



Financial Statements  
June 30, 2023

# Irvine Child Care Project

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## Independent Auditor's Report

To the Board of Directors  
Irvine Child Care Project  
Irvine, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of Irvine Child Care Project (the Authority), a California Joint Powers Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Irvine Child Care Project, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority, 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 Authority'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 GAAS 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 GAAS 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 10 and the budgetary comparison information on page 25, 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 GAAS, 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the 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 14, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Rancho Cucamonga, California  
December 14, 2023

## **Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the Irvine Child Care Project (the Authority), a California Joint Powers Authority, for the year ended June 30, 2023, with comparative information for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current and the prior year is required to be presented in the MD&A.

The Irvine Child Care Project was established on November 27, 1984, through a joint powers authority agreement entered into by the City of Irvine and the Irvine Unified School District.

The primary purpose of the Authority is to facilitate the provision of child care and child development opportunities utilizing Irvine Unified School District elementary sites by leasing portable classrooms to non-profit groups that operate child care programs within the City.

## **FINANCIAL HIGHLIGHTS**

This section provides an overview of the Authority's financial activities.

- Revenues for the General Fund were \$560,800 more than expenditures with overall revenues at \$3,770,696.

## **Statement of Net Position**

The Statement of Net Position presents the assets and liabilities of the Authority as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the Authority. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Authority. Readers are also able to determine the amount owed by the Authority to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the Authority, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The Net Position is presented in three major categories. The first category provides the information in regards to equity amounts in property, plant, and equipment owned by the Authority. The second category provides information on amounts restricted for special purposes. The third category provides information on unrestricted net position that are available for obligations as may be approved by the Board.

The Statement of Net Position is summarized below:

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
<b>Assets</b>			
Investments	\$ 2,606,022	\$ 1,948,880	33.7 %
Receivable	312,976	220,978	41.6
Capital assets, net	<u>3,055,005</u>	<u>3,340,653</u>	<u>(8.6)</u>
Total assets	<u>5,974,003</u>	<u>5,510,511</u>	<u>8.4</u>
<b>Liabilities</b>			
Accounts payable	748,343	560,003	33.6
Long-term liabilities	<u>161,840</u>	<u>286,303</u>	<u>(43.5)</u>
Total liabilities	<u>910,183</u>	<u>846,306</u>	<u>7.5</u>
<b>Net Position</b>			
Net investment in capital assets	2,893,165	3,054,350	(5.3)
Unrestricted	<u>2,170,655</u>	<u>1,609,855</u>	<u>34.8</u>
Total net position	<u>\$ 5,063,820</u>	<u>\$ 4,664,205</u>	<u>8.6 %</u>

Investments with the Authority is explained in the notes to the financial statements and is invested with the Orange County Treasury to maximize interest income.

- Accounts receivable are amounts due from State and Federal government sources, as well as accrued interest income.
- Accounts payable consist mainly of expenditures for services and supplies received prior to June 30, but not yet invoiced or paid.
- Net investment in capital assets reflects the difference between the assets of buildings and improvements and the associated debt.
- Unrestricted net position reflects the current undesignated amounts.

**Statement of Activities**

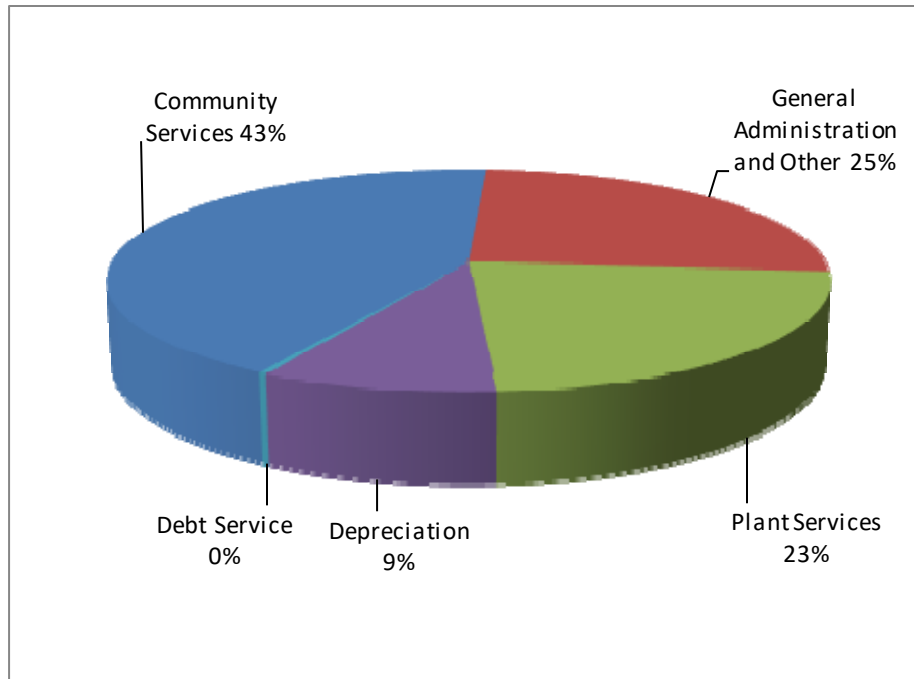
Changes in total net position are presented in the Statement of Activities. The purpose of this statement is to present the results of operations and includes revenues earned, whether received or not by the Authority, and the expenses incurred, whether paid or not by the Authority.

The Statement of Activities is summarized below:

	2023	2022	% Change
Revenues			
Program revenues			
Grants	\$ 1,731,130	\$ 1,288,414	34.4 %
Contract fees	1,960,630	1,814,017	8.1
General revenues			
Interest and investment earnings	78,936	(20,155)	(491.6)
Total revenues	3,770,696	3,082,276	22.3
Expenses			
Community services	1,435,787	1,161,191	23.6
Other outgo	582,978	390,133	49.4
General administration	267,795	196,598	36.2
Plant services	766,749	717,150	6.9
Debt service interest	10,710	16,296	(34.3)
Depreciation unallocated	307,062	309,575	(0.8)
Total expenses	3,371,081	2,790,943	20.8
Change in Net Position	399,615	291,333	37.2
Net Position, Beginning	4,664,205	4,372,872	6.7
Net Position, Ending	\$ 5,063,820	\$ 4,664,205	8.6 %



**Expenses for Governmental Activities**



- The activities of the Authority are fully supported by contract fees and grants and contributions.

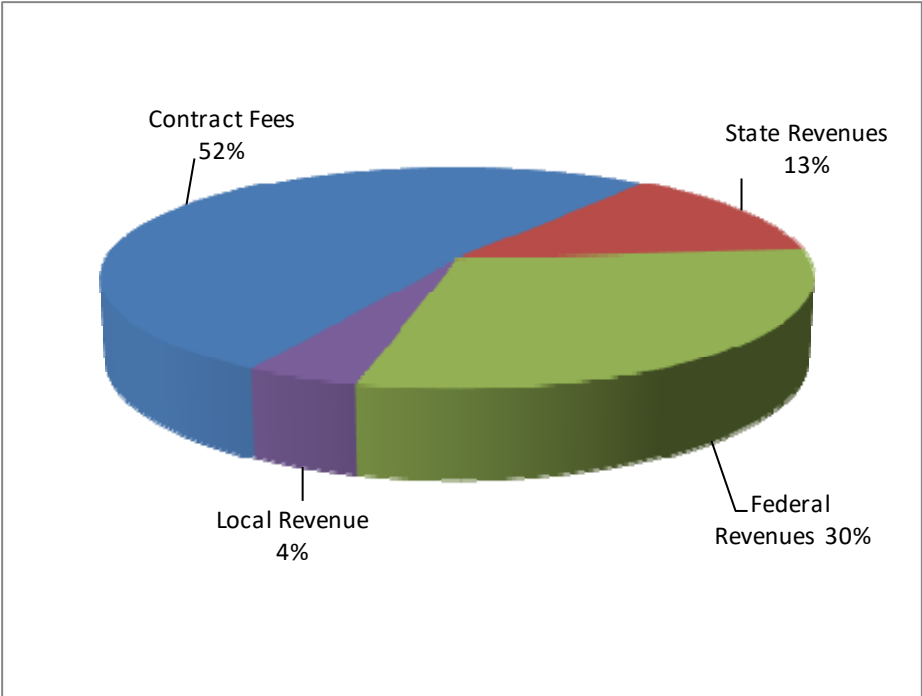
**Fund Financial Statements**

More detailed information about the Authority's General Fund, not the Authority as a whole, is provided in the fund financial statements. Funds are accounting formats the Authority uses to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by State law and other funds are established by the Authority to control and manage a variety of activities for particular purposes. Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as Federal grants).

The Authority maintains only one class of funds:

**Governmental Funds:** All of the Authority's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow (in and out) and the balances left at year-end that are available for expenditure in subsequent years. A detailed short-term view is provided by the governmental fund statements. This helps determine whether there are more or fewer financial resources that can be spent in the near future for financing the Authority's programs. Because this information does not encompass the additional long-term focus of the Authority-wide statements, additional information is provided in the reconciliation provided after the governmental fund statements that explains the differences (or relationships).

**Revenue Sources for Governmental Activities**



- Interest income and the change in fair market value of the cash in county treasury of \$78,936 is considered nonoperating revenue. Interest income was primarily generated by the cash invested in the Orange County Treasury.
- One of the Authority's largest operating expenses are primarily for community services. The Authority expended \$1,435,787 of the total General Fund budget on these programs.

**General Fund Budget**

During the fiscal year, the Board authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the Authority. A budgetary comparison schedule for the General Fund is presented below.

Variations between final budget amounts and actual results were a direct result of actions taken by the Board to reduce or defer expenditures and increase income during the fiscal year.

Variations between the original and final budget amounts were primarily created by carry over of funds and new funding for categorical programs and an increased amount of capital assets purchased. These amounts were unknown at the time the original budget was adopted.

	Adopted Budget July 1, 2022	Revised Budget	Actual Revenues/ Expenditures June 30, 2023	Differences
Total Revenues	\$ 3,829,585	\$ 3,770,696	\$ 3,770,696	\$ -
Supplies and services	\$ 3,411,365	\$ 3,074,723	\$ 3,074,723	\$ -
Debt service	135,173	135,173	135,173	-
Total expenditures	\$ 3,546,538	\$ 3,209,896	\$ 3,209,896	\$ -

#### CAPITAL ASSETS AND LONG-TERM LIABILITIES

##### Capital Assets

GASB Statement No. 34 requires that governmental agencies account for capital assets in the same way that private and public corporations do. This involves recognizing the value of the Authority's capital assets, such as land, buildings, and equipment, in the capital asset section of the Statement of Net Position. The Authority must now track annual and accumulated depreciation on major assets.

As of June 30, 2023, the Authority had \$8,775,377 invested in capital assets, primarily related to facilities and other capital improvements.

Note 4 to the financial statements provide additional information on capital assets. A summary of capital assets, net of depreciation, is presented below:

Site improvements	\$ 610,492
Buildings and improvements	7,957,901
Equipment	206,984
Less: Accumulated depreciation	(5,720,372)
Net capital assets	\$ 3,055,005

##### Long-Term Liabilities

Note 9 to the financial statements provides additional information on outstanding long-term liabilities. A summary of the Authority's outstanding liabilities at year-end is presented below:

Notes payable	\$ 161,840
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### **General Fund Budget Information**

The Authority's budget is prepared in accordance with California law and is based on the cash basis of accounting, utilizing cash receipts, disbursements, and encumbrances.

The Authority begins the budget process in February of each year to be completed by June 30. After updating of the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the program level determining service, supply, and equipment requirements based on the projected contracts and program activities.

### **Factors Bearing on the Authority's Future**

At the time these financial statements were prepared and audited, the only known circumstance that could significantly affect its financial health in the future would be the State's continuing economic decline and its impact on the State budget.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide the community, investors, creditors, etc. with a general overview of the Authority's financial condition and to show the Authority's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact:

John Fogarty  
Assistant Superintendent of Business Services  
5050 Barranca Parkway  
Irvine, CA 92604  
(949) 936-5035  
Johnfogarty@iusd.ord

Irvine Child Care Project  
Statement of Net Position  
June 30, 2023

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	Governmental Activities
Assets	
Investments	\$ 2,606,022
Receivables	312,976
Capital assets, net of accumulated depreciation	3,055,005
Total assets	5,974,003
Liabilities	
Accounts payable	748,343
Long-term liabilities	
Current portion of long-term liabilities	130,331
Noncurrent portion of long-term liabilities	31,509
Total long-term liabilities	161,840
Total liabilities	910,183
Net Position	
Net investment in capital assets	2,893,165
Unrestricted	2,170,655
Total net position	\$ 5,063,820

Irvine Child Care Project  
Statement of Activities  
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Community services	\$ 1,435,787	\$ 1,960,630	\$ 1,641,229	\$ 2,166,072
Other outgo	582,978	-	89,901	(493,077)
General administration	267,795	-	-	(267,795)
Plant services	766,749	-	-	(766,749)
Debt service - interest	10,710	-	-	(10,710)
Depreciation - unallocated	307,062	-	-	(307,062)
Total governmental activities	<u>\$ 3,371,081</u>	<u>\$ 1,960,630</u>	<u>\$ 1,731,130</u>	<u>320,679</u>
General Revenues				
Interest and investment earnings				<u>78,936</u>
Change in Net Position				399,615
Net Position - Beginning				<u>4,664,205</u>
Net Position - Ending				<u>\$ 5,063,820</u>

Irvine Child Care Project  
Balance Sheet – Governmental Fund  
June 30, 2023

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	<u>General Fund</u>
Assets	
Investments	\$ 2,606,022
Receivables	<u>312,976</u>
Total assets	<u>\$ 2,918,998</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 748,343</u>
Fund Balance	
Unassigned	<u>2,170,655</u>
Total liabilities and fund balance	<u>\$ 2,918,998</u>

Irvine Child Care Project  
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
 June 30, 2023

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Total Fund Balance - Governmental Fund \$ 2,170,655

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	\$ 8,775,377
Accumulated depreciation is	<u>(5,720,372)</u>

Net capital assets	3,055,005
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Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consisted of the following:

Notes payable	<u>(161,840)</u>
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Total net position - governmental activities	<u><u>\$ 5,063,820</u></u>
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Irvine Child Care Project  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund  
Year Ended June 30, 2023

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	General Fund
Revenues	
State general child care grant	\$ 503,663
Federal general child care grant	644,323
Federal apportionments	493,243
Contract fees	1,960,630
Interest and investment earnings	78,936
Other income	89,901
Total revenues	3,770,696
Expenditures	
Community services	1,435,787
Other outgo	582,978
General administration	267,795
Plant services	788,163
Debt service	
Principal	124,463
Interest	10,710
Total expenditures	3,209,896
Net Change in Fund Balance	560,800
Fund Balance - Beginning	1,609,855
Fund Balance - Ending	\$ 2,170,655

Irvine Child Care Project

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund  
to the Statement of Activities  
Year Ended June 30, 2023

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Total Net Change in Fund Balances - Governmental Fund \$ 560,800

Amounts reported for governmental activities in the Statement of Activities are different due to the following:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.

This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	\$ (307,062)
Capital outlays	<u>21,414</u>

Net expense adjustment	(285,648)
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Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Notes payable principal payments	<u>124,463</u>
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Change in net position of governmental activities	<u><u>\$ 399,615</u></u>
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## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Irvine Child Care Project (the Authority), a California Joint Powers Authority, was established on November 27, 1984, through a joint powers authority agreement (the Agreement) entered into by the City of Irvine (the City) and the Irvine Unified School District (the District).

The primary purpose of the Authority is to facilitate the provision of child care and child development opportunities utilizing Irvine Unified School District elementary sites by leasing portable classrooms to non-profit groups that operate child care programs within the City.

The Authority is also allocated child care and child care related funds through the California Department of Education (CDE) and the California Department of Social Services (CDSS). The Authority subcontracts in full with Catalyst Family Incorporated under CCTR 2168 an independent, non-profit organization to deliver subsidized child development services to District children. Certain supplemental financial information is included for the Authority and its subcontractor. The Authority pays the subcontractor at a rate of approximately \$60.03 per child per day of enrollment. The rate is the \$61.26 State maximum rate less an administrative fee of two percent.

The Governing Board (the Board) of the Authority administers the Agreement and the Authority. The Authority is a public entity separate from the respective parties of the Agreement. The Board carries out the managerial and financial functions of the Authority and is responsible for all of its debts and obligations.

### **Basis of Presentation – Fund Accounting**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued by the American Institutes of Certified Public Accountants.

The Authority's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements.

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

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. The Statement of Net Position presents the financial condition of the governmental activities of the Authority at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Authority. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

### **Fund Financial Statements**

During the year, the Authority segregates transactions related to certain Authority functions or activities in separate programs in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Authority at this more detailed level. The focus of governmental fund financial statements is on major funds.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

- Community services - includes activities that provide services to community participants other than students.
- Other outgo - includes activities that provide subsidies for child care fees to community participants.
- General administration - includes data processing services and all other general administration services.
- Plant services - includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.
- Debt service - includes activities for payment of notes payable.

### **Major Governmental Funds**

The accounting records of the Authority are organized on the basis of a major fund as follows:

- **General Fund** - The General Fund is the general operating fund to the Authority and accounts for all revenues and expenditures of the Authority. It is used to account for all resources over which the Board has discretionary control and in carrying on the operations of the Authority in accordance with the limitation of its bylaws and joint powers authority agreement.

### **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing or measurement made, regardless of the measurement focus applied.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. Differences between the accrual and the modified basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and the presentation of expenses versus expenditures.

**Capital Assets and Depreciation**

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. The Authority does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	20 years
Furniture and equipment	7 years

The Authority records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year June 30, 2023.

**Long-Term Liabilities**

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the funds.

Notes and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

### **Fund Balance - Governmental Fund**

As of June 30, 2023, the fund balance of the governmental fund is classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority currently does not have any nonspendable funds.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Authority currently does not have any restricted funds.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the Board of Directors. The Authority currently does not have any committed funds.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's adopted policy, only the Board of Directors or designee may assign amounts for specific purposes. The Authority currently does not have any assigned funds.

**Unassigned** - all other spendable amounts.

### **Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

### **Reconciliation of CDE and Generally Accepted Accounting Principles (U.S. GAAP) Expense Reporting**

The supplementary statement of activities by contract and financial statements presents financial data in conformity with U.S. GAAP. The other supplementary financial data presented in the audit, including data in the schedule of expenditures by state categories, presents expenditures according to CDE reporting requirements. However, reporting differences arise because CDE contract funds must be expended during the contract period (usually one year). For example, program amounts that are capitalized and depreciated over multiple years under U.S. GAAP are expensed in the contract period under CDE requirements. To address such reporting differences, the audit report includes a Reconciliation of CDE and U.S. GAAP Expense reporting.

### **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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, and those differences could be material.

### **Budgets and Budgetary Accounting**

An annual budget of the general operations of the Authority is adopted by the Board. The adopted budget is prepared on the modified accrual basis which is consistent with the basis of accounting used for financial reporting purposes. The budget may be revised by the Board during the year to give consideration to unanticipated revenues and expenditures. It is this final revised budget that is presented in the financial statements. Expenditures are budgeted based upon available fund resources. If expenditures exceed or are likely to exceed revenues, a Board-appointed internal auditor is required to notify the Board in writing. This report is made to the Board at a public meeting. The Board is required to respond, no later than 15 days after receipt of such a report, with its proposed actions or recommendations.

### **Note 2 - Investments**

Investments at June 30, 2023, consisted of \$2,606,022 in pooled funds held in the Orange County Educational Investment Pool. The County pools the cash held in the Orange County Treasury with funds from public education agencies and is allowed to invest them as prescribed by the California Government Code. The fair value of the Authority's investment in the pool is reported in the accounting financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). Positions in this pool is not required to be categorized within the fair value hierarchy. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The investment has an average weighted maturity of 225 days.

The Treasury Oversight Committee established in December 1995, which consists of the elected County Auditor-Controller, the County Executive Officer, the elected County Superintendent of Schools, one special district representative member, and one member from the public sector appointed by the Board, conducts Treasury oversight of the pool. The pool is not registered with the SEC.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment in the Orange County Educational Investment pool is rated AAAM as of June 30, 2023.

**Note 3 - Accounts Receivable**

Accounts receivable at June 30, 2023, consisted of the following:

	Governmental Activities
State Government Interest	\$ 305,209 <u>7,767</u>
Total	<u>\$ 312,976</u>

**Note 4 - Capital Assets**

Capital assets by type for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Site improvements	\$ 610,492	\$ -	\$ -	\$ 610,492
Buildings and improvements	7,936,487	21,414	-	7,957,901
Equipment	<u>206,984</u>	<u>-</u>	<u>-</u>	<u>206,984</u>
Total capital assets being depreciated	<u>8,753,963</u>	<u>21,414</u>	<u>-</u>	<u>8,775,377</u>
Less accumulated depreciation				
Site improvements	(441,409)	(25,153)	-	(466,562)
Buildings and improvements	(4,900,497)	(273,575)	-	(5,174,072)
Equipment	<u>(71,404)</u>	<u>(8,334)</u>	<u>-</u>	<u>(79,738)</u>
Total accumulated depreciation	<u>(5,413,310)</u>	<u>(307,062)</u>	<u>-</u>	<u>(5,720,372)</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,340,653</u>	<u>\$ (285,648)</u>	<u>\$ -</u>	<u>\$ 3,055,005</u>

There were no disposals of capital assets during 2023. Depreciation expense for the current period was \$307,062.



**Note 5 - Contract Fees**

The Authority leases portable buildings to non-profit groups with terms covering one fiscal year. Lease contracts are renewed on an annual basis with each non-profit group. Contracted lease rates are determined based on the Authority's expenditure budget for the fiscal year and amounted to \$1,960,630 for the 2023 fiscal year.

**Note 6 - Audit Fees**

The California State Legislature mandates California Department of Education (CDE) and California Department of Social Services (CDSS) responsibility for ensuring that audit fees are disclosed annually in the Authority's audit report. Audit fees expensed in the current year are \$13,500.

**Note 7 - Related Party Transactions**

The Authority pays the District and the City for certain accounting and administrative services and facilities provided to the Authority. During the fiscal year, \$1,316,477 was paid to the District and the City for such services.

**Note 8 - Accounts Payable**

Accounts payable at June 30, 2023, consisted of the following:

	Governmental Activities
Child care services	\$ 640,605
State grant payable	82,941
Other	24,797
Total	\$ 748,343

**Note 9 - Long-Term Liabilities**

**Summary**

The changes in the Authority's long-term liabilities during the year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Notes payable	\$ 286,303	\$ -	\$ 124,463	\$ 161,840	\$ 130,331

Payments for the notes payable are made by the General Fund.

**Notes Payable**

In September 2009, the Authority entered into an agreement with Irvine Unified School District to purchase several portable buildings. The Authority agreed to pay \$1,377,050 plus interest at a rate of 4.93% and matures on September 1, 2024.

In November 2020, the Authority purchased custodial equipment. The Authority agreed to pay \$40,500, interest free, and matures in June 2024.

Payment requirements are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 130,331	\$ 4,842	\$ 135,173
2025	31,509	259	31,768
Total	\$ 161,840	\$ 5,101	\$ 166,941



Required Supplementary Information  
June 30, 2023

## Irvine Child Care Project

Irvine Child Care Project  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual
<b>Revenues</b>			
State general child care grant	\$ 695,095	\$ 503,663	\$ 503,663
Federal general child care grant	374,281	644,323	644,323
Federal apportionments	773,000	493,243	493,243
Contract fees	1,967,209	1,960,630	1,960,630
Interest and investment earnings	-	78,936	78,936
Other income	20,000	89,901	89,901
Total revenues	<u>3,829,585</u>	<u>3,770,696</u>	<u>3,770,696</u>
<b>Expenditures</b>			
Insurance	108,884	113,271	113,271
Contract services and operating expenditures	3,302,481	2,961,452	2,961,452
Debt service			
Principal	113,558	124,463	124,463
Interest	21,615	10,710	10,710
Total expenditures	<u>3,546,538</u>	<u>3,209,896</u>	<u>3,209,896</u>
Net Change in Fund Balance	<u>\$ 283,047</u>	<u>\$ 560,800</u>	560,800
Fund Balance - Beginning			<u>1,609,855</u>
Fund Balance - Ending			<u>\$ 2,170,655</u>

**Note 1 - Purpose of Schedules**

**Budgetary Comparison Schedule**

The Authority employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the *California Education Code*. The Board of Directors is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of the budget adoption with legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and the actual results of operations, as well as the variances from the budget to actual results of operations.



Supplementary Information  
June 30, 2023

# Irvine Child Care Project

Irvine Child Care Project  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program or Award Amount	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through California Department of Social Services				
Child Care Development Fund (CCDF) Cluster				
Child Care and Development Block Grant	93.575	14551	\$ 245,750	\$ 156,468
Child Care and Development Block Grant	93.575	15136	104,764	67,183
Child Care and Development Block Grant	93.575	15554	49,480	6,369
COVID-19: Child Development: ARP				
California State Preschool Program				
One-time Stipend	93.575	15640	131,222	131,222
COVID-19: Child Development: ARP California				
California State Preschool Program				
Rate Supplements	93.575	15641	137,976	137,976
Child Care Mandatory and Matching				
Funds of the Child Care and				
Development Fund				
	93.596	13609	<u>227,900</u>	<u>145,105</u>
Subtotal Child Care Development			<u>897,092</u>	<u>644,323</u>
Fund (CCDF) Cluster				
Total U.S. Department of Health and			<u>897,092</u>	<u>644,323</u>
Human Services				
U.S. Department of Housing and Urban Development				
Passed through Irvine Children's Fund				
CDBG - Entitlement Grants Cluster				
COVID-19: Community Development Block Grant	14.218	[1]	569,771	429,243
Community Development Block Grant	14.218	[1]	64,000	64,000
Subtotal CDBG - Entitlement Grants Cluster			<u>633,771</u>	<u>493,243</u>
Total U.S. Department of Housing and			<u>633,771</u>	<u>493,243</u>
Urban Development				
Total Federal Financial Assistance			<u>\$ 1,530,863</u>	<u>\$ 1,137,566</u>

[1] Pass-Through Entity Identifying Number Not Available

Irvine Child Care Project  
 Schedule of Expenditures of State Awards  
 Year Ended June 30, 2023

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Program	Contract Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
Passed through California Department of Social Services Child Development Division Child Care and Development Block Grant	CCTR-2168	23254	\$ 780,016	\$ 513,308
Total State Financial Assistance			<u>\$ 780,016</u>	<u>\$ 513,308</u>



Irvine Child Care Project  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2023

	General Child Care and Development Programs CCTR-2168	Non-CDE Programs	Total
<b>Support and Revenue</b>			
<b>Support</b>			
State apportionment			
General child care	\$ 503,663	\$ -	\$ 503,663
Federal apportionment			
General child care	644,323	-	644,323
Community development block grant	-	493,243	493,243
Total support	<u>1,147,986</u>	<u>493,243</u>	<u>1,641,229</u>
<b>Revenue</b>			
Contract fees	-	1,960,630	1,960,630
Interest and investment earnings	9,645	69,291	78,936
Other income	-	89,901	89,901
Total revenue	<u>9,645</u>	<u>2,119,822</u>	<u>2,129,467</u>
Total support and revenue	<u>1,157,631</u>	<u>2,613,065</u>	<u>3,770,696</u>
<b>Expenses</b>			
<b>Program services</b>			
General child care program	1,140,787	-	1,140,787
Community services	-	295,000	295,000
Other outgo	-	582,978	582,978
General administration	16,844 <sup>1</sup>	250,951	267,795
Plant services	-	788,163	788,163
<b>Debt service</b>			
Principal	-	124,463	124,463
Interest	-	10,710	10,710
Total expenses	<u>1,157,631</u>	<u>2,052,265</u>	<u>3,209,896</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 560,800</u>	<u>\$ 560,800</u>

<sup>1</sup> This is the only direct contractor expense.

Irvine Child Care Project  
 Schedule of Expenditures by State Categories  
 Year Ended June 30, 2023

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		Child Development Programs - Contracts
1000	Certificated Salaries	\$ 399,909
2000	Classified Salaries	41,622
3000	Employee Benefits	87,693
4000	Books and Supplies	25,895
5000	Services and Other Operating Expenses	<u>360,362</u>
	Total expenditures	<u>\$ 915,481</u>
	Indirect cost charged by school district	<u>16,844</u>
	Total cost of contract	<u>\$ 932,325</u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above, to an extent considered necessary to assure ourselves that the amount claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

Irvine Child Care Project  
 Reconciliation of CCD and U.S. GAAP Expense Reporting  
 Year Ended June 30, 2023

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	General Child Care and Development Programs CCTR-2168
Expenses	
Schedule of Expenditures by State Categories (CCD)	\$ 932,325
Adjustments to reconcile difference in reporting	
Subcontract expenses included in the AUD form	-
Capitalized assets expensed on AUD form	-
Capitalized lease expensed on AUD form	-
	\$ 932,325
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 932,325

There were no reconciling items between CCD and U.S. GAAP expense reporting in the current year.

Irvine Child Care Project  
Schedule of Claimed Equipment Expenditures  
Year Ended June 30, 2023

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	General Child Care and Development Programs CTTR-2168
<u>Unit Cost Under \$5,000 per Item</u>	
Furniture/Equipment	\$ -
Computer and Software	-
Subtotal	-
<u>Unit Cost over \$5,000 per Item with Prior Written Approval</u>	
None	-
Subtotal	-
<u>Unit Cost over \$5,000 per Item Without Prior Approval</u>	
None	-
Subtotal	-
Total	\$ -

Note: Irvine Child Care Project's capitalization threshold is \$500 or more. There were no claimed equipment expenditures to report in the current year.

Irvine Child Care Project  
Schedule of Claimed Expenditures for Renovations and Repairs  
Year Ended June 30, 2023

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	General Child Care and Development Programs CTTR-2168
Unit Cost Under \$10,000 per Item	
None	\$ -
Subtotal	-
Unit Cost \$10,000 or More per Item with Prior Written Approval	
None	\$ -
Subtotal	-
Unit Cost \$10,000 or More per Item Without Prior Approval	
None	\$ -
Subtotal	-
Total	\$ -

Note: Irvine Child Care Project's capitalization threshold is \$500 or more. There were not renovations and repairs expenditures to report in the current year.

Irvine Child Care Project  
Schedule of Claimed Administrative Costs  
Year Ended June 30, 2023

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	<u>Center and Block Grant Child Development Programs</u>
Irvine Unified School District's indirect costs	<u>\$ 16,844</u>

## **Note 1 - Purpose of Schedules**

### **Schedule of Expenditures of Federal Awards (SEFA)**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Irvine Child Care Project (the Authority) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position or changes in net position and fund balance of the Authority.

#### Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

#### Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

### **Schedule of Expenditures of State Awards**

The accompanying schedule of expenditures of state awards (the schedule) includes the state award activity of the Irvine Child Care Project for the for the year ended June 30, 2023. Because the schedule only presents a selected portion of the operations the Authority, it is not intended to and does not present the net position or changes in net position and fund balance of the Authority.

### **Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**

The combining Statement of Revenues, Expenditures, and Changes in Fund Balance is included to provide information regarding the General Child Care and Development Programs and the Non-CDE Programs.

### **Schedule of Expenditures by State Categories**

This schedule provides information about expenditures by state categories.

### **Reconciliation of CCD and U.S. GAAP Expense Reporting**

This schedule provides a reconciliation of expenditures by state categories from CCD to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (U.S. GAAP).

### **Schedule of Claimed Equipment Expenditures**

This schedule provides information about reimbursable equipment expenditures.

**Schedule of Claimed Expenditures for Renovations and Repairs**

This schedule provides information about reimbursable expenditures for renovation and repairs.

**Schedule of Claimed Administrative Costs**

This schedule provides information about reimbursable administrative costs.

**Interest Expense**

No interest expense was claimed as a reimbursable expense for the year ended June 30, 2023.

**Related Party Rent**

No related party rent expense was claimed as a reimbursable expense for the year ended June 30, 2023.

**Bad Debt Expense**

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exist. No bad debt expense was claimed for the year ended June 30, 2023.



# AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT FOR CHILD CARE AND DEVELOPMENT PROGRAMS

Fiscal Year Ending	June 30, 2023
Contract Number	CCTR-2168
Vendor Code	30-Q553

Full Name of Contractor

## Section 1 - Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form AUD 9500.1):

Number of counties where the agency provided mental health consultation services to certified children (Form AUD 9500.2):

Number of counties where the agency provided services to non-certified children (Form AUD 9500.3):

Number of counties where the agency provided mental health consultation services to non-certified children (Form AUD 9500.4):

Total enrollment and attendance forms to attach:

Note: For each of the above categories, submit one form for each service county for the fiscal year.

## Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	18,426		18,426	
Total Certified Days of Enrollment with Mental Health Consultation Services				
Days of Attendance (including MHCS)	13,814		13,814	<b>N/A</b>
Total Non-Certified Days of Enrollment				
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				
Days of Operation	250		250	<b>N/A</b>

**Full Name of Contractor** Irvine Child Care Project

**Contract Number** CCTR-2168

**Section 3 - Revenue**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	34,815		34,815
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)			
Restricted Income - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>34,815</b>		<b>34,815</b>
Transfer From Reserve			
Waived Family Fees for Certified Children	75,434		75,434
Interest Earned on Child Development Apportionment Payments	9,645		9,645
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>119,894</b>		<b>119,894</b>

Comments:

Full Name of Contractor **Irvine Child Care Project**

Contract Number **CCTR-2168**

**Section 4 - Reimbursable Expenses**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	399,909		399,909
2000 Classified Salaries	41,622		41,622
3000 Employee Benefits	87,693		87,693
4000 Books and Supplies	25,895		25,895
5000 Services and Other Operating Expenses	360,362		360,362
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	16,844		16,844
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>932,325</b>		<b>932,325</b>
Total Administrative Cost (included in Section 4 above)	16,844		16,844
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Full Name of Contractor

Contract Number

**Section 7 - Summary**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	18,426		18,426
Days of Operation	250		250
Days of Attendance (including MHCS)	13,814		13,814
Restricted Program Income	34,815		34,815
Transfer from Reserve			
Waived Family Fees for Certified Children	75,434		75,434
Interest Earned on Child Development Apportionment Payments	9,645		9,645
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	932,325		932,325
Total Administrative Cost	16,844		16,844
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment (including MHCS)

Total Non-Certified Adjusted Days of Enrollment (including MHCS)

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Reimbursable expenses claimed on page 3 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 2. If necessary, attach additional sheets to explain adjustments.

**CHILD CARE AND DEVELOPMENT PROGRAMS  
CERTIFIED CHILDREN DAYS OF ENROLLMENT AND  
ATTENDANCE**

Fiscal Year Ending **June 30, 2023**

Contract Number **CCTR-2168**

Vendor Code **30-Q553**

Full Name of Contractor **Irvine Child Care Project**

Service County: **Orange**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) One-half-time				1.5960	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) One-half-time				1.1774	
Three Years and Older Full-time-plus	907		907	1.1800	1,070.2600
Three Years and Older Full-time	4,215		4,215	1.0000	4,215.0000
Three Years and Older One-half-time	13,033		13,033	0.6541	8,524.8853
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs One-half-time				1.0073	

**Full Name of Contractor** Irvine Child Care Project

**Contract Number** CCTR-2168

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus	27		27	1.2980	35.0460
Dual Language Learner Full-time	83		83	1.1000	91.3000
Dual Language Learner One-half-time	161		161	0.6541	105.3101
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect One-half-time				0.6541	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled One-half-time				1.2624	
<b>Total Certified Days of Enrollment</b>	<b>18,426</b>		<b>18,426</b>	<b>N/A</b>	<b>14,041.8014</b>
<b>Days of Attendance</b>				<b>N/A</b>	<b>N/A</b>

Enter the sum of Total Certified Days of Enrollment from Form AUD9500.1(s) in the Total Certified Days of Enrollment line of AUD 9500, Section 2.

Enter the sum of Days of Attendance from all Form AUD9500.1(s) and Form AUD9500.2(s) in the Days of Attendance line of AUD 9500, Section 2.



Independent Auditor's Report  
June 30, 2023

# Irvine Child Care Project



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Irvine Child Care Project  
Irvine, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of the Irvine Child Care Project (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated December 14, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’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 Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’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 Authority’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Sallly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 14, 2023



## **Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Irvine Child Care Project  
Irvine, California

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Irvine Child Care Project (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Irvine Child Care Project complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the 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). Our responsibilities under those standards and the Uniform Guidance 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 Authority and to meet our other ethical responsibilities, in accordance with 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 on compliance for the major federal program. Our audit does not provide a legal determination of the Authority’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 Authority's federal program.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority'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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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 identified during the audit.

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
December 14, 2023



Schedule of Findings and Questioned Costs  
June 30, 2023

# Irvine Unified School District

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness identified	No
Significant deficiency identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's 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**

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
CDBG - Entitlement Grants Cluster	14.218
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

None reported.

None reported.



There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.