

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

JUNE 30, 2023

GOVERNING BOARD

<u>MEMBER</u>	<u>PARTICIPANT</u>	<u>OFFICE</u>
BethAnn Arko	Downey Unified School District	President of the Board
Brandon Tietze	Anaheim Union High School District	Vice President of the Board
Paul Deines	Fullerton School District	Member
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John Linke	Santa Monica Community College District	Member
Darlene Avalos	Ventura County Office of Education	Member
Norma Gonzales	Washington Unified School District	Member

ADMINISTRATION

Jonathan Koch	Executive Director
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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 (414) customers.

Financial Section

SILVA & SILVA

CERTIFIED PUBLIC ACCOUNTANTS

Rudolph F. Silva, CPA

Lisa D. Silva, CPA
Executive Committee

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Cooperative Organization for the Development of Employee Selection Procedures (the Authority), which comprise the statement of net position as of and for the year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with generally accepted auditing standards in the United States of America commonly referred to as (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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.

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 judgement made by a reasonable user of 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 judgement, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Authority's internal control over financial reporting and compliance.



Brea, California
January 29, 2024

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

**STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Current Assets

Cash in Bank	\$ 110,536
Revolving Cash Fund	4,000
Investments	1,433,093
Receivables- Interest	4,588
Prepaid Expenses	23,229
Total Current Assets	<u>1,575,446</u>

Deferred Outflows of Resources

Deferred outflows related to Pensions, net	<u>208,871</u>
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Capital Assets

Office Equipment	46,132
Accumulated Depreciation	<u>(45,909)</u>
Total, Net Capital Assets	<u>223</u>
Total Assets	<u>\$ 1,784,540</u>

LIABILITIES

Current Liabilities

Accrued Salaries and Benefits	\$ 69,728
Accounts Payable	3,200
Deferred Income	108,033
Total Current Liabilities	<u>180,961</u>

Long-Term Liabilities

Net Pension Liability	<u>737,683</u>
Total Liabilities	<u>918,644</u>

Deferred Inflows of Resources

Deferred Inflows related to Pensions	<u>6,055</u>
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NET POSITION

Unrestricted	<u>859,841</u>
Total Liabilities & Net Position	<u>\$ 1,784,540</u>

**COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT
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(A Joint Powers Entity)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2023**

		<u>Percentage of Total Revenue</u>	<u>Percentage of Total Expenses</u>
OPERATING REVENUES			
Member Fees	\$ 864,849	79.18%	
Other fees and contracts	181,335	16.60%	
Other local revenues	2,942	0.27%	
Total Operating Revenues	<u>1,049,126</u>	<u>96.05%</u>	
OPERATING EXPENSES			
<i>Salaries and Benefits</i>			
Classified Salaries	691,627		61.51%
Employee Benefits	303,466		26.99%
Total Salaries and Benefits	<u>995,093</u>		<u>88.50%</u>
<i>Other Expenses</i>			
Depreciation	223		0.02%
Travel and Conferences	6,230		0.55%
Staff Development	5,648		0.50%
Insurance	8,187		0.73%
Utilities	3,312		0.29%
Office lease	33,424		2.97%
Office Expenses	5,729		0.51%
Professional Services	9,978		0.89%
Marketing	2,223		0.20%
Software & maintenance contracts	54,346		4.83%
Total Other Expenses	<u>129,300</u>		<u>11.50%</u>
Total Operating Expenses	<u>1,124,393</u>		
OPERATING GAIN (LOSS)	(75,267)		
NON-OPERATING REVENUES			
Interest Income	43,124	3.95%	
CHANGE IN NET POSITION	(32,143)		
NET POSITION, BEGINNING OF YEAR	891,984		
NET POSITION, END OF YEAR	\$ 859,841	100.00%	100.00%

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

**STATEMENT OF CASH FLOWS
JUNE 30, 2023**

<i>Operating Activities</i>	
Change in net assets	\$ (32,143)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	223
Changes in operating assets and liabilities	
Accounts receivable	(3,555)
Prepaid expenses	(510)
Accounts payable	6,156
Deferred revenue	13,116
Net Pension Liability	<u>38,768</u>
Net Cash Provided By Operating Activities	<u>22,055</u>
Net Change in Cash	<u>22,055</u>
Cash, Beginning of Year	<u>1,525,574</u>
Cash, End of Year	<u>\$ 1,547,629</u>
<i>Supplemental Cash Flow Disclosure</i>	
Cash paid during the period in interest	<u>\$ -</u>

**COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT
OF EMPLOYEE SELECTION PROCEDURES
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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 Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The Authority has the following proprietary funds:

- **Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the Authority accounts for the financial transactions related to the operations of the Authority.

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.

**COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023. 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, 2023, amounted to \$223.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, held on behalf of the Authority are presented below:

	<u>Reported Amount</u>	<u>Fair Value</u>
Uncategorized		
Deposits with County Treasurer	<u>\$1,433,093</u>	<u>\$1,433,093</u>

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 August 31, 2023, requiring monthly payments of \$2,785.35 beginning on July 1, 2022. Lease will continue on a month-to-month basis after the expiration. Future minimum lease payments as of June 30, 2023, are as follows:

6/30/24	<u>\$5,570</u>
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, as are follows:

6/30/24	<u>\$ 585</u>
Total future minimum payments	<u>\$ 585</u>

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, 2023. As a result, the Authority reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows, inflows of resources as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share of Deferred Outflows</u>	<u>Proportionate Share of Deferred Inflows</u>	<u>Proportionate Share of Pension Expense</u>
CalPERS	<u>\$ 737,683</u>	<u>\$208,871</u>	<u>\$(6,055)</u>	<u>\$167,623</u>

Plan Description

The Authority cost-sharing multiple-employer public employee retirement system defined benefit pension plan (the Plan or PERFC) is administered by CalPERS. The plan consists of a miscellaneous risk pool, which is comprised of individual employer miscellaneous plans. Individual employers may sponsor more than one miscellaneous plan. Each individual employer rate plan generally has less than 100 active members. Benefit provisions are established by State statutes, 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.

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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Benefits Provided

The Plan was established to provide retirement, death, and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes) and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2023, Annual Valuation Report (funding valuation).

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

Miscellaneous Employer Pool (CalPERS)

Benefit formula	2% at 62
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	62
Required employee contribution rate	7.25%
Required employer contribution rate	14.61%

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 expressed as a percentage of annual payroll. The Authority's contributions to CalPERS for the fiscal year ended June 30, 2023, was \$63,878 and equals 100 percent of the required contribution.

**COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

As of June 30, 2023, the Authority reported collective net pension liabilities of the CalPERS net pension liability totaling \$737,683. The net pension liability was measured as of June 30, 2022. 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, 2023, the Authority's proportion was .0153 percent.

For the year ended June 30, 2023, the Agency recognized pension expense of \$167,623. At June 30, 2023, the Authority reported collective deferred outflows of resources and collective deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumption	\$ 46,130	
Difference between expected and actual experience	\$ 39,033	\$ (6,055)
Net differences between projected and actual earnings on plan investments	<u>\$ 123,709</u>	
Total	<u>\$ 208,871</u>	<u>\$ (6,055)</u>

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, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by Entry Age & Services

**COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2021 Published by the Society of Actuaries. For more details, please refer to the 2022 experience study report 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10^{1,2}</u>
Global equity - cap-weighted	30.00%	4.54%
Global equity - noncap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$1,270,151
Current discount rate (6.90%)	737,683
1% increase (7.90%)	389,442

**COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2024, the date that the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

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

**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, 2023, 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 January 29, 2024.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.



Brea, California
January 29, 2024