

**CONTRA COSTA CHILDREN &  
FAMILIES COMMISSION  
AUDIT REPORT  
JUNE 30, 2000**

**CONTRA COSTA CHILDREN &  
FAMILIES COMMISSION  
FINANCIAL STATEMENTS  
JUNE 30, 2000**

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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, 2000 and for the thirteen months period 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, 2000, and the results of its operations for the thirteen months then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 10, 2000 on our consideration of Contra Costa County's internal control structure and a report dated October 10, 2000 on its compliance with laws and regulations.

*Wallace E. Rowe, CPA*

October 10, 2000

**CONTRA COSTA CHILDREN &  
FAMILIES COMMISSION  
BALANCE SHEET  
JUNE 30, 2000**

|                                    | <u>Governmental<br/>Fund Types</u><br>Special Revenue<br><u>Fund</u> | <u>Fiduciary<br/>Fund Types</u><br>Trust | <u>(Memorandum<br/>Total Only)</u> |
|------------------------------------|--|--|------------------------------------|
| <b>ASSETS</b>                      |  |  |                                    |
| Cash and investments (Note 2)      | \$ 1,630,210   | \$ 15,929,000                            | \$ 17,559,210                      |
| Accounts receivable                | <u>10,804</u>  | <u>-</u>                                 | <u>10,804</u>                      |
| Total assets                       | <u>\$ 1,641,014</u>  | <u>\$ 15,929,000</u>                     | <u>\$ 17,570,014</u>               |
| <br><b>LIABILITIES AND EQUITY</b>  |  |  |                                    |
| <b>LIABILITIES:</b>                |  |  |                                    |
| Accounts payable - vendors         | \$ 68,662  | \$ -                                     | \$ 68,662                          |
| Due to governmental agencies       | <u>18,801</u>  | <u>-</u>                                 | <u>18,801</u>                      |
| Total liabilities                  | 87,463   | -  | 87,463                             |
| <br><b>EQUITY:</b>                 |  |  |                                    |
| Fund Balances:                     |  |  |                                    |
| Reserved:                          |  |  |                                    |
| Endowment fund                     | -  | 8,591,886                                | 8,591,886                          |
| Unreserved:                        |  |  |                                    |
| Undesignated                       | <u>1,553,551</u>   | <u>7,337,114</u>                         | <u>8,890,665</u>                   |
| Total liabilities and fund balance | <u>\$ 1,641,014</u>  | <u>\$ 15,929,000</u>                     | <u>\$ 17,570,014</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 THIRTEEN MONTHS ENDED JUNE 30, 2000**

|  | <u>Special Revenue<br/>Fund</u> | <u>Expendable<br/>Trust Fund</u> | <u>(Memorandum<br/>Total Only)</u> |
|--|---------------------------------|----------------------------------|------------------------------------|
| <b>Revenues:</b>                             |                                 |                                  |                                    |
| Proposition 10 tax apportionment             | \$ 1,803,616                    | \$ 7,067,681                     | \$ 8,871,297                       |
| Interest                                     | -                               | 269,433                          | 269,433                            |
| Other grants                                 | <u>85,000</u>                   | <u>-</u>                         | <u>85,000</u>                      |
| Total revenue                                | <u>1,888,616</u>                | <u>7,337,114</u>                 | <u>9,225,730</u>                   |
| <b>Expenditures:</b>                         |                                 |                                  |                                    |
| Salaries                                     | 30,853                          | -                                | 30,853                             |
| Employee benefits                            | 12,707                          | -                                | 12,707                             |
| Office supplies and equipment                | 41,931                          | -                                | 41,931                             |
| Office rent                                  | 8,438                           | -                                | 8,438                              |
| Maintenance costs                            | 811                             | -                                | 811                                |
| Travel                                       | 4,065                           | -                                | 4,065                              |
| Professional services                        | 219,336                         | -                                | 219,336                            |
| Miscellaneous                                | <u>16,924</u>                   | <u>-</u>                         | <u>16,924</u>                      |
| Total expenditures                           | <u>335,065</u>                  | <u>-</u>                         | <u>335,065</u>                     |
| Excess of revenues over (under) expenditures | 1,553,551                       | 7,337,114                        | 8,890,665                          |
| Fund balance, June 30, 1999                  | <u>-</u>                        | <u>-</u>                         | <u>-</u>                           |
| Fund balance, June 30, 2000                  | <u>\$ 1,553,551</u>             | <u>\$ 7,337,114</u>              | <u>\$ 8,890,665</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, 2000**

|  | <u>Budget</u>    | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|------------------|---------------------|---|
| <b>Revenues:</b>                             |                  |                     |   |
| Proposition 10 tax apportionment             | \$ -             | \$ 1,803,616        | \$ 1,803,616                                    |
| Other grants                                 | <u>-</u>         | <u>85,000</u>       | <u>85,000</u>                                   |
| Total revenue                                | <u>-</u>         | <u>1,888,616</u>    | <u>1,888,616</u>                                |
| <b>Expenditures:</b>                         |                  |                     |   |
| Salaries and benefits                        | 144,777          | 43,560              | 101,217   |
| Office supplies and equipment                | 40,200           | 41,931              | (1,731)   |
| Office rent                                  | 15,000           | 8,438               | 6,562   |
| Maintenance costs                            | 1,200            | 811                 | 389   |
| Travel                                       | 5,000            | 4,065               | 935   |
| Professional services                        | 175,000          | 219,336             | (44,336)  |
| Miscellaneous                                | <u>10,000</u>    | <u>16,924</u>       | <u>(6,924)</u>                                  |
| Total expenditures                           | <u>391,177</u>   | <u>335,065</u>      | <u>56,112</u>                                   |
| Excess of revenues over (under) expenditures | <u>(391,177)</u> | 1,553,551           | <u>1,944,728</u>                                |
| Fund balance, beginning of year              |                  | <u>-</u>            |   |
| Fund balance, end of year                    |                  | <u>\$ 1,553,551</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 THIRTEEN MONTHS ENDED JUNE 30, 2000**

**Operating Revenues:**

|                                  |                     |
|----------------------------------|---------------------|
| Proposition 10 tax apportionment | \$ 8,300,000        |
| Interest                         | <u>291,886</u>      |
| Total operating revenues         | <u>8,591,886</u>    |
| <b>Operating Expenses</b>        | <u>-</u>            |
| Operating Income                 | 8,591,886           |
| Fund balance - beginning of year | <u>-</u>            |
| Fund balance - end of year       | <u>\$ 8,591,886</u> |

**The accompanying notes are an integral part of this statement.**

**CONTRA COSTA CHILDREN &  
FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

**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 appointed nine commission members and nine alternate members on September 1, 1999. 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 "expendable" and "nonexpendable" 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. 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.

**CONTRA COSTA CHILDREN &  
FAMILIES COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2000**

**(Continued)**

**Note 1 (continued)**

**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 1<sup>st</sup> for the ensuing fiscal year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**Note 2 - CASH AND INVESTMENTS**

The cash and investments balance at June 30, 2000 consists of \$17,555,512 in funds maintained by the County of Contra Costa Treasurer. Of this amount \$1,626,512 is on deposit in a non-interest bearing checking account and \$15,929,000 is maintained in specific investments that have been acquired by the County for the Commission. The income from and changes in value of these investments affect only the Commission. These investments had a weighted average earnings of approximately 6.4% for the period ended June 30, 2000.

The remaining \$3,698 is maintained in an operating checking account managed by the Commission itself.

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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, 2000 and for the thirteen months then ended, and have issued our report thereon dated October 10, 2000.

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 certain 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, 2000.

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.

*Wallace E. Rowe CPA*

October 10, 2000