

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
AUDIT REPORT
JUNE 30, 2001**

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
FINANCIAL STATEMENTS
JUNE 30, 2001**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Contra Costa Children &
Families Commission
1340 Arnold Drive, Suite 125
Martinez, CA 94553

We have audited the accompanying financial statements of the Contra Costa Children & Families Commission as of June 30, 2001 and for the year then ended, as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Contra Costa Children & Families Commission as of June 30, 2001, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 10, 2001 on our consideration of Contra Costa County's internal control structure and a report dated October 10, 2001 on its compliance with laws and regulations.

October 10, 2001

Wallace E. Rowe CPA

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>(Memorandum Total Only)</u>
	<u>Special Revenue Fund</u>	<u>Trust</u>	
ASSETS			
Cash and investments (Note 2)	\$ 2,891,322	\$ 25,337,000	\$ 28,228,322
Accounts receivable	13,976	-	13,976
Prepaid expenses	<u>4,921</u>	<u>-</u>	<u>4,921</u>
Total assets	<u>\$ 2,910,219</u>	<u>\$ 25,337,000</u>	<u>\$ 28,247,219</u>
 LIABILITIES AND EQUITY			
LIABILITIES:			
Accounts payable	\$ 46,448	\$ -	\$ 46,448
Due to other agencies	298,494	-	298,494
Accrued liabilities	<u>59,986</u>	<u>-</u>	<u>59,986</u>
Total liabilities	<u>404,928</u>	<u>-</u>	<u>404,928</u>
 EQUITY:			
Fund Balances:			
Reserved:			
Endowment fund	-	10,399,652	10,399,652
Unreserved:			
Undesignated	<u>2,505,291</u>	<u>14,937,348</u>	<u>17,442,639</u>
Total fund equity	<u>2,505,291</u>	<u>25,337,000</u>	<u>27,842,291</u>
Total liabilities and fund balance	<u>\$ 2,910,219</u>	<u>\$ 25,337,000</u>	<u>\$ 28,247,219</u>

The accompanying notes are an integral part of this statement.

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Special Revenue Fund</u>	<u>Expendable Trust Fund</u>	<u>(Memorandum Total Only)</u>
Revenues:			
Proposition 10 tax apportionment	\$ 3,303,177	\$ 7,039,192	\$ 10,342,369
Interest	100,477	561,042	661,519
Other grants	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Total revenue	<u>3,483,654</u>	<u>7,600,234</u>	<u>11,083,888</u>
Expenditures:			
Grants	1,757,358	-	1,757,358
Salaries	290,154	-	290,154
Employee benefits	103,302	-	103,302
Office supplies and equipment	103,053	-	103,053
Publications	25,489	-	25,489
Office rent	41,501	-	41,501
Other administrative expenses	22,872	-	22,872
Travel	19,283	-	19,283
Professional services	<u>168,902</u>	<u>-</u>	<u>168,902</u>
Total expenditures	<u>2,531,914</u>	<u>-</u>	<u>2,531,914</u>
Excess of revenues over (under) expenditures	951,740	7,600,234	8,551,974
Fund balance, June 30, 2000	<u>1,553,551</u>	<u>7,337,114</u>	<u>8,890,665</u>
Fund balance, June 30, 2001	<u>\$ 2,505,291</u>	<u>\$ 14,937,348</u>	<u>\$ 17,442,639</u>

The accompanying notes are an integral part of this statement.

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Proposition 10 tax apportionment	\$ -	\$ 3,303,177	\$ 3,303,177
Interest	-	100,477	100,477
Other grants	-	<u>80,000</u>	<u>80,000</u>
Total revenue	-	<u>3,483,654</u>	<u>3,483,654</u>
Expenditures:			
Grants (Note 2)	-	1,757,358	(1,757,358)
Salaries and benefits	538,206	393,456	144,750
Office supplies and equipment	58,750	103,053	(44,303)
Publications	17,000	25,489	(8,489)
Office rent	43,200	41,501	1,699
Other administrative expenses	20,000	22,872	(2,872)
Travel	26,000	19,283	6,717
Professional services	<u>828,200</u>	<u>168,902</u>	<u>659,298</u>
Total expenditures	<u>1,531,356</u>	<u>2,531,914</u>	<u>(1,000,558)</u>
Excess of revenues over (under) expenditures	<u>\$ (1,531,356)</u>	951,740	<u>\$ 2,483,096</u>
Fund balance, beginning of year		<u>1,553,551</u>	
Fund balance, end of year		<u>\$ 2,505,291</u>	

The accompanying notes are an integral part of this statement.

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE -
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

Operating Revenues:

Proposition 10 tax apportionment	\$ 1,149,152
Interest	<u>658,614</u>
Total operating revenues	<u>1,807,766</u>

Operating Expenses

	<u>-</u>
Operating Income	1,807,766
Fund balance - beginning of year	<u>8,591,886</u>
Fund balance - end of year	<u>\$ 10,399,652</u>

The accompanying notes are an integral part of this statement.

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Contra Costa Children & Families Commission (the Commission) was established by the Contra Costa County Board of Supervisors. The Commission was established to implement the provisions of Proposition 10 adopted on November 3, 1998. The Board of Supervisors originally appointed nine commission members and nine alternate members on September 1, 1999. One of the Commissioner positions will be occupied by a member of the County Board of Supervisors and will serve a one year term, three of the Commissioner positions will be occupied by employees of Contra Costa County and will serve without term limit, the remaining five Commissioner positions will consist of representatives from various organizations or recipients of services. These positions were originally appointed for three or four years. Upon completion of the initial terms of appointment these five positions will be appointed for three year terms. The mission of the Commission is, in partnership with parents, caregivers, communities, public and private organizations, advocates and county government, to foster optimal development of children, zero to five years of age.

B. Basis of Accounting

Governmental Type Funds

Governmental funds are used to account for the Commissions general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available and expenditures are recorded when the related fund liability is incurred.

The Commission=s governmental fund is a special revenue fund which accounts for revenue sources that are legally restricted to expenditure for specific purposes.

Fiduciary Type Funds

Fiduciary funds account for assets held by the Commission in a trustee capacity or as an agent on behalf of others. These include expendable trust and nonexpendable trust funds. The terms Aexpendable@ and Anonexpendable@ refer to whether or not the Commission is under an obligation to maintain the trust principal.

The expendable trust fund is accounted for using the modified accrual basis of accounting.

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

(Continued)

Note 1 (continued)

Revenues are recorded when they are measurable and available and expenditures are recorded when the related fund liability is incurred.

The nonexpendable trust fund is accounted for using the accrual basis of accounting. Under this method revenues are recorded when they are earned and expenses are recorded the time the liabilities are incurred.

C. Budgetary Data

The Commission operates under the general laws of the State of California and annually adopts a budget for its special revenue fund to be effective July 1st for the ensuing fiscal year.

Note 2 - CASH AND INVESTMENTS

The cash and investments of the Commission are maintained in Contra Costa County=s internal pool or specified individual securities, and are invested by the County Treasurer. Income from pooled investments is allocated to the Commission=s fund based on average daily cash balances. The County also maintains individual investment accounts for the Commission. These accounts are separate from the pool and are reported in an investment trust fund. The types of investments for these funds are made at the direction of the Commission, and the income derived, from these investments and changes in the investments value affect only the trust fund of the Commission.

The cash and investments balance at June 30, 2001 maintained by the County at June 30, 2001 was \$28,227,573. Of this amount \$2,890,573 is on deposit in the County=s internal pool and \$25,337,000 is maintained in specific investments that have been acquired by the County for the Commission. These investments had a weighted average earnings of the amounts maintained in the County=s internal pool was approximately 5.67 % and approximately 5.62% for the specified individual investment accounts.

The remaining \$749 of cash and investments is maintained in an operating checking account managed by the Commission itself.

**CONTRA COSTA CHILDREN &
FAMILIES COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001**

(Continued)

Note 3 - GRANTS

During the year the Commission awarded various types of grants to community based organizations, departments of Contra Costa County and individuals totaling \$5,028,763. As of June 30, 2001, the Commission had expended \$1,757,358 for the awarded grant amounts.

Note 4 - SUPPLANT REQUIREMENT

Management of the Commission has represented that the supplant requirement stated in Section 30134.4 of the California Tax & Revenue Code has been met.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF A FUND PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Contra Costa Children &
Families Commission
1340 Arnold Drive, Suite 125
Martinez, CA 94553

We have audited the financial statements of the Contra Costa Children & Families Commission as of June 30, 2001 and for the year then ended, and have issued our report thereon dated October 10, 2001. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance 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 that are required to be reported herein under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Contra Costa Children & Families Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Contra Costa Children & Families Commission in a separate letter dated October 10, 2001.

This report is intended for the information of the Board of Commissioners, management and the State of California Children & Families Commission. However, this report is a matter of public record and its distribution is not limited.

October 10, 2001

Wallace E. Row, CPA