

**FIRST 5 SAN BENITO
CHILDREN AND FAMILIES COMMISSION**

REGULAR MEETING

Meeting Minutes

October 05, 2020

1. CALL TO ORDER

Chair Dr. David Redman called the meeting to order at 12:00 PM

ROLL CALL / INTRODUCTIONS

Commissioners Present:

- | | |
|----------------------|-----------------|
| ❖ Dr. David Redman | ❖ Mary Damm |
| ❖ Margie Barrios | ❖ Elias Barocio |
| ❖ Dr. Marni Friedman | |

Commissioners Absent:

- ❖ Peter Hernandez
- ❖ Tracey Belton

First 5 Staff Present:

- | | |
|-----------------|-------------------|
| ❖ Lisa Faulkner | ❖ Carly Offermann |
| ❖ Sarah Beatie | |

Guests:

2. AGENDA MODIFICATIONS

NONE

3. PUBLIC COMMENT

Public Hearing was opened by Commissioner Dr. David Redman at 12:08 PM There were no public present. Public hearing was closed at 12:09 PM.

The item was presented for public hearing by Executive Director, Lisa Faulkner. A copy of the First 5 San Benito County Audit Fiscal Year 2018.19, as well as the FY 18.19 Audited Financial Findings 1,2,3, and 4, were provided. These findings by the auditor created a need for management response.

Commissioner Margie Barrios asked if these were the same findings presented in the previous Commission meeting. Executive Director, Lisa Faulkner explained these are the same findings previously reviewed and discussed but were not included in the October 30th, 2019 commission meeting minutes. Executive Director stated this was in response to requests from the state auditor. Commissioner Dr. David Redman states that First 5 San Benito has never had audit findings before and that these findings 1-4 had been discussed at the October 30th, 2019 commission meeting.

4. CONSENT CALENDAR

Approval of Minutes

Margie Barrios made a MOTION to approve the minutes for the May 6, 2020; June 3, 2020; and August 31, 2020 commission meeting.

SECOND: Mary Damm

All in favor, MOTION PASSED.

5. SAN BENITO COUNTY INVOICE FOR FY 2019.20 OPEB AND CALPERS PENSION LIABILITIES FOR A TOTAL AMOUNT OF \$57,805.19.

	OPEB	CalPERS	Other Pension (Joyce Swett FY 18-19)	Credits
Quarter 1	\$6,795.00	\$8,764.00	-	-
Quarter 2	\$6,060.00	\$8,764.00	-	-
Quarter 3	\$6,507.56	\$8,764.00	-	-
Quarter 4	\$6,168.60	\$8,763.00	\$8,820.00	(\$11,600.97)

Elias Barocio made a MOTION to authorize the Finance Committee to approve payment of San Benito County Invoices through 2020 for a total amount of \$57,805.19.

SECOND: Dr. Marni Friedman

All in favor, MOTION PASSED.

6. FY 2019.2020 FIRST 5 SAN BENITO AND FAMILY IMPACT CENTER EVALUATION & DATA REPORT

Margie Barrios made a MOTION to approve the FY 2019.2020 First 5 San Benito and Family Impact Center Evaluation & Data Report.

SECOND: Dr. Marni Friedman

All in favor, MOTION PASSED.

7. FY 2018.2019 FIRST 5 SAN BENITO AUDITED FINANCIAL STATEMENT & FINDING PRESENTATION

Executive Director presented and discussed Audited Financial Statement & Findings 1,2,3,4
See Attached Presentation

Executive Director Presented Audited Financial Statement **Finding:**

#1: Material Weakness of Internal Control in the Financial Close and Reporting Process
Criteria: Management of the Commission is responsible for the preparation and fair presentation of the Commission's financial statements. Management's responsibilities include 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.
Condition: The Commission's year-end financial close process does not include procedures to ensure that transactions are recorded in conformance with generally accepted accounting principles applicable to governmental entities (GAAP).
Cause: First 5 San Benito is a small agency and outsources the year-end closing functions as a matter of efficiency. The scope of work with the outside bookkeeping agency does not include all work necessary for a complete financial statement presentation following GAAP.
Effect: Procedural errors could go unnoticed in the District's internal financial and budget reports. There is also an increased risk that the annual financial report contains material errors that would not be detected by the independent audit.
Management's Response: We are working with our external bookkeepers to ensure the financial close and reporting includes procedures to ensure all transactions are recorded following the requirements of generally accepted accounting principles (GAAP)

Executive Director Presented Audited Financial Statement **Finding:**

#2: Material Weakness of Internal Control Over Reporting of Other Post-Employment Benefits
Criteria: Governmental Accounting Standards Boards Statement 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i> , specifies the reporting requirements of the Commission's other post-employment benefits (OPEB) plan. The Commission is responsible for preparing an actuarial valuation per these requirements. Management of the Commission is responsible for ensuring the completeness and accuracy of the information provided to the actuary.
Condition: Information reported to the actuary about plan terms and also the number of plan participants was incorrect.
Cause: The Commission relied on information from the County of San Benito and did not review the data for completeness or accuracy before providing it to the actuary.
Effect: The OPEB actuarial valuation did not correctly estimate the OPEB liability as of June 30, 2018, or June 30, 2019. The 2018 financial statements reported a net OPEB asset of \$130,067, although the correct amount is a net OPEB liability of \$43,025, an overstatement of \$173,092 or 133%.
Management's Response: The Commission's management will conduct a procedural review on all information ascertained from the County of San Benito in regards to employees .

Executive Director Presented Audited Financial Statement **Finding:**

#3: State Compliance About Salaries and Benefits Policies
Criteria: The county commission must adopt, in a public hearing, policies, and procedures for establishing salaries and benefits for its employees. The employees' salaries and benefits policies must comply with those outlined in the commission policies or the county government policies [Health and Safety Code sections 130151(b)(8) and 130140 (d)(G)].
Condition: The Commission's February 2010 adopted Salaries and Benefits Policy is stale dated because it states that "all First 5 staff are County employees." The policy is no longer valid and needs to be revised because First 5 San Benito is a separate legal entity from the County of San Benito effective June 30, 2015.
Cause: Revision to the policy was not contemplated when the Commission separated from the County.
Effect: Future State allocations may be withheld.
Management's Response: We are working with legal counsel to update our salaries and benefits policy, and expect to have it completed in December 2019 for Board approval in a public hearing .

Executive Director Presented Audited Financial Statement **Finding:**

#4: Material Weakness in Internal Control Over Financial Reporting, Financial Statement Preparation
Criteria: Management of the Commission is responsible for establishing and maintaining internal control, and for the fair presentation of the financial statements and related financial statement disclosures being audited.
Condition: In conjunction with the completion of the audit, we were requested to draft the financial statements and the accompanying notes thereto. Management reviewed, approved, and accepted responsibility for the financial statements and notes prior to their issuance.
Cause: The Commission had limited staff trained to prepare full disclosure financial statements, including related footnotes.
Effect: Reliance on the external auditors to prepare the financial statements and disclosures is considered to be a material weakness because actions by our Firm cannot be considered to be part of the Commission's internal control.
Recommendation: These circumstances are not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the risk associated with this condition because of cost or other considerations.

Commissioners stated **Audited Financial Statement & Findings 1,2,3,4** had been discussed previously in the October 30,2019 Commission meeting. No further discussion.

Dr. Marni Friedman made a MOTION to approve the FY 2018.2019 First 5 San Benito Audited Financial Statement and Findings 1,2,3,4 and authorize Executive Director to follow up with State Auditors regarding minutes for Audit Findings.

SECOND: Elias Barocio

All in favor, MOTION PASSED.

8. FIRST 5 SAN BENITO EMPLOYEE HANDBOOK PROPOSED REVISIONS AND ADDITIONS

Revisions (Added-Green & Removed=Yellow):

The Commission will pay for an employee benefits package for full time employees that includes medical, dental, vision, \$20,000 of life insurance, and employee assistance program (EAP) coverage for the employee and their immediate family, including domestic partners. Employees demonstrating, they have access to other coverage, can choose to opt out of the Commission sponsored plan. Employees opting out completely, for themselves and their families, may receive a “cash back” option.

Margie Barrios made a MOTION to change the language of the employee handbook to remove items highlighted in yellow and approve edits highlighted in green.

SECOND: Dr. Marni Friedman All in favor, MOTION PASSED

9. LEASE BETWEEN FIRST 5 SAN BENITO (LESSOR) AND SANTA CLARA COUNTY OFFICE OF EDUCATION FOR PREMISES LOCATED AT 1011 LINE STREET, SUITES 7 AND 9, HOLLISTER, CA 95023

July 1, 2020 through June 30, 2021	\$2,758.00 per month
July 1, 2021 through June 30, 2022	\$2,840.00 per month
July 1, 2022 through June 30, 2023	\$2,925.00 per month
July 1, 2023 through June 30, 2024	\$3,012.00 per month

Margie Barrios made a **MOTION** to authorize the Executive Director to renew and amend the lease agreement between First 5 San Benito and Santa Clara County Office of Education for a total amount of **\$138,420.00** beginning **July 1, 2020** and continuing until **June 30, 2024**.

SECOND: Mary Damm

All in favor, MOTION PASSED.

10. OTHER - FUTURE AGENDA ITEMS

- The Commission agreed to hold their next regular Commission meeting on Monday, October 26th at 12 PM to 2 PM
- The Executive Committee will meet on October 26th at 11:30 AM- 12 PM
- The Financial Committee will meet on Thursday, October 15th at 1 PM

No further business coming before the Commission, meeting adjourned at 12:44 PM.

Elias Barocio made a **MOTION** to adjourn the meeting.

All in favor, MEETING ADJOURNED