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COLORADO CHILDREN'S TRUST FUND

FINANCIAL AND COMPLIANCE AUDIT

Year Ended June 30, 2000



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STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

REPORT SUMMARY
Year Ended June 30, 2000

Purpose and Scope of Audit

The purposes and scope of this audit were to:

- express an opinion on the financial statements of the Colorado Children's Trust Fund for the year ended June 30, 2000, including a review of the related internal control structure as required by generally accepted auditing standards.
- evaluate compliance with general laws and regulations, including state statutes and fiscal rules.

Provision for this audit is made in CRS 19-3.5-105(1)(i).

Audit Opinion and Reports

The independent auditors' reports included herein state that the financial statements of the Colorado Children's Trust Fund are presented fairly in conformance with generally accepted accounting principles, that no material weaknesses in the internal control structure were found during the course of the audit and that no material noncompliance was noted with respect to pertinent laws and regulations.

This report contains no comments and recommendations.

STATE OF COLORADO
 COLORADO CHILDREN'S TRUST FUND

ORGANIZATION AND FUNCTION OF THE TRUST FUND
 Year Ended June 30, 2000

The Colorado Children's Trust Fund was created by the General Assembly of the State of Colorado with the enactment of House Bill No. 1216 on June 5, 1989, which became effective on July 1, 1989. The purpose of the Trust Fund is to promote prevention and education programs designed to lessen the occurrence and reoccurrence of child abuse and neglect and to reduce the need for state intervention in child abuse and neglect prevention and education.

The original legislation created, for a period of five years, in the Department of Social Work of Colorado State University (CSU) under the Department of Higher Education, a seven-member board to administer the Trust Fund. This legislation was amended by Senate Bill 93-175, effective May 28, 1993, which increased the size of the Board from seven to nine members, allocated the Trust Fund to the Department of Higher Education, and repealed the June 30, 1994 sunset provision for the Trust Fund. The duties of the Board include:

- providing for the coordination and exchange of information on the establishment and maintenance of prevention programs.
- developing and publicizing criteria regarding grants from the Trust Fund and expending moneys of the Trust Fund for the establishment, promotion, and maintenance of prevention programs and the operational expenditures of the Board.
- reviewing and monitoring the expenditure of moneys by the grant recipients, and
- accepting grants from the federal government and soliciting and accepting contributions, grants, gifts, bequests, and donations from individuals, private organizations, and foundations.

The Board at June 30, 2000 includes the following members:

<u>Name</u>	<u>Term</u> <u>Expires</u>		<u>Term</u> <u>Expires</u>
Dave Furman, Chair	2001	Patti Johnson**	*
Laverne Palmer, Vice Chair	2000	Tom McMillen	*
Nancy McNalley, Secr./Treas.	2001	John Pickle	*
John Brackney	*	Gerald Rivera	2000
David Herr, MD	2000		

* Terms of state agency representatives and ex officio members at governor's discretion.

** Resigned April 2000. Replacement not assigned at June 30, 2000.

The Trust Fund derives its primary funding from an additional marriage license fee of \$10 effective July 1, 1989, (CRS 14-2-106) until the total assets of the Trust Fund exceed five million dollars (CRS 19-3.5-107). During the year ended June 30, 2000, \$378,000 in such fees were collected by Colorado counties for the Trust Fund.

Until the total amount of assets of the Trust Fund exceeds five million dollars, not more than one-half (75% effective July 1, 2000) of monies credited to the Trust Fund (excluding federal grants, and contributions, grants, gifts, bequests, and donations from individuals, private organizations, and foundations) each year plus any interest credited to the Trust Fund during the previous year is available for disbursement by the Board. However, in May 1994, the General Assembly amended CRS 19-3.5-107 to allow the appropriation and expenditures of any other funds deposited or maintained in the Trust Fund. The Long Bill for fiscal year 2000 (SB 99-215) appropriated the use of up to \$177,000 from funds deposited or maintained in the Trust Fund.



Independent Auditors' Report

Members of the Colorado Children's
Trust Fund Board

We have audited the accompanying general purpose financial statements of the Colorado Children's Trust Fund as of June 30, 2000 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Colorado Children's Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and *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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Colorado Children's Trust Fund as of June 30, 2000 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2000 on our consideration of the Colorado Children's Trust Fund's internal control over financing reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The financial statements as of June 30, 1999 were audited by other auditors whose report dated October 15, 1999 expressed an unqualified opinion on those statements.

Anderson & Whitney, P.C.

September 13, 2000

STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2000

(With Comparative Totals for 1999)

	General Fund	General Fixed Assets Account Group	<u>Memorandum Totals</u>	
			2000	1999
ASSETS:				
Cash and Short-Term Investments	\$ 1,104,881	\$ -	\$ 1,104,881	\$ 890,399
Due from Other Governments	47,750	-	47,750	69,528
Equipment	-	9,519	9,519	9,519
TOTAL ASSETS	\$ 1,152,631	\$ 9,519	\$ 1,162,150	\$ 969,446
LIABILITIES:				
Accounts Payable	\$ -	\$ -	-	\$ 1,013
Contracts Payable	58,185	-	58,185	46,299
TOTAL LIABILITIES	58,185	-	58,185	47,312
EQUITY AND OTHER CREDITS:				
Investment in General Fixed Assets	-	9,519	9,519	9,519
Fund Balances - Reserved for:				
Children's Trust Fund Board	56,790	-	56,790	47,261
Unexpendable	1,037,656	-	1,037,656	865,354
TOTAL EQUITY AND OTHER CREDITS	1,094,446	9,519	1,103,965	922,134
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 1,152,631	\$ 9,519	\$ 1,162,150	\$ 969,446

See accompanying notes to financial statements.

STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES

Year Ended June 30, 2000
(With Comparative Totals for 1999)

	General Fund	
	2000	1999
REVENUE:		
Marriage License Fees	\$ 378,000	\$ 364,820
Private Grant	30,000	31,984
Federal Grant through Colorado Dept. of Human Services	100,000	100,000
Gifts	84	4,111
Interest Earnings	47,398	40,206
TOTAL REVENUE	\$ 555,482	\$ 541,121
EXPENDITURES:		
General Government	\$ 120,467	\$ 154,219
Program Evaluation	1,925	3,565
Special Projects	9,067	12,933
State Indirect Cost	3,111	3,752
Public Service Grants	239,081	251,505
TOTAL EXPENDITURES	373,651	425,974
EXCESS OF REVENUE OVER EXPENDITURES	181,831	115,147
FUND BALANCE, Beginning of Year	912,615	797,468
FUND BALANCE, End of Year	\$ 1,094,446	\$ 912,615

See accompanying notes to financial statements.

STATE OF COLORADO
 COLORADO CHILDREN'S TRUST FUND

STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
 ALL ANNUALLY BUDGETED GOVERNMENTAL FUND TYPES

Year Ended June 30, 2000

	General Fund		
	Actual	Estimate/ Budget	Variance
REVENUE:			
Marriage License Fees	\$ 378,000	\$ 181,500	\$ 196,500
Private Grant	30,000	30,000	-
Federal Grant through Colorado Dept. of Human Services	100,000	100,000	-
Gifts	84	-	84
Interest Earnings	47,398	-	47,398
Use of Prior Year Fund Balance	-	181,500	(181,500)
TOTAL REVENUE	555,482	493,000	62,482
EXPENDITURES:			
General Government, Program Evaluation, and Public Service Grants	373,651	493,000	119,349
Total Expenditures	373,651	493,000	119,349
EXCESS OF REVENUE OVER EXPENDITURES	181,831	\$ -	\$ 181,831
FUND BALANCE, July 1, 1999	912,615		
FUND BALANCE, June 30, 2000	\$ 1,094,446		

See accompanying notes to financial statements.

STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Colorado Children's Trust Fund (the Trust Fund) are presented in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Purpose:

The Colorado Children's Trust Fund was established by the enactment of House Bill No. 1216 on June 5, 1989, which became effective July 1, 1989. The Trust Fund was created to promote prevention and education programs designed to lessen the occurrence and reoccurrence of child abuse and neglect and to reduce the need for State intervention in child abuse and neglect prevention and education. To manage the Trust Fund, the legislation created a seven-member (expanded to nine in 1993 legislation) board in the Colorado Department of Higher Education. The board exercises its powers and duties as if transferred by a type 2 transfer. It may contract with the Department of Social Work at Colorado State University for administrative and technical support in carrying out its duties and functions.

The initial funding for the Trust Fund comes from an additional \$10 marriage license fee, effective from July 1, 1989. All moneys collected from the additional marriage license fee, interest earnings and other grants and contributions shall remain in the Trust Fund and do not revert to the State's General Fund. The General Assembly appropriates the funds which the Trust Fund Board can expend each year.

Basis of Presentation:

The financial activities of the Trust Fund are organized on the basis of individual funds and account groups. The operations of each fund, which are separate accounting entities, are recorded in discrete sets of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures of the entity. An account group is not a "fund". It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

The following governmental fund and account groups are included in the Colorado Children's Trust Fund:

General Fund - Transactions related to resources obtained and used for those services traditionally provided by the Trust Fund, which are not accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants which support general trust fund activities are accounted for in the General Fund consistent with applicable legal requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

General Fixed Asset Account Group - This group is used to account for fixed assets purchased for general trust purposes.

Basis of Accounting:

The accounts of the Trust Fund are reported on the modified accrual basis. This basis of accounting recognizes revenues when they are measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Marriage license fees collected by the county clerks during the month of June and deposited with the state treasurer in July are recognized as revenue earned in June.

Expenditures are recognized during the period in which the fund liability is incurred except for accumulated employee leave time which is recorded when paid.

Public service grant expenditures are recorded at the time awarded to other agencies and may include reversions from prior year awards.

The bill establishing the Trust Fund stipulates that any unexpended funds in the Trust Fund do not revert to the State General Fund. As such, the fund balance is reserved at year-end for future appropriations for the Trust Fund.

Encumbrances:

Encumbrance accounting, under which purchase orders and contracts for expenditures of money are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are not reported as a reservation of fund balances, but are considered to be a commitment for the expenditures of available resources in future periods. However, certain appropriations which have been encumbered are allowed to roll forward into the subsequent period and these encumbered appropriations are a reservation of fund balance.

On June 30, 2000, there were no outstanding encumbrances for the Trust Fund.

Memorandum Totals:

The total columns caption "Memorandum Totals" in the accompanying financial statements indicates that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation as interfund eliminations have not been made in the aggregation of the data.

STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

NOTES TO FINANCIAL STATEMENTS - Continued
Year Ended June 30, 2000

NOTE 2 - CASH AND SHORT-TERM INVESTMENTS

The Colorado State Treasury acts as a bank for nearly all state agencies including the Trust Fund. Monies deposited in the Treasury are invested until the cash is needed. Interest earnings on the funds held for the Trust Fund are credited to the Trust Fund by direction of C.R.S. 19-3.5-106. The detailed composition of the cash and investments is shown in the annual State Treasurer's Report.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

This receivable for \$47,750 is the amount of marriage license fees collected by the county clerks during June, 2000 and deposited with the state treasurer during July, 2000. The receivable results from recording the marriage license fee revenue on the modified accrual basis.

NOTE 4 - GENERAL FIXED ASSETS

All general fixed assets are valued at historical cost. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Acquisitions of general fixed assets are recorded as expenditures within the governmental funds. It is the Trust Fund's policy to capitalize all capital expenditures over \$5,000. No depreciation has been provided on general fixed assets.

There were no changes in general fixed assets for the year ended June 30, 2000.

NOTE 5 - FUND EQUITY

The fund balance of the Trust Fund's General Fund consists of a restricted expendable and an unexpendable portion as defined by C.R.S. 19-3.5-107. The expendable portion is available for appropriation by the General Assembly to the Trust Fund Board for its operations and grants. The unexpendable portion is reserved to be invested to provide interest earnings for the Trust Fund. When the total assets of the Trust Fund exceed five million dollars, the additional \$10 marriage license fee will cease. At that time, only the interest credited to the Trust Fund plus any grants and contributions to the fund will be available for disbursement or expenditure by the board.

For the year ended June 30, 2000, the General Assembly made an appropriation of up to \$177,000 which could be spent from the funds previously held as unexpendable. Only \$16,698 was expended under this appropriation and the unexpendable fund balance increased by \$172,302.

NOTE 6 - RELATED PARTY TRANSACTIONS

Effective July 1, 1993, the Trust Fund entered into a cooperative agreement with the State Board of Agriculture under which Colorado State University (CSU) will provide general administrative support service, office space and facilities, and accounting and other administrative services. The Trust Fund pays the University for the salary expense of all employees performing services for the Trust Fund except in the area of accounting and other administrative services. The Trust Fund pays rent for office space provided and pays for other direct services. Payments to CSU during the year ended June 30, 2000 totalled \$105,135. Since the Trust Fund does not have its own employees, those financial statement items directly related to salary expense and accrued payroll and compensated absence liabilities do not appear on the financial statements.

NOTE 7 - CONTINGENCIES

The Colorado Children's Trust Fund Board is not aware of any pending lawsuits or claims against the Trust Fund or Board.

NOTE 8 - APPROPRIATION ALLOCATION FROM THE GENERAL ASSEMBLY

The appropriation allocated to the Colorado Children's Trust Fund Board for the year ended June 30, 2000 reconciles to the Trust Fund's revenues as follows:

Cash Fund Appropriation per Senate Bill No. 99-215, page 108	\$ 216,000
<u>Excess revenues</u>	<u>339,482</u>
<u>Total Trust Fund Revenues</u>	<u>\$ 555,482</u>

The appropriation allocated to the Colorado Children's Trust Fund Board for the year ended June 30, 2000 reconciles to the Trust Fund's expenditures as follows:

Cash Fund Appropriation per Senate Bill No. 99-215, page 108	\$ 493,000
<u>Unexpended Cash Fund Appropriation</u>	<u>(119,349)</u>
<u>Total Trust Fund Expenditures</u>	<u>\$ 373,651</u>

STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

NOTES TO FINANCIAL STATEMENTS - Continued
Year Ended June 30, 2000

NOTE 9 - SUBSEQUENT EVENTS

During the 1999 State Legislative session, House Bill 1025 transferring the appropriation and responsibility for the Colorado Children's Trust Fund to the Department of Public Health and Environment. Funding for the fund was changed from a marriage license fee to a fee of \$15 for dissolution of marriage or legal separation. Effective July 1, 2000, the Colorado Children's Trust Fund may spend 75% of monies credited to it excluding Federal grants, contributions, gifts, bequests, and donations.



Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Members of the Colorado Children's
Trust Fund Board

We have audited the financial statements of the Colorado Children's Trust Fund as of and for the year ended June 30, 2000, and have issued our report thereon dated September 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Colorado Children's Trust Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Colorado Children's Trust Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board, management, and federal and state awarding agencies, is not intended to be, and should not be used by anyone other than these specified parties.

Anderson + Whitney, P.C.

September 13, 2000

STATE OF COLORADO
COLORADO CHILDREN'S TRUST FUND

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Year Ended June 30, 2000

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