Families Commission's Response to Findings**

The Commission's response to the finding identified in our audit is described above. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of 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.



Jensen Smith

Certified Public Accountants, Inc.

Lincoln, California

December 1, 2025

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## **INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Commissioners  
Sutter County Children and Families Commission  
Yuba City, California

### **Report on Compliance**

#### *Opinion*

We have audited the Sutter County Children and Families Commission's (Commission) compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2025.

In our opinion, Sutter County Children and Families 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, 2025.

#### *Basis for Opinion*

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether the material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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* issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, but not for

the purpose of expressing an opinion on the effectiveness of the Commission's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

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

### **Internal Control over Compliance**

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

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

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

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

A handwritten signature in black ink that reads "Jensen Smith". The signature is fluid and cursive, with "Jensen" on the top line and "Smith" on the bottom line.

Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
December 1, 2025

P.O. Box 160  
Lincoln, CA 95648  
Office (916) 434-1662  
Fax (916) 434-1090

December 1, 2025

Board of Commissioners  
Sutter County Children and Families Commission  
Yuba City, California

Dear Ladies and Gentlemen,

Thank you for your confidence in choosing us for your auditing needs. It was a pleasure working with your staff again this year. The audit went smoothly except for the delays related to the closing of the books from Sutter County including the figures related to the pension and OPEB activities. .

In planning and performing our audit of the financial statements of Sutter County Children and Families Commission for the year ended June 30, 2025, we considered Sutter County Children and Families Commission's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

We previously reported on Sutter County Children and Families Commission's internal control in our report dated December 1, 2025. This letter does not affect our report dated December 1, 2025, on the financial statements or internal control of Sutter County Children and Families Commission.

We want to thank the staff for assisting us with the audit and for quickly responding to our inquiries. Their organizational skills were a great help during the process of the audit. We wish you success in the next fiscal year.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California