

**NAPA COUNTY  
CHILDREN AND FAMILIES  
COMMISSION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

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# NAPA COUNTY CHILDREN AND FAMILIES COMMISSION

Financial Statements  
For the Year Ended June 30, 2015

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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Commission Membership

<u>Name</u>	<u>Representing</u>	<u>Date of Appointment</u>	<u>Current Term Expires</u>
Laura Keller	County Representative	01/2014	01/2018
Teresa Zimny	County Representative	01/2014	01/2018
Molly Nelson	Member	03/2014	01/2019
Debbie Peralez	Member	01/2012	01/2016
Stephanie Paravicini	Member	02/2011	01/2019
Brad Wagenknecht	Board of Supervisors	01/2014	01/2016
Michele Grupe	Member	02/2011	01/2019
Elba Gonzalez-Mares	Member	02/2013	01/2017
Andrea Knowlton	Member	02/2013	01/2017

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Napa County Children and Families Commission  
Napa, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Napa County Children and Families Commission (the Commission), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Napa County Children and Families Commission as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Napa County Children and Families Commission's 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 do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015 on our consideration of the Napa County Children and Families 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 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 Napa County Children and Families Commission's internal control over financial reporting and compliance.



Roseville, California  
November 9, 2015

## NAPA COUNTY CHILDREN AND FAMILIES COMMISSION

### Management's Discussion and Analysis For the Year Ended June 30, 2015

On November 3, 1998, California voters approved Proposition 10 – the Children and Families First 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 Napa County (County) Board of Supervisors created the Napa County Children and Families Commission (Commission) 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.

Beginning in fiscal year 2013-14, the Commission partnered with the Napa Valley Vintners (NVV) to provide coordination of services for the Napa Valley Early Learning Initiative (NVELI), funded by proceeds from Auction Napa Valley. The NVELI was developed to address the academic achievement gap between English language learners and English language fluent children. By making a substantial investment in access to quality early education and strengthening families to support their children's educational success, the NVELI hopes to begin to close that gap. In this unique collaboration, Napa Valley Vintners have committed \$1 million a year for five years with First 5 Napa providing the staffing, evaluation and administrative support. NVELI has completed year 2 with great results and acceptance from the community. NVELI is beginning year 3 and will be looking at a plan for sustainability after the 5 year investment is complete.

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, 2015.

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

The *Statement of Activities* presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position 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.

## NAPA COUNTY CHILDREN AND FAMILIES COMMISSION

Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2015

**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 Commission adopts an annual appropriated budget for its fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with the budget.

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 11-15 of this report.

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

### **Government-wide Financial Analysis**

The Commission presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. The Net Position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceed liabilities by \$434,879 at the close of the most recent fiscal year. The most significant portions of the Commission's net position is its cash balance of \$200,261. Other than petty cash of \$200, cash is maintained by the County Treasurer 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 position resides in the Commission's receivables, the majority due from the State Commission for Proposition 10 taxes in the amount of \$162,486, Cares Plus Program \$38,437, and the Child Signature Program \$52,477. These receivables represent taxes that were remitted by the State but had not been received by the Commission as of June 30, 2015. The Commission also reports accounts payable of \$33,485 representing payments due for obligations and payroll expenses incurred during the year, but not yet paid.

The Commission's net position decreased overall by \$145,363 during the 2014-2015 fiscal year. This decrease is explained in the governmental fund analysis on the following page, primarily due to a combination of decreased State revenues and an increase in additional expenses approved by the Commission during the year.

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2015

**Napa County Children and Families Commission**

Statement of Net Position Comparison

	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>Difference</u>
Total Assets	\$ 482,208	\$ 622,605	\$ (140,397)
Total Liabilities	<u>47,329</u>	<u>42,363</u>	<u>4,966</u>
Total Net Position	<u>\$ 434,879</u>	<u>\$ 580,242</u>	<u>\$ (145,363)</u>

Statement of Activities Comparison

	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>Difference</u>
Total Revenues	\$ 1,266,286	\$ 1,328,387	\$ (62,101)
Total Expenses	<u>1,411,649</u>	<u>1,349,883</u>	<u>61,766</u>
Change in Net Position	<u>\$ (145,363)</u>	<u>\$ (21,496)</u>	<u>\$ (123,867)</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, 2015, the Commission reported an ending fund balance of \$448,723, a decrease of \$144,775, or 24%, from the prior year.

The total fund balance represents committed resources for Commission approved contracts using Prop 10 funds.

**Napa County Children and Families Commission**

Statement of Revenues, Expenditures and Changes in Fund Balance  
Comparison Statement

	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>Difference</u>
Total Revenues	\$ 1,266,286	\$ 1,328,387	\$ (62,101)
Expenditures			
Administration	293,109	346,158	(53,049)
Program Expenditures	<u>1,117,952</u>	<u>1,002,439</u>	<u>115,513</u>
Total Expenditures	<u>1,411,061</u>	<u>1,348,597</u>	<u>62,464</u>
Change in Net Position	<u>\$ (144,775)</u>	<u>\$ (20,210)</u>	<u>\$ (124,565)</u>

## **NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2015

Total revenue consisting of Proposition 10 funds, interest income, State Commission matching revenue, and through a new partnership with Napa Valley Vintners, decreased from \$1,328,387 to \$1,266,286, a decrease of \$62,101, or 5%, from the prior fiscal year.

Total expenditures increased from \$1,348,597 to \$1,411,061, an increase of \$62,464, or 4.5%, from the prior fiscal year. This increase was due to a combination of normal inflation on operational expenditure costs and increased expenditures approved by the Commission throughout the year.

### ***Fund Budgetary Highlight***

Total revenues were under final budget by \$78,361, less than 7%, and total expenditures were under budget by \$14,996 less than 2%.

### ***Capital Assets and Debt Administration***

At the end of the current fiscal year, the Commission did not have any capital assets. At the end of the current fiscal year, the Commission did not have any long-term debt obligations outstanding.

### ***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 years of age 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 2015-2016:

- Continued decline of State Prop 10 revenues
- Continuation of First 5 CA Signature Programs such as CARES Plus and the development/implementation of First 5 Impact
- Continuation of the partnership with the Napa Valley Vintners to support the coordination of the Napa Valley Early Learning Initiative

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 age population, not as just another funding source for programs. In that regard, in fiscal year 2015-2016 the Commission will continue to focus on evaluating all funded programs to determine what is working or has promise to impact the health and wellbeing of children. This information will be used to help evaluate the overall impact of Proposition 10 in Napa County and to ensure that the First 5 Napa Community Plan 2011-2016 continues to provide strategic direction to the Commission in its funding decisions. A new community plan will be developed in 2015-2016.

The Commission will continue to look for opportunities to collaborate with community partners and position the Commission to leverage additional public and private funds that may become available to support quality early care and education of our youngest children in Napa County

### ***Requests for Information***

This financial report is designed to provide a general overview of the Napa 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 Napa County Children and Families Commission, 1040 Main Street, Suite 206, Napa, California, 94559.

**BASIC FINANCIAL STATEMENTS –  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Statement of Net Position  
June 30, 2015

**Assets**

Cash in County treasury	\$	200,061
Imprest cash		200
Due from other agencies		281,947
<b>Total Assets</b>		<u>482,208</u>

**Liabilities**

Accounts payable		13,581
Accrued payroll		19,904
Compensated absences:		
Due within one year		12,803
Due after one year		1,041
<b>Total Liabilities</b>		<u>47,329</u>

**Net Position**

Unrestricted		434,879
<b>Total Net Position</b>	\$	<u>434,879</u>

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Statement of Activities  
For the Year Ended June 30, 2015

**Program Expenses**

Salaries and employee benefits - Administration	\$ 293,697
Salaries and employee benefits - Program evaluation	71,708
Services and supplies	114,710
Rent and utilities	34,087
Sponsorship grants	50,000
Proposition 10 grants	653,200
CARES Plus grant	99,500
Child Signature Program	94,747
<b>Total Program Expenses</b>	<u>1,411,649</u>

**Program Revenues**

Operating grants and contributions:

Proposition 10 apportionment	972,526
Proposition 10 apportionment - CARES grant	50,000
Proposition 10 apportionment - Child Signature Program	94,747
Napa Valley Vintners Early Learning Initiative	147,615
<b>Total Program Revenues</b>	<u>1,264,888</u>

Net Program Revenues (Expenses) (146,761)

**General Revenues**

Other revenues	151
Interest revenue	1,247
<b>Total General Revenues</b>	<u>1,398</u>

**Change in Net Position**

(145,363)

**Net Position, Beginning of Year**

580,242

**Net Position, End of Year**

\$ 434,879

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

**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**

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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Balance Sheet  
June 30, 2015

<b>Assets</b>	
Cash in County treasury	\$ 200,061
Imprest cash	200
Due from other agencies	281,947
<b>Total Assets</b>	<u><u>\$ 482,208</u></u>
 <b>Liabilities</b>	
Accounts payable	\$ 13,581
Accrued payroll	19,904
<b>Total Liabilities</b>	<u><u>33,485</u></u>
 <b>Fund Balance</b>	
Committed for grants	448,723
<b>Total Fund Balance</b>	<u><u>448,723</u></u>
 <b>Total Liabilities and Fund Balance</b>	 <u><u>\$ 482,208</u></u>
 <b>Reconciliation of the Balance Sheet to the Statement of Net Position</b>	
Fund Balance - total governmental fund (from above)	\$ 448,723
Amounts reported for governmental activities in the statement of net position 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.	<u>(13,844)</u>
Net position of governmental activities (page 7)	<u><u>\$ 434,879</u></u>

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

**Revenues**

Proposition 10 apportionment	\$ 972,526
Proposition 10 apportionment - CARES grant	50,000
Proposition 10 apportionment - Child Signature Program	94,747
Napa Valley Vintners Early Learning Initiative	147,615
Other revenues	151
Interest earnings	<u>1,247</u>
<b>Total Revenues</b>	<u><u>1,266,286</u></u>

**Expenditures**

Salaries and employee benefits - Administration	293,109
Salaries and employee benefits - Program evaluation	71,708
Services and supplies	114,710
Rent and utilities	34,087
Sponsorship grants	50,000
Proposition 10 grants	653,200
CARES Plus grant	99,500
Child Signature Program	<u>94,747</u>
<b>Total Expenditures</b>	<u><u>1,411,061</u></u>

**Net Change in Fund Balance** (144,775)

**Fund Balance, Beginning of Year** 593,498

**Fund Balance, End of Year** \$ 448,723

**Reconciliation of Statement of Revenues, Expenditures and  
Changes in Fund Balance to the Statement of Activities**

Net change to fund balance - total governmental fund (from above) \$ (144,775)

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 fund.  
Change in compensated absences (588)

Change in net position of governmental activities (page 8) \$ (145,363)

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

## NAPA COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements  
June 30, 2015

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The Napa County Children and Families Commission (Commission), previously known as the Napa 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 Napa 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 Napa County Board of Supervisors.

The Commission is responsible for the creation and implementation of a comprehensive, collaborative, and integrated system of 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 the Governmental Accounting Standards Board (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 Commission 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 Napa taken as a whole.

#### **B. Basis of Presentation and Accounting**

##### *Government-Wide Statements*

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

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 position are available, restricted resources are used only after the unrestricted resources are depleted.

## NAPA COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements  
June 30, 2015

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **B. Basis of Presentation and Accounting (continued)**

##### *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.

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. 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 180 hours.

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 Position/Fund Balances**

##### **Net Position**

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

*Unrestricted Net Position* – This category represents net position of the Commission, not restricted for any project or other purpose.



**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Notes to Financial Statements  
June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Balances**

To be in conformance with GASB Statement No. 54, fund balance is reported in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, the Commission's fund balance consisted of the following components:

*Committed Fund Balance* includes amounts that are constrained by limits imposed by the government's highest level of decision making (for First 5 county commissions, this is the local commission). Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e. local commission) that established the constraints.

**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 and investments at June 30, 2015 consisted of the following:

Cash in County Treasury	\$ 200,061
Imprest Cash	<u>200</u>
Total Cash and Investments	<u><u>\$ 200,261</u></u>

The Commission maintains all of its cash and investments with the Napa 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 Napa's financial statements may be obtained by contacting the County of Napa's Auditor-Controller's office at 1195 Third Street, Room B10, Napa, CA 94559. The Napa County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Required disclosures for the Commission's deposit and investment risks at June 30, 2015, were as follows:

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Notes to Financial Statements  
June 30, 2015

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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 liabilities as of June 30, 2015:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Compensated absences	<u>\$ 13,256</u>	<u>\$ 19,813</u>	<u>\$ (19,225)</u>	<u>\$ 13,844</u>	<u>\$ 12,803</u>

**NOTE 4: OPERATING LEASES**

The Commission leases office space under a 60 month operating lease agreement that expired in May 2015 at which point the lease was automatically renewed on a monthly basis. The minimum monthly rental is subject to adjustment as of the anniversary date (June 1) every year based upon the Consumer Price Index beginning in June 2012. The Commission also leases a copier under a 60 month operating lease agreement that expires in August 2018. Total rent charged to operations for the year ended June 30, 2015 was \$35,798.

Minimum required future rental payments under these leases are as follows:

<u>Year Ended June 30</u>	
2016	\$ 38,460
2017	50,160
2018	50,160
2019	48,413
2020	49,293
2021	12,414
	<u>\$ 248,900</u>

**NOTE 5: RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2015, the Commission paid the County of Napa, a related party, \$10,802 for accounting and administrative services.

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Notes to Financial Statements  
June 30, 2015

**NOTE 6: 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 7: PROGRAM EVALUATION**

The Commission spent \$71,708 on program evaluation during the fiscal year ended June 30, 2015. These funds were used for salaries and benefits of a part-time staff person.

**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.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Budgetary Comparison Schedule  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary Fund Balances, July 1	\$ 593,498	\$ 593,498	\$ 593,498	\$ --
<b>Resources (Inflows)</b>				
Proposition 10 apportionment	1,055,000	1,055,000	972,526	(82,474)
Proposition 10 apportionment - CARES grant	50,000	50,000	50,000	--
Proposition 10 apportionment - Child Signature Program	94,747	94,747	94,747	--
Charges for Services	112,200	143,700	147,615	3,915
Other revenues	1,200	1,200	1,398	198
<b>Amounts Available for Appropriation</b>	<u>1,313,147</u>	<u>1,344,647</u>	<u>1,266,286</u>	<u>(78,361)</u>
<b>Charges to Appropriations (Outflows)</b>				
Salaries and employee benefits - Administration	367,000	371,500	293,109	78,391
Salaries and employee benefits - Program evaluation	--	--	71,708	(71,708)
Services and Supplies:				
Communications	5,300	5,300	5,398	(98)
Insurance	11,000	10,000	8,183	1,817
Office expense	7,500	5,500	6,196	(696)
Postage	200	200	269	(69)
Memberships and certifications	5,200	5,200	5,185	15
Advertising and marketing	500	500	430	70
Staff and volunteer relations	4,000	4,000	1,708	2,292
Legal expense	4,000	8,000	8,375	(375)
Audit and accounting services	20,600	20,600	21,052	(452)
Consulting	12,500	43,000	40,613	2,387
Publications and legal notices	250	250	--	250
Rents and leases - equipment	3,360	3,360	3,382	(22)
Training conference expenses	2,500	4,500	4,244	256
Business related meals and supplies	5,000	5,000	5,244	(244)
Transportation and travel	1,000	1,000	838	162
Janitorial services	2,700	2,700	3,060	(360)
Other professional services	--	2,000	230	
Computer equipment/accessories	--	--	303	(303)
Rent and Utilities:				
Rents and leases - building and improvements	34,000	34,000	32,416	1,584
Utilities - PG&E	2,000	2,000	1,671	329
Proposition 10 Grant:				
Sponsorship grants	50,000	50,000	50,000	--
Proposition 10 grant	653,200	653,200	653,200	--
CARES Plus grant	90,000	99,500	99,500	--
Child Signature Program	94,747	94,747	94,747	--
<b>Total Charges to Appropriations</b>	<u>1,376,557</u>	<u>1,426,057</u>	<u>1,411,061</u>	<u>14,996</u>
<b>Net Change in Fund Balances</b>	<u>(63,410)</u>	<u>(81,410)</u>	<u>(144,775)</u>	<u>(63,365)</u>
<b>Fund Balances, End of Year</b>	<u>\$ 530,088</u>	<u>\$ 512,088</u>	<u>\$ 448,723</u>	<u>\$ (63,365)</u>

## **NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2015

### **BUDGET AND BUDGETARY ACCOUNTING**

The Commission prepares and legally adopts a final budget on or before August 30<sup>th</sup> of each fiscal year. The Commission operation, commencing July 1<sup>st</sup>, 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.

Budget information is presented for the Commission's only fund. The Commission makes adjustments to its original budget during the year. This enables the effectiveness of the Commission in meeting budget objectives to be evaluated and the adequacy of the budget itself to be judged. The only exceptions to this are the appropriations of unanticipated revenues and the revision of appropriations to reflect major economic up or down turns materially affecting estimated revenues. Expenditures in excess of budgeted amounts are approved individually by the Board. Annual appropriated budgets are adopted for the Commission. It is this final revised budget that is presented in these financial statements.

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 include: salaries and benefits, services and supplies, rent and utilities, and program expenditures.

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



## **SUPPLEMENTARY INFORMATION**

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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Schedule of Expenditures by Fund Source and  
 Net Position of CCFC Funds for First 5 Programs and Activities  
 For the Year Ended June 30, 2015

Program and/or Activity		Revenue CCFC Funds	Expenditures	Change in Position	Net Position Beginning of Year	Net Position End of Year
CARES	CCFC Program Funds	\$ 50,000	\$ 50,000	\$ --	\$ --	\$ --
CSP	CCFC Program Funds	94,747	94,747	--	--	--
	Total	<u>\$ 144,747</u>	<u>\$ 144,747</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Balance Sheet  
Divisional Breakdown  
June 30, 2015

	Children and Families First	Napa Vintners Early Learning	Total
<b>Assets</b>			
Cash in County treasury	\$ 178,158	\$ 21,903	\$ 200,061
Imprest cash	200	--	200
Due from other agencies	253,702	28,245	281,947
<b>Total Assets</b>	<u>\$ 432,060</u>	<u>\$ 50,148</u>	<u>\$ 482,208</u>
<b>Liabilities</b>			
Accounts payable	\$ 13,447	\$ 134	\$ 13,581
Accrued payroll	15,377	4,527	19,904
<b>Total Liabilities</b>	<u>28,824</u>	<u>4,661</u>	<u>33,485</u>
<b>Fund Balance</b>			
Committed for grants	448,723	--	448,723
<b>Total Fund Balance</b>	<u>448,723</u>	<u>--</u>	<u>448,723</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 477,547</u>	<u>\$ 4,661</u>	<u>\$ 482,208</u>

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**

Statement of Revenues, Expenditures and Fund Balances  
Divisional Breakdown  
For the Year Ended June 30, 2015

	Children and Families First	Napa Vintners Early Learning	Total
<b>Revenues</b>			
Proposition 10 apportionment	\$ 972,526	\$ --	\$ 972,526
Proposition 10 apportionment - CARES grant	50,000	--	50,000
Proposition 10 apportionment - Child Signature Program	94,747	--	94,747
Napa Valley Vintners Early Learning Initiative	10,469	137,146	147,615
Other revenues	151	--	151
Interest earnings	1,247	--	1,247
<b>Total Revenues</b>	<u>1,129,140</u>	<u>137,146</u>	<u>1,266,286</u>
<b>Expenditures</b>			
Salaries and employee benefits - Administration	212,757	80,352	293,109
Salaries and employee benefits - Program evaluation	71,708	--	71,708
Services and supplies	86,686	28,024	114,710
Rent and utilities	34,087	--	34,087
Sponsorship grants	50,000	--	50,000
Proposition 10 grants	653,200	--	653,200
CARES Plus grant	99,500	--	99,500
Child Signature Program	94,747	--	94,747
<b>Total Expenditures</b>	<u>1,302,685</u>	<u>108,376</u>	<u>1,411,061</u>
Net Change in Fund Balance Before Transfers	(173,545)	28,770	(144,775)
Transfers in (out)	<u>28,770</u>	<u>(28,770)</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	(144,775)	--	(144,775)
<b>Fund Balances, Beginning of Year</b>	<u>593,498</u>	<u>--</u>	<u>593,498</u>
<b>Fund Balances, End of Year</b>	<u>\$ 448,723</u>	<u>\$ --</u>	<u>\$ 448,723</u>

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## **OTHER REPORTS**

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**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**

Board of Commissioners  
Napa County Children and Families Commission  
Napa, 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 governmental activities of the Napa County Children and Families Commission (the Commission), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 9, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission'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 over financial reporting 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's 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 *Government Auditing Standards*.

Board of Commissioners  
Napa County Children and Families Commission

**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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California  
November 9, 2015

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Commissioners  
Napa County Children and Families Commission  
Napa, California

### **Compliance**

We have audited the Napa County Children and Families Commission's (Commission) compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2015.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of the laws and regulations applicable to the California Children and Families Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Commission's compliance with the requirements referred to above based on our audit. We conducted our audit of compliance 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 Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance with those requirements.

Board of Commissioners  
Napa County Children and Families Commission

In Connection with the audit referred to above, we selected and tested transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict-of-Interest	3	Yes
County Ordinance	4	Yes
Long-Range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefit Policies	2	Yes

**Opinion**

In our opinion, the Napa County Children and Families Commission complied, in all material respects, with the compliance requirements referred to and above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2015.



Roseville, California  
November 9, 2015