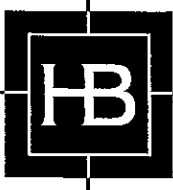


**AUDIT REPORT  
OF  
IMPERIAL COUNTY  
CHILDREN AND FAMILIES FIRST COMMISSION  
(A Component Unit of the  
County of Imperial, California)**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

Commission Members  
County of Imperial - Children and Families First Commission  
El Centro, California

We have audited the accompanying financial statements of the governmental activities of the Imperial County Children and Families First Commission (the Commission) (A Component Unit of the County of Imperial, California), as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 respective financial position of the Commission as of June 30, 2011, and the respective changes in financial position thereof 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 a report dated October 13, 2011 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.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 5 through 7 and page 20 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 consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The organization table and summary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hutchinson and Bloodgood LLP*

October 13, 2011

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011**

The discussion and analysis of the financial performance of the Imperial County Children and Families First Commission (the Commission) provides an overview of the Commission's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole. The users of these financial statements should read this discussion.

**FINANCIAL HIGHLIGHTS**

- The assets of the Commission exceeded its liabilities at the close of the 2010-2011 fiscal year by \$6,394,945 (*Net Assets*), of which \$3,284,127 is *Restricted Funds*, \$4,166,000 is *Committed Funds*, \$709,060 is *Assigned Funds*, and \$(1,764,242) is *Unassigned Funds*. In comparison with the 2009-2010 fiscal year *Net Assets* decreased \$261,547. At the close of the 2010-2011 fiscal year *Net Assets* included \$709,060 which is encumbrances. In comparison with the 2009-2010 fiscal year when encumbrances decreased \$26,234.
- The Commission's net assets from activities decreased by \$173,309 during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These statements are organized so that readers can understand the Commission as a financial whole or as an entire operating entity. This report also contains other supplementary information in addition to the financial statements themselves.

**1. Financial Statements**

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. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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 takes place regardless of when cash is received or paid. Thus, some revenues and expenses are reported in this statement that will only result in cash inflows and outflows in future fiscal years.

Both the Statement of Net Assets and the Statement of Activities distinguishes between activities that are primarily financed with taxes and revenues. The financial statements are presented on pages 8 and 9 of this report.

**2. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. The notes to the financial statements are presented on pages 10 through 13 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$6,394,945 (see Table 1) at the close of the current fiscal year. In the prior period, assets exceeded liabilities by \$6,568,254.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011**

A portion of the Commission's net assets, \$709,060 represent encumbrances. The Commission uses encumbrances to keep track of unused budgets, so prior year expenditures/contracts will be properly charged to these budgeted amounts. The remaining balance of total net assets is comprised of \$3,284,127 *Restricted Funds*, \$4,166,000 *Committed Funds*, \$709,060 *Assigned Funds*, and \$(1,764,242) *Unassigned Funds*.

The Commission for the current year as a whole and for its activities reported positive balances in net assets

**Table 1 - Commission's Net Assets  
June 30, 2011 and 2010**

	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
<b>Current Assets and Other Assets</b>	<u>\$ 6,397,165</u>	<u>\$ 6,568,602</u>
Total Assets	<u><u>\$ 6,397,165</u></u>	<u><u>\$ 6,568,602</u></u>
<b>Current and Other Liabilities</b>	<u>\$ 2,220</u>	<u>\$ 348</u>
Total Liabilities	<u>2,220</u>	<u>348</u>
<b>Net Assets</b>		
Restricted Funds	3,284,127	--
Committed Funds	4,166,000	2,451,272
Assigned Funds	709,060	735,294
Unassigned Funds	<u>(1,764,242)</u>	<u>3,381,688</u>
Total Net Assets	<u><u>\$ 6,394,945</u></u>	<u><u>\$ 6,568,254</u></u>

As shown in Table 2, the Commission's net assets decreased by \$173,309 during the current fiscal year.

**Table 2 - Commission's Changes in Net Assets  
Year Ended June 30, 2011 and 2010**

	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
<b>Revenues</b>		
Program Revenues		
Proposition 10 apportionment	\$ 2,186,880	\$ 2,129,915
School readiness grant	218,061	218,061
Non-operating revenues		
Interest	58,339	100,252
Statutory cancellations	<u>7,761</u>	<u>609</u>
Total revenues	<u>2,471,041</u>	<u>2,448,837</u>
<b>Expenses</b>		
Professional and special services	2,342,149	2,443,408
Service and supplies	<u>302,201</u>	<u>266,976</u>
Total expenses	<u>2,644,350</u>	<u>2,710,384</u>
Change in net assets	<u><u>\$ (173,309)</u></u>	<u><u>\$ (261,547)</u></u>

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011**

**BUDGETARY ANALYSIS**

Budget to actual analysis provides the reader with useful information regarding the Commission's use of budgets and a sense of what management was attempting to achieve during the year. Budget to actual comparisons can be found on page 19.

The Commission has adopted its budget for fiscal year 2011-2012. The details of this budget can be found on page 21. The Commission anticipates funding to be approximately \$1,750,000 for major grant projects, \$60,000 for Early Care and Education Stipend, \$200,000 for the School Readiness Initiative, and \$6,000 for Community Outreach Support. Management and office administration fees are preliminarily budgeted at \$400,405.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may reach Bea Duran or Julio Rodriguez at (760) 482-2991.

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2011**

<b>ASSETS</b>	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Equity in pooled cash	\$ 5,989,381	\$ --	\$ 5,989,381
Accounts receivable	393,983	--	393,983
Interest receivable	<u>13,801</u>	<u>--</u>	<u>13,801</u>
<b>Total Assets</b>	<b><u>\$ 6,397,165</u></b>	<b><u>--</u></b>	<b><u>\$ 6,397,165</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable and accrued expenses	\$ 1,975	--	\$ 1,975
Due to other funds	<u>245</u>	<u>--</u>	<u>245</u>
<b>Total Liabilities</b>	<b><u>2,220</u></b>	<b><u>--</u></b>	<b><u>2,220</u></b>
Fund Balance			
Restricted Funds	3,284,127	(3,284,127)	--
Committed Funds	4,166,000	(4,166,000)	--
Assigned Funds	709,060	(709,060)	--
Unassigned Funds	<u>(1,764,242)</u>	<u>1,764,242</u>	<u>--</u>
<b>Total Fund Balance</b>	<b><u>6,394,945</u></b>	<b><u>(6,394,945)</u></b>	<b><u>--</u></b>
	<b><u>\$ 6,397,165</u></b>		
Net Assets			
Restricted		3,284,127	3,284,127
Unrestricted		<u>3,110,818</u>	<u>3,110,818</u>
<b>Total Net Assets</b>		<b><u>\$ 6,394,945</u></b>	<b><u>\$ 6,394,945</u></b>

See accompanying notes and accountants' report



**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2011**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Expenditures</b>			
Professional and special services	\$ 2,342,149	\$ --	\$ 2,342,149
Service and supplies	<u>302,201</u>	<u>--</u>	<u>302,201</u>
Total expenditures/expenses	<u>2,644,350</u>	<u>--</u>	<u>2,644,350</u>
<b>Program revenue</b>			
Proposition 10 apportionment	2,186,880	--	2,186,880
School readiness grant	<u>218,061</u>	<u>--</u>	<u>218,061</u>
Total program revenue	<u>2,404,941</u>	<u>--</u>	<u>2,404,941</u>
Net program expense			<u>239,409</u>
<b>General revenue</b>			
Interest	58,339	--	58,339
Statutory cancellations	<u>7,761</u>	<u>--</u>	<u>7,761</u>
Total general revenue	<u>66,100</u>	<u>--</u>	<u>66,100</u>
Excess (Deficiencies) of revenue over expenditures	(173,309)	173,309	
Changes in net assets		<u>(173,309)</u>	<u>(173,309)</u>
Fund Balance/Net Assets, July 1	<u>6,568,254</u>	<u>--</u>	<u>6,568,254</u>
Fund Balance/Net Assets, June 30	<u>\$ 6,394,945</u>	<u>\$ --</u>	<u>\$ 6,394,945</u>

See accompanying notes and accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The Imperial County Children and Families First Commission (the Commission) was established by the Imperial County Board of Supervisors through adoption of Ordinance No. 1301 on September 3, 1999 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 five years of age. The Commission is funded by taxes levied by the State of California on tobacco products. The Department of Health Services acts as administrative agent to the Commission. The Commission consists of nine voting members.

***Government-Wide Financial Statements***

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

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's proprietary activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

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

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

Fiduciary funds are used to account for the Commission's general activities. The fiduciary funds also account for assets held by the Commission in a trustee capacity or as an agent on behalf of others. Expendable trust funds 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.

***Budgetary Data***

Annual budgets are adopted on a basis which differs from accounting principles generally accepted in the United States of America (GAAP) in that outstanding encumbrances are treated as budgeted expenditures in the year in which the commitment to purchase is incurred.

***Interfund Transactions***

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These current receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and are considered short-term interfund County of Imperial loans.

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Equity in Pooled Cash***

The Commission's cash is deposited with the Imperial County Treasurer. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31. Information regarding categorization of investments and risk can be found in the County's financial statements. The financial statements for the County of Imperial may be obtained by contacting the Auditor-Controller's office in El Centro, CA.

The portion of the County treasury attributed to the Commission's cash was \$5,989,381 as of June 30, 2011. The fair value of the Commission's portion of this pool as of June 30, 2011 was \$5,989,381.

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.

***New Pronouncements***

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for reporting periods after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosures of nonspendable and spendable resources. The Commission has adopted GASB 54 in the fiscal year 2010-2011 financial statements and has disclosed information about fund balance reporting in a subsequent note on fund balance reporting.

**Note 2. RISK MANAGEMENT**

The Commission has entered into an agreement with an independent consultant to administrate its risk management program. The Commission and the consultant are covered under the County of Imperial professional liability program. The County of Imperial has a self-insured retention per claim of \$200,000 with excess liability insurance of up to \$20 million per occurrence being provided by independent carriers.

**Note 3. 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 management does not expect such amounts, if any, to be material.

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 4. COMMITMENTS**

The Commission is currently in an operating lease extension for their office space. The lease extension was signed September 30, 2009 for a term of three years and requires payments of \$2,090 per month. Rent expense for the year ended June 30, 2011 was \$25,080.

The Commission has entered into an operating lease for a copier. The lease was signed April 24, 2008, for a term of 60 months with monthly payments of \$386. Lease expense for the year ended June 30, 2011 was \$4,632.

Future minimum lease payments are as follows:

Year Ended June 30,	
2012	\$ 29,712
2013	<u>9,744</u>
	<u>\$ 39,456</u>

**Note 5. SECTION 30131.4 - CALIFORNIA TAX AND REVENUE CODE CERTIFICATION**

The Commission has certified that the supplant requirements stated in Section 30131.4 of the California Tax and Revenue Code have been met.

**Note 6. PROGRAM EVALUATION**

The commission spent \$179,414 on program evaluation during the fiscal year ending June 30, 2011.

**Note 7. FUND BALANCE REPORTING**

The Commission has adopted GASB 54 as part of its 2010-2011 fiscal year reporting. Implementation of GASB 54 is required for fiscal years beginning after June 15, 2010. The intention of the GASB is to provide a more structural classification of fund balance and improve the usefulness of fund balance reporting to the users of the Commission's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major fund types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Commission does not have any prepaid items or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Restricted: fund balances that are constrained by external parties, constitutional provisions or enabling legislation.

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 7. FUND BALANCE REPORTING (Continued)**

Committed: fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Commission Members (the commission's highest level of decision making authority).

Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The Commission has classified its fund balances with the following hierarchy:

Spendable: The Commission has classified the spendable fund balances as Restricted, Committed, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred.

- Restricted for Assembly Bulletin 99:

During the year Assembly Bulletin 99 was issued which stated by June 30, 2012, each county commission, with exemption of those counties receiving less than \$600,000, shall remit for deposit into the Children and Families Health and Human Service Fund, 50 percent of its county commission funding as of June 30, 2010. The Commission has therefor set aside \$3,284,127, which is 50 percent of the fund balance as of June 30, 2010.

- Committed for Budgeted Program, Award Grantees, and School Readiness:

The Commission has set aside certain spendable fund balance for programs that have been approved and awarded funding. At year end, the committed fund balance is \$4,166,000 of which \$2,016,000 is for bugeted programs, \$1,750,000 is for awarded grantees, and \$400,000 is for school readiness.

- Assigned for Encumbrances:

Encumbrances of \$709,060 are used to keep track of unused budgets, therefor prior year expenditures/contracts will be properly charged to these budgeted amounts.

- Unassigned:

The unassigned fund balance is \$(1,764,242).

**Note 8. SUBSEQUENT EVENTS**

Management has reviewed subsequent events through October 13, 2011, the report date, and has determined that there are no reportable events.

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
ROSTER OF COMMISSION MEMBERS  
JUNE 30, 2011**

At June 30, 2011, the Commission consisted of the following members:

Karla A. Sigmond, Chairperson  
McKinley Elementary School

Barbara Deol, Vice Chairperson  
Pioneers Memorial Hospital

Rebecca Green  
Imperial Valley College

James Semmes  
Imperial County Social Services

Robin R. Hodgkin  
Imperial County Public Health

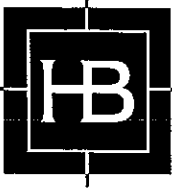
Miguel Colon, Jr.  
City of Imperial, Police Department

Michael Kelly  
County Board of Supervisors

Yurii Camacho  
Calipatria School District

Joong S. Kim  
Business Owner

See accountants' report



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

Commission Members  
Imperial County Children and Families First Commission  
El Centro, California

We have audited the financial statements of the Imperial County Children and Families First Commission (the Commission), a component unit of Imperial County, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 13, 2011. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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 financial statements will not be prevented or detected and corrected on a timely basis.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

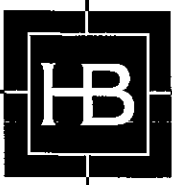
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County Board of Supervisors, the County Commission, the State Commission, the State Controller's Office, federal agencies and pass-through entities 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.

*Hutchinson and Bloodgood LLP*

October 13, 2011





**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Commission Members  
 Imperial County Children and Families First Commission  
 El Centro, California

We have audited the basic financial statements of the Imperial County California Children and Families Commission, a component unit of Imperial County, as of and for the year ended June 30, 2011 and have issued our report thereon dated October 13, 2011. 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. We have also audited the Commission's 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, 2011. Compliance with the requirements referred to above is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our compliance audit 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 compliance requirements referred to above that could have a material effect on the statutory requirements listed below occurred. 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. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

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

In our opinion, Imperial County California Children and Families Commission complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed above for the year ended June 30, 2011.

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.

*Hutchinson and Bloodgood LLP*

October 13, 2011

**SUPPLEMENTARY INFORMATION**

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2011**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
<b>Expenditures</b>				
Professional and special services	\$ 2,581,831	\$ 2,581,831	\$ 2,342,149	\$ 239,682
Service and supplies	<u>401,708</u>	<u>401,708</u>	<u>302,201</u>	<u>99,507</u>
Total expenditures/expenses	<u>2,983,539</u>	<u>2,983,539</u>	<u>2,644,350</u>	<u>339,189</u>
<b>Program revenue</b>				
Proposition 10 apportionment	2,263,095	2,263,095	2,186,880	(76,215)
School readiness grant	<u>218,061</u>	<u>218,061</u>	<u>218,061</u>	<u>--</u>
Total program revenue	<u>2,481,156</u>	<u>2,481,156</u>	<u>2,404,941</u>	<u>(76,215)</u>
<b>General revenue</b>				
Interest	--	--	58,339	58,339
Statutory cancellations	<u>--</u>	<u>--</u>	<u>7,761</u>	<u>7,761</u>
Total general revenue	<u>--</u>	<u>--</u>	<u>66,100</u>	<u>66,100</u>
Fund Balance Transfers	<u>502,383</u>	<u>502,383</u>	<u>--</u>	<u>(502,383)</u>
Deficiencies of revenue over expenditures	<u>\$ --</u>	<u>\$ --</u>	(173,309)	(173,309)
Fund Balance/Net Assets, July 1			<u>6,568,254</u>	<u>6,568,254</u>
Fund Balance/Net Assets, June 30			<u>\$ 6,394,945</u>	<u>\$ 6,394,945</u>

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
BUDGET  
JULY 1, 2010 THROUGH JUNE 30, 2011**

	<b>APPROVED BUDGET FY 10/11</b>
<b>REVENUE</b>	
State Aid FY 10/11	\$ 2,263,095
School Readiness State Aid	168,061
School Readiness State Aid - Administration	<u>50,000</u>
Revenue Total	<u>\$ 2,481,156</u>
<b>EXPENDITURES</b>	
Audit	\$ 8,000
Communications	1,000
Community Outreach Support	5,250
County Overhead Charges	6,921
Deferred Compensation	31,137
Insurances	26,000
Media & Marketing	5,000
Memberships	2,800
Mini-Grants Contracts 10/11	120,000
Office Expenses	5,000
PACES Stipend 10/11	60,000
Postage	800
Professional & Special Services	245,700
Prof & Spec Services Data Systems	3,500
Prof Technical Assistance	5,000
Redemption of Benefits	6,000
Rents, Leases & Maintenance	22,900
SLIP/SPIP Insurance	2,300
School Readiness Initiative	298,620
Special Dept Expense	1,000
Subcontracts	2,097,961
Technical Assistance	15,000
Travel Airfare	2,000
Travel Hotel	2,000
Travel Meals	1,000
Travel Miscellaneous	1,000
Travel Registration	500
Travel In County Private Car	750
Travel Out-County Private Car	2,000
Tuition Reimbursement	900
Worker's Compensation	<u>3,500</u>
Expenditure Total	<u>\$ 2,983,539</u>

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION  
BUDGET  
JULY 1, 2011 THROUGH JUNE 30, 2012**

	<b>BUDGET FY 11/12</b>
<b>REVENUE</b>	
State Aid FY 11/12	<u>\$ 2,180,000</u>
<b>EXPENDITURES</b>	
Audit	\$ 9,000
Communications	1,700
Community Outreach Support	6,000
Deferred Compensation	30,200
Insurances	27,400
Media & Marketing	3,000
Memberships	3,145
Office Expenses	4,500
PACES Stipend 11/12	60,000
Postage	1,200
Professional & Special Services	257,000
Prof & Spec Services Data Systems	3,560
Prof Technical Assistance	4,000
Redemption of Benefits	4,000
Rents, Leases & Maintenance	29,600
SLIP/SPIP Insurance	2,300
School Readiness Initiative	200,000
Special Dept Expense	500
Subcontracts	1,750,000
Technical Assistance	7,500
Travel Airfare	2,000
Travel Hotel	1,000
Travel Meals	500
Travel Miscellaneous	500
Travel Registration	500
Travel In County Private Car	500
Travel Out-County Private Car	1,000
Worker's Compensation	<u>5,800</u>
<b>Expenditure Total</b>	<u><u>\$ 2,416,405</u></u>

See accountants' report

**IMPERIAL COUNTY CHILDREN AND FAMILIES FIRST COMMISSION**

**FIRST 5 COMMISSION  
EXPENDITURES BY FUND SOURCE AND NET ASSETS  
OF CCFC FUNDS FOR FIRST 5 PROGRAM  
FISCAL YEAR 2010/2011**

	School Readiness Program	
	CCFC Program Funds	County and Other Local Funds
Revenue		
CCFC funds	\$ 218,061	
Expenditures		
Total expenditures	286,654	\$ 239,390
Change in Net Assets	(68,593)	
Net Assets, beginning of year	(201,291)	
Net Assets, end of year	\$ (269,884)	

See accountants' report