

**NAPA COUNTY  
CHILDREN AND FAMILIES COMMISSION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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FINANCIAL STATEMENTS  
JUNE 30, 2016**

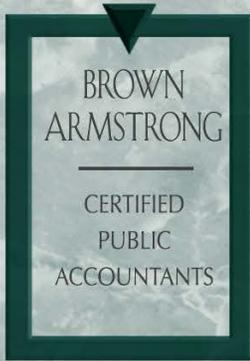
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**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
COMMISSION MEMBERSHIP**

<b><u>Name</u></b>	<b><u>Representing</u></b>	<b><u>Date of Appointment</u></b>	<b><u>Current Term Expires</u></b>
Laura Keller	County Representative	01/2014	01/2018
Howard Himes	County Representative	11/2015	01/2018
Molly Nelson	Member	01/2015	01/2019
Debbie Peralez	Member	03/2016	01/2020
Stephanie Paravicini	Member	01/2015	01/2019
Brad Wagenknecht	Board of Supervisors	01/2015	01/2017
Michele Grupe	Member	01/2015	01/2019
Elba Gonzalez-Mares	Member	02/2013	01/2017
Andrea Knowlton	Member	02/2013	01/2017

## **FINANCIAL SECTION**



# BROWN ARMSTRONG

*Certified Public Accountants*

## 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 the general fund of the Napa County Children and Families Commission (the Commission), as of and for the year ended June 30, 2016, 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.

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## **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 the general fund of the Commission as of June 30, 2016, 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, Budgetary Comparison Schedule, and the Notes to the Required Supplementary 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 Commission's basic financial statements. The Schedule of Expenditures by Fund Source and Net Position of the Commission's Funds for First 5 Programs and Activities, and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures by Fund Source and Net Position of the Commission's Funds for First 5 Programs and Activities, and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures by Fund Source and Net Position of the Commission's Funds for First 5 Programs and Activities, and Statement of Revenues, Expenditures, and Changes in Fund Balances – Divisional Breakdown are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Commission membership 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 October 11, 2016, 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 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 the Commission's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California  
October 11, 2016

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

On November 3, 1998, California voters approved Proposition 10 – the Children and Families First Act (the Act). The Act imposed an 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, NVV has committed \$1 million a year for five years with the Commission providing the staffing, evaluation, and administrative support. NVELI has completed year 3 with great results and acceptance from the community. NVELI is beginning year 4 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, 2016.

## **OVERVIEW OF 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 8-9 of this report.

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

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

The 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 10-11 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 12-15 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 (GASB) 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 \$528,637 at the close of the most recent fiscal year. The most significant portion of the Commission's net position is its cash balance of \$277,887. 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 \$186,187, CARES Plus grant \$41,315, and the IMPACT grant \$102,509. These receivables represent taxes that were remitted by the State but had not been received by the Commission as of June 30, 2016. The Commission also reports accounts payable of \$28,585 representing payments due for obligations and payroll expenses incurred during the year, but not yet paid. In addition, the Commission also reports unearned revenue of \$85,272 representing revenue from the State for the new QRIS block grant that has been received as of June 30, 2016, but relate to fiscal year 2016-17.

The Commission's net position increased overall by \$93,758 during the 2015-16 fiscal year. This increase is explained in the governmental fund analysis on the following page, primarily due to a combination of an increase in State revenues and a decrease in additional expenses approved by the Commission during the year.

**Napa County Children and Families Commission**

Statement of Net Position Comparison

	Fiscal Year 2015-16	Fiscal Year 2014-15	Difference
Total Assets	\$ 659,571	\$ 482,208	\$ 177,363
Total Liabilities	130,934	47,329	83,605
Total Net Position	<u>\$ 528,637</u>	<u>\$ 434,879</u>	<u>\$ 93,758</u>

Statement of Activities Comparison

	Fiscal Year 2015-16	Fiscal Year 2014-15	Difference
Total Revenues	\$ 1,478,641	\$ 1,266,286	\$ 212,355
Total Expenses	1,384,883	1,411,649	(26,766)
Change in Net Position	<u>\$ 93,758</u>	<u>\$ (145,363)</u>	<u>\$ 239,121</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, 2016, the Commission reported an ending fund balance of \$545,714, an increase of \$96,991, or 22%, from the prior year.

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

**Napa County Children and Families Commission**

Statement of Revenues, Expenditures, and Changes in Fund Balance

	Fiscal Year 2015-16	Fiscal Year 2014-15	Difference
Total Revenues	\$ 1,478,641	\$ 1,266,286	\$ 212,355
Expenditures			
Administration	300,677	293,109	7,568
Program Expenditures	1,080,973	1,117,952	(36,979)
Total Expenditures	<u>1,381,650</u>	<u>1,411,061</u>	<u>(29,411)</u>
Change in Fund Balance	<u>\$ 96,991</u>	<u>\$ (144,775)</u>	<u>\$ 241,766</u>

Total revenue consisting of Proposition 10 funds, interest income, State Commission matching revenue, and through a partnership with NVV, increased from \$1,266,286 to \$1,478,641, an increase of \$212,355, or 17%, from the prior fiscal year.

Total expenditures decreased from \$1,411,061 to \$1,381,650, a decrease of \$29,411, or 2%, from the prior fiscal year. This decrease was due to a combination of new sources of revenue including the IMPACT grant and less expenditures approved by the Commission throughout the year.

## **FUND BUDGETARY HIGHLIGHTS**

Total revenues were above final budget by \$63,572, less than 4%, and total expenditures were under budget by \$47,773, less than 3%.

## **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 2016-17:

- Continued decline of State Proposition 10 revenues
- The development/implementation of QUALITY COUNTS initiative (First 5 IMPACT grant and the California Department of Education's Quality Rating and Improvement Systems (QRIS) Block Grant)
- Continuation of the partnership with the NVV to support the coordination of the NVELI

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 2016-17 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 the 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 2016-17.

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 the County.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the 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.

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**ASSETS**

Cash in County treasury	\$ 277,887
Due from other agencies	373,884
Deposits with others	3,900
Prepaid expenses	<u>3,900</u>
<b>Total Assets</b>	<u><u>659,571</u></u>

**LIABILITIES**

Accounts payable	8,267
Accrued payroll	20,318
Unearned revenue	85,272
Compensated absences:	
Due within one year	<u>17,077</u>
<b>Total Liabilities</b>	<u><u>130,934</u></u>

**NET POSITION**

Unrestricted	<u>528,637</u>
<b>Total Net Position</b>	<u><u>\$ 528,637</u></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, 2016**

<b>Program Expenses</b>	
Salaries and employee benefits - Administration	\$ 303,910
Salaries and employee benefits - Program evaluation	77,111
Services and supplies	216,014
Rent and utilities	45,185
Sponsorship grants	60,000
Community grants	<u>682,663</u>
<b>Total Program Expenses</b>	<u>1,384,883</u>
<b>Program Revenues</b>	
Operating grants and contributions:	
State: Proposition 10 apportionment	1,038,012
State: Proposition 10 apportionment - CARES Plus grant	50,000
State: IMPACT grant	131,785
State: QRIS Block Grant	42,654
Napa Valley Vintners Early Learning Initiative	127,370
Other grants	<u>75,000</u>
<b>Total Program Revenues</b>	<u>1,464,821</u>
Net Program Revenues (Expenses)	<u>79,938</u>
<b>General Revenues</b>	
Other revenues	12,576
Interest revenue	<u>1,244</u>
<b>Total General Revenues</b>	<u>13,820</u>
<b>Change in Net Position</b>	93,758
<b>Net Position, Beginning of Year</b>	<u>434,879</u>
<b>Net Position, End of Year</b>	<u><u>\$ 528,637</u></u>

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
BALANCE SHEET  
JUNE 30, 2016**

**Assets**

Cash in County treasury	\$ 277,887
Due from other agencies	373,884
Deposits with others	3,900
Prepaid expenses	<u>3,900</u>
<b>Total Assets</b>	<b><u>\$ 659,571</u></b>

**Liabilities**

Accounts payable	\$ 8,267
Accrued payroll	20,318
Unearned revenue	<u>85,272</u>
<b>Total Liabilities</b>	<b><u>113,857</u></b>

**Fund Balance**

Committed for grants	<u>545,714</u>
<b>Total Fund Balance</b>	<b><u>545,714</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 659,571</u></b>

**Reconciliation of the Balance Sheet to the Statement of Net Position**

Fund Balance - total governmental fund (from above)	\$ 545,714
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>(17,077)</u>
Net position of governmental activities (page 8)	<b><u>\$ 528,637</u></b>

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, 2016**

**Revenues:**

State: Proposition 10 apportionment	\$ 1,038,012
State: Proposition 10 apportionment - CARES Plus grant	50,000
State: IMPACT grant	131,785
State: QRIS Block Grant	42,654
Napa Valley Vintners Early Learning Initiative	127,370
Other grants	75,000
Other revenues	12,576
Interest earnings	1,244
	1,478,641
<b>Total Revenues</b>	<b>1,478,641</b>

**Expenditures:**

Salaries and employee benefits - Administration	300,677
Salaries and employee benefits - Program evaluation	77,111
Services and supplies	216,014
Rent and utilities	45,185
Sponsorship grants	60,000
Community grants	682,663
	1,381,650
<b>Total Expenditures</b>	<b>1,381,650</b>

<b>Net Change in Fund Balance</b>	96,991
<b>Fund Balance, Beginning of Year,</b>	448,723
<b>Fund Balance, End of Year</b>	\$ 545,714

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

Net change in fund balance - total governmental fund (from above)	\$ 96,991
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 the governmental fund.	
Change in compensated absences	(3,233)
Change in net position of governmental activities (page 9)	\$ 93,758

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

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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 other entity 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.

## **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 the accrual basis of 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 the modified accrual basis of accounting, 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 Balance**

#### **Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

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

#### **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, 2016, 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 (the Board of Commissioners). Removal or modification of the use of funds can be accomplished only by formal action of the authority (the Board of Commissioners) that established the constraints.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 CASH INVESTMENTS**

Cash and investments at June 30, 2016, consisted of the following:

Cash in County Treasury	<u>\$ 277,887</u>
Total Cash and Investments	<u><u>\$ 277,887</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 of Napa'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, 2016, were as follows:

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

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

**NOTE 3 – LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities as of June 30, 2016:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Compensated Absences	<u>\$ 13,844</u>	<u>\$ 26,939</u>	<u>\$ (23,706)</u>	<u>\$ 17,077</u>	<u>\$ 17,077</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. In August 2015, the Commission entered into a new 60-month operating lease agreement that expires on September 30, 2020. 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, 2016, was \$48,720.

**NOTE 4 – OPERATING LEASES** (Continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 49,152
2018	49,152
2019	48,245
2020	49,293
2021	<u>12,414</u>
Total	<u>\$ 208,256</u>

**NOTE 5 – RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2016, the Commission paid the County of Napa, a related party, \$10,483 for accounting and administrative services.

**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 \$77,111 on program evaluation during the fiscal year ended June 30, 2016. These funds were used for salaries and benefits of a part-time staff person.

**NOTE 8 – SECTION 30131.4 OF THE CALIFORNIA TAX AND REVENUE CODE CERTIFICATION**

The Commission has certified that the supplant requirement stated in Section 30131.4 of the California Tax and 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.

**NOTE 10 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 11, 2016, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
Budgetary Fund Balances, July 1	\$ 448,723	\$ 448,723	\$ 448,723	\$ -
<b>Resources (Inflows)</b>				
Proposition 10 apportionment	1,010,000	954,690	1,038,012	83,322
Proposition 10 apportionment - CARES Plus grant	50,000	50,000	50,000	-
Charges for services	142,000	128,627	127,370	(1,257)
Other revenues	1,200	1,200	1,738	538
Dividends/Rebates	-	-	57	57
State - Other funding	100,000	195,552	174,439	(21,113)
Other grants	-	75,000	75,000	-
Donations and contributions	-	10,000	10,000	-
Miscellaneous	-	-	2,025	2,025
<b>Amounts Available for Appropriation</b>	<b>1,303,200</b>	<b>1,415,069</b>	<b>1,478,641</b>	<b>63,572</b>
<b>Charges to Appropriations (Outflows)</b>				
Salaries and employee benefits - Administration	378,100	378,100	300,677	77,423
Salaries and employee benefits - Program evaluation	-	-	77,111	(77,111)
Services and supplies:				
Communications	5,300	5,300	6,093	(793)
Insurance	11,000	11,000	7,927	3,073
Office expense	7,000	13,000	12,566	434
Postage	200	200	188	12
Memberships and certifications	5,200	3,150	3,150	-
Advertising and marketing	500	500	200	300
Staff and volunteer relations	5,000	5,000	955	4,045
Legal expense	4,000	5,938	6,402	(464)
Audit and accounting services	22,000	22,000	20,733	1,267
Consulting	35,000	165,300	141,088	24,212
Publications and legal notices	250	250	-	250
Rents and leases - equipment	3,360	3,360	4,154	(794)
Training conference expenses	3,000	3,000	1,128	1,872
Business related meals and supplies	5,000	5,000	5,907	(907)
Transportation and travel	1,000	1,000	690	310
Janitorial services	2,700	700	700	-
Other professional services	1,000	1,000	749	251
Computer equipment/accessories	-	-	3,384	(3,384)
Rent and utilities:				
Rents and leases - building and improvements	35,700	46,505	44,566	1,939
Utilities - PG&E	1,750	620	619	1
Sponsorship grants	50,000	60,000	60,000	-
Community grants	726,140	698,500	682,663	15,837
<b>Total Charges to Appropriations</b>	<b>1,303,200</b>	<b>1,429,423</b>	<b>1,381,650</b>	<b>47,773</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(14,354)</b>	<b>96,991</b>	<b>111,345</b>
<b>Fund Balance, End of Year</b>	<b>\$ 448,723</b>	<b>\$ 434,369</b>	<b>\$ 545,714</b>	<b>\$ 111,345</b>

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**BUDGET AND BUDGETARY ACCOUNTING**

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

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

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 of Commissioners. 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 accounting principles generally accepted in the United States of America.

**SUPPLEMENTARY INFORMATION**

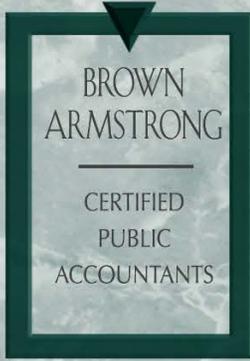
**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
SCHEDULE OF EXPENDITURES BY FUND SOURCE AND NET POSITION  
OF CALIFORNIA CHILDREN AND FAMILIES COMMISSION (CCFC) FUNDS  
FOR FIRST 5 PROGRAMS AND ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Program and/or Activity</u>		<u>Revenue CCFC Funds</u>	<u>Expenditures</u>	<u>Change in Position</u>	<u>Net Position Beginning of Year</u>	<u>Net Position End of Year</u>
CARES Plus	CCFC Program Funds	\$ 50,000	\$ 85,000	\$ (35,000)	\$ -	\$ (35,000)
IMPACT	CCFC Program Funds	<u>131,785</u>	<u>29,163</u>	<u>102,622</u>	-	<u>102,622</u>
	Total	<u>\$ 181,785</u>	<u>\$ 114,163</u>	<u>\$ 67,622</u>	<u>\$ -</u>	<u>\$ 67,622</u>

**NAPA COUNTY CHILDREN AND FAMILIES COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
DIVISIONAL BREAKDOWN  
FOR THE YEAR ENDED JUNE 30, 2016**

	Children and Families First	Napa Vintners Early Learning Initiative	Quality Counts	Total
<b>Revenues:</b>				
State: Proposition 10 apportionment	\$ 1,038,012	\$ -	\$ -	\$ 1,038,012
State: Proposition 10 apportionment - CARES Plus grant	50,000	-	-	50,000
State: QRIS Block Grant	-	-	42,654	42,654
State: IMPACT grant	-	-	131,785	131,785
Napa Valley Vintners Early Learning Initiative	-	127,370	-	127,370
Other grants	-	75,000	-	75,000
Other revenues	2,576	10,000	-	12,576
Interest earnings	1,244	-	-	1,244
	<u>1,091,832</u>	<u>212,370</u>	<u>174,439</u>	<u>1,478,641</u>
<b>Total Revenues</b>				
<b>Expenditures:</b>				
Salaries and employee benefits - Administration	216,732	83,945	-	300,677
Salaries and employee benefits - Program evaluation	77,111	-	-	77,111
Services and supplies	75,152	77,013	63,849	216,014
Rent and utilities	45,185	-	-	45,185
Sponsorship grants	50,000	10,000	-	60,000
Community grants	653,500	-	29,163	682,663
	<u>1,117,680</u>	<u>170,958</u>	<u>93,012</u>	<u>1,381,650</u>
<b>Total Expenditures</b>				
Net Change in Fund Balance Before Transfers	(25,848)	41,412	81,427	96,991
Transfers In (Out)	122,839	(41,412)	(81,427)	-
	<u>96,991</u>	<u>-</u>	<u>-</u>	<u>96,991</u>
<b>Net Change in Fund Balance</b>				
Fund Balance, Beginning of Year,	448,723	-	-	448,723
	<u>448,723</u>	<u>-</u>	<u>-</u>	<u>448,723</u>
<b>Fund Balance, Beginning of Year,</b>				
Fund Balance, End of Year	\$ 545,714	\$ -	\$ -	\$ 545,714
	<u>\$ 545,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,714</u>
<b>Fund Balance, End of Year</b>				

## **OTHER REPORTS**



# BROWN ARMSTRONG

*Certified Public Accountants*

## **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**

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### **PASADENA OFFICE**

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FAX 626.204.6547

### **STOCKTON OFFICE**

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STOCKTON, CA 95207  
TEL 209.451.4833

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 and the general fund of the Napa County Children and Families Commission (the Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 11, 2016.

### **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 our opinions 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 a 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 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*.

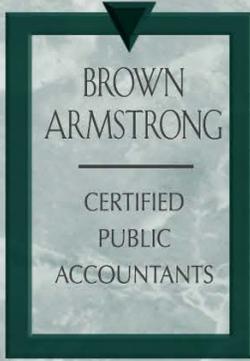
## Purpose of this Report

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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
October 11, 2016



# BROWN ARMSTRONG

*Certified Public Accountants*

## 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 (the 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, 2016.

### Management's Responsibility

Management is responsible for compliance with the requirements of the law 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 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 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 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. However, 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:

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#### STOCKTON OFFICE

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SUITE 150  
STOCKTON, CA 95207  
TEL 209.451.4833

<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 Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2016.

This report is intended solely for the information and use of the Napa County Board of Supervisors, the 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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
October 11, 2016