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CODESP
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SILVA & SILVA
CERTIFIED PUBLIC ACCOUNTANTS

Rudolph F. Silva, CPA
Lisa D. Silva, CPA

To the Board of Directors
Cooperative Organization for the Development of Employee Selection Procedures
Huntington Beach, California

We have audited the financial statements of Cooperative Organization for the Development of Employee Selection Procedures (CODESP) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CODESP are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019-2020 fiscal year. We noted no transactions entered into by CODESP during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting CODESP's financial statements were:

Claims Liabilities - Management's estimate of the Net PERS Pension liability is based on calculations reported by the outside CPA for California PERS Public Agency Cost Sharing Multi-Employer Defined Benefit Pension Plan

We evaluated the key factors and assumptions used to develop the estimate in determining that it was reasonable in relation to the financial statements taken as a whole. However, estimates are subject to change because of future events, and the ultimate amounts realized may differ from those provided.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Net Pension liability in Notes 1 and 5 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected financial statement adjustments noted during the course of the audit.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 18, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to CODESP's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CODESP's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

Management's Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements were not included in the audit report. Disclosure is made in the Independent Auditors' Report under Emphasis of Matter.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of CODESP and is not intended to be, and should not be, used by anyone other than these specified parties

Brea, California
February 18, 2021

COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES

Annual Financial Report
June 30, 2020

COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES (A Joint Powers Entity) OF ORANGE COUNTY HUNTINGTON BEACH, CALIFORNIA

JUNE 30, 2020

GOVERNING BOARD

MEMBER	PARTICIPANT	OFFICE
Brandon Tietze	Anaheim Union High School District	President of the Board
BethAnn Arko	Downey Unified School District	Vice President
Barbara Bass	San Dieguito Union High School District	Member
Sophia Crocker	Simi Valley Unified School District	Member
Joel Garcia	Ramona Unified School District	Member
Bernie Konig	Centinela Valley Unified High School District	Member
Marina Mihalevsky	Conejo Valley Unified School District	Member
Frank Olmos	Los Angeles County Office of Education	Member
Kristin Olson	Long Beach Community College District	Member

ADMINISTRATION

Jonathan Koch	Executive Director

ORGANIZATION

Federal and State laws require that all public agencies be able to demonstrate that their employment selection procedures do not discriminate on the basis of sex, age, race, creed, national origin or disability which may be reasonably accommodated. In 1973, the Cooperative Organization for the Development of Employee Selection Procedures was formed to provide school and college districts with essential services in developing and providing selection materials used in testing candidates for district classified employment. Currently, Cooperative Organization for the Development of Employee Selection Procedures serves over four hundred (435) customers.

COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES
(A Joint Powers Entity)

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SILVA&SILVA
CERTIFIED PUBLIC ACCOUNTANTS

Rudolph F. Silva, CPA
Lisa D. Silva, CPA

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INDEPENDENT AUDITORS' REPORT

Executive Committee
Cooperative Organization for the
Development of Employee Selection Procedures
Huntington Beach, California

Report of the Financial Statements

We have audited the accompanying financial statements of Cooperative Organization for the Development of Employee Selection Procedures (the "Authority") which comprise the statement of net position as of June 30, 2020, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United states of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used an the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cooperative Organization for the Development of Employee Selection Procedures (the "Authority") which comprise the statement of net position as of June 30, 2020, and the respective changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basis financial statements. Such information, although not part of the basis financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration of the Cooperative Organization for the Development of Employee Selection Procedures' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Cooperative Organization for the Development of Employee Selection Procedures' internal control over financial reporting and compliance.

Lisa D. Silva

SILVA & SILVA CPAS
Brea, California
February 18, 2021

Financial Section

COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES
(A Joint Powers Entity)

STATEMENT OF NET POSITION
June 30, 2020

ASSETS		
CURRENT ASSETS		
Cash in bank (Note 2)	$ 107,396	
Revolving cash fund	4,000	
Investments (Note 3)	1,314,767	
Receivables - interest	3,740	
Prepaid expenses	34,514	
Total current assets		$ 1,464,417
CAPITAL ASSETS		
Office equipment	46,132	
Accumulated depreciation	(45,238)	
Total, net capital assets		894
TOTAL ASSETS		1,465,311
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		49,345
LIABILITIES		
CURRENT LIABILITIES		
Accrued salaries and benefits	59,446	
Accounts payable	4,735	
Deferred income	70,300	
Total current liabilities		134,481
LONG-TERM LIABILITIES		
Net pension liability		561,826
TOTAL LIABILITIES		696,307
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		4,332
NET POSITION		
Unrestricted		814,017

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

COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES
(A Joint Powers Entity)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

		Percent of Total Income
OPERATING REVENUES		
Member fees	$ 818,633	83.41%
Other fees and contracts	159,963	16.30%
Other local revenues	2,810	0.29%
Total Revenue	981,406	100.00%
OPERATING EXPENSES		
Salaries and benefits		
Classified salaries	600,586	61.20%
Employee benefits	214,759	21.88%
Total Salaries and Benefits	815,345	83.08%
Other Expenses		
Depreciation	224	0.02%
Travel and conferences	4,229	0.43%
Insurance	6,711	0.68%
Utilities	6,504	0.66%
Office lease	32,559	3.32%
Office expenses	2,567	0.26%
Professional services	8,804	0.90%
Miscellaneous expense	95	0.01%
Dues & memberships	90	0.01%
Marketing	2,394	0.24%
Software & maintenance contracts	49,000	4.98%
Interest	910	0.09%
Total Other Expenses	113,939	11.60%
Total Operating Expenses	929,284	94.68%
OPERATING GAIN	52,122	5.32%
NON-OPERATING REVENUES		
Interest Income	31,814	3.24%
CHANGES IN NET POSITION	83,936	8.56%
NET POSITION, BEGINNING OF YEAR	730,081	
NET POSITION, END OF YEAR	$ 814,017	

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

COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES
(A Joint Powers Entity)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020		
CASH FLOWS FROM OPERATING ACTIVITIES			
Add, item not requiring cash- Depreciation	224		
Cash received from members and other income	957,806		
Cash paid to suppliers and employees	(940,592)		
Net Cash Provided by Operating Activities	17,438		
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received	30,944		
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,382		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,377,781		
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,426,163		
RECONCILIATION OF NET INCOME TO			
Operating gain		$	52,122
Add, item not requiring cash- Depreciation	224		
Increase in prepaid expenses	(3,157)		
Decrease in deferred outflows of resources	16,936		
Decrease in accrued salaries & benefits	(177)		
Decrease in accounts payable	(2,730)		
Decrease in deferred revenue	(23,600)		
Decrease in deferred inflow of resources	(18,170)		
Decrease in net pension liability	(4,010)		
			(34,684)
Net Cash Provided by Operating Activities		$	17,438

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cooperative Organization for the Development of Employee Selection Procedures (the "Authority") conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

Financial Reporting Entity

The Authority has elected to formalize participation by its members through formation of a joint powers authority. Funding for the Authority membership will continue to flow from the individual members' districts. The Authority includes all funds and account groups that are controlled by or dependent on the Authority's Executive Committee for financial reporting purposes. The Authority has considered all potential component units in determining how to define the reporting entity using criteria set forth in generally accepted accounting principles. The Authority determined that there are not potential component units that meet the criteria for inclusion within the reporting entity.

Fund Accounting

The accounts of the Authority are organized on the basis of a fund. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Authority resources are allocated to and accounted for in a fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Authority's accounts are organized into categories, which include one fund type as follows:

Proprietary Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises.

Basis of Accounting

The Authority uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the related liabilities are incurred. The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Authority considers all investment instruments purchased with maturity of three months or less to be cash equivalents. The investments are considered cash equivalents as of June 30, 2020. Cash in County is considered to be a cash equivalent.

Capital Assets and Depreciation Methods

Machinery and equipment are stated at cost, less accumulated depreciation computed using accelerated methods. Machinery and equipment are depreciated over five to seven years. Depreciation for the year ended June 30, 2020, amounted to $224.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Authority is not subject to income taxes pursuant to Section 115 of the Internal Revenue Code and the corresponding section of the California Revenue and Taxation Code.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of goods or services.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then.

NOTE 2 – CASH

Cash balances held in banks and in revolving funds are fully insured by the National Credit Union Administration.

NOTE 3 - INVESTMENTS

Investments at June 30, 2020, held on behalf of the Authority are presented below:

	Reported Amount	Fair Value
Uncategorized		
Deposits with County Treasurer	$1,314,767	$1,324,890

Deposits with County Treasurer

Deposits with county treasurer is an external investment pool sponsored by the County of Orange. School districts and the Authority are required to deposit all receipts and collections of monies with their county treasurer (Education Codes Section 41004). Therefore, the Authority is considered to be an involuntary participant in an external investment pool. County deposits are not required to be categorized. The pool sponsor provided fair value for these deposits. There is no limitation of interest rate risk, credit risk that will adversely affect the fair value of this investment.

NOTE 4 – OPERATING LEASES

The Authority has an operating lease for office space in Huntington Beach, expiring on July 31, 2021, requiring monthly payments of $2,695.50 through July 31, 2020, and monthly payments of $2,785.35 beginning on August 1, 2020 through July 31, 2021. Lease will continue on a month-to-month basis after the expiration. Future minimum lease payments as of June 30, 2020, are as follows:

6/30/21	33,331
6/30/22	2,785
Total future minimum payments	$68,462

NOTE 4 – OPERATING LEASES (Continued) –

The Authority has an operating lease for a Kyocera Copier, requiring monthly payments of $65.00, beginning on March 1, 2020 through March 31, 2024. Lease will continue on a month-to month basis after the expiration. Future minimum lease payments as of June 30, 2020, as are follows:

6/30/21	780
6/30/22	780
6/30/23	780
6/30/24	585
Total future minimum payments	$3,705

NOTE 5 – EMPLOYEE RETIREMENT SYSTEM

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement Systems (CalPERS).

The Authority implemented GASB Statements No. 68 and No. 71, for the fiscal year ended June 30, 2020. As a result, the Authority reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows, inflows of resources as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Proportionate Share of Deferred Outflows	Proportionate Share of Deferred Inflows	Proportionate Share of Pension Expense
CalPERS	$ 561,826	$49,345	$4,332	$124,951

Plan Description

The Authority contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provided retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. As a result of the PEPRA, changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statues, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from CalPERS Executive Office, 400 P Street, Sacramento, California 95811, or from their website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1 2013), and has at least five years of credited service. The cost living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Employer Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of Service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.250%
Required employer contribution rate	12.801%	6.250%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expresses as percentage of annual payroll. The Authority's contributions to CalPERS for the fiscal year ended June 30, 2020 was $69,866 and equals 100 percent of the required contribution.

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

As of June 30, 2020, the Authority reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $561,826. The net pension liability was measured as of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating miscellaneous governmental entities, actuarially determined. As of June 30, 2020, the Authority's proportion was .0144 percent.

For the year ended June 30, 2020, the Agency recognized pension expense of $124,951. At June 30, 2020, the Authority 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
Pension contributions subsequent to measurement date	$ 0	$ 0
Net differences between projected and actual earnings on Plan investments	49,345	4,332
Total	$ 49,345	$ 4,332

Actuarial Methods and Assumptions

Total pension liability for the MEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	2.50%

Mortality assumptions are based on a mortality table based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2018. For more details on this table, please refer to the December 2018 experience study report (based on CalPERS demographic data from 1998 to 2016) that can be found on the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return of each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	50%	5.98%
Global fixed income	28%	2.62%
Inflation sensitive	-	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Miscellaneous Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the Authority's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 969,973
Current discount rate (7.15%)	561,826
1% increase (8.15%)	307,823

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 18, 2021, the date that the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

INDEPENDENT AUDITORS' REPORT

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 *GOVERNMENTAL AUDITING STANDARDS*

Executive Committee
Cooperative Organization for the
Development of Employee Selection Procedures
Huntington Beach, 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 Cooperative Organization for the Development of Employee Selection Procedures as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Cooperative Organization for the Development of Employee Selection Procedures' basic financial statements, and have issued our report thereon dated February 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cooperative Organization for the Development of Employee Selection Procedures' 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 Cooperative Organization for the Development of Employee Selection Procedures' internal control. Accordingly, we do not express an opinion on the effectiveness of Cooperative Organization for the Development of Employee Selection Procedures' 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 Cooperative Organization for the Development of Employee Selection Procedures' 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 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 *Governmental 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.

Lisa D. Silva

SILVA & SILVA CPAS
Brea, California
February 18, 2021