

**ALPINE COUNTY
CHILDREN AND FAMILIES COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2007**

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Financial Statements
For the Year Ended June 30, 2007

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ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Commission Membership

<u>Name</u>	<u>Position</u>	<u>Date of Original Appt.</u>	<u>Current Term Expires</u>
Dr. Richard Harvey	Commissioner, Health Officer	2005	--
Terry Woodrow	Commissioner, BOS	2004	--
Katie Bell	Commissioner (Chairperson)	2/7/06	12/31/07
Kara Chernago	Commissioner	4/19/05	12/31/08
Jim Clark	Commissioner	1/1/07	12/31/09
Henry "Skip" Veatch	Commissioner	3/1/05	12/31/07
Natalie Sotello-Ritter	Commissioner	9/7/04	12/31/08
Shelly Taplin	Commissioner, Director of Social Services	2/8/07	--
Nani Ellis	Commissioner	1/1/07	12/31/09

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Alpine County Children and Families Commission
Markleeville, California

We have audited the accompanying basic financial statements of Alpine County Children and Families Commission (Commission), as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Commission as of June 30, 2007, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

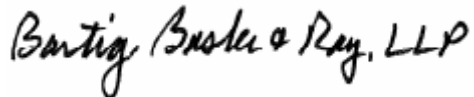
In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2007, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Commissioners
Alpine County Children and Families Commission
Markleeville, California

The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Alpine County Children and Families Commission taken as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California
October 25, 2007



Alpine County Children and Families Commission

Management's Discussion and Analysis – July 1, 2006 – June 30, 2007

On November 3, 1998, California voters approved Proposition 10 – the Children and Families First Act (Act). The Act imposed additional excise tax on cigarettes and tobacco related products to fund programs that promote, support, and improve the early development of children from prenatal through age five. The intent is for all California children to be healthy, to live in a healthy and supportive family environment, and to enter school ready to learn.

The Alpine County (County) Board of Supervisors created the Alpine County Children and Families Commission (Commission), now officially named First 5 Alpine, in 1998 under the provisions of the Act. The Commission consists of nine members appointed by the County Board of Supervisors. The Commission is a public entity legally separate and apart from the County.

As management of the Commission, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2007.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*.

The *statement of activities* presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The Government-wide Financial Statements can be found on pages 7-8 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government wide statements.

The Fund Financial Statements can be found on pages 9-10 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-16 of this report.

Required Supplementary Information (RSI). RSI is presented concerning the Commission's budgetary schedule. The Commission adopts an annual appropriated budget for its fund. A budgetary comparison schedule has been provided for the fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceed liabilities by \$343,796 at the close of the most recent fiscal year. The most significant portion of the Commission's net assets is its cash and investments balance of \$369,856. This represents resources received from the State Commission from Proposition 10 taxes that have not been expended. Cash and investments are maintained in the County's cash and investment pool where interest earned on the Commission's balance is apportioned to the Commission. Another source of net assets also resides in the Commission's receivables due from the State Commission for Proposition 10 taxes in the amount of \$39,718. These receivables represent taxes that were remitted by the State but had not been received by the Commission as of June 30, 2007. The Commission also reports accounts payable of \$61,782 representing payments due on grant services contracts that had not been expended at year-end.

The Commission's net assets decreased overall by approximately \$59,452 during the 2006-2007 fiscal year. This decrease in net assets is explained in the governmental fund analysis below and is primarily a result of an increase in program expenditures for the current year.

Balance Sheet Comparison

	<u>FY 2006-07</u>	<u>FY 2005-06</u>	<u>Difference</u>
Total Assets	\$ 409,534	\$ 418,134	\$ (8,600)
Total Liabilities	<u>65,778</u>	<u>14,886</u>	<u>50,892</u>
Net Assets	<u>\$ 343,756</u>	<u>\$ 403,248</u>	<u>\$ (59,492)</u>

Revenue and Expense Comparison

	<u>FY 2006-07</u>	<u>FY 2005-06</u>	<u>Difference</u>
Total Revenues	\$ 428,652	\$ 428,587	\$ 65
Total Expenses	<u>488,104</u>	<u>335,160</u>	<u>152,944</u>
Net Change in Net Assets	<u>\$ (59,452)</u>	<u>\$ 93,427</u>	<u>\$ (152,879)</u>

Financial Analysis of the Commission's Governmental Fund

As noted earlier, fund accounting is used by the Commission to ensure and demonstrate compliance with finance-related legal requirements.

For the year-ended June 30, 2007, the Commission reported an ending fund balance of \$347,792, a decrease of \$57,479 from the prior year. This decrease in fund balance was caused by an increase in program expenditures, specifically grantees administering pre-school programs.

The Commission has committed \$208,842 (or 60%) of its fiscal year 2006-2007 ending fund balance for future payments to awarded projects. The Commission has also committed \$43,034 (or 13%) for First 5 California initiatives.

Total revenue (see above) consisting of Proposition 10 funds, interest income, and State Commission matching revenue was approximately the same as the prior fiscal year.

However, total expenditures increased from \$338,648 to \$486,131, an increase of \$147,483 (or 44%) from the prior fiscal year. This increase was due to expenditures for pre-school programs as well as a full-time administrator hired in 2006.

Fund Budgetary Highlight

Total revenues were over budget by \$7,565 or 2% while total expenditures were over budget by 7% or \$33,553. The actual amount of school readiness funds received was lower than projected causing the revenues to be over budgeted. Grantee funding increased in 2006-2007 as programs expended sustainability funds for the fiscal year causing expenditures to be over budget.

Capital Assets and Debt Administration

Capital Assets

At the end of the current fiscal year, the Commission did not have any capital assets.

Debt Administration

The commission's long-term debt consists of compensated absences payable. More detailed information about the Commission's long-term debt is presented in Note 3 of the basic financial statements on page 17 of this report.

Economic Factors and Next Year's Budget

The Commission is committed to focusing Proposition 10 funds on the purposes for which it is intended: To promote and sustain comprehensive, integrated programs and services that will help to nurture children 0-5 so that their young brains and bodies will develop appropriately.

The following economic factors were considered in preparing the Commission's financial plan for fiscal year 2007-2008:

- Sustainability of currently funded programs to ensure operation and service
- State Proposition 10 revenues
- 4.33% interest on the local California and Families Trust Fund

The Commission views Proposition 10 as a mechanism to establish and fund a sustainable system of results-oriented early childhood development and family support services for the 0-5 population, not as just another funding source for programs. In that regard, in fiscal year 2007-2008 the Commission will focus on evaluating all funded programs to determine what is working or has promise to impact the health and well being of children. This information will be used to help evaluate the overall impact of Proposition 10 in Alpine County. The result of these evaluation activities will help to inform the Commission as it plans for its fiscal year 2007-2008 expenditures.

Requests for Information

This financial report is designed to provide a general overview of the Alpine County Children and Families Commission finances for all those interested. Questions concerning, any of the information provided in this report or requests for additional financial information should be addressed to the Alpine County Children and Families Commission, 100 Foothill Road, Suite D-3, Markleeville, California, 96120.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Statement of Net Assets

June 30, 2007

ASSETS

Cash in County treasury	\$ 369,856
Due from other agencies	<u>39,718</u>
Total Assets	<u>\$ 409,574</u>

LIABILITIES

Accounts payable	\$ 61,782
Long-term liabilities:	
Compensated absences payable - due within one year	<u>3,996</u>
Total Liabilities	<u>65,778</u>

NET ASSETS

Restricted	<u>343,796</u>
Total Net Assets	<u><u>\$ 343,796</u></u>

The accompanying notes are an integral part of these financial statements.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Statement of Activities For the Year Ended June 30, 2007

PROGRAM EXPENSES

Administrative expenses	\$ 107,002
Program evaluation expenditures	10,156
School readiness program expenditures	200,261
Other program expenditures	<u>170,685</u>
Total Program Expenses	<u>488,104</u>

PROGRAM REVENUES

Operating grants and contributions:	
Proposition 10 apportionment	6,646
Proposition 10 administration augmentation	115,000
Proposition 10 travel augmentation	3,787
Proposition 10 \$200k augmentation	193,354
Proposition 10 school readiness program	93,617
Proposition 10 surplus money investment fund	<u>41</u>
Total Program Revenues	<u>412,445</u>
Net Program Revenues (Expenses)	<u>(75,659)</u>

GENERAL REVENUES

Investment income	<u>16,207</u>
Change in Net Assets	(59,452)
Net Assets, Beginning of Year	<u>403,248</u>
Net Assets, End of Year	<u>\$ 343,796</u>

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Balance Sheet
June 30, 2007

ASSETS

Cash in County treasury	\$ 369,856
Due from other agencies	<u>39,718</u>
Total Assets	<u>\$ 409,574</u>

LIABILITIES

Accounts payable	<u>\$ 61,782</u>
Total Liabilities	<u>61,782</u>

FUND BALANCE

Fund Balance:

Reserved funds:

Reserved for encumbrances	208,842
Reserved for First 5 California initiatives	<u>43,034</u>
Total Reserved Funds	251,876

Designated for local initiatives and program sustainability	<u>95,916</u>
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Total Fund Balance	<u>347,792</u>
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Total Liabilities and Fund Balance	<u>\$ 409,574</u>
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**Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities**

Fund Balance - total governmental fund (from above)	\$ 347,792
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Amounts reported for governmental activities in the statement
of net assets are different because:

Long-term liabilities, including compensated absences, are not due and payable
in the current period, and therefore are not reported in the governmental fund.

Compensated absences	<u>(3,996)</u>
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Net assets of governmental activities (page 8)	<u>\$ 343,796</u>
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The accompanying notes are an integral part of these financial statements.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2007

REVENUES

Proposition 10 apportionment	\$ 6,646
Proposition 10 administration augmentation	115,000
Proposition 10 travel augmentation	3,787
Proposition 10 \$200k augmentation	193,354
Proposition 10 school readiness program	93,617
Proposition 10 surplus money investment fund	41
Investment income	16,207
Total Revenues	<u>428,652</u>

EXPENDITURES

Administrative expenses	105,029
Program evaluation expenditures	10,156
School readiness program expenditures	200,261
Other program expenditures	170,685
Total Expenditures	<u>486,131</u>

Net Change in Fund Balance	(57,479)
Fund Balance - Beginning of Year	<u>405,271</u>
Fund Balance - End of Year	<u>\$ 347,792</u>

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities**

Net change to fund balance - total governmental funds (from above)	\$ (57,479)
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Amounts reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	<u>(1,973)</u>
Change in net assets of governmental activities (page 8)	<u>\$ (59,452)</u>

The accompanying notes are an integral part of these financial statements.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2007

Note 1: **Summary of Significant Accounting Policies**

A. Reporting Entity

The Alpine County Children and Families Commission (Commission), previously known as the Alpine County Children and Families First Commission, was established on December 15, 1998 pursuant to Health and Safety Code §130140. The Commission was also established in accordance with the provisions of the California Children and Families First Act of 1998 and by Alpine County Ordinances 1151 and 1154. The name was changed pursuant to Ordinance 1175 on September 12, 2000. The nine members of the Commission are appointed by the Alpine County Board of Supervisors.

The Commission is responsible for the creation and implementation of a comprehensive, collaborative, and integrated system of information and services to enhance early childhood development.

The Commission includes all activities (operations of its administrative staff and commission officers) considered to be a part of the Commission. The Commission reviewed the criteria developed by accounting principles generally accepted in the United States of America (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Commission is financially accountable for other entities. The Commission has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the Commission is not aware of any entity that would be financially accountable for the Commission that would result in the Commission being considered a component unit of that entity.

The financial statements included in this report are intended to present the financial position and results of operations of only the Commission. They are not intended to present the financial position and results of operations of the County of Alpine taken as a whole.

B. Basis of Presentation and Accounting

Government-Wide Statements

The statement of net assets and statement of activities display information about the primary government (Commission). These statements include the financial activities of the overall Commission.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation and Accounting (continued)

Government-Wide Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including investment income, are presented instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

Separate financial statements are provided for the governmental funds. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Proposition 10 taxes and investment income are accrued when their receipt occurs within ninety days after the end of the accounting period so as to be both measurable and available. All receivables are expected to be collected within the current year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) value in exchange, include sales taxes, grants, entitlements and donations. On a modified accrual basis, revenues from sales taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation and Accounting (continued)

Fund Financial Statements (continued)

The Commission reports one major governmental fund, the General Fund. The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the general government.

C. Due from Other Agencies

This amount represents receivables from the State government. Management has determined the Commission's receivables are fully collectible. Accordingly, no allowance for doubtful accounts has been made.

D. Accumulated Compensated Absences

The Commission accounts for compensated absences in accordance with Governmental Accounting Standards Board Statement No. 16. Unused vacation benefits may be accrued up to a maximum of 30 days.

The earned vacation is payable upon separation and is reported at the current balance of the liability. There is no payout of sick leave upon separation from the Commission.

E. Net Assets/Fund Balances

Net Assets

The government-wide activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted. The Commission only has restricted funds.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

E. **Net Assets/Fund Balances** (continued)

Net Assets (continued)

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Fund Balances

Reservations of Fund Balances are used to indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. The First 5 Association of California requires that fund balance be reported as either reserved or unreserved. Reserved funds represent the portion of the fund balance that is restricted by law or legally obligated to outside parties. Unreserved funds represents funds that can be spent at the discretion of the Commission.

Specific reservations of the fund balance accounts are summarized below:

Reserved fund balance:

Reserved for encumbrances was created to reflect outstanding contractual obligations for which goods and services have not been received.

Reserved for First 5 California initiatives represents funds reserved to match amounts from State Commission initiatives.

Unreserved fund balance:

Designated for local initiatives and program sustainability consists of funds that have been reserved for one of the following two purposes:

1. Funds to operate a specific program or project in the current or future fiscal years that have not yet been encumbered or authorized for definite contracts.
2. Funds that have been set aside for long-term program sustainability.

Unreserved undesignated includes the remainder of the fund balance that has not yet been allocated for a specific purpose or has been identified in only a general manner where the Commission has significant flexibility in changing the amount or nature of the designation.

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Cash and Investments**

Cash at June 30, 2007 consisted of the following:

Cash in County Treasury	\$ <u>369,856</u>
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The Commission maintains all of its cash and investments with the Alpine County Treasurer in an investment pool. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Alpine's financial statements may be obtained by contacting the County of Alpine Auditor-Controller's office at 99 Water Street, P.O. Box 266, Markleeville, CA 96120. The Alpine County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the Commission's deposit and investment risks at June 30, 2007, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

Note 3: **Long-Term Liabilities**

The following is a summary of long-term liability transactions of the Alpine County Children and Families Commission for the fiscal year ended June 30, 2007:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
Compensated absences	\$ <u>2,023</u>	\$ <u>3,488</u>	\$ <u>(1,515)</u>	\$ <u>3,996</u>

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2007

Note 4: **Defined Benefit Pension Plan**

The Commission's employees are paid through the Alpine County Office of Education (ACOE) payroll system and receive the same benefits as ACOE employees, including pension benefits. The ACOE contributes to the Public Employees Retirement Systems (PERS), which is a multiple-employer, defined benefit plan for employees. Participation is mandatory for all permanent employees. The ACOE and employees are required to contribute at rates established by PERS.

Current contribution rates include amounts required to amortize past service costs and the unfunded liabilities. The net assets available for benefits, the pension benefit obligation, and the assumed rates of return used in determining the pension benefit obligation are not available separately for the Commission. This information is available in the financial statements of Alpine County Office of Education, the reporting entity.

Note 5: **Related Party Transactions**

During the fiscal year ended June 30, 2007, the Commission paid Alpine County Office of Education, a related party, \$31,431 for accounting and administrative services.

Note 6: **Program Evaluation**

The Commission spent \$10,156 on program evaluation during the fiscal year ended June 30, 2007.

Note 7: **Risk Management**

The Commission is exposed to various risks of loss related to general liability and workers' compensation. Insurance for the Commission is secured through commercial lines for both general liability and workers' compensation coverage.

Note 8: **Section 30131.4 of the California Tax & Revenue Code Certification**

The Commission has certified that the supplant requirement stated in Section 30131.4 of the California Tax & Revenue Code has been met.

Note 9: **Contingent Liabilities**

The Commission receives funding from the State of California Proposition 10, the Children and Families First Act, to fund programs that promote, support, and improve the early development of children from prenatal through age five. These programs must be in compliance with applicable laws and may be subject to financial and compliance audits by the State. The amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time, although the Commission's management does not expect such amounts, if any, to be material.

REQUIRED SUPPLEMENTARY INFORMATION

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance With Final Budget Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Budgetary Fund Balances, July 1	\$ 405,271	\$ 405,271	\$ 405,271	\$ --
<u>Resources (Inflows):</u>				
Proposition 10 apportionment	200,000	200,000	6,646	(193,354)
Proposition 10 administration augmentation	115,000	115,000	115,000	--
Proposition 10 travel augmentation	3,787	3,787	3,787	--
Proposition 10 \$200k augmentation	--	--	193,354	193,354
Proposition 10 school readiness program	100,000	100,000	93,617	(6,383)
Proposition 10 surplus money investment fund	--	--	41	41
Investment income	2,300	2,300	16,207	13,907
	<u>421,087</u>	<u>421,087</u>	<u>428,652</u>	<u>7,565</u>
Amounts Available for Appropriation				
<u>Charges to Appropriations (Outflows):</u>				
Administrative expenses	102,635	113,836	105,029	8,807
Program evaluation expenditures	6,879	10,259	10,156	103
School readiness program expenditures	200,500	214,341	200,261	14,080
Other program expenditures	111,073	114,142	170,685	(56,543)
	<u>421,087</u>	<u>452,578</u>	<u>486,131</u>	<u>(33,553)</u>
Total Charges to Appropriations				
Net Change in Fund Balances	<u> --</u>	<u> (31,491)</u>	<u> (57,479)</u>	<u> (25,988)</u>
Budgetary Fund Balance - End of Year	<u>\$ 405,271</u>	<u>\$ 373,780</u>	<u>\$ 347,792</u>	<u>\$ (25,988)</u>

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to the Required Supplementary Information
For the Year Ended June 30, 2006

BUDGET AND BUDGETARY ACCOUNTING

The Commission prepares and legally adopts a final budget on or before August 30th of each fiscal year. The Commission operation, commencing July 1st, is governed by the proposed budget, adopted by the Board of Commissioners in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Commission resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Commission.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent years and included in the subsequent years' budgets. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object levels of expenditures are as follows: administrative expenses, program evaluation expenditures, school readiness program expenditures, and other program expenditures. For the fiscal year ended June 30, 2007, expenditures exceeded appropriations by \$33,553.

The budget is adopted on a basis consistent with generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

ALPINE COUNTY CHILDREN AND FAMILIES COMMISSION

Schedule of Expenditures by Fund Source and
Net Assets of CCFC Funds for First 5 Programs and Activities
For the Year Ended June 30, 2007

		Revenue CCFC Funds	Expenditures	Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
School Readiness Program	CCFC Program Funds	\$ 93,617	\$ 100,131	\$ (6,514)	\$ 18,168	\$ 11,654
	County, Local Funds		100,131			
Administration	CCFC Funds	115,000	97,880	17,120	33,928	51,048
Travel	CCFC Funds	3,787	7,149	(3,362)	(2,581)	(5,943)
\$200k Augmentation	CCFC Funds	193,354	N/A a)	N/A a)	N/A a)	N/A a)
Total CCFC Funds	CCFC Funds	\$ 405,758	\$ 305,291	\$ 7,244	\$ 49,515	\$ 56,759

(a) \$200k Augmentation funds and monthly allocation funds provided by the State Commission to smaller-budget counties do not contain mandated restrictions and are able to be used flexibly by the Commission. Therefore, reporting of the expenditures for the \$200k Augmentation funds are not tracked and reported on this schedule.

OTHER REPORTS



**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* AND THE
CALIFORNIA CHILDREN AND FAMILIES FIRST ACT OF 1998**

Board of Commissioners
Alpine County Children and Families Commission
Markleeville, California

We have audited the financial statements of the Alpine County Children and Families Commission as of and for the year ended June 30, 2007, and have issued our report thereon dated October 25, 2007. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Alpine County Children and Families Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alpine County Children and Families Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not

Board of Commissioners
Alpine County Children and Families Commission
Markleeville, California

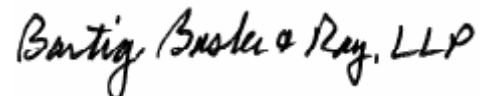
identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpine County Children and Families Commission's financial statements are free of 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 *Government Auditing Standards*.

This report is intended solely for the information and use of the Alpine County Children and Families Commission, management, others within the entity, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Handwritten signature in black ink that reads "Bartig Basler & Ray, LLP".

Roseville, CA
October 25, 2007



BARTIG, BASLER & RAY, LLP
A GALLINA LLP COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Commissions
Alpine County Children and Families Commission
Markleeville, California

We have audited the basic financial statements of the Alpine County California Children and Families Commission, a component unit of Alpine County, as of and for the year ended June 30, 2007 and have issued our report thereon dated October 25, 2007.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program*, issued by the State Controller's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

The Commission's management is responsible for the Commission's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the commission's compliance with the laws and regulations applicable to the items on the following page.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
<u>Contracting and Procurement</u>	6	
<ul style="list-style-type: none"> • Obtain minutes of public hearings • Obtain written policies • Obtain letter from County Counsel • Test sample of contracts <ul style="list-style-type: none"> ○ Are transactions in compliance with policies? ○ Are expenditures consistent with contracts? ○ Are agreements consistent with strategic plan? 		<ul style="list-style-type: none"> Yes Yes Yes Yes Yes Yes
<u>Administrative Costs</u>	3	
<ul style="list-style-type: none"> • Review minutes of public hearing • Determine if costs definition is consistent guidelines • Verify that administrative costs are monitored 		<ul style="list-style-type: none"> Yes Yes Yes
<u>Conflict of Interest</u>	3	
<ul style="list-style-type: none"> • Review minutes of public hearing • Obtain letter from County Counsel • Determine compliance with policies and procedures 		<ul style="list-style-type: none"> Yes Yes Yes
<u>County Ordinance</u>	4	
<ul style="list-style-type: none"> • Obtain management representation letter • Review source documents • Obtain commission minutes • If changes to strategic plan, obtain hearing minutes 		<ul style="list-style-type: none"> Yes Yes Yes Yes
<u>Long-Range Financial Plans</u>	2	
<ul style="list-style-type: none"> • Verify the commission has a long-range financial plan • Review hearing minutes 		<ul style="list-style-type: none"> Yes Yes
<u>Financial Condition of the Commission</u>	1	
<ul style="list-style-type: none"> • Verify policies for communicating financial condition 		<ul style="list-style-type: none"> Yes
<u>Program Evaluation</u>	2	
<ul style="list-style-type: none"> • Verify amount spent is in compliance with policies • Confirm existence of evaluation data and/or reports 		<ul style="list-style-type: none"> Yes Yes
<u>Salaries and Benefit Policies</u>	2	
<ul style="list-style-type: none"> • Obtain hearing minutes to confirm salaries adopted • Verify salaries and benefits are consistent with adopted policies 		<ul style="list-style-type: none"> Yes Yes

Based on our audit we found that, for the items tested, the Alpine County California and Families Commission complied with the laws and regulations of the items referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Commission had not complied with the laws and regulations of the California Children and Families program.

This report is intended solely for the information of the County Board of Supervisors, the County Commission, the State Commission, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California
October 25, 2007