
FIRST 5 COMMISSION OF SAN DIEGO

(A component unit of the County of San Diego, California)

SINGLE AUDIT REPORT

JUNE 30, 2016



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

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Board of Commissioners
First 5 Commission of San Diego
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of First 5 Commission of San Diego, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the First 5 Commission of San Diego's basic financial statements, and have issued our report thereon dated September 8, 2016.

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Internal Control over Financial Reporting

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In planning and performing our audit of the financial statements, we considered First 5 Commission of San Diego's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First 5 Commission of San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness First 5 Commission of San Diego's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether First 5 Commission of San Diego's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Christy White Associates

San Diego, California
September 8, 2016

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Board of Commissioners
First 5 Commission of San Diego
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited the First 5 Commission of San Diego's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the First 5 Commission of San Diego's major federal programs for the year ended June 30, 2016. The First 5 Commission of San Diego's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the First 5 Commission of San Diego's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the First 5 Commission of San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the First 5 Commission of San Diego's compliance.

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State Board of Accountancy*

Opinion on Each Major Federal Program

In our opinion, the First 5 Commission of San Diego complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the First 5 Commission of San Diego is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered First 5 Commission of San Diego's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of First 5 Commission of San Diego's 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 with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and the major fund of the First 5 Commission of San Diego, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the First 5 Commission of San Diego's basic financial statements. We issued our report thereon dated September 8, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Christy White Associates

San Diego, California
September 8, 2016

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
(A component unit of the County of San Diego, California)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

| Federal Grantor/Pass-Through Grantor/Program or Cluster | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|-------------------------|
| U. S. DEPARTMENT OF EDUCATION: | | | |
| <i>Passed through California Department of Education:</i> | | | |
| Race to the Top – Early Learning Challenge (RTT-ELC) | 84.412A | 15181 | \$ <u>1,830,888</u> |
| Total U. S. Department of Education | | | <u>1,830,888</u> |
| | | | |
| Total Federal Expenditures | | | <u>\$ 1,830,888</u> |

See accompanying note to schedule of expenditures of federal award.

**FIRST 5 COMMISSION OF SAN DIEGO
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**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditure of federal awards of the First 5 Commission of San Diego a Proposition 10 Commission (Commission). The Commission's reporting entity is defined in Note 1 of the Commission's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included in the schedule.

B. Basis of Accounting

The Single Audit Act defines major federal award programs based upon total federal expenditures of the grantee during the period reported and risk of the programs audited.

C. Relationship to Basic Financial Statements

Federal award revenues are generally reported within the Commission's financial statements under Note 7 – Revenue and Note 8 – Special Funding.

D. Pass Through Awards to Subrecipients

Included in the total expenditures of federal awards, the amount of \$1,830,888 has been passed through to subrecipients under CFDA# 84.412A.

E. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures to Federal Awards agree with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

**FIRST 5 COMMISSION OF SAN DIEGO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

| | |
|---|---------------|
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness identified? | No |
| Significant deficiencies identified not considered to be material weakness? | None reported |
| Noncompliance material to financial statements noted? | No |

FEDERAL AWARDS

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weakness identified? | No |
| Significant deficiencies identified not considered to be material weakness? | None reported |
| Type of auditors' report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a) | No |
| Identification of major programs: | |

| CFDA Number | Name of Federal Program |
|-------------|---|
| 84.412A | Race to the Top- Early Learning Challenge |

| | |
|---|-----------|
| Dollar threshold to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as a low-risk auditee | Yes |

**FIRST 5 COMMISSION OF SAN DIEGO
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
II. FINANCIAL STATEMENT FINDINGS**

None noted.

**FIRST 5 COMMISSION OF SAN DIEGO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for this audit.

**FIRST 5 COMMISSION OF SAN DIEGO
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**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

There were no findings for the year ended June 30, 2015.