



**To: First 5 Alameda County Executive Committee**

**From: Patricia Zapanta, Finance and Administration Director**

**Date: September 18, 2009**

**Subject: Adoption of 2008-09 Audit**

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#### **REQUESTED ACTION**

To review the 2008-09 audit and to give feedback on clarifications or changes in preparation for presentation to the Commission on September 24th

#### **BACKGROUND**

It is a requirement of the Proposition 10 legislation and First 5 California that each First 5 county commission complete an annual audit by October 15 and submit a report to First 5 California and the State Controllers Office by November 1.

The annual audit of the financial statements and the compliance audit (Expanded Audit) are completed and the opinion from the auditor is unqualified. There were no audit issues and no material findings. The audit firm of Patel & Associates will present the audit results to the full Commission at their regular meeting on September 24th. Mr. Ramesh Patel, principal auditor, will present.

The audit process included internal controls testing of each area, and auditing as described:

- a. Audit cash disbursements, including appropriate documentation and authorization; including a comprehensive review of grants and contracts
- b. Audit Payroll, tying to general ledger, timesheets, I-9s, offer letters;
- c. Audit Revenues, including sending confirmation letters;
- d. Audit receivables from Prop 10 tobacco tax and other receivables
- e. Audit of accrued liabilities and confirmation of subsequent payments
- f. Audit of cash receipts
- g. Audit each account on the general ledger, starting with balance then audit of detailed transactions (the general ledger chart of accounts is attached) within the account.
- h. Audit bank reconciliations
- i. Confirm cash in County Treasury and investments with money managers

- j. Audit Prepaid expense accounts
- k. Audit of Accrued vacation
- l. Audit of all expense accounts and analysis of variances
- m. Audit of investment disclosure
- n. Confirmation of authorization of COLA of January 2009
- o. Audit Lease disclosure
- p. Preparation of Restricted Funds presentation
- q. Audit of Fixed Assets and preparation of schedule
- r. Review of Retirement Disclosure
- s. Development of Year-end Financial Statements
- t. Expanded compliance audit (related to SB 35 and AB 109)
  - i. Contracting and procurement
  - ii. Administrative costs
  - iii. Conflict of interest
  - iv. County ordinance
  - v. Long range financial plan
  - vi. Financial condition of the commission
  - vii. Program evaluation
  - viii. Salaries and benefits policies

The sections of the audit package are as follows.

- o Independent auditors report
- o Management Discussion and Analysis:
  - Financial highlights
  - Comparative information from 2007-08 and 2008-09
  - List of conditions that will affect First 5's future financial situation
- o Statement of Net Assets: shows total assets as of June 30
- o Statement of Activities
- o Balance Sheet: show total liabilities and fund balance
- o Reconciliation of Balance to Net Assets: shows reconciliation of items that are not reported in the Balance Sheet but are reported in the Net Assets
- o Statement of Revenues, Expenditures and Changes in Fund Balance: show the specific year-end revenue and expenses in 2008-09; this is similar to year-end financial analysis prepared and reported Patricia.
- o Reconciliation: reconciles items shown in one schedule but not in another

- Budget to Actual: shows original budget, final budget, actual expenses and variance. This is perhaps the most useful schedule for Commissioners.
- Notes to Financial Statements:
  - First 5 has prepared an investment disclosure consistent with GASB 40 requirements. Note 4 contains this disclosure.
  - Note 6 is a requirement of the Expanded Audit and discloses the cost of Evaluation for 2008-09
- Supplementary Schedule of Revenue and Expenditures by Fund Source
- Independent auditors report on internal controls
- Independent auditors report on state compliance
- Status of prior year findings (there were no findings)

**FISCAL IMPACT**

The total cost of the 2008-09 audit is \$24,900. There is no fiscal impact as all of the funds are currently budgeted.

Submitted by:

Reviewed by:

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Patricia Zapanta, Director  
Finance & Administration

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Mark Friedman,  
Chief Executive Officer

**First 5 Alameda County  
Chart Of Accounts List  
General Ledger Accounts**

Code	Account Title	Status	Account Type
1100	Cash Clearing	A	OA
1101	Cash in Bank	A	CSH
1102	Cash in County Treasury	A	CSH
1103	Investments	I	OA
1110	Investments	A	OA
1111	U.S. Treasury Obligations	A	OA
1112	Other Fed Govt Agency Securities	A	OA
1113	Collateralized Mortgage Obligation	A	OA
1114	Corporate Bonds & Notes	A	OA
1115	CDs, Time Deposits & Bk Acceptances	A	OA
1116	Commercial Paper	A	OA
1117	Repurchase Agreements	A	OA
1118	Rev Repurchase Agreements	A	OA
1119	State of California Obligations	A	OA
1120	Local Agency Obligations	A	OA
1121	Money Market Funds	A	OA
1122	State of Ca Local Agency Inv Fund (LAIF)	A	OA
1135	Allowance to Adjust Investments to Market	A	OA
1201	Accounts Receivable	A	OA
1202	Grants Receivable	A	OA
1203	Interest Receivable	A	OA
1204	Other Receivables	A	OA
1205	Loans Receivable	A	OA
1301	Prepaid Expenses	A	OA
1302	Prepaid Expenses - Vendors	A	OA
1310	Furniture & Equipment	A	FAO
1315	Accumulated Depreciation - Furniture & Equipment	A	FAO
1320	Other Assets	A	OA
2101	Accounts Payable	A	AP
2102	Accounts Payable - Other	A	APO
2201	Accrued Payroll	A	APO
2202	Accrued Vacation	A	APO
2203	Federal Withholding Taxes Payable	A	APO
2204	State Withholding Taxes Payable	A	APO
2205	Social Security Taxes Payable	A	APO
2206	ACERA Retirement Contribs Payable	A	APO
2207	Medicare Withholding Taxes Payable	A	APO
2208	State Disability Ins Payable	A	APO
2209	FUTA Payable	A	APO
2210	SUI Payable	A	APO
2211	Retro Unemployment Comp Payable	A	APO
2212	Emp Hlth, Life, EAP Ins Payable	A	APO
2213	Workers Comp Ins Payable	A	APO
2214	FSA Payable (HFSA & DCAP)	A	APO
2215	Deferred Comp Payable	A	APO
2301	Other Liabilities	A	OL

**First 5 Alameda County  
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General Ledger Accounts**

Code	Account Title	Status	Account Type
2401	Other Accrued Liabilities	A	OL
2500	Deferred Revenue	A	OL
2600	Long Term Payable	A	OL
3100	Fund Balance	A	NAE
4100	Prop 10 Tobacco Tax	A	REV
4201	CARES	A	REV
4202	State School Readiness	A	REV
4203	AB 212	A	REV
4204	ARS Federal Grant	A	REV
4205	Annie E. Casey	A	REV
4206	Haas Jr. Fund	A	REV
4207	Packard Foundation	A	REV
4208	State First 5 Grants	A	REV
4209	First 5 Contra Costa	A	REV
4210	ECE Federal Earmark	A	REV
4211	SART Federal Earmark	A	REV
4301	Child Health Disability Prev	A	REV
4302	Title IV-E ARS	A	REV
4303	Medical Admin Activities	A	REV
4304	Targeted Case Mgmt	A	REV
4305	EPSDT	A	REV
4401	Investment Revenue	A	REV
4402	Charges for Services	A	REV
4403	Contributions/Donations	A	REV
4404	Revenue from County	A	REV
4405	Miscellaneous Revenue	A	REV
5101	Salaries	A	EXP
5102	Salaries-Temp	A	EXP
5103	Salaries-Overtime	A	EXP
5104	Vacation	A	EXP
5200	Payroll Taxes & Benefits	A	EXP
5205	Retirement Contrib	A	EXP
5206	401 (h) Retirement Contrib	A	EXP
5210	Social Security Contrib	A	EXP
5211	Medicare Contrib	A	EXP
5212	SDI Contrib	A	EXP
5213	FUTA Contrib	A	EXP
5214	SUI Contrib	A	EXP
5215	Tax Contrib	A	EXP
5220	Health & Dental Insurance Contrib	A	EXP
5225	Flexible Benefits	A	EXP
5230	Other Employee Benefits	A	EXP
5235	Other Benefit Reimb	A	EXP
5240	Tools & Technology	A	EXP
5245	Deferred Comp	A	EXP
5255	Employee Assistance Prog	A	EXP
5260	Life Insurance	A	EXP

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Code	Account Title	Status	Account Type
5261	Long Term Disability Insurance	A	EXP
5265	Payment in Lieu	A	EXP
5266	Wage Garnishments	A	EXP
5270	Commuter Checks	A	EXP
5300	Contracts	A	EXP
5400	Grants	A	EXP
5500	Child Dev Corps Stipends	A	EXP
5505	Training Stipends	A	EXP
5600	Professional Services Contracts	A	EXP
5705	Training - Copying/Printing	A	EXP
5710	Training - Equipment Rental	A	EXP
5715	Training - Food/Hospitality	A	EXP
5720	Training - Honoraria	A	EXP
5725	Training - Postage	A	EXP
5730	Training - Professional Services	A	EXP
5735	Training - Space Rental	A	EXP
5740	Training - Supplies	A	EXP
5745	Training - Travel	A	EXP
5750	Training - Staff Development	A	EXP
5805	Communications	A	EXP
5810	Copying/Printing	A	EXP
5815	County Charges	I	EXP
5820	Equipment Leases/Rentals/Maint	A	EXP
5825	Equipment Purchase	A	EXP
5830	Food/Hospitality	A	EXP
5835	Honoraria	A	EXP
5840	Insurance	A	EXP
5845	Membership/Dues	A	EXP
5850	Postage	A	EXP
5855	Professional Services	A	EXP
5860	Space Rental	A	EXP
5865	Supplies	A	EXP
5870	Travel	A	EXP
5875	Miscellaneous Expenses	A	EXP
5880	Depreciation - Furniture & Equipment	A	EXP
5885	Bad Debts Expense	A	EXP
5890	Unrealized Gain/Loss	A	EXP
5891	Short Term Gain/Loss	A	EXP
5892	Long Term Gain/Loss	A	EXP