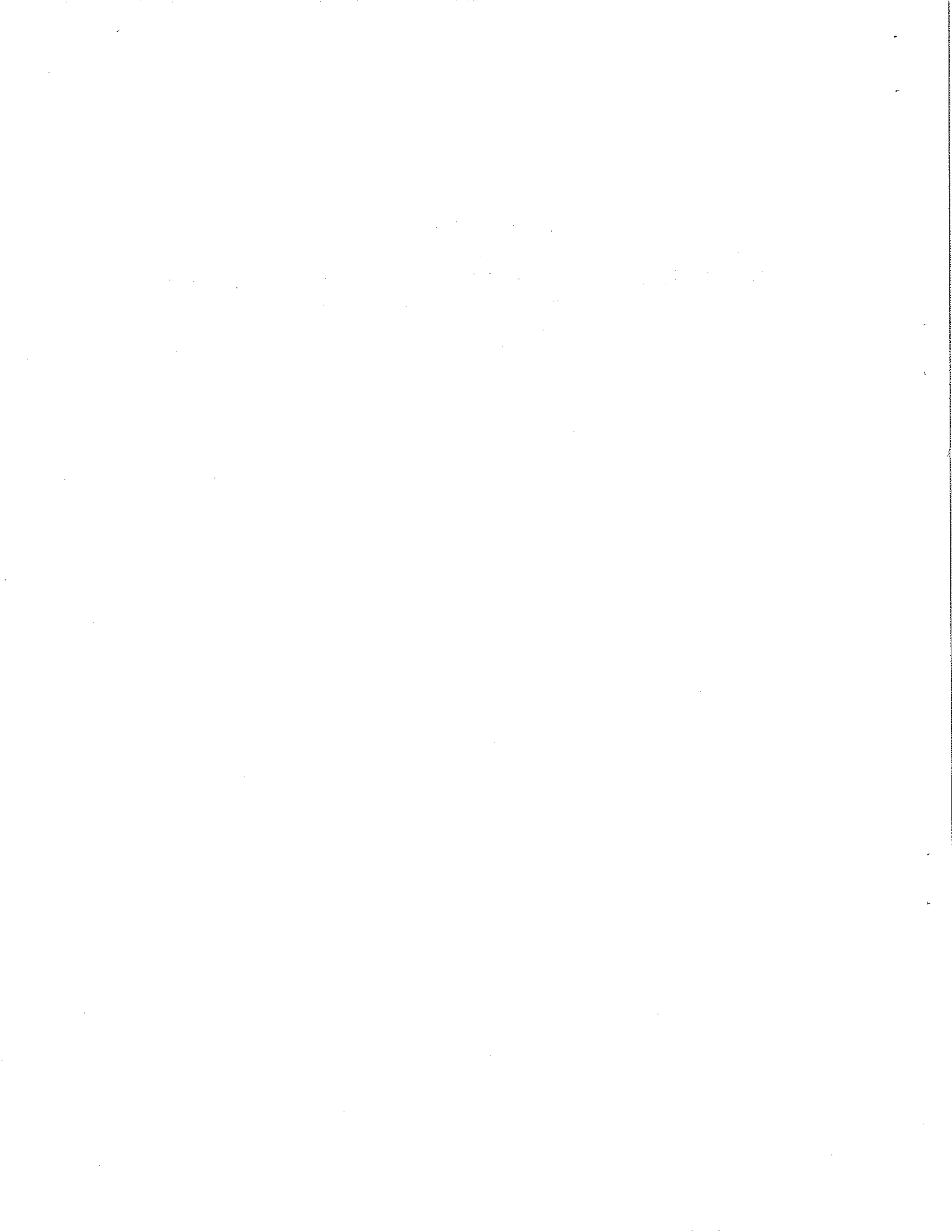


**AUDIT REPORT  
OF  
TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**



**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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## AUDITOR'S REPORT

I have audited the accompanying financial statements of the Trinity County Children and Families First Commission (the Commission), as of and for the year ended June 30, 2006 as listed in the table of contents. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

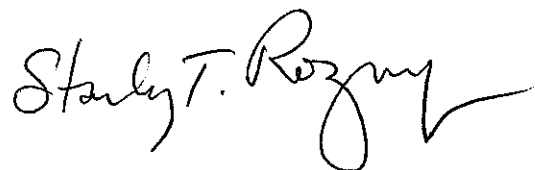
Except as discussed in the following paragraph, I conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance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

In my opinion, except that no formal budget was provided for this period, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2006, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 23, 2006, on my consideration of the Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Stanley Rozmaryn, Deputy Auditor

October 23, 2005

A handwritten signature in black ink, reading "Stanley T. Rozmaryn". The signature is written in a cursive style with a prominent loop at the end of the last name.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
BALANCE SHEET  
JUNE 30, 2006**

**ASSETS:**

Cash deposited with County Treasurer	\$ 233,920
Current Receivables	<u>\$ 10,623</u>

**TOTAL ASSETS** **\$ 244,543**

**LIABILITIES & FUND EQUITY:**

Current Liabilities		\$ 2,600
Fund balances		
Reserved	\$ 241,943	
Unreserved	<u>\$ 0</u>	
Total fund balances		<u>\$ 241,943</u>

**TOTAL LIABILITIES & FUND EQUITY** **\$ 244,543**

The notes to the financial statements are an integral part of this statement.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
JUNE 30, 2004**

	<u>Trust Fund</u>
<b>REVENUES:</b>	
Proposition 10 apportionment	\$ 322,592
School Readiness Planning Initiative	\$ 98,736
Returned Grant funds	\$ 1,894
SMIF Allocation	\$ 272
Interest earned	<u>\$ 9,769</u>
 Total revenues	 <u>\$ 433,263</u>
 <b>EXPENDITURES:</b>	
Current:	
Salaries and benefits	\$ 44,351
Services and supplies	
Services/supplies	\$ 22,977
Travel	<u>\$ 6,093</u>
 Total expenditures	 <u>\$ 73,421</u>
 Excess (deficiency) of revenues over (under) expenditures	  \$ 359,842
 <b>OTHER FINANCING SOURCES (USES)</b>	
Grants	(\$ 179,682)
School Readiness Planning Initiative	<u>(\$ 222,475)</u>
 Total Other Financing sources (uses)	 <u>(\$ 402,157)</u>
Net change in fund balance	(\$ 42,315)
Fund balances, July 1	<u>\$ 284,258</u>
 Fund balances, June 30	 <u>\$ 241,943</u>

The notes to the financial statements are an integral part of this statement.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL  
JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES:</b>			
Proposition 10 apportionment	\$ 0	\$ 322,592	(\$322,592)
School Readiness Planning Initiative	0	98,736	(98,736)
Returned Grant funds	0	1,894	(1,894)
SMIF Allocation	0	272	(272)
Interest earned	<u>0</u>	<u>9,769</u>	<u>(9,769)</u>
 Total revenues	 <u>\$ 0</u>	 <u>\$ 433,263</u>	 <u>(\$ 433,263)</u>
 <b>EXPENDITURES:</b>			
Current:			
Salaries & Benefits	\$ 0	\$ 44,351	(\$ 44,351)
Services and supplies			
Services/supplies	0	23,076	(23,076)
Travel	<u>0</u>	<u>6,093</u>	<u>(6,093)</u>
 Total expenditures	 <u>\$ 0</u>	 <u>\$ 73,520</u>	 <u>\$ (73,520)</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ 0	 \$ 359,743	 (\$ 359,743)
Other financing sources (uses):	<u>(0)</u>	<u>(402,058)</u>	<u>402,058</u>
Excess of revenues and other financing sources over expenditures	\$ 0	(\$ 42,315)	\$ 42,315
 Fund balances, July 1	 <u>\$ 0</u>	 <u>\$ 284,258</u>	 <u>\$ (284,258)</u>
 Fund balances, June30	 <u>\$ 0</u>	 <u>\$ 241,943</u>	 <u>(\$ 241,943)</u>

The notes to the financial statements are an integral part of this statement.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Trinity County Children and Families First Commission (the Commission) was established by the Trinity County Board of Supervisors through adoption of Ordinance No. 1223 on December 15, 1998, pursuant to Proposition 10, the California Children and Families First Act of 1998. The purpose of the Commission is to promote, support, and improve the early development of children from the prenatal stage through kindergarten entrance. The Commission is funded by a tax of fifty (50) cents per pack of cigarettes and by a similar tax on other tobacco products. The Commission adopted its strategic plan, describing how community needs will be met using the funds received. The Commission consists of nine voting members. (One position reserved for the Public-At-Large is currently vacant.)

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

The Commission's governmental fund is a county fiduciary fund, which accounts for revenue sources that are legally restricted to expenditure for specific purposes.

**C. Budgetary Data**

Annual budgets are adopted on a basis which differs from generally accepted accounting principles (GAAP) in that encumbrances are treated as budgeted expenditures in the year in which the commitment to purchase is incurred. No formal budget was adopted for this fiscal year. The Commission did reserve \$241,943 of fund balance available for local matching funds required in future years and committed grants..

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Equity in Pooled Cash**

The Commission's cash is deposited with the Trinity County Treasurer. Consequently, the Commission benefits from the Treasurer's practice of pooling cash and investing certain funds. Interest earned on these pooled investments is allocated and apportioned quarterly to the Commission, based on the average daily balance for each quarter.

**E. RISK MANAGEMENT**

The Commission's administrative staff members are County employees and as such are covered by the County of Trinity's self-insurance program for general liability coverage. The County participates in a joint powers agreement through Trindel Insurance Fund, which provides coverage for liability and workers' compensation claims. The Fund retains a self-insured retention of \$200,000 for workers' compensation and \$100,000 for general liability. The Fund has self-insurance coverage to a maximum of \$20,000,000. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past fiscal years.

**TRINITY COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
ROSTER OF COMMISSION MEMBERS  
JUNE 30, 2006**

As of June 30, 2006, the Commission consisted of the following members:

Supervisor Howard Freeman, Chair  
Trinity County Board of Supervisors

Brian Muir, Vice Chair  
Director, Trinity County Behavioral Health Services

Jerry Cousins  
Executive Director, Human Response Network

Linda Wright, Vice  
Director, Trinity County Health and Human Services Department

Catherine Davidson, Ph.D.,  
National University

Jim Sato  
Administrator, Trinity County Hospital

Jim French  
Trinity County Superintendent of Schools

Larry A. Layton  
CAO, Trinity County

Vacant  
Public-At-Large

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

I have audited the financial statements of the Trinity County Children and Families First Commission (the Commission) as of and for the year ended June 30, 2006, and have issued my report thereon dated October 23, 2006. I conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed, with the exception of a lack of a formal budget, no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Trinity County Children and Families First Commission and the California Children and Families State Commission and is not intended to be and should not be used by anyone other than these specified parties.

October 23, 2006

