



To: First 5 Alameda County Commission

From: Patricia Zapanta, Finance and Administration Director

Date: September 18, 2009

Subject: Adoption of 2008-09 Audit

REQUESTED ACTION

To review and adopt the 2008-09 audit

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. 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.

- Independent auditors report
- 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
- Statement of Net Assets: shows total assets as of June 30
- Statement of Activities
- Balance Sheet: show total liabilities and fund balance
- 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

- 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.
- 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:

Patricia Zapanta, Director
Finance & Administration

Mark Friedman,
Chief Executive Officer