

**FIRST 5 RIVERSIDE
RIVERSIDE COUNTY CHILDREN &
FAMILIES COMMISSION**

**A division of the Riverside County Department of Public Social
Services and a component unit of the County of Riverside
Riverside, California**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011



Riverside County Children & Families Commission

A division of the Riverside County Department of Public Social Services

FIRST 5 RIVERSIDE
RIVERSIDE COUNTY CHILDREN & FAMILIES COMMISSION
A division of the Riverside County Department of Public Social
Services and a component unit of the County of Riverside
Riverside, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

Prepared by:
Sandra Duncan
Administrative Services Manager, Fiscal Services

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
For the Year Ended June 30, 2011**

TABLE OF CONTENTS

PAGE

INTRODUCTION SECTION:

Letter of Transmittal	i
Commissioners	iv
Organization Chart	v

FINANCIAL SECTION:

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to Basic Financial Statements	17
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	32
Notes to Required Supplementary Information	33
Other Supplementary Information:	
School Readiness Program Balance Sheet	34
School Readiness Statement of Revenues, Expenditures and Changes in Fund Balances	35
CARES Plus Program Balance Sheet	36
CARES Plus Statement of Revenues, Expenditures and Changes in Fund Balances	37
Schedule of Local Match Expenditures for State Initiative Programs	38

STATISTICAL SECTION: (Unaudited)

Financial Trends:	
Net Assets by Component	40
Changes in Net Assets	41
Fund Balance - General Fund	42
Changes in Fund Balance - General Fund	43
Revenue Capacity:	
First 5 California County Tax Revenue Projections for Fiscal Years 2011-2015	44
Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2008-09	45
Demographic Information:	
Demographic Data	46
Projected Birth Rate	47
Children's Scorecard	48
Operating Information:	
Capital Assets	50

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
For the Year Ended June 30, 2011**

TABLE OF CONTENTS - Continued

PAGE

COMPLIANCE SECTION:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51
Independent Auditors' Report on State Compliance	53
Schedule of Findings and Responses	55
Status of Prior Findings and Corrective Action Plans	57

INTRODUCTORY SECTION





Riverside County Children & Families Commission

A division of the Riverside County Department of Public Social Services

October 11, 2011

MEMBERS

Susan Loew
Commission Chair

Jay Hoffman
Commission Vice-Chair

Bob Buster
County Supervisor

Sharon Baskett

Judee Cox

Eric Frykman, M.D., M.P.H.

Dr. Steven Morford

Lupe Ramos Watson

Debbie Whitaker-Meneses

County Board Alternate:
Marion Ashley
County Supervisor

STAFF

Harry Freedman
Executive Director

Stella M. Smith
Deputy Director

To the Members of the Commission, Alternate Commission Members, and Citizens of the Riverside County Children and Families Commission:

The Comprehensive Annual Financial Report (CAFR) of the Riverside County Children and Families Commission - Proposition 10 Commission (First 5 Riverside) for the year ended June 30, 2011, is hereby submitted as mandated by applicable statutes. These statutes require First 5 Riverside to annually issue a report of its financial position and activity. A complete audit of the report by an independent firm of certified public accountants is also required. Responsibilities for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with the Commission's management. The information in this report is intended to present the reader with a comprehensive view of the Commission's financial position and the results of its operations for the fiscal year ending June 30, 2011, along with additional disclosures and financial information designed to enable the reader to gain an understanding of First 5 Riverside's financial activities.

Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on First 5 Riverside's financial statements for the year ended June 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report is organized into three sections:

1. Introductory Section - the introductory section includes the table of contents, letter of transmittal, a list of First 5 Riverside's Commissioners and administrative personnel and an organizational chart.
2. Financial Section - The financial section includes the independent auditors' opinion, management's discussion and analysis, the basic financial statements, notes to the financial statements and required supplementary information.
3. Statistical Section - The statistical section is presented in compliance with GASB 44 and provides schedules designed to reflect tax revenue trends, demographic data and economic statistics, unemployment rates and statistics related to the children in Riverside County.



PROFILE OF THE COMMISSION

First 5 Riverside was created by the Riverside County Board of Supervisors in November 1998 following the passage of Proposition 10, through which California voters made an unprecedented investment in early childhood development. During the last ten years, First 5 Riverside has made a lasting positive impact in Riverside County through its allocations of more than \$260 million toward grants, programs and operations that improve the well-being of young children and families in Riverside County.

Local Economy

Riverside County, the State's fourth largest county by area, encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties. There are 26 incorporated cities located within the County. Total County population per the U.S. Census quick facts data was 2,189,641 in 2010, with children under 5 years old representing approximately 7% of that total, and 31,601 new births in 2009.

MAJOR ACCOMPLISHMENTS

- Recognizing the difficult financial conditions facing the State, County, and Riverside County Families with young children, the Commission allocated \$36,363,185 in contracts for services using \$21,279,317 from Fund Balance.
- The Commission awarded grant contracts to 65 agencies throughout Riverside County providing education, childcare and health service to children 0-5.
- The Commission adopted a new strategic plan for the FY 2011/12 - FY 2015/16.
- The Commission applied and was awarded the CARES Plus Grant from First 5 California.

FUTURE INITIATIVES

In FY 2010/11, a new Strategic Plan was developed and adopted by the Commissioners covering the period from FY 2011/12-2015/16.

The primary components of this plan are

- The accountability and framework designed to measure success of the plan
- Increase access, affordability and quality of family and center-based early care and education
- Increase access, affordability and utilization for primary healthcare services for children 0-5
- Ensure parents utilize age appropriate health and development information in their parenting practices
- Increase optimal birth outcomes (i.e. full term live births, normal birth weight)
- Identify and treat children with special health and developmental needs as early as possible
- Ensure that parents and caregivers are knowledgeable about available community resources and programs
- Improve the safety and stability of children's home environments

OTHER FINANCIAL INFORMATION

Internal Control

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. The internal control structure is designed to protect the Commission's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of the financial

statements in conformity with Generally Accepted Accounting Principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Budgetary and Accounting Systems

The Commission is required to adopt an operating budget for the following year before the end of each fiscal year as a county agency. Any increase in the adopted appropriations during the fiscal year must have Commission approval. Monthly financial updates are provided to the Commissioners.

Cash Management

The Commission is authorized under the California Government Code to make direct investments and has adopted the Riverside County Statement of Investment Policy and any amendments, therein. The Commission maintains policies for exposure to interest rate risk, credit risk, and concentration of credit risk, as stated in the policy.

Risk Management

The Commission participates in the County of Riverside's insurance programs, including coverage for general liability and auto liability. The employees at the Commission are considered to be employees of the County of Riverside and are covered by the County's workers' compensation program. The County's workers' compensation program is a combination of self-insurance and excess insurance providing statutory limits of coverage as required by the State of California.

ACKNOWLEDGEMENTS

The Commission's Comprehensive Annual Financial Report was prepared through the combined efforts of all First 5 Riverside's staff. Special recognition is due to the Fiscal Department staff for their effort to ensure timely and accurate reporting. I would also like to thank the Commissioners for their continued support and interest in planning for the financial operations of First 5 Riverside in a responsible and progressive manner.

Sincerely



Harry Freedman
Executive Director

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
For the Year Ended June 30, 2011**

Commissioners

Susan Loew, Director of Department of Social Services, Riverside County, Chair
Jay Hoffman, Retired School District Superintendent, Vice Chair
Sharon Baskett
Dr. Eric Frykman
Dr. Steven Morford
Lupe Ramos Watson
Judee Cox
Debbie Whitaker-Meneses
Supervisor Bob Buster

Alternate Commissioners

Connie Beasley, Chair Advisory Committee
Debbie Franklin
Dr. Touraj Shafai
Sylvia Deporto
Georgann Koenig
Stanley Grube
Kristy Franklin

Executive Director

Harry Freedman

Deputy Director

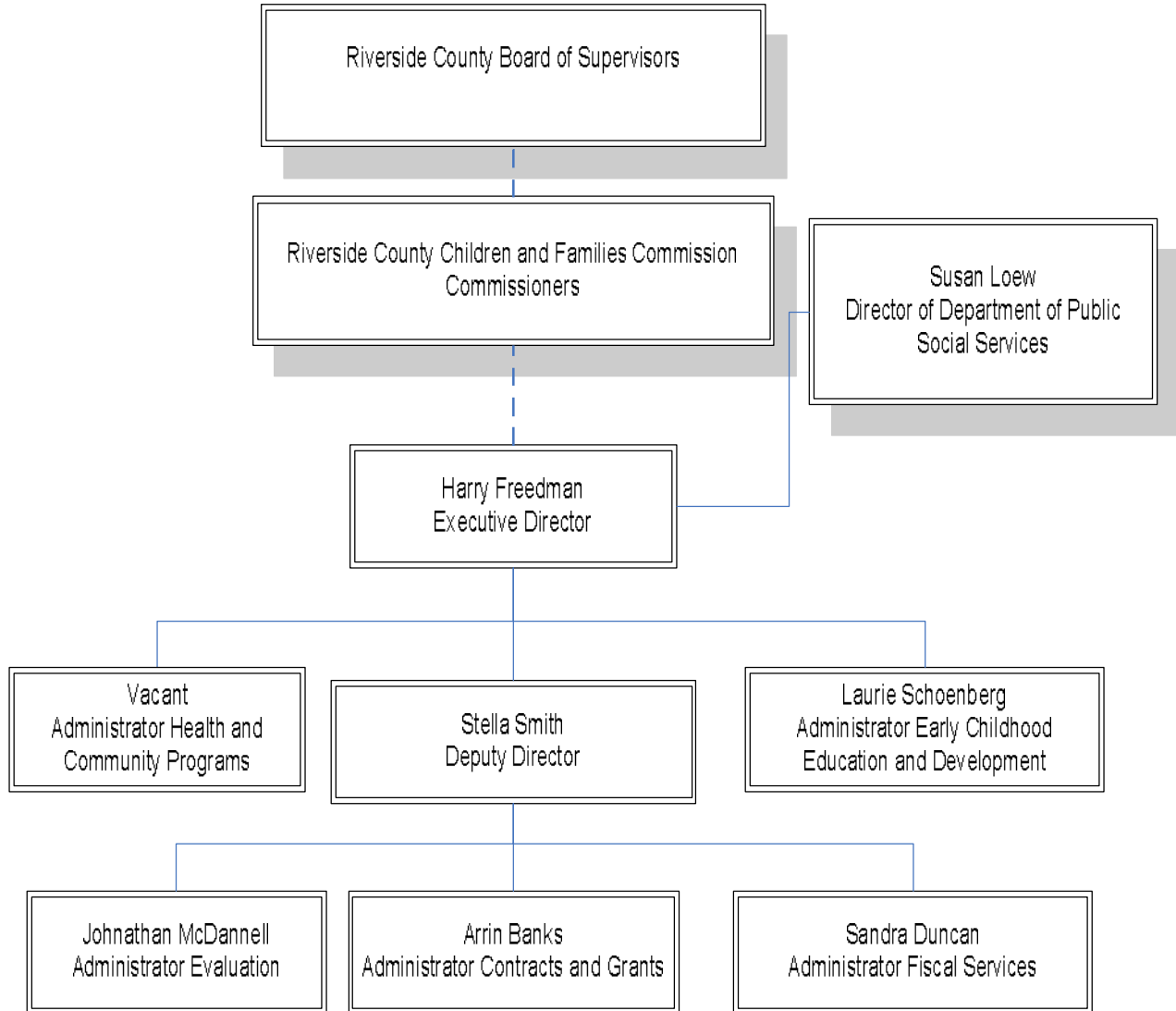
Stella Smith

Administrative Managers

Laurie Schoenberg, Early Education and Child Care Programs
Vacant, Health Programs
Johnathan McDannell, Outcomes Management
Arrin Banks, Grants and Contracts
Sandra Duncan, Fiscal Services

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
For the Year Ended June 30, 2011**

Organization Chart



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
First 5 Riverside
Riverside County Children and Families Commission
Riverside, California

We have audited the accompanying financial statements of the governmental activities and general fund of Riverside County Children and Families Commission (the Commission), a component unit of the County of Riverside, California, as of June 30, 2011 and for the year then ended, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 general fund of the Commission, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Commission has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have issued our report dated October 10, 2011 on our consideration of the Commission's internal control over financial reporting and 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 on pages 3 through 10 and budgetary comparison information on pages 32 through 33 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 consisted principally 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 accompanying supplementary information, such as the introductory section, individual program financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual program financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.



Rancho Cucamonga, California
October 10, 2011

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

In November 1998, voters passed a statewide ballot initiative to add a surtax to tobacco products (Proposition 10). The monies collected are to be used to fund programs that promote early childhood development, for children prenatal through five years of age. The intent is for all California children to be healthy, to live in a healthy and supportive environment, and to enter school ready to learn and embrace lifelong learning.

As management of the Riverside County Children and Families Commission (First 5 Riverside) or (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2011.

Financial Highlights

- The Commission became a department of the Riverside County Department of Public Social Services effective July 1, 2009 and is reported as a component unit for the County of Riverside.
- The Commission's Proposition 10 Revenue decreased of \$2,126,229 in fiscal year 2010-2011 as compared to fiscal year 2009-2010. \$24,048,801 was received from the State of California from revenues collected pursuant to the California Children and Families Act (Proposition 10).
- In order to help address the difficult financial conditions facing the State, County, and families with young children, the Commission made the determination to allocate more funding than initially planned during 2009-2010 and 2010-2011. During the current fiscal year, the Commission disbursed \$36,362,993 in grants, included in professional and specialized services, to various service providers. This represented a 35% increase in funding for services compared to fiscal year 2009-2010.
- An additional \$753,722 was used to provide services through internally operated programs (AmeriCorps and Child Care Capacity Building Initiative) and is included in Professional and Specialized Services.
- Administrative expenses which include staff salaries and benefits as well as operating expenses increased slightly from fiscal year 2009-2010 levels but represented 6.1% of total expenses; Evaluation expenses which include outcomes management represented 1.1%; and Program expenses which include the grantee awards represented 92.8%.
- The assets of the First 5 Riverside exceeded its liabilities at the most recent fiscal year by \$14,299,111 (*net assets*).
- As of the close of the current fiscal year, First 5 Riverside governmental funds reported combined ending fund balances of \$14,569,993, a decrease of \$45,611,444 in comparison with the prior year. Approximately 0.9 % or \$361,728 is available for spending at the Commission's discretion (*unassigned fund balance*). The Commission has a total fund balance commitment of \$13,828,554 and assigned \$290,847 for various programs which will supplement the annual Proposition 10 funding allocation to maximize service availability through fiscal year 2012-2013(including two local initiatives which will end in fiscal year 2012-2013).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$361,728 or 0.9% of total fiscal year 2010/2011 general fund expenditures.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Riverside County Children and Families Commission basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

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. These statements provide both long-term and short-term information about the commission's overall financial status.

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 or 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 giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this 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 11-12 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Riverside County Children and Families Commission like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Commission maintains one governmental fund, the general fund. The Commission adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

The governmental fund financial statements can be found on pages 13-16 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 financial statements. The notes to the financial statements can be found on pages 18-31 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's finances. Required supplementary information can be found on page 32 of this report.

Government-Wide Financial Analysis (Commission-Wide) Net Assets

Net assets may serve over time as a useful indicator of a Commission's financial position. Commission assets exceeded liabilities by \$14,299,111 at the close of the most recent fiscal year. However, financial statement users need to consider other factors, both financial and non-financial, in assessing the Commission's financial position. These factors include changes in services, changes in state funding, and changes in the economy.

The Commission's Net Assets at June 30, 2011 were as follows:

Riverside County Children and Families Commission's Net Assets

	<u>Government- wide FY 2010/2011</u>	<u>Government- wide FY 2009/2010</u>	<u>Dollar Increase / (Decrease)</u>	<u>Percent Increase / (Decrease)</u>
Assets:				
Current and other assets	\$ 48,793,504	\$ 64,135,220	\$ (15,341,716)	-24%
Capital assets	-	991	(991)	-100%
Total assets	<u>48,793,504</u>	<u>64,136,211</u>	<u>(15,342,707)</u>	<u>-24%</u>
Liabilities:				
Long-term liabilities	132,732	103,781	28,951	28%
Other liabilities	34,361,661	4,103,127	30,258,534	737%
Total liabilities	<u>34,494,393</u>	<u>4,206,908</u>	<u>30,287,485</u>	<u>720%</u>
Net assets:				
Invested in capital assets	-	991	(991)	-100%
Unrestricted	14,299,111	59,928,312	(45,629,201)	-76%
Total net assets	<u>\$ 14,299,111</u>	<u>\$ 59,929,303</u>	<u>\$ (45,630,192)</u>	<u>-76%</u>

Current and other assets decreased by \$15,341,716 during the current fiscal year. The key contributing factor for this reduction in total net assets is that total expenses, including provider grants and an extraordinary item required to comply with AB99 legislation.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

Capital Assets decreased by \$991 which represents the annual depreciation. The Commission's capital assets are fully depreciated and no new assets have been purchased or retired during the current fiscal year.

Long Term Liabilities increased from prior year by \$28,951 due to an increase in the Compensated Absences Long Term Balance. This increase in Compensated Absences was due to an increase in annual leave balances. Other liabilities increased from prior year by \$30,258,534 primarily due to an increase in current liabilities for the AB99 amount payable to the State of California on June 30, 2012.

Net assets are reported in two distinct categories: Invested in Capital Assets and Unrestricted. Unrestricted Net Assets decreased during the current fiscal year by \$45,629,201 or 76%. The key factor in this decrease is due to expenses exceeding revenue in the current fiscal year including an extraordinary item for the State of California AB99 accrued expense. Invested in Capital Assets relates to the portion of the Commission's equity that is comprised of capital assets.

At the end of the current fiscal year, the Commission is able to report positive balances in net assets. The same held true for the prior fiscal year.

The Commission's net assets decreased by \$45,630,192 during the current fiscal year. Changes in the Commission's Net Assets were as follows:

Riverside County Children and Families Commission's Statement of Activities

	<u>FY 2010/2011</u>	<u>FY 2009/2010</u>	<u>Dollar Increase / (Decrease)</u>	<u>Percent Increase / (Decrease)</u>
Revenue:				
Prop. 10 allocation	\$ 22,302,311	\$ 23,316,334	\$ (1,014,023)	-4%
Foundation and state matching grants	1,746,490	2,858,696	(1,112,206)	-39%
Total program revenue	24,048,801	26,175,030	(2,126,229)	-8%
Other revenue	106,754	128,280	(21,526)	-17%
Investment income	254,833	565,873	(311,040)	-55%
Total general revenue	24,410,388	26,869,183	(2,458,795)	-9%
Expenses:				
Salaries and benefits	2,615,334	2,418,919	196,415	8%
Operating expenses	805,191	912,886	(107,695)	-12%
Professional and specialized services	36,528,345	26,973,242	9,555,103	35%
Depreciation expense	991	-	991	0%
Total expenses	39,949,861	30,305,047	9,644,814	32%
Extraordinary Item – AB99	30,090,719	-	30,090,719	100%
Total expenses	70,040,579	30,305,047	48,876,233	161%
Change in Net Assets	(45,630,192)	(3,435,864)	(42,194,328)	1228%
Net Assets Beginning of Year-unadjusted	59,929,303	63,408,497	(3,479,194)	-5%
Prior Year Adjustments	-	(43,330)	43,330	-100%
Net Assets Beginning of Year-adjusted	59,929,303	63,365,167	(3,435,864)	-5%
Net Assets End of Year	\$ 14,299,111	\$ 59,929,303	\$(45,630,192)	-76%

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

Revenues

The Commission receives virtually all of its revenue from the state allocation of Proposition 10 Tobacco Tax funds, from additional State Commission allocations (Initiatives), or from interest earned from its investments. In the fiscal year ending June 30, 2011, the \$24,048,801 received from the state was a decrease of \$2,126,229 or -8% as compared to prior fiscal year. The decrease is due to State funding for two School Readiness programs ended in fiscal year 2010-2011 and the continued decrease in Proposition 10 funding. The Commission invests its funds as a participant in the Riverside County Investment Pool which is regulated by the California Government Code, under the oversight of the Treasurer of the County of Riverside and returned \$242,964 for fiscal year 2010-2011 which was a reduction of \$306,848 compared to prior year and includes the Fair Market Value adjustment. Investment income of \$11,868 came from the State Surplus Monetary Investment Fund (SMIF).

Expenses

During fiscal year 2010-2011, the Commission expensed \$39,949,861 for salaries and benefits, grant and contract disbursements and operating expenses. This represents an increase of \$9,644,814 or 32% over the prior fiscal year. Funding for grant and contract disbursements alone increased from \$26,744,476 fiscal year 2009-2010 to \$36,362,993 in fiscal year 2010-2011. The reason for the increase in expenses is primarily due to the Commission's decision to provide additional funding in fiscal years 2009/2010 to address difficult economic conditions, and the continuance of these multi-year contracts/grants awarded in the prior fiscal year in the amount of \$26,190,382 of which approximately \$12,939,878 was expensed in the current fiscal year with the remainder of this funding to be utilized in the next fiscal year.

Salaries and benefits increased by \$196,415 or 8% due to Management and Service Employees International Union (SEIU) staff no longer being required to take one furlough day per pay period. In addition, certain management benefits were reinstated although most salary increases were still frozen. Additional expenses were incurred for temporary help services in the amount of \$96,012 for additional staff required to manage the additional contracts that were issued for the Facilities Assistance Fund, Health Services and Early Childhood Education grants.

Operating expenses, which includes supplies and services, decreased in the current year as compared to prior fiscal year by \$107,695 or -12%. The key factor was due to certain expenses such as special events that were not utilized to the extent budgeted and the Department of Public Social Services indirect cost rate decreased from 15% to 10% on their state claim which we provide expenses for which are allocated to the Commission.

A total of \$583,453 was expended for the Commission's Child Care Capacity Building Initiative which includes the Facilities Assistance grants to help expand child care centers as well as a variety of other consulting and coordination services designed to increase the availability of quality child care/preschool services throughout Riverside County. In addition, \$170,269 was expended for the AmeriCorps Program which enhances early education experiences by teaching children ages 0-5 the importance of dental hygiene.

The Professional and Specialized Services category reflects the majority of funded services for the community, and increased this fiscal year as compared to prior fiscal year by \$ 9,555,103 or 35%. Contract/Grant Expenditures increased by \$9,285,890 over the prior fiscal year due to an increase in contracts for several new funding awards approved by the Commission to meet needs in the community. Facility Assistance Grants also increased this fiscal year in the amount of \$125,917 to help improve or build child care centers throughout Riverside County. In addition, a new program for the mental health initiative primary prevention activities was initiated during this fiscal year in the amount of \$250,232 which will continue through fiscal year 2012-2013.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

The Commission continues to emphasize fiscal responsibility, and a desire to fund the greatest degree of program services possible. In fiscal year 2010-2011, 6.1% of total expenses were devoted to administration, 1.1% to evaluation, and 92.8% to program services.

Financial Analysis of the Government's Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Riverside County Children and Families Commission's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Commission. At the end of the current fiscal year, the Commission's governmental fund (General fund) reported ending fund balances of \$14,569,993, a decrease of \$45,611,444 in comparison with the prior year. Approximately \$361,728 or 2% of this total constitutes unassigned fund balance, which is available for spending at the Commission's discretion. The remainder of the fund balance is nonspendable, committed or assigned by the Commission for a variety of programs and grants, of which \$13,828,554 has been committed for contracts.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 0.9% of total fiscal year 2010-2011 general fund expenditures, while total fund balance represents 36% of that same amount.

The fund balance of the Commission's general fund decreased by \$45,611,444 during the current fiscal year. Key factors in this decline are as follows:

- AB99 legislation resulted in an accrual of a current liability to the state which represents 50% of fiscal year 2009/2010 fund balance or \$30,090,719.
- Multi-year contracts/grants awarded in the prior fiscal year in the amount of \$26,190,382 of which approximately \$12,939,878 was expensed in the current fiscal year.

General Fund Budgetary Highlights

On September 14, 2011, the Commission approved a budgetary appropriation increase of \$30,090,719 to set up the current liability for the AB99 legislation.

Based on the information provided in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, the following analysis is presented:

• **Final Revenue Budget vs. Actual Revenue**

- The following information provides a summary of the primary factors that caused the variance in the actual revenue compared to the final revenue estimates:

- **Proposition 10 Tobacco tax revenue** is less primarily due to two School Readiness Programs which ended in fiscal year 2010/2011.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

- **Investment Income** - The interest rates were lower than projected and earnings on the Treasurer's cash pool were less than anticipated due to declining idle cash balances.
- **Original Expenditure Budget vs. Final Expenditure Budget**
 - Management made a concerted effort to minimize expenses, due to revenue losses projected for this year and the future. The following provides a brief summary of the primary factors attributable to the decrease in the final budgeted expenditures compared to the original budgeted expenditures:
 - Salaries and Benefits were lower than budgeted by \$286,946 due to expenses being lower than expected due to a freeze in step increases and the use of temporary personnel.
 - Professional and Specialized Services were lower than budgeted by \$11,607,492 due to expenses being lower than expected because Grantee contracts were under expended as consultants not being utilized to the extent budgeted.
 - Services and Supplies were lower than budgeted by \$977,159 due to certain expenses not being utilized that were budgeted such as special events and administrative expenses. These costs were lower than expected.

Other Potentially Significant Matters

The State projects a continuing decrease of State Tax Allocations revenue and reduction in the share allocated to the Commission due to a proportionally lower birth rate.

Capital Assets

During the fiscal year, the Commission's capital assets, before accumulated depreciation, decreased by \$991 due to depreciation of assets during the current fiscal year. There were no capital acquisitions or retirements during the current fiscal year. The capital asset threshold for the Commission is \$5,000 unit price per item. Refer to Note 4 in Notes to Financial Statements for more information.

**Riverside County Children and Families Commission's Capital Assets
(net of depreciation)**

	<u>FY 2010/2011</u>	<u>FY 2009/2010</u>	Dollar Increase / (Decrease)	Percent Increase / (Decrease)
Equipment	\$ -	\$ 991	\$ (991)	-100%
Total equipment	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ (991)</u>	<u>-100%</u>

Long-term Liabilities

During the fiscal year, the Commission's long-term indebtedness increased by \$28,951 due to the change in the Compensated Absences Payable after one year. There are no other long term liabilities. Refer to Note 6 in Notes to Financial Statements for more information on compensated absences.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
Fiscal Year 2010/2011**

Economic Factors and Next Year's Budgets

- It is anticipated that the Commission's Proposition 10 Tobacco Tax revenues will continue to decrease in fiscal year 2011-2012 as compared to fiscal year 2010-2011.
- The economic situation continues to create new needs in our community thus Riverside County Children and Families Commission continues to utilize unassigned fund balances to meet the new needs of the community.
- The Commission completed its strategic planning process which resulted in a new strategic plan effective for the next five years beginning with fiscal year 2011-2012 through fiscal year 2015-2016. There will be a significant decrease in the Commission's ability to continue to fund local agencies at the level we have funded them in Fiscal Years 2009-2010 and 2010-2011.
- A new RFP/RFA process is anticipated to be initiated in fiscal year 2011-2012, resulting in new grants and contracts in fiscal year 2012- 2013.
- The factors that were known at the time of the preparation of the Commission's budget were considered in the preparation of the new plan including the AB99 legislation.

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Harry Freedman, Executive Director; Riverside Children and Families Commission (First 5 Riverside), 2002 Iowa Street, Suite 100, Riverside, California, 92507.

Basic Financial Statements



**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission**

**STATEMENT OF NET ASSETS
June 30, 2011**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments in County Treasury	\$ 43,394,616
Accounts receivable	182,602
Related party receivable	182,182
Interest receivable	31,940
Due from other governments	4,913,300
Prepays	<u>88,864</u>
Total Assets	<u>48,793,504</u>
LIABILITIES	
Accounts payable	3,336,424
Related party payables	695,711
Accrued wages and benefits	100,657
Due to other governments - State of California - AB99	30,090,719
Compensated absences:	
Payable within one year	138,150
Payable after one year	<u>132,732</u>
Total Liabilities	<u>34,494,393</u>
Net assets	
Unrestricted	<u>14,299,111</u>
Total Net Assets	<u>\$ 14,299,111</u>
Total liabilities and fund balance/ net assets	<u><u>\$ 48,793,504</u></u>

See accompanying Notes to Basic Financial Statements.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

Functions/Programs	Expenses	<u>Program Revenues</u> Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
Governmental Activities:			
Child Development	<u>\$ 39,949,861</u>	<u>\$ 24,048,801</u>	<u>\$ (15,901,060)</u>
Total Governmental Activities	<u>\$ 39,949,861</u>	<u>\$ 24,048,801</u>	<u>(15,901,060)</u>
		General Revenues:	
		Investment income	254,833
		Miscellaneous	106,754
		Extraordinary Item - AB99	<u>(30,090,719)</u>
		Total General Revenues and Extraordinary Item	<u>(29,729,132)</u>
		Change in Net Assets	(45,630,192)
		Total Net Assets - Beginning of Year	<u>59,929,303</u>
		Total Net Assets - End of Year	<u>\$ 14,299,111</u>

See accompanying Notes to Basic Financial Statements.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission**

**GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2011**

	General Fund
ASSETS	
Cash and investments in County Treasury	\$ 43,394,616
Accounts receivable	182,602
Related party receivable	182,182
Interest receivable	31,940
Due from other governments	4,913,300
Prepays	88,864
Total Assets	\$ 48,793,504
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 3,336,424
Related party payables	695,711
Accrued wages and benefits	100,657
Due to other governments - State of California - AB99	30,090,719
Total Liabilities	34,223,511
Fund balance:	
Nonspendable	88,864
Committed	14,119,401
Unassigned	361,728
Total Fund Balance	14,569,993
Total Liabilities and Fund balance	\$ 48,793,504

See accompanying Notes to Basic Financial Statements.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2011**

Fund Balance of Governmental Funds	\$ 14,569,993
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Compensated absences liability is not reported in the fund financial statements	<u>(270,882)</u>
Net Assets of Governmental Activities	<u><u>\$ 14,299,111</u></u>

See accompanying Notes to Basic Financial Statements.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2011**

	<u>General Fund</u>
REVENUES	
Prop 10 Tobacco Tax	\$ 22,302,311
Prop 10 School Readiness	1,705,619
Prop 10 CARES Plus	40,871
Miscellaneous	106,754
Investment income	254,833
Total Revenues	<u>24,410,388</u>
EXPENDITURES	
Current:	
Salaries and benefits	2,597,577
Professional and specialized services	36,528,345
Services and supplies	805,191
Total Expenditures	<u>39,931,113</u>
Excess/(deficiency) of revenues over/(under) expenditures	(15,520,725)
EXTRAORDINARY ITEM	
AB99	<u>(30,090,719)</u>
Net Change in Fund Balance	(45,611,444)
Fund Balance - Beginning of Year	<u>60,181,437</u>
Fund Balance - End of Year	<u><u>\$ 14,569,993</u></u>

See accompanying Notes to Basic Financial Statements.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

Net Change in Fund Balance - Total Governmental Funds	\$ (45,611,444)
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:	
Depreciation Expense	(991)
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in the compensated absences liability.	
	<u>(17,757)</u>
Change in Net Assets of Governmental Activities	<u>\$ (45,630,192)</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO FINANCIAL STATEMENTS



**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

NOTE	DESCRIPTION	PAGE
1	Summary of Significant Accounting Policies	18
2	Cash and Investments	22
3	Due From Other Governments	23
4	Capital Assets	23
5	Grantee Payables	24
6	Compensated Absences	24
7	Due to Other Governments – State of California-AB99/Extraordinary Item	25
8	Fund Balance	25
9	Encumbrances	27
10	Revenue	27
11	Special Funding	27
12	Lease Obligation	28
13	Related Party Transactions	28
14	Program Evaluation	29
15	Retirement and Defined Benefit Pension Plan	29
16	Other Post Employment Benefits (OPEB)	30
17	Risk Management	30
18	Contingencies	31

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The Riverside County Board of Supervisors established First 5 Riverside, also known as Riverside County Children and Families Commission (“the Commission”) in 1999 under the provisions of the California Children and Families Act of 1998 (Act). The Commission provides support for all children, prenatal through five years, and their families to improve early childhood development. The Commission is funded through cigarette tax revenue generated as a result of the California approval of the Proposition 10 Act (“Prop 10”) in November 1998. A governing board of nine members, which are appointed by the County Board of Supervisors, administers the Commission. The composition of the Commission is consistent with the requirements set forth in the Act and the local Riverside County Ordinance 784.

The Riverside County Board of Supervisors appoints members of the Commission and may remove any Commission member at any time. The Commission is considered a component unit of the County of Riverside, California. The Commission implements comprehensive and integrated systems for children to thrive in supportive, nurturing and loving environments; enter school healthy and ready to learn and become productive and well-adjusted as members of society. The Commission developed a strategic plan to guide activities and funding for the period of July 2006 through June 2011. The Commission’s primary goals are: 1) to foster a healthy community and provide access to affordable, comprehensive and preventive mental and physical health services 2) to expand the availability of quality, accessible and affordable Child Care services and 3) to educate Riverside County residents about the life long implication of optimal development through age 5.

Upon termination of the Commission, all assets of the Commission shall be returned to the State of California. The liabilities of the Commission shall not become liabilities of the County upon either termination of the Commission or the liquidation or disposition of the Commission’s remaining assets.

B) Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the activities of the reporting entity. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Currently, the Commission does not have any proprietary fund or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements. Currently, the Commission has only one fund, the “General Fund.”

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Government-wide and Fund Financial Statements (Continued)

The Commission's net assets are classified as follows:

Unrestricted – This category represents neither restricted or invested in capital assets and may be used by the Commission for any purpose though they may not be necessarily liquid.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the *Statement of Net Assets and the Statement of Activities* on pages 10 and 11 are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions to local grantee organizations are recognized as expenditures when criteria for grant payments are met by the grantee organization. The *Statement of Net Assets* presents the Commission's financial position in a *net asset approach*. The *Statement of Activities* reports the change in net assets in a net program cost format to demonstrate the degree to which the expenses of the Commission are offset by its program revenues.

Governmental fund financial statements, presented after the government-wide financial statements, are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are generally considered to be available when they are collected within 90 days of the end of the current fiscal period. Revenues from reimbursement type programs are considered available when they are collected within one year of the end of the current fiscal period in order to properly match revenues with related expenditures. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

The government reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the Commission.

D) Accounting and Reporting Policies

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Budget Information

Annual budgets are adopted on a basis consistent with general accepted accounting principles for the general fund. The appropriated budget is prepared utilizing major fund and department categories. Transfers of appropriations between categories must be approved by the Commission. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. There was one budgetary adjustment during this fiscal year for the extraordinary expense for AB99 legislation.

Encumbrance accounting is employed in general fund.

F) Cash and Investments

Investments are valued at fair value. Fair value is defined as the amount that the Commission could reasonably expect to receive for an investment as a current sale between a willing buyer and seller and is generally measured by quoted market prices.

G) Capital Assets

Capital assets are recorded at historical cost. The capitalization threshold for equipment is \$5,000; buildings, land and land improvements is \$1. Betterments result in a more productive, efficient or long-lived assets. Significant betterments are considered capital assets when they result in an improvement of \$2,500 or more. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements. The estimated useful lives are as follows: Buildings 25-50 years, Improvements 10-20 years, Equipment 3-20 years. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the changes in financial position.

H) 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I) Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J) Effect of New Government Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 54 – In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is effective in June 30, 2011. The Commission has implemented this statement for the fiscal year ended June 30, 2011. See Note 8.

GASB Statement No. 57 – In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement addresses the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements. This statement is effective in June 30, 2011. The Commission has determined that this statement is not applicable.

GASB Statement No. 59 – In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement is effective in June 30, 2011. The Commission has determined that this statement is not applicable.

GASB Statement No. 61 – In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement is to results in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement is not effective until June 30, 2013. The Commission has not determined the effect of this statement.

GASB Statement No. 62 – In June 2011, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with our contradict GASB pronouncements. This statement is not effective until June 30, 2013. The Commission has not determined the effect of this statement.

GASB Statement No. 63 – In June 2011, GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. This statement is not effective until June 30, 2013. The Commission has not determined the effect of this statement.

GASB Statement No. 64 – In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This statement is not effective until June 30, 2012. The Commission has not determined the effect of this statement.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

2) CASH AND INVESTMENTS

Cash and Investments are classified in the accompanying financial statements as follows:

Cash and Investments in County Treasury	<u>\$ 43,394,616</u>
Total Cash and Investments	<u><u>\$ 43,394,616</u></u>

At June 30, 2011, Cash and Investments consisted of the following:

Riverside County Treasurer's Pooled Investment Fund	<u>\$ 43,394,616</u>
Total Cash and Investments	<u><u>\$ 43,394,616</u></u>

Investments Authorized by the California Government Code

The Commission is authorized under the California Government Code to make direct investments and has adopted the Riverside County Statement of Investment Policy and any amendments, therein. The Commission maintains policies for exposure to interest rate risk, credit risk, and concentration of credit risk, as stated in the policy. The following are investments authorized under the Riverside County Statement of Investment Policy, which are more limited than those authorized under the California Government Code:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Public Agency Bonds	3 years	15%	4%
U.S. Treasury	5 years	100%	N/A
Local Agency Obligations	3 years	2.5%	2.5%
Federal Agencies	5 years	100%	N/A
Banker's Acceptances	180 days	30%	None
Commercial Paper	270 days	40%	4%
Certificate & Time Deposits	1 year	25%	4%
Repurchase Agreements	45 days	40% / 25%	20%
Reverse Repurchase Agreements	60 days	10%	10%
Medium Term Notes	3 years	20%	4%
CalTRUST Short Term Fund	Daily Liquidity	1%	1%
Money Market Mutual Funds	Daily Liquidity	20%	None
Local Agency Investment Funds	N/A	N/A	N/A

* Maximum of 4% per issuer in combined public agency bonds, commercial paper, certificate & time deposits, and medium term notes.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

2) CASH AND INVESTMENTS (CONTINUED)

Investment in Riverside County Treasurer's Pooled Investment Fund

The Commission maintains all of its funds with the Riverside County Treasurer. For information regarding interest rate risk, credit risk, concentration of credit risk, and custodial credit risk of the Riverside County Treasurer's Pool refer to the County of Riverside Comprehensive Annual Financial Report.

The Riverside County Treasurer maintains a cash and investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the Commission based on the average daily balances on deposit with the Riverside County Treasurer. The County Investment Oversight Committee conducts pool oversight.

The Commission is an involuntary participant in the pool regulated by the California Government Code, under the oversight of the Treasurer of the County of Riverside. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by the County of Riverside for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the pool, which are recorded on an amortized cost basis.

3) DUE FROM OTHER GOVERNMENTS

Due from other governments represents amounts due to the Commission from the California Children and Families Commission ("State Commission") for Prop 10 related revenues. The amounts due at June 30, 2011, were as follows:

Prop 10 Revenue for:		
May 2011	\$	1,968,428
June 2011		2,054,697
School Readiness Program		837,290
CARES Plus		40,871
SMIF (interest)		11,868
Riverside County		<u>146</u>
Total Due from Other Governments	\$	<u><u>4,913,300</u></u>

4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, is shown below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due within One Year</u>
Capital assets depreciable:				
Machinery and equipment	\$ 90,594	\$ -	\$ (14,434)	\$ 76,160
Accumulated depreciation	<u>(89,603)</u>	<u>(991)</u>	<u>14,434</u>	<u>(76,160)</u>
Total Capital Assets, Net	<u>\$ 991</u>	<u>\$ (991)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2011 totaled \$991.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

5) GRANTEE PAYABLES

The Commission's primary expenditures consist of funding to various governmental and non-profit agencies that provide services directly to children ages 0-5 and their families. The Commission generally advances a portion of the funding in the first quarter, and then estimates need based on actual expenditures in future quarters each quarter. The grantees are required to file quarterly cost reports detailing how much of the funding was used. At year-end a payable generally exists depending on the actual level of expenditures by the grantee. If the funds advanced exceed the actual expenditures a receivable is recorded, and if the funds advanced fall short of the actual expenditures a payable is recorded, up to the amount of funding allocated. At June 30, 2011, \$3,461,902 was owed to grantees and is included in accounts payable and related party payables.

6) COMPENSATED ABSENCES

County policy permits employees in some bargaining units to accumulate earned, but unused vacation, holiday, and sick pay benefits. Vacation and holiday pay are accrued when incurred. For other bargaining units, annual leave is earned and accrued, but not vacation or sick leave. Governmental funds record amounts that are due and payable at year-end as a liability of the fund and amounts due in the future as a liability in the government-wide financial statements. At June 30, 2011, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net assets was \$270,882.

The County allows unlimited accumulation of sick leave. Upon service retirement, disability retirement, or death of an employee or officer, and subject to the provisions of any applicable agreement between the employing agency and the Public Employee's Retirement System, unused accumulated sick leave for most employees with at least five (5) but less than 15 years of service shall be credited at the rate of fifty percent (50%) of current salary value thereof provided, however, that the total payment shall not exceed a sum equal to 960 hours of full pay. Unused accumulated sick leave for employees with more than fifteen or more years of service shall be credited at the rate of the current salary value provided, however, that the total payment shall not exceed a sum equal to 960 hours of full pay. In addition, the employee may also elect to place the payable amount of sick leave into a VEBA (Voluntary Employee Beneficiary Association) account which may be used for future health care costs.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated Absences	\$ 253,125	\$ 100,530	\$ (82,773)	\$ 270,882	\$ 138,150

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

7) DUE TO OTHER GOVERNMENTS - STATE OF CALIFORNIA - AB99/ EXTRAORDINARY ITEM

On March 24, 2011, the Governor signed Assembly Bill 99 (AB 99) into law. AB 99 established the Children and Families Health and Human Services Fund (Fund). As specified in the legislation, the Fund will be used, upon appropriation, by the California State Legislature for health and human services. The bill requires \$1 billion of the combined state and local children and families funds to be deposited in the Fund for the 2011/2012 fiscal year. The amount required from each first five commission (AB 99 payment) represents 50% of the fund balance as of June 30, 2010. For the Riverside County Children and Families Commission, this amount was \$30,090,719. The AB 99 payment is due by June 30, 2012. In accordance with the legislation, no 2012/2013 commission revenues will be paid until the full AB 99 payment is made. Accordingly, the Commission has accrued the AB 99 obligation as a liability at June 30, 2011. The Commission has reported the obligation as an extraordinary item.

A lawsuit has been filed by the Commission against the State challenging that the bill violates the intent of Proposition 10. Refer to Note 19 for additional details.

8) FUND BALANCE

Riverside County Children and Families Commission (the "Commission") implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2010/2011. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

Amounts that cannot be spent either because they are in nonspendable form or are legally or contractually required to be maintained intact (e.g. prepaid assets, inventory). Prepaid assets consisted of FY 2011/2012 prepayments of the building lease, maintenance and grant contracts.

Restricted Fund Balance

Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by the Commission, the Commission's highest level of decision-making authority, through a minute order or resolution. These committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified uses through the same type of formal action taken to establish the commitment.

The Commission's fund balance commitments include contracted programs. These commitments have been set by formal action-item and is for specific programs stated in the Commission's five-year plan.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

8) FUND BALANCE (CONTINUED)

Assigned Fund Balance

Amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. The Commission is the only authority allowed to assign amounts to be used for specific purposes. Assigned amounts include resources approved by the Commission for a long range financial plan.

Unassigned Fund Balances

These are residual resources of the General Fund in excess of what can properly be classified in one of the other four categories.

When unrestricted and restricted funds are available for the same purpose, restricted funds are used first. When unrestricted funds are available for the same purpose, decreases in fund balance first reduce committed fund balance, in the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in that order.

The details of the fund balances as of June 30, 2011 are presented below:

	General Fund
Fund Balance:	
Nonspendable:	
Prepaid Expense	\$ 88,864
Committed:	
Preschool for All grants	1,676,224
Facilities Assistance Fund grants	23,476
Mental Health grants	8,989,957
One Time Only grants	142,033
New Need for High Capacity Child Care grants	772,542
Health Services grants	1,932,269
Emergency Funding grants	68,648
Community Response Fund grants	449,386
Operational Contract	64,866
Total Committed	14,119,401
Unassigned	361,728
Total Fund Balance	\$ 14,569,993

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

9) ENCUMBRANCES

When the Commission approves a contract or a purchasing buyer authorizes a Purchase Order for goods or services, a legally binding commitment has been created. However, until the goods or services are received, the Commission has no obligation to pay and therefore the accounting entry to record the expenditure and related liability are not yet necessary. Commission approval is required in order to encumber an item.

Outstanding encumbrances for year ended June 30, 2011 were \$1,887,857.

10) REVENUE

The Commission receives a proportionate share of Proposition 10 money from the State Commission based on the number of live births in the County in comparison to the number of live births statewide. This fund is identified in the Riverside County's accounting records as the Prop 10 Children and Families Commission (Fund Number 25800). The Commission also receives Special Funding as explained under Note 11.

11) SPECIAL FUNDING

The Commission received special funding in the amount of \$1,705,619 for School Readiness Initiative and \$40,871 for CARES Plus for the fiscal year ending June 30, 2011. Below is a description of the programs:

School Readiness Initiative: The Commission took a proactive leadership role in working with the State Commission to develop and implement a statewide School Readiness Initiative, providing over \$400 million of combined State and local funding over a four-year period to implement school-linked programs that enhance the physical, cognitive, social and emotional readiness of children to succeed in school. The Commission administers this fund, which is used to account for the revenues received and expenditures made for school readiness programs.

CARES Plus: The Riverside CARES program supports and promotes the retention and improvement in the quality of center and family home child-care providers for children ages 0 to 5 years. The Commission administers this fund, which is used to account for the revenues received and expenditures made for child-care provider retention programs.

The special funding money can only be used only for purposes specified under the funding agreements. The balance sheets and statements of revenues, expenditures and changes in fund balances for the special funding programs are presented as other supplementary information in this report.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

12) LEASE OBLIGATION

The Commission leases office facilities under an operating lease. The lease is cancelable, but subject to certain conditions and penalties. The original lease term of five years was extended during 2008 for an additional three years subject to the same terms contained in the original lease. Monthly rental payments were \$21,997 as of April 2011. Pursuant to the terms of the lease agreement, 2% annual rent increase shall occur each April 1st. Total costs for the lease were \$260,085 for the year-ended June 30, 2011.

A Third amendment to the lease was signed in August 2011 to reduce the square footage of leased property to 9477 square feet and commences on September 1, 2011 through August 31, 2016 in the amount of \$11,846 per month. Future commitments under the third amendment lease agreement are as follows:

Year Ending June 30,	Amount
2012	\$ 163,168
2013	145,723
2014	148,638
2015	151,610
2016	154,643
	\$ 763,782

13) RELATED PARTY TRANSACTIONS

The required composition of the Board of Commissioners is consistent with the Children and Families Act of 1998 and Riverside County Ordinance 784. Many of the programs funded by First 5 Riverside are operated by organizations associated with the Commissioners. Commissioners must abstain from discussion and voting on issues directly related to their respective organizations.

The following is a summary of expenditures, payables and receivables at June 30, 2011 for each related party:

Organization	Expenditure Amounts
Riverside County of Office of Education	\$ 3,867,117
Riverside County Department of Public Health	3,769,257
Nuview Union School District	1,813,900
Carolyn E. Wylie Center for Children, Youth, and Families	940,606
Total	\$ 10,390,880

Organization	Payable Amounts
Riverside County Department of Public Health	\$ 492,444
Nuview Union School District	203,267
Total	\$ 695,711

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

13) RELATED PARTY TRANSACTIONS (CONTINUED)

Organization	Receivable Amounts
Carolyn E. Wylie Center for Children, Youth, and Families	\$ 16,957
Riverside County Office of Education	165,225
Total	\$ 182,182

14) PROGRAM EVALUATION

In accordance with the Standards and Procedures for Audits of California Counties Participating in the *California Children and Families Program*, issued by the California State Controller, the Commission is required to disclose the amounts expended during the fiscal year on program evaluation. Program evaluation costs pertain to those activities undertaken to support the collection, production, analysis and presentation of evaluation information for Commission management, Commissioners and other interested parties.

For the year ended June 30, 2011, the Commission expended \$431,847 for program evaluation.

15) RETIREMENT AND DEFINED BENEFIT PENSION PLAN

The employees working at the Commission are considered employees of the County. The County employees participate in the County of Riverside's defined benefit pension plan administered by the State of California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for California cities and governmental jurisdictions, which participate in this retirement plan. The Commission reimburses the County for pension plan costs.

Rates for the County's contributions are set by the State based upon annual experience of County members and on periodic actuarial valuations. The contributions rate for the Commission is established by PERS and the County of Riverside. With the exception of management employees, the Commission contributes the full amount of the employees' 8 percent share of contributions after five years of CalPERS qualifying experience. The Commission contributes the full amount of the management employees' 8 percent share of contributions from their date of hire. For the fiscal year ended June 30, 2011, the Commission was required to contribute \$368,649 to the County of Riverside for the plan.

Separate information is not available for the Commission as to the funding policy, annual pension cost, and required supplementary information related to funding progress and trend information. Refer to the County's basic financial statements for further information.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

15) RETIREMENT AND DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Commission's actual and required contributions to the County for the current year and two preceding years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/2011	\$ 368,649	100%
6/30/2010	\$ 343,581	100%
6/30/2009	\$ 354,823	100%

16) OTHER POST EMPLOYMENT BENEFITS (OPEB)

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosure, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement was effective as of June 30, 2008. Because the Commission's employees are actually employees of the County, the County's financial statements include the required information and disclosures relating to the other post-employment benefits. The County allocates certain OPEB costs to the Commission, and requests reimbursements accordingly.

17) RISK MANAGEMENT

The Commission participates in the County of Riverside's insurance programs, including coverage for general liability and auto liability. The County's insurance program for general and auto liability is a combination of self-insurance and excess insurance providing limits of liability of \$25,000,000 per occurrence.

The employees at the Commission are considered to be employees of the County of Riverside and are covered by the County's workers' compensation program. The County's workers' compensation program is a combination of self-insurance and excess insurance providing statutory limits of coverage as required by the State of California.

During the year ending June 30, 2011, the Commission has no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance provided for Commission.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTES TO FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2011**

18) CONTINGENCIES

The Commission is currently involved in two lawsuits, one of which is as a plaintiff jointly with other Commissions regarding the AB99 legislation. Although the outcome of the joint lawsuit is not presently determinable, in the opinion of the commission's counsel the resolution of these matters may have a material adverse effect on the financial condition of the Commission if the court ruling upholds the implementation of AB99. The other lawsuit, is also not presently determinable. In the opinion of the Commission's counsel the resolution of this matter is not expected to have a material adverse effect on the financial condition of the Commission.

REQUIRED SUPPLEMENTARY INFORMATION



First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Prop 10 Tobacco Tax	\$ 22,064,145	\$ 22,064,145	\$ 22,302,311	\$ 238,166
Prop 10 School Readiness	2,176,070	2,176,070	1,705,619	(470,451)
Prop 10 Child Care Retention	-	-	40,871	40,871
Miscellaneous	90,000	90,000	106,754	16,754
Investment income	691,102	691,102	254,833	(436,269)
Total Revenues	<u>25,021,317</u>	<u>25,021,317</u>	<u>24,410,388</u>	<u>(610,929)</u>
EXPENDITURES				
Current:				
Salaries and benefits	2,884,523	2,884,523	2,597,577	286,946
Professional and specialized services	48,135,837	48,135,837	36,528,345	11,607,492
Services and supplies	1,782,350	1,782,350	805,191	977,159
Total Expenditures	<u>52,802,710</u>	<u>52,802,710</u>	<u>39,931,113</u>	<u>12,871,597</u>
Excess/(deficiency) of revenues over/(under) expenditures	(27,781,393)	(27,781,393)	(15,520,725)	(12,260,668)
EXTRAORDINARY ITEM				
AB99	-	30,090,719	30,090,719	-
Net Changes in Fund Balance	\$ (27,781,393)	\$ (57,872,112)	(45,611,444)	<u>\$ 12,260,668</u>
Fund Balance - Beginning of Year	<u>60,181,437</u>	<u>60,181,437</u>	<u>60,181,437</u>	
Fund Balance - End of Year	<u>\$ 32,400,044</u>	<u>\$ 2,309,325</u>	<u>\$ 14,569,993</u>	

See accompanying note to the required supplementary information.

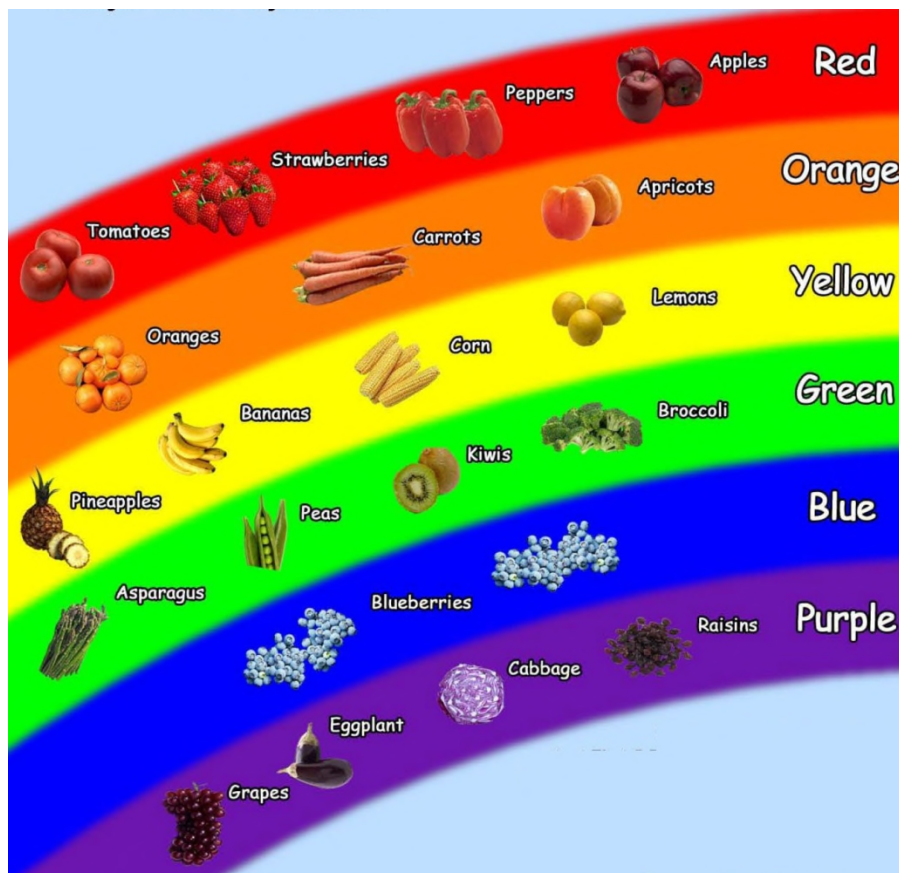
**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For Year ended June 30, 2011**

Budget and Budgetary Process

The Commission adopts an annual budget, which can be amended by the Commission throughout the year. The basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures.

On September 14, 2011, the Commission approved a budgetary appropriation increase of \$30,090,719 to set up the current liability for the AB99 legislation

OTHER SUPPLEMENTARY INFORMATION



**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
School Readiness Program
BALANCE SHEET
June 30, 2011**

ASSETS

Due from other governments	\$ 837,291
Total Assets	<u>\$ 837,291</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	\$ 375,176
Salaries payable	4,495
Due to other funds	<u>520,459</u>
Total Liabilities	<u>900,130</u>
Fund Balance	
Fund deficit	<u>(62,839)</u>
Total Liabilities and Fund Balances	<u>\$ 837,291</u>

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
School Readiness Program
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2011**

REVENUES

Prop 10 School Readiness	\$ 1,705,619
Total Revenues	1,705,619

EXPENDITURES

Current:	
Salaries and benefits	99,444
Professional and specialized services	1,649,205
Services and supplies	159
Total Expenditures	1,748,808

Excess (Deficiency) of Revenues	
Over (Under) Expenditures	(43,189)

Fund Deficit, Beginning of Year	(19,650)
---------------------------------	----------

Fund Deficit, End of Year	\$ (62,839)
---------------------------	-------------

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
CARES Plus
BALANCE SHEET
June 30, 2011**

ASSETS

Due from other governments	<u>\$ 40,871</u>
Total Assets	<u><u>\$ 40,871</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$ 40,871</u>
Total Liabilities	<u>40,871</u>

Fund Balance	
Fund deficit	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 40,871</u></u>

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
CARES Plus
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2011**

REVENUES

Prop 10 CARES Plus	\$ 40,871
Total Revenues	40,871

EXPENDITURES

Current:	
Professional and specialized services	40,871
Total Expenditures	40,871

Net Changes in Fund Balance	-
-----------------------------	---

Fund Balance, Beginning of Year	-
---------------------------------	---

Fund Balance, End of Year	\$ -
---------------------------	------

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
SCHEDULE OF LOCAL MATCH EXPENDITUES FOR STATE INITIATIVE PROGRAMS
Year Ended June 30, 2011**

State Initiative Programs	
School Readiness	<u>\$ 2,354,188</u>
Total Local Match Expenditures	<u><u>\$ 2,354,188</u></u>

STATISTICAL SECTION



**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

The information in this section is not covered by the Independent Auditors' Report, but it is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional statements, notes to financial statements, and required supplementary information to understand and assess the Commission's economic condition.

	Pages
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	40
<u>Revenue Capacity</u>	
These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	44
<u>Demographic Information</u>	
These schedules offer economic and demographic indicators to help the reader Understand how the information in the Commission's financial report relates to the Services the Commission provides and the activities it performs.	46
<u>Operating Information</u>	
This schedule contains infrastructure data to help the reader understand how the Information in the Commission's financial report relates to the services the Commission performs.	50

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**Net Assets by Component
Last Ten Years***

	Fiscal Year Ended									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Restricted	\$ -	\$ 223	\$ 43,545	\$ 144	\$ 993,052	\$ 1,171,888	\$ 1,667,613	\$ 1,550,313	\$ 1,391,321	\$ -
Unrestricted	14,299,111	59,928,089	63,323,260	61,234,481	54,788,956	51,169,500	52,436,760	55,074,253	55,283,708	58,748,271
Adjustment for restatement	-	-	(43,330)	-	(562,528)	-	-	(395,823)	612,396	-
Invested in capital, net of related debt	-	991	41,692	77,894	97,666	141,494	125,222	38,753	40,325	64,385
Total net assets	\$ 14,299,111	\$ 59,929,303	\$ 63,365,167	\$ 61,312,519	\$ 55,317,146	\$ 52,482,882	\$ 54,229,595	\$ 56,267,496	\$ 57,327,750	\$ 58,812,656

* Governmental Accounting Standards Board (GASB) Statement 34 was implemented by the Commission in fiscal year ended June 30, 2002. The Commission identified its net assets from restricted to unrestricted for 2010 and 2011.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**Changes in Net Assets
Last Ten Years***

	Fiscal Year Ended									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Prop 10 Tobacco Tax	\$ 22,302,311	\$ 23,316,334	\$ 25,413,800	\$ 25,404,439	\$ 24,737,436	\$ 24,331,340	\$ 24,389,507	\$ 22,107,397	\$ 22,153,714	\$ 23,338,739
State School Readiness	1,705,619	2,714,126	2,170,515	1,971,177	2,014,221	1,638,069	1,311,693	1,795,489	1,816,848	120,000
State CARES	-	144,570	534,680	566,388	566,112	566,250	516,250	516,250	647,595	1,197,595
State Special Needs	-	-	283,758	234,715	205,034	26,493	250,000	-	-	-
State Healthy Kids	-	-	135,154	367,323	364,821	392,953	183,415	-	-	-
State CARES Plus	40,871	-	-	-	-	-	-	-	-	-
First Five Technical Assistance	-	-	-	-	-	-	-	200,000	-	-
Other revenues	106,754	128,280	164,458	267,479	188,441	201,373	33,709	8,421	300,293	123,160
Investment income	322,853	704,142	1,305,975	2,475,859	2,597,722	1,765,943	1,107,683	629,764	813,597	1,311,419
Net increase in fair value of investment	(68,020)	(138,269)	297,143	68,688	-	-	-	(181,673)	(30,492)	56,033
Total revenues: .	\$ 24,410,388	\$ 26,869,183	\$ 30,305,483	\$ 31,356,068	\$ 30,673,787	\$ 28,922,421	\$ 27,792,257	\$ 25,075,648	\$ 25,701,555	\$ 26,146,946
Expenses										
Salaries and benefits	\$ 2,597,577	\$ 2,418,679	\$ 2,600,367	\$ 2,349,643	\$ 2,336,716	\$ 2,069,618	\$ 2,035,800	\$ 1,346,941	\$ 640,359	\$ 567,675
Professional and specialized services	36,528,345	26,973,242	24,370,545	22,165,268	24,178,995	27,869,305	26,965,273	22,691,878	23,799,726	20,956,855
Services and supplies	805,191	872,185	1,165,493	794,079	663,030	707,100	725,001	1,273,437	2,281,898	706,644
Capital outlay	-	-	-	19,266	9,254	50,169	63,909	175,075	884,826	9,310
Administrative support-direct services	-	-	-	-	-	-	-	229,054	250,000	229,511
Total expenses:	\$ 39,931,113	\$ 30,264,106	\$ 28,136,405	\$ 25,328,256	\$ 27,187,995	\$ 30,696,192	\$ 29,789,983	\$ 25,716,385	\$ 27,856,809	\$ 22,469,995
Extraordinary Item-AB99	\$ 30,090,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of revenues over expenses	\$ (45,611,444)	\$ (3,394,923)	\$ 2,169,078	\$ 6,027,812	\$ 3,485,792	\$ (1,773,771)	\$ (1,997,726)	\$ (640,737)	\$ (2,155,254)	\$ 3,676,951
Reclass of Capital outlay	-	(34,729)	-	19,265	9,254	63,881	58,828	14,433	64,385	9,310
Depreciation	(991)	(5,972)	(36,202)	(39,037)	(53,082)	(47,609)	(38,574)	(16,005)	(11,228)	(9,985)
Compensated absences	(17,757)	(240)	(36,898)	(12,667)	(45,172)	10,786	(60,429)	(22,122)	4,795	(34,232)
Adjustment for restatement	-	-	(43,330)	-	(562,528)	-	-	(395,823)	612,396	-
Change in net assets	\$ (45,630,192)	\$ (3,435,864)	\$ 2,052,648	\$ 5,995,373	\$ 2,834,264	\$ (1,746,713)	\$ (2,037,901)	\$ (1,060,254)	\$ (1,484,906)	\$ 3,642,044

* Governmental Accounting Standards Board (GASB) Statement 34 was implemented by the Commission in fiscal year ended June 30, 2002.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**Fund Balance - General Fund
Fiscal Year Ended**

	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fund Balance:										
Nonspendable	\$ 88,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	14,119,401	-	-	-	-	-	-	-	-	-
Unassigned	361,728	-	-	-	-	-	-	-	-	-
	\$ 14,569,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved:										
Reserved for encumbrances	\$ -	\$ -	\$ -	\$ -	1,964,651	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for Prepaids and Imprest Cash	-	5,145	1,970	8,281	357,551	350,000	30,000	-	65,000	-
Reserved for First 5 California Initiatives	-	6,141,830	9,396,040	9,651,215	12,888,778	1,171,888	1,667,613	14,250,000	1,391,321	18,832
Reserved for obligations	-	20,649,830	4,477,218	3,195,142	-	-	-	-	-	-
Unreserved:										
Designated	-	33,272,514	27,291,053	42,763,928	40,774,348	40,235,568	46,768,973	36,982,628	54,550,000	58,712,118
Undesignated	-	112,118	22,453,409	5,832,046	-	10,742,080	5,806,721	5,443,496	569,375	-
	\$ -	\$ 60,181,437	\$ 63,619,690	\$ 61,450,612	\$ 55,985,328	\$ 52,499,536	\$ 54,273,307	\$ 56,676,124	\$ 56,575,696	\$ 58,730,950

*Effective July 1, 2011, the Commission adopted GASB Statement No. 54.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**Changes in Fund Balances - General Fund
Last Ten Years ***

	Fiscal Year Ended										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues											
Prop 10 Tobacco Tax	\$ 22,302,311	\$ 23,316,334	\$ 25,413,800	\$ 25,404,439	\$ 24,737,436	\$ 24,331,340	\$ 24,389,507	\$ 22,107,397	\$ 22,153,714	\$ 23,338,739	\$ 20,173,277
State School Readiness	1,705,619	2,714,126	2,170,515	1,971,177	2,014,221	1,638,069	1,311,693	1,795,489	1,816,848	120,000	-
State CARES	-	144,570	534,680	566,388	566,112	566,250	516,250	516,250	647,595	1,197,595	-
State Special Needs	-	-	283,758	234,715	205,034	26,493	250,000	-	-	-	-
State Healthy Kids	-	-	135,154	367,323	364,821	392,953	183,415	-	-	-	-
State CARES Plus	40,871	-	-	-	-	-	-	-	-	-	-
First Five Technical Assistance	-	-	-	-	-	-	-	200,000	-	-	-
Other revenues	106,754	128,280	164,458	267,479	188,441	201,373	33,709	8,421	300,293	123,160	-
Investment income	254,833	565,873	1,603,118	2,544,547	2,597,722	1,765,943	1,107,683	629,764	813,597	1,311,419	2,510,875
Net increase in fair value of investments	-	-	-	-	-	-	-	(181,673)	(30,492)	56,033	-
Total revenues: .	\$ 24,410,388	\$ 26,869,183	\$ 30,305,483	\$ 31,356,068	\$ 30,673,787	\$ 28,922,421	\$ 27,792,257	\$ 25,075,648	\$ 25,701,555	\$ 26,146,946	\$ 22,684,152
Current Expenditures											
Salaries and benefits	\$ 2,597,577	\$ 2,418,679	\$ 2,600,367	\$ 2,349,643	\$ 2,336,716	\$ 2,069,618	\$ 2,035,800	\$ 1,346,941	\$ 640,359	\$ 567,675	\$ 187,950
Professional and specialized services	36,819,192	26,973,242	24,370,545	22,165,268	24,178,995	27,869,305	26,965,273	22,691,878	23,799,726	20,956,855	4,190,966
Services and supplies	805,191	872,185	1,165,493	794,079	663,030	707,100	725,001	1,273,437	2,281,898	706,644	62,121
Capital outlay	-	-	-	19,266	9,254	50,169	63,909	175,075	884,826	9,310	75,957
Administrative support-direct services	-	-	-	-	-	-	-	229,054	250,000	229,511	-
Total expenditures:	\$ 40,221,960	\$ 30,264,106	\$ 28,136,405	\$ 25,328,256	\$ 27,187,995	\$ 30,696,192	\$ 29,789,983	\$ 25,716,385	\$ 27,856,809	\$ 22,469,995	\$ 4,516,994
Extraordinary Item - AB99	\$ 30,090,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of revenues over(under) expenditures	\$ (45,902,291)	\$ (3,394,923)	\$ 2,169,078	\$ 6,027,812	\$ 3,485,792	\$ (1,773,771)	\$ (1,997,726)	\$ (640,737)	\$ (2,155,254)	\$ 3,676,951	\$ 18,167,158
Adjustment for restatement	-	(43,330)	-	(562,528)	-	-	(405,091)	741,165	-	-	193,366
Change in fund balance	\$ (45,902,291)	\$ (3,438,253)	\$ 2,169,078	\$ 5,465,284	\$ 3,485,792	\$ (1,773,771)	\$ (2,402,817)	\$ 100,428	\$ (2,155,254)	\$ 3,676,951	\$ 18,360,524

* Governmental Accounting Standards Board (GASB) Statement 34 was implemented by the Commission in fiscal year ended June 30, 2002.

First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR FY 2010-11 TO 2014-15
Updated 5/18/11 UTILIZING DOF MAY 2011 TOBACCO TAX PROJECTIONS AND
DOF 2009 BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1980-2018

County	2008 births	2008 birthrate	2010/11 TAX REVENUE PROJECTION	2009 births	2009 birthrate	2011/12 TAX REVENUE PROJECTION	2010 projected births*	2010 projected birthrate	2012/13 TAX REVENUE PROJECTION	2011 projected births	2011 projected birthrate	2013/14 TAX REVENUE PROJECTION	2011 projected births*	2011 projected birthrate	2014/15 TAX REVENUE PROJECTION
Alameda	20,972	3.802%	\$14,034,773	20,320	3.857%	\$13,798,810	20,068	3.807%	\$13,007,113	20,054	3.757%	\$12,354,471	20,089	3.707%	\$11,714,591
Alpine	13	0.002%	\$8,700	4	0.001%	\$2,716	4	0.001%	\$2,677	4	0.001%	\$2,657	5	0.001%	\$2,631
Amador	288	0.052%	\$192,734	295	0.056%	\$200,327	296	0.056%	\$191,846	301	0.056%	\$185,159	306	0.056%	\$178,434
Butte	2,518	0.457%	\$1,685,083	2,439	0.463%	\$1,656,265	2,458	0.466%	\$1,593,339	2,507	0.470%	\$1,544,720	2,564	0.473%	\$1,495,246
Calaveras	373	0.068%	\$249,617	338	0.064%	\$229,527	342	0.065%	\$221,859	351	0.066%	\$216,095	360	0.066%	\$210,135
Colusa	367	0.067%	\$245,602	361	0.069%	\$245,146	364	0.069%	\$236,132	372	0.070%	\$229,214	381	0.070%	\$222,146
Costa Costa	13,136	2.382%	\$8,790,806	12,680	2.407%	\$8,610,675	12,786	2.426%	\$8,287,444	13,048	2.444%	\$8,038,301	13,349	2.463%	\$7,784,421
Del Norte	312	0.057%	\$208,795	333	0.063%	\$226,132	331	0.063%	\$214,440	333	0.062%	\$204,932	335	0.062%	\$195,537
El Dorado	1,814	0.329%	\$1,213,956	1,719	0.326%	\$1,167,330	1,743	0.331%	\$1,129,682	1,788	0.335%	\$1,101,618	1,839	0.339%	\$1,072,454
Fresno	16,760	3.039%	\$11,216,400	16,273	3.089%	\$11,050,592	16,302	3.093%	\$10,566,562	16,529	3.097%	\$10,182,752	16,802	3.100%	\$9,798,010
Glenn	472	0.086%	\$315,869	424	0.080%	\$287,928	426	0.081%	\$275,872	432	0.081%	\$266,387	440	0.081%	\$256,836
Humboldt	1,601	0.290%	\$1,071,413	1,542	0.293%	\$1,047,134	1,524	0.289%	\$987,874	1,524	0.286%	\$939,106	1,528	0.282%	\$891,245
Imperial	3,221	0.584%	\$2,155,541	3,145	0.597%	\$2,135,692	3,153	0.598%	\$2,043,683	3,199	0.599%	\$1,970,929	3,255	0.601%	\$1,897,881
Inyo	226	0.041%	\$151,243	239	0.045%	\$162,299	243	0.046%	\$157,292	249	0.047%	\$153,601	257	0.047%	\$149,740
Kern	15,315	2.777%	\$10,249,025	14,827	2.815%	\$10,088,649	14,884	2.824%	\$9,647,419	15,122	2.833%	\$9,316,035	15,403	2.842%	\$8,982,330
Kings	2,710	0.491%	\$1,813,572	2,644	0.502%	\$1,795,475	2,657	0.504%	\$1,722,451	2,703	0.506%	\$1,665,293	2,757	0.509%	\$1,607,565
Lake	705	0.128%	\$471,796	726	0.138%	\$493,000	722	0.137%	\$467,948	727	0.136%	\$447,615	733	0.135%	\$427,499
Lassen	323	0.059%	\$216,156	325	0.062%	\$220,699	325	0.062%	\$210,825	329	0.062%	\$202,968	335	0.062%	\$195,107
Los Angeles	147,684	26.775%	\$98,832,319	139,679	26.516%	\$94,852,556	140,056	26.571%	\$90,780,003	142,132	26.627%	\$87,561,596	144,613	26.683%	\$84,329,084
Madera	2,535	0.460%	\$1,696,460	2,390	0.454%	\$1,622,990	2,401	0.456%	\$1,556,545	2,442	0.458%	\$1,504,474	2,490	0.459%	\$1,451,921
Marin	2,716	0.492%	\$1,817,587	2,495	0.474%	\$1,694,293	2,538	0.482%	\$1,645,105	2,612	0.489%	\$1,609,425	2,695	0.497%	\$1,571,741
Mariposa	147	0.027%	\$98,375	155	0.029%	\$105,257	154	0.029%	\$99,503	154	0.029%	\$94,789	155	0.029%	\$90,151
Mendocino	1,168	0.212%	\$781,643	1,100	0.209%	\$746,983	1,098	0.208%	\$711,369	1,108	0.208%	\$682,745	1,122	0.207%	\$654,273
Merced	4,423	0.802%	\$2,959,937	4,407	0.837%	\$2,992,685	4,438	0.842%	\$2,876,305	4,522	0.847%	\$2,785,975	4,620	0.853%	\$2,694,299
Modoc	92	0.017%	\$61,568	85	0.016%	\$57,721	87	0.016%	\$56,221	90	0.017%	\$55,169	93	0.017%	\$54,034
Mono	175	0.032%	\$117,113	139	0.026%	\$94,391	143	0.027%	\$92,801	149	0.028%	\$91,877	156	0.029%	\$90,756
Monterey	7,434	1.348%	\$4,974,943	7,068	1.342%	\$4,799,704	7,038	1.335%	\$4,561,815	7,093	1.329%	\$4,369,510	7,166	1.322%	\$4,178,557
Napa	1,671	0.303%	\$1,118,258	1,653	0.314%	\$1,122,511	1,685	0.320%	\$1,092,220	1,738	0.326%	\$1,070,707	1,797	0.332%	\$1,047,695
Nevada	871	0.158%	\$582,886	758	0.144%	\$514,739	762	0.145%	\$493,987	776	0.145%	\$477,771	791	0.146%	\$461,378
Orange	42,456	7.697%	\$28,412,184	40,431	7.675%	\$27,458,693	40,253	7.637%	\$26,090,767	40,559	7.598%	\$24,986,902	40,973	7.560%	\$23,892,790
Placer	4,035	0.732%	\$2,700,282	3,804	0.722%	\$2,583,202	3,919	0.744%	\$2,540,216	4,083	0.765%	\$2,515,446	4,262	0.786%	\$2,485,242
Plumas	175	0.032%	\$117,113	154	0.029%	\$104,578	154	0.029%	\$99,866	156	0.029%	\$96,112	158	0.029%	\$92,359
Riverside	32,866	5.959%	\$21,994,414	31,601	5.999%	\$21,459,458	31,983	6.068%	\$20,730,663	32,758	6.137%	\$20,180,806	33,634	6.206%	\$19,613,441
Sacramento	21,389	3.878%	\$14,313,835	20,426	3.878%	\$13,870,792	20,352	3.861%	\$13,191,434	20,523	3.845%	\$12,643,206	20,748	3.828%	\$12,099,147
San Benito	816	0.148%	\$546,079	752	0.143%	\$510,665	771	0.146%	\$499,740	800	0.150%	\$492,597	831	0.153%	\$484,560
San Bernardino	33,788	6.126%	\$22,611,430	31,984	6.072%	\$21,719,544	31,991	6.069%	\$20,735,553	32,385	6.076%	\$19,950,967	32,869	6.065%	\$19,166,977
San Diego	46,742	8.474%	\$31,280,438	44,960	8.535%	\$30,531,224	44,612	8.464%	\$28,916,205	44,799	8.393%	\$27,598,709	45,100	8.321%	\$26,299,284
San Francisco	9,104	1.651%	\$6,092,532	8,807	1.672%	\$5,980,616	8,532	1.619%	\$5,530,209	8,356	1.565%	\$5,148,039	8,196	1.512%	\$4,779,375
San Joaquin	11,030	2.000%	\$7,381,439	10,872	2.064%	\$7,382,906	11,108	2.107%	\$7,199,926	11,482	2.151%	\$7,073,476	11,894	2.195%	\$6,935,965
San Luis Obispo	2,737	0.496%	\$1,831,641	2,614	0.496%	\$1,775,103	2,617	0.497%	\$1,696,560	2,653	0.497%	\$1,634,174	2,695	0.497%	\$1,571,698
San Mateo	9,765	1.770%	\$6,534,883	9,452	1.794%	\$6,418,220	9,289	1.762%	\$6,020,583	9,235	1.730%	\$5,689,441	9,203	1.698%	\$5,366,449
Santa Barbara	6,319	1.146%	\$4,228,768	6,039	1.146%	\$4,100,936	5,979	1.134%	\$3,875,200	5,990	1.122%	\$3,690,081	6,016	1.110%	\$3,508,044
Santa Clara	26,730	4.846%	\$17,888,112	25,200	4.784%	\$17,112,697	25,106	4.763%	\$16,272,769	25,314	4.742%	\$15,594,753	25,589	4.721%	\$14,922,013
Santa Cruz	3,538	0.641%	\$2,367,682	3,301	0.627%	\$2,241,627	3,272	0.621%	\$2,120,901	3,282	0.615%	\$2,022,179	3,301	0.609%	\$1,924,944
Shasta	2,186	0.396%	\$1,462,904	2,069	0.393%	\$1,405,007	2,075	0.394%	\$1,345,063	2,107	0.395%	\$1,297,744	2,144	0.396%	\$1,250,187
Sierra	22	0.004%	\$14,723	21	0.004%	\$14,261	21	0.004%	\$13,866	22	0.004%	\$13,584	23	0.004%	\$13,283
Siskiyou	498	0.090%	\$333,269	477	0.091%	\$323,919	475	0.090%	\$308,003	479	0.090%	\$295,154	484	0.089%	\$282,405
Solano	5,607	1.017%	\$3,752,297	5,392	1.024%	\$3,661,574	5,401	1.025%	\$3,501,030	5,476	1.026%	\$3,373,706	5,567	1.027%	\$3,246,085
Sonoma	5,761	1.044%	\$3,855,346	5,683	1.079%	\$3,859,185	5,738	1.089%	\$3,719,177	5,863	1.098%	\$3,612,014	6,006	1.108%	\$3,502,368
Stanislaus	9,549	1.550%	\$5,721,117	7,941	1.507%	\$5,392,537	8,064	1.530%	\$5,226,752	8,296	1.552%	\$5,104,644	8,535	1.575%	\$4,976,846
Sutter	1,468	0.266%	\$982,407	1,433	0.272%	\$973,115	1,476	0.280%	\$956,631	1,537	0.288%	\$947,032	1,604	0.296%	\$935,407
Tehama	790	0.143%	\$528,680	814	0.155%	\$552,767	817	0.155%	\$529,665	830	0.156%	\$511,494	846	0.156%	\$493,194
Trinity	126	0.023%	\$84,321	116	0.022%	\$78,773	119	0.023%	\$76,874	123	0.023%	\$75,574	127	0.023%	\$74,152
Tulare	8,533	1.547%	\$5,710,410	8,362	1.587%	\$5,678,427	8,421	1.598%	\$5,457,899	8,582	1.608%	\$5,286,776	8,768	1.618%	\$5,113,078
Tuolumne	486	0.088%	\$325,238	425	0.081%	\$288,607	421	0.080%	\$273,026	422	0.079%	\$260,280	425	0.078%	\$247,729
Ventura	12,076	2.189%	\$8,081,438	11,353	2.155%	\$7,709,542	11,358	2.155%	\$7,361,602	11,499	2.154%	\$7,084,344	11,673	2.154%	\$6,807,197
Yolo	2,669	0.484%	\$1,786,134	2,483	0.471%	\$1,686,144	2,479	0.470%	\$1,607,126	2,506	0.469%	\$1,543,784	2,539	0.469%	\$1,480,683
Yuba	1,264	0.229%	\$845,888	1,245	0.236%	\$845,449	1,261	0.239%	\$817,162	1,292	0.242%	\$795,893	1,327	0.245%	\$773,902
TOTALS	551,567	100.000%	\$369,116,800	526,774	100.000%	\$357,719,200	527,093	100.000%	\$341,644,800	533,790	100.000%	\$328,844,800	541,974	100.000%	\$316,044,800

Source:
First 5 California County Tax Revenue Projections for FY 2010/11 to 2014/15
(Updated 5/18/11 utilizing DOF May 2011 tobacco tax projections and DOF 2009 Birth Projections for California State and Counties 1980-2018)

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**Cigarette Tax
TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2009-10**

Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue a/ 2	Distributors' discounts b/ 3	Gross value of tax indicia c/ 4	Refunds 5	Revenue 6	Rate (%) 7
2009-10	\$838,709,000	\$7,187,000	\$845,896,000	\$1,583,000	\$84,617,000	41.11 %
2008-09	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13%
2007-08	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13%
2006-07	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76%
2005-06	1,026,497,000	8,795,000	1,035,293,000	1,707,000	67,348,000	46.76%
2004-05	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76%
2003-04	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76%
2002-03	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89%
2001-02	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65% d/
2000-01	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89%
1999-00	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50%
1998-99	841,911,000 e/	7,206,000	849,117,000	6,808,000	42,137,000 f/	61.53% f/
1997-98	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37%
1996-97	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38%
1995-96	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20%
1994-95	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20%
1993-94	647,993,000 g/	5,553,000	653,546,000	8,353,000	19,773,000	23.03%
1992-93	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82%
1991-92	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35%
1990-91	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17%
1989-90	770,042,000 h/	6,581,000	776,623,000	11,615,000	24,956,000 h/	37.47
1988-89	499,712,000 h/	4,273,000	503,984,000	4,968,000	9,994,000 h/	41.67
1987-88	254,869,000	2,180,000	257,049,000	2,970,000		
1986-87	257,337,000	2,202,000	259,539,000	2,661,000		
1985-86	260,960,000	2,231,000	263,190,000	2,834,000		
1984-85	265,070,000	2,267,000	267,337,000	2,390,000		
1983-84	265,265,000	2,267,000	267,532,000	2,756,000		
1982-83	273,748,000	2,336,000	276,084,000	2,060,000		
1981-82	278,667,000	2,383,000	281,050,000	1,843,000		
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		
1979-80	272,119,000	2,327,000	274,446,000	1,645,000		
1978-79	270,658,000	2,315,000	272,973,000	1,408,000		
1977-78	275,042,000	2,352,000	277,394,000	1,239,000		
1976-77	270,502,000	2,315,000	272,817,000	832,000		
1975-76	269,852,000	2,309,000	272,161,000	927,000		
1974-75	264,182,000	2,262,000	266,444,000	745,000		
1973-74	259,738,000	2,222,000	261,960,000	632,000		
1972-73	253,089,000	2,167,000	255,256,000	626,000		
1971-72	248,398,000	2,127,000	250,525,000	677,000		
1970-71	240,372,000	2,058,000	242,430,000	552,000		
1969-70	237,220,000	2,032,000	239,253,000	455,000		
1968-69	238,836,000	2,046,000	240,882,000	492,000		
1967-68	208,125,000 i/	1,862,000	209,987,000	328,000		
1966-67	75,659,000	1,543,000	77,202,000	129,000		
1965-66	74,880,000	1,528,000	76,407,000	88,000		
1964-65	74,487,000	1,520,000	76,007,000	61,000		
1963-64	71,530,000	1,459,000	72,989,000	71,000		
1962-63	70,829,000	1,445,000	72,274,000	79,000		
1961-62	68,203,000	1,390,000	69,593,000	47,000		
1960-61	66,051,000 j/	1,675,000 k/	67,726,000	76,000		
1959-60	61,791,000 l/	767,000 l/	62,558,000	67,000		

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (See column 5).
- b. A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960, until August 1, 1967, the discount rate was 2 percent.
- c. Includes sales of indicia purchased on credit. Effective July 16, 1961, distributors have been able to purchase tax indicia on credit.
- d. From July 1, 2001, through September 9, 2001, the surtax rate on smokeless tobacco ranged from 131 percent for moist snuff to 490 percent for chewing tobacco. Effective September 10, 2001, the surtax rate on smokeless tobacco was lowered to 52.65 percent.
- e. Effective January 1, 1999, the overall tax rate on cigarettes was increased from 37 cents to 87 cents per pack under voter-approved Proposition 10. The additional 50-cent-per-pack tax was imposed to raise funds for early childhood development programs. Excludes \$87,978,766 in 1998-99 from the floor stocks taxes for both cigarettes and other tobacco products levied on January 1, 1999.
- f. From July 1, 1998, through December 31, 1998, the surtax rate was 26.17 percent for other tobacco products. Effective January 1, 1999, the new surtax imposed under Proposition 10 raised the combined surtax rate to 61.53 percent for other tobacco products. The new surtax is equivalent (in terms of the wholesale costs of other tobacco products) to a 50-cent-per-pack tax on cigarettes.
- g. Effective January 1, 1994, the overall tax rate on cigarettes was increased from 35 cents to 37 cents per pack. The additional 2-cent-per-pack tax was imposed to raise funds for breast cancer research and education.
- h. Effective January 1, 1989, an additional 25-cent-per-pack surtax was imposed on cigarettes and a new 41.67 percent surtax was imposed on other tobacco products. Excludes \$57,927,856 in 1988-89 and \$595,000 in 1989-90 from the floor stocks tax levied on January 1, 1989.
- i. Effective August 1, 1967, the tax rate was increased from 3 cents to 7 cents per pack. On October 1, 1967, the rate was further increased to 10 cents per pack, with the stipulation that 30 percent of the tax be allocated to cities and counties. Includes \$6,515,209 from the 4-cent-per-pack floor stocks tax levied on August 1, 1967; and \$4,889,485 from the 3-cent-per-pack floor stocks tax imposed October 1, 1967.
- j. Refunds made for distributors' discounts in the 1960-61 fiscal year on purchases made in the 1959-60 fiscal year have been deducted. These refunds amounted to \$324,000.
- k. Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.
- l. Includes \$2,673,048 from the 3-cent per pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia. During July and August of 1959, the tax was collected by invoice and no discount was allowed on these collections of \$8,123,700, nor on the \$2,673,048 tax on floor stocks.

Note: Detail may not compute to total due to rounding.

First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011

Riverside County Children and Families Commission
DEMOGRAPHIC DATA AND ECONOMIC STATISTICS

Demographic	2010 ⁽⁴⁾	2009 ⁽¹⁾	2008 ⁽²⁾	2007 ⁽²⁾	2006 ⁽²⁾	2005 ⁽²⁾	2004 ⁽²⁾	2003 ⁽²⁾	2002 ⁽²⁾	2001 ⁽²⁾	2000 ⁽²⁾	Apr 2000 ⁽³⁾ U. S. Census
Total Population	2,189,641	2,178,729	2,119,618	2,061,597	2,005,477	1,923,731	1,845,185	1,766,629	1,685,939	1,621,850	1,559,039	1,545,387
White	869,068	991,924	976,751	961,925	947,859	921,147	895,686	869,360	841,858	821,378	801,110	788,831
Hispanic	995,257	901,412	866,259	831,765	798,027	755,065	713,892	673,764	632,931	599,299	566,592	559,575
Asian	125,921	97,351	92,666	87,965	83,532	78,488	73,930	69,279	64,619	60,989	57,464	55,199
Native Hawaiian and Other Pacific Islander	5,849	3,919	3,848	3,777	3,707	3,638	3,589	3,551	3,508	3,472	3,436	3,284
Black	130,823	136,236	133,326	130,485	127,720	121,401	115,927	110,142	104,111	99,354	94,534	92,403
American Indian and Alaska Native	10,931	11,602	11,214	10,834	10,453	10,381	10,376	10,396	10,399	10,410	10,405	10,135
Multirace or some other race	51,792	36,285	35,554	34,846	34,179	33,611	31,785	30,137	28,513	26,948	25,498	35,960
Female	1,100,065	1,093,427	1,063,859	1,034,811	1,006,748	965,746	926,373	886,915	846,432	814,299	782,840	776,003
Male	1,089,576	1,085,302	1,055,759	1,026,786	998,729	957,985	918,812	879,714	839,507	807,551	776,199	769,384
Under 5 years	162,438	179,711	172,710	167,440	160,187	152,387	142,742	134,899	127,845	124,676	122,703	121,629
5-9 years	167,065	148,354	151,560	148,885	147,238	144,279	144,923	145,135	144,171	144,203	143,170	139,468
10-14 years	177,644	169,761	173,703	179,873	182,332	179,903	175,077	167,660	158,770	150,349	140,942	133,886
15-19 years	187,125	198,096	198,039	195,208	188,926	178,072	166,548	154,978	143,909	135,390	126,405	119,725
20-24 years	154,572	185,395	183,500	178,833	172,575	162,100	150,328	137,655	124,067	112,478	102,268	96,374
25-29 years	143,992	165,057	162,356	153,775	143,611	132,149	122,255	113,459	106,244	101,480	98,808	95,621
30-39 years	282,363	274,525	277,585	275,263	269,634	262,406	256,171	250,747	245,208	241,786	237,664	232,862
40-49 years	302,101	306,428	298,498	297,265	292,790	283,498	272,255	259,256	245,444	232,999	219,397	214,394
50-59 years	254,781	243,221	228,389	218,470	207,362	194,746	182,028	170,719	160,831	152,324	143,663	141,418
60-69 years	177,469	143,887	139,958	133,377	125,022	120,599	116,921	113,155	109,372	107,267	106,171	106,355
70-79 years	111,106	96,130	98,339	97,464	95,871	95,439	94,841	94,668	94,365	94,538	94,250	95,029
80+ years	68,985	68,164	66,801	64,594	62,341	60,498	58,198	56,074	53,710	51,191	48,688	48,626

⁽¹⁾ State of California, Department of Finance, *Race/Ethnic Population with Age and Sex Detail, 2000-2050*. Sacramento, CA, July 2007.

⁽²⁾ State of California, Department of Finance, *E-3 Race / Ethnic Population Estimates with Age and Sex Detail, 2000-2008*. Sacramento, CA, June 2010

⁽³⁾ U. S. Census April 2000

⁽⁴⁾ U.S. Census Bureau, 2010 Census Demographic Profile Summary File. Table prepared by Demographic Research Unit, California Department of Finance

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**State of California Dept. of Finance
Historical and Projected State and County Births, 2000-2019**

Calendar Year	State Total	River- side
Actual		
2000	531,285	24,832
2001	527,371	25,382
2002	529,245	26,691
2003	540,827	28,028
2004	544,685	29,545
2005	548,700	31,509
2006	562,157	33,659
2007	566,137	34,556
2008	551,567	32,866
2009	526,774	31,601
Projected*		
2010	527,093	31,983
2011	533,790	32,758
2012	541,974	33,634
2013	552,231	34,652
2014	559,478	35,494
2015	567,003	36,363
2016	572,409	37,106
2017	580,583	38,038
2018	586,874	38,857
2019	592,263	39,625

DATA Source: State of California, Department of Finance, Demographic Research Unit. *Historical and Projected State and County Births, 1980-2019, with Actual and Projected Fertility Rates by Mother's Age and Race/Ethnicity, 2000-2019*. Sacramento, California: September 2010.

First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011

Children's Scorecard - Riverside County
2000-2010

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
GOOD HEALTH											
Total live births ⁽¹⁾	NA	31,601	32,866	34,556	33,659	31,509	29,545	28,028	26,691	25,382	24,832
Newborns with low birthweight (< 2,500 grams or 5.5 pounds) ⁽¹⁾	NA	6.5%	6.7%	6.7%	6.6%	6.6%	6.4%	6.4%	6.0%	5.7%	6.3%
Births with prenatal care in the first trimester ⁽¹⁾	NA	80.7%	84.7%	81.7%	85.8%	85.2%	84.7%	83.9%	84.3%	81.3%	79.8%
Births with prenatal care in the second trimester ⁽¹⁾	NA	13.4%	14.60%	14.60%	11.2%	11.6%	12.0%	12.7%	14.9%	14.4%	15.0%
Live Births with late or no prenatal care ⁽¹⁾	NA	2.9%	3.1%	3.3%	2.8%	3.0%	3.0%	6.1%	3.6%	4.0%	4.1%
Teen birth rate (ages 15-19) ⁽¹⁾	NA	10.7%	11.2%	11.6%	10.9%	11.0%	10.7%	10.8%	11.5%	12.6%	13.0%
Any Breastfeed ⁽¹⁾	23,716	17,572	19,443	21,497	21,614	20,832	19,540	-	-	-	-
Exclusively Breastfeeding ⁽¹⁾	17,082	11,917	12,361	11,584	12,100	11,952	10,710	-	-	-	-
Children 0-5 with health insurance-other ⁽²⁾	-	157,000	-	116,000	-	92,000	-	93,000	-	134,000	-
Children 0-5 with health insurance-MediCal ⁽²⁾	-	41,000	-	56,000	-	46,000	-	51,000	-	-	-
Children under age 18 with health insurance MediCal ⁽⁷⁾	6	204,779	185,233	172,022	160,471	160,524	154,332	144,874	-	-	-
Child obesity ages 12-17 ⁽²⁾	-	9.6%	-	10.9%	-	15.2%	-	15.6%	-	-	-
Children at risk of obesity ages 12-17 ⁽²⁾	-	15.9%	-	19.2%	-	16.7%	-	17.1%	-	-	-
Children exposed to tobacco smoke at home ⁽²⁾	-	10.2%	-	9,000	-	4,000	-	6,000	-	-	-
Children 0-5 with asthma-male ⁽²⁾	-	18,000	-	6,000	-	6,000	-	5,000	-	6,000	-
Children 0-5 with asthma-female ⁽²⁾	-	-	-	7,000	-	7,000	-	1,000	-	-	-
Child deaths (under 5) ⁽³⁾	114	207	212	224	203	228	110	126	123	82	204
Child deaths (ages 5-24) ⁽³⁾	203	241	260	265	301	268	204	220	197	227	198
SAFETY AND SURVIVAL											
Child abuse and/or neglect allegations substantiated (ages 0-5) Jul-Jun ⁽⁵⁾	3,207	3,099	3,264	3,861	3,946	3,644	3,188	3,248	3,154	3,100	2,999
Children deaths from fatal injuries ages 0-5, Top 5 leading causes each year ⁽⁹⁾	NA	26	23	25	24	25	16	22	29	23	25
Children hospitalized for nonfatal injuries ages 0-5, Top 5 leading causes each year ⁽⁹⁾	NA	307	299	328	286	349	367	387	312	311	359
Children emergency dept. visits nonfatal ages 0-5, Top 5 leading causes each year ⁽⁹⁾	NA	12,281	11,334	11,318	10,494	-	-	-	-	-	-
Homicide/Assault victims (ages 0-5) ⁽⁹⁾	NA	8	7	7	4	2	2	5	8	5	4
ECONOMIC WELL-BEING											
Children 0-4 below 100% Federal Poverty Level (FPL) ⁽²⁾	-	24,000	-	30,000	-	27,000	-	26,000	-	22,000	-
Percent of children 0-4 below 100% Federal Poverty Level ⁽²⁾	-	16.4%	-	19.6%	-	19.2%	-	20.0%	-	17.5%	-
Low-income children ages 0-4 (between 100% and 199% FPL) ⁽²⁾	-	40,000	-	34,000	-	37,000	-	43,000	-	42,000	-
Percent of low-income children ages 0-4 (between 100% and 199% FPL) ⁽²⁾	-	26.7%	-	21.7%	-	26.0%	-	34.8%	-	34.0%	-
Students enrolled in subsidized school lunch program ⁽⁴⁾	NA	6.8%	6.8%	6.8%	6.3%	6.4%	6.2%	5.9%	5.6%	5.4%	5.3%
Children currently receiving food stamps (ages 0-5) ⁽²⁾	NA	19,000	-	29,000	-	18,000	-	9,000	-	-	-
Median income of families with children ⁽¹⁰⁾	NA \$	\$55,352	\$57,792	\$58,145	-	\$52,253	\$46,885	\$44,598	\$42,929	\$42,640	\$43,558
County Unemployment Rate ⁽⁶⁾	14.7%	13.6%	8.5%	6.0%	5.0%	5.4%	6.0%	6.5%	6.5%	5.5%	5.4%
SOCIAL AND EMOTIONAL WELL-BEING											
Children who watch television 3 or more hours per day ⁽²⁾	-	128,000	-	-	-	-	117,000	-	-	120,000	-
Children in foster care (ages 0-5) ⁽⁵⁾	291	297	276	366	352	383	452	525	555	638	836
Children in out-of-home care (kin) (ages 0-5) ⁽⁵⁾	545	529	724	948	982	870	712	696	600	658	730
Children adopted in less than 12 months (ages 0-5) ⁽⁵⁾	-	254	283	307	255	300	293	236	196	199	262
EDUCATION AND WORKFORCE READINESS											
Births to mothers with 12+ years of education ⁽¹⁾	NA	75.4%	72.5%	71.0%	59.7%	71.6%	-	-	-	-	-
Births to fathers with 12+ years of education ⁽¹⁾	NA	74.3%	71.8%	70.0%	58.8%	71.3%	-	-	-	-	-
Public school enrollment (school year) ⁽⁴⁾	425,334	423,412	420,159	421,642	413,059	395,183	-	-	-	-	-
Private school enrollment Grades K-12 (school year) ⁽¹²⁾	17,819	18,231	19,083	21,364	21,960	21,433	22,074	21,776	22,510	22,758	21,969
Students enrolled in special education (ages 0-5) ⁽⁴⁾	4,361	4,297	4,181	3,791	3,831	3,756	3,470	3,234	2,969	2,843	2,573
Students enrolled in special education (ages 0-22) ⁽⁴⁾	45,203	44,685	43,960	42,756	42,515	41,302	40,056	38,987	37,439	36,427	35,496
Students who are English language learners in Kindergarten ⁽⁴⁾	NA	10,025	11,384	11,886	12,004	10,572	9,791	9,025	8,792	8,463	7,223
Students who are English language learners ⁽⁴⁾	NA	87,432	95,316	100,685	102,040	95,515	89,776	84,754	79,101	74,416	68,006
English learners redesignated (passed English proficiency test) ⁽⁴⁾	NA	10,112	10,752	9,076	8,332	7,838	6,563	5,969	6,370	4,397	4,336
Students proficient or advanced in reading - 3rd grade ⁽⁴⁾	42.0%	42.0%	36.0%	33.0%	32.0%	27.0%	26.0%	30.0%	-	-	-
Students proficient or advanced in math - 3rd grade ⁽⁴⁾	63.0%	63.0%	61.0%	55.0%	54.0%	52.0%	46.0%	44.0%	-	-	-

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

Children's Scorecard - Riverside County, (Continued)
2000-2010

CHILDCARE 10 OR MORE HOURS PER WEEK

Children ages 0-5 with Grandparent or family member ⁽²⁾
Children ages 0-5 with Headstart or state program ⁽²⁾
Children ages 0-5 with Preschool or nursery school ⁽²⁾
Children ages 0-5 with Childcare center ⁽²⁾
Children ages 0-5 with Non-family member in own home ⁽²⁾
Children ages 0-5 with Non-family member in his/her own home ⁽²⁾
Children ages 0-5 with Other one source ⁽²⁾
Children ages 0-5 with More than one source ⁽²⁾

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Children ages 0-5 with Grandparent or family member ⁽²⁾	-	10,000	-	12,000	-	17,000	-	14,000	-	11,000	-
Children ages 0-5 with Headstart or state program ⁽²⁾	-	-	-	1,000	-	2,000	-	1,000	-	1,000	-
Children ages 0-5 with Preschool or nursery school ⁽²⁾	-	2,000	-	1,000	-	1,000	-	-	-	2,000	-
Children ages 0-5 with Childcare center ⁽²⁾	-	2,000	-	-	-	2,000	-	-	-	3,000	-
Children ages 0-5 with Non-family member in own home ⁽²⁾	-	3,000	-	7,000	-	4,000	-	2,000	-	4,000	-
Children ages 0-5 with Non-family member in his/her own home ⁽²⁾	-	10,000	-	-	-	3,000	-	5,000	-	6,000	-
Children ages 0-5 with Other one source ⁽²⁾	-	2,000	-	-	-	-	-	1,000	-	1,000	-
Children ages 0-5 with More than one source ⁽²⁾	-	31,000	-	28,000	-	16,000	-	24,000	-	18,000	-

FOOTNOTES:

- Data not available or represent zero events

- NA Data not available as of date of this report

⁽¹⁾ Source: State of California, Department of Public Health, Birth Records.

⁽²⁾ Source: UCLA California Health Interview Survey (CHIS) for years 2001 through 2009.

⁽³⁾ Source: State of California, Department of Public Health, Death Records.

⁽⁴⁾ California Department of Education Dataquest

⁽⁵⁾ Source: Needell, B., Webster, D., Amijo, M., Lee, S., Dawson, W., Magruder, J., Exel, M., Cuccaro-Alamin, S., Putnam-Hornstein, E., Williams, D., Simon, V., Hamilton, D., Lou, C., Peng, C., Moore, M., Jacobs, L., & King, B. (2011). , from University of California at Berkeley Center for Social Services Research website URL below:

⁽⁶⁾ Bureau of Labor Statistics Data

⁽⁷⁾ State of California, Department of Health Care Services. Beneficiaries by Age and Gender By County, 2003-2009

⁽⁸⁾ Source: California Department of Justice, Division of California Justice Information Services, Criminal Justice Statistics Center

⁽⁹⁾ Prepared by California Department of Public Health, EPIC Branch

⁽¹⁰⁾ Data Source: U.S. Census Bureau, Population Reference Bureau analysis of the Census Bureau's

⁽¹¹⁾ Data Source: The California Child Care Portfolio, California Child Care Resource and Referral Network. (July 2010).

⁽¹²⁾ Data Source: California Department of Education

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
STATISTICAL SECTION (UNAUDITED)
For Year ended June 30, 2011**

**Riverside County Children and Families Commission - Proposition 10 Commission
Capital Assets Statistics**

Capital Assets (Land, Building, Furniture & Equipment) are used by the Commission for general operating and administrative function. The Commission owns software and computer hardware valued at more than \$5,000 unit price and is fully depreciated.

COMPLIANCE SECTION





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

To the Board of Commissioners
First 5 Riverside
Riverside County Children and Families Commission
Riverside, California

We have audited the financial statements of the governmental activities and general fund of the Riverside County Children and Families Commission (the Commission), a component unit of the County of Riverside, California, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. Our report included an explanatory paragraph regarding the Commission's adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. 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.

Internal Control over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective 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 opinions 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management in a separate letter dated October 10, 2011.

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



Rancho Cucamonga, California
October 10, 2011



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Commissioners
 First 5 Riverside
 Riverside County Children and Families Commission
 Riverside, California

We have audited the basic financial statements of the Children and Families Commission of Riverside County (the Commission), a component unit of the County of Riverside, as of and for the year ended June 30, 2011 and have issued our report thereon dated October 10, 2011. Our report included an explanatory paragraph regarding the Commission's adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. 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 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 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 laws and regulations applicable to the following items.

Description	Audit Guide Procedures	Procedures Performed
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, the 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are reported in the accompanying schedule of findings and responses as item 2011-1.

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Commission's responses and, accordingly, we express no opinion on the responses.

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

Varrinck, Texas, D&S Co, LLP

Rancho Cucamonga, California
October 10, 2011

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
SCHEDULE OF FINDINGS AND RESPONSES
For Year ended June 30, 2011**

Finding 2011-01 – Financial Condition and Program Evaluation Policies

Criteria:

The *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (Guide)*, issued by the California State Controller’s Office states the following:

- Section V-f, *Financial Condition of the Commission*: The county commission must have policies and practices with respect to its financial condition.
- Section V-g, *Program Evaluation*: The county commission must have policies and practices with respect to the amount it spends on program evaluation and the documented results of these expenditures.

Condition:

It was noted that the Commission did not have formal policies on the Commission’s financial condition and program evaluation.

Context:

For financial condition, the Commission provides periodic financial information to the Board, approves an annual budget and conducts an annual audit. For program evaluation, the Commission adopts a budget and tracks its program evaluation costs, performs on-site visits and communicates related information to the Board periodically.

However, these practices and procedures are not formalized in a Board approved policy.

Effect:

The Commission increases its risk of noncompliance with the statutory requirements of the Guide.

Cause:

The Commission did not formalize its practices and procedures with respect to financial condition and program evaluation.

Recommendation:

We recommend that the Commission formally draft and adopt financial condition and program evaluation policies.

**First 5 Riverside
Riverside County Children and Families Commission -
Proposition 10 Commission
SCHEDULE OF FINDINGS AND RESPONSES
For Year ended June 30, 2011**

Views of Responsible Officials and Planned Corrective Action:

F5R has consistently implemented practices with regard to the financial condition and program evaluation . Commission staff has consistently advised the Commission of its financial condition through the provision of monthly financial statements and the annual audit report. These statements contain the percentages spent on administrative and program evaluation costs. In addition, the estimated percentage to be spent in these areas is included in the annual budgets presented to the Commission for adoption. The Commission is updated on program progress through quarterly program evaluation reports as well as an annual evaluation report that is also sent to the state commission in compliance with the Children and Families Act contained within the Health and Safety Code.

It is our position that we are in compliance with the spirit of the law.

Health and Safety Code section 130151 (a) and (b) (6) and (7) states:

130151. (a) In addition to the requirements in Section 130150, the Controller shall issue guidelines for expanded annual audits of each county commission required pursuant to subdivision (b) of Section 130150 and associated quality control functions, subject to funding by the state commission.

(b) The scope of the audits shall address a review of county commission policies and practices with respect to the following elements:

(6) Financial condition of the commission.

(7) Amount commissions spend on program evaluation and the documented results of these expenditures.

Staff interpretation of this section is that auditors are to review existing policies and practices with regard to these items but Commissions are not required to have both. We have consistently adhered to the practice which is documented in the monthly financial statements, audited financial statement notes and annual budgets. Further, the audit guide issued by the State Controller's Office suggests the following as a measure of compliance with aforementioned items:

F. Financial Condition of the Commission

Compliance Requirement:

Suggested Audit Procedures:

1. Verify that the county commission has policies and practices with respect to communicating its financial condition. At a minimum, the policies and procedures should include the annual audit required by the state commission guidelines.

G. Program Evaluation

Compliance Requirement:

Suggested Audit Procedures:

1. Verify that the amount spent on program evaluation is in compliance with the commission's policies and/or practices on evaluation costs (e.g., the adopted budget, commission minutes, funding resolution, or board action).

We believe that our current auditable practices and procedures constitute full compliance with legislative requirements. In an effort to err on the side of caution, two written policies that reflect ongoing practices are being presented to the Commission on October 12, 2011 for approval.

**First 5 Riverside
Riverside County Children and Families Commission
Proposition 10 Commission
For the Year Ended June 30, 2011**

STATUS OF PRIOR FINDINGS AND CORRECTIVE ACTION PLANS

Finding	Compliance	Status
2010-1	Conflict of Interest	Implemented