

City of Santa Fe Springs, California

General Child Care and
Development Programs
and
Child Care Food Program

Financial and Compliance Audit

For the Fiscal Year Ended June 30, 2012

**City of Santa Fe Springs
 General Child Care and Development Programs
 and Child Care Food Program
 For the Fiscal Year Ended June 30, 2012**

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The Honorable City Council of
the City of Santa Fe Springs, California

Independent Auditor's Report

We have audited the financial statements of the General Child Care and Development Programs (Extended Day Care – Latchkey and Family Child Care Homes), the State Preschool Program and the Facilities Renovation and Repair Program (Programs), of the City of Santa Fe Springs (City), California, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the California Department of Education *CDE Audit Guide June 2010* (Guide). Those standards and the Guide 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 City's internal control over the Programs' 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 opinion.

As discussed in Note 1, the financial statements present only the Programs and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Programs as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of the City's internal control over the Programs' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and, with the exception of the General information schedule, relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The General Information schedule has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, the City's management and the California Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Macias Fini & O'Connell LLP

Newport Beach, California
December 12, 2012

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Balance Sheet
June 30, 2012

	State Preschool Program (CSPP-1173)	Family Child Care Homes Program (CFCC-1009)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Assets:					
Cash and investments	\$ 47,677	\$ 7,590	\$ 4,785	\$ 25,029	\$ 85,081
Due from other governments	12,595	8,893	-	2,844	24,332
Total assets	<u>\$ 60,272</u>	<u>\$ 16,483</u>	<u>\$ 4,785</u>	<u>\$ 27,873</u>	<u>\$ 109,413</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 20,992	\$ 12,204	\$ -	\$ 10,938	\$ 44,134
Accrued expenses	31,300	4,279	-	16,935	52,514
Due to other governments	7,980	-	-	-	7,980
Deferred revenue	-	-	4,785	-	4,785
Total Liabilities	<u>60,272</u>	<u>16,483</u>	<u>4,785</u>	<u>27,873</u>	<u>109,413</u>
Fund balance:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 60,272</u>	<u>\$ 16,483</u>	<u>\$ 4,785</u>	<u>\$ 27,873</u>	<u>\$ 109,413</u>

The notes to financial statements are an integral part of this financial statement.

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Statement of Revenues and Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

	State Preschool Program (CSPP-1173)	Family Child Care Homes Program (CFCC-1009)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Revenues:					
State apportionments	\$ 409,528	\$ 248,710	\$ -	\$ -	\$ 658,238
City contribution	184,479	30,241	-	243,701	458,421
Non-subsidized parent fees	310,565	-	-	235,037	545,602
State subsidized parent fees	25,970	12,152	-	-	38,122
Child care food program	77,981	-	-	9,375	87,356
Total revenues	<u>1,008,523</u>	<u>291,103</u>	<u>-</u>	<u>488,113</u>	<u>1,787,739</u>
Expenditures:					
Direct payments to providers	-	192,722	-	-	192,722
Certified salaries	35,008	46,844	-	-	81,852
Classified salaries	473,813	-	-	216,293	690,106
Employee benefits	316,237	46,810	-	171,696	534,743
Books and supplies	96,369	51	-	23,942	120,362
Services and other operating expenditures	87,096	4,676	-	76,182	167,954
Total expenditures	<u>1,008,523</u>	<u>291,103</u>	<u>-</u>	<u>488,113</u>	<u>1,787,739</u>
Excess of revenues over expenditures	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this financial statement.

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
Notes to Financial Statements
June 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements have been prepared in accordance with the California State Department of Education *Audit Guide June 2010* (Guide). The financial statements present only the financial position and results of operations of the General Child Care and Development Programs (Extended Day Care - Latchkey and Family Child Care Homes), the State Preschool Program and the Facilities Renovation and Repair Program (Programs) of the City of Santa Fe Springs, California (City). These funds are combined and reported in the City's Comprehensive Annual Financial Report as part of the City's General Fund. Therefore, the financial statements do not include all funds of the City and are not intended to present fairly the financial position and results of operations of the City. Any federally funded expenditures incurred by the Programs are reported in the City's single audit, a separate report.

Basis of Accounting

These financial statements are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized when 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. For this purpose, revenues are considered to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Balance

At June 30, 2012, the fund balance related to the Programs was \$0. The City reduces restricted amounts of the Programs first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The City reduces committed amounts of the Programs first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

2. CASH

The Programs' cash is invested in a pool managed by the Treasurer of the City. Therefore, the Programs do not own specific identifiable bank balances or investments. The City is required to report its cash under various credit risk categories in accordance with governmental accounting standards. In addition, under state statutes, the City maintains cash deposits at those depository institutions insured by the Federal Deposit Insurance Corporation. The City pool is not rated and had a weighted average maturity of 268 days as of June 30, 2012. Additional information on the City's investment pool can be found in the City's Comprehensive Annual Financial Report.

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
Notes to Financial Statements
June 30, 2012**

3. CITY CONTRIBUTIONS

The General Fund of the City is responsible for funding excess expenditures over program revenues. The General Fund contributed \$458,421 to the Programs for the year ended June 30, 2012.

4. PARENT FEES

Parent fees represent the portion of the Programs' expenditures that are to be paid by parents who do not qualify for the full subsidy. Parents pay for their portion of the child care expenditures based on income ceilings and fee schedule guidance from the California Department of Education.

Supplementary Information

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**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
General Information
June 30, 2012**

Official Name of Agency: City of Santa Fe Springs

Program Numbers: 19-2194

Type of Agency: Municipality

Address of Agency: 11710 Telegraph Road
Santa Fe Springs, CA 90670
(562) 868-0511

Chief Executive Officer: Thaddeus J. McCormack

Period Covered by Examination: July 1, 2011 - June 30, 2012

Number of Days of Operation: 246

Scheduled Hours of Operation:

Vacation Schedule: 6:30 a.m. - 6:00 p.m.

School Schedule:	Family Center	Los Nietos	Lakeview
	6:30 a.m. - 6:00 p.m.	6:30 a.m. - 8:30 a.m. 12:00 p.m. - 6:00 p.m.	6:30 a.m. - 8:30 a.m. 11:30 a.m. - 6:00 p.m.

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Schedule of Expenditures by State Categories
For the Fiscal Year Ended June 30, 2012

	State Preschool Program (CSPP-1173)	Family Child Care Homes Program (CFCC-1009)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Expenditures:					
Direct payments to providers	\$ -	\$ 192,722	\$ -	\$ -	\$ 192,722
1000 Certified salaries	35,008	46,844	-	-	81,852
2000 Classified salaries	473,813	-	-	216,293	690,106
3000 Employee benefits	316,237	46,810	-	171,696	534,743
4000 Books and supplies	96,369	51	-	23,942	120,362
5000 Services and other					
Operating Expenditures	<u>87,096</u>	<u>4,676</u>	<u>-</u>	<u>76,182</u>	<u>167,954</u>
Total Expenditures	<u>\$ 1,008,523</u>	<u>\$ 291,103</u>	<u>\$ -</u>	<u>\$ 488,113</u>	<u>\$ 1,787,739</u>

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Schedule of Reimbursable Administrative Costs
For the Fiscal Year Ended June 30, 2012

	State Preschool Program (CSPP-1173)	Family Child Care Homes Program (CFCC-1009)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Expenditures:					
Salaries	\$ 47,528	\$ -	\$ -	\$ 37,032	\$ 84,560
Employee benefits	52,336	-	-	34,570	86,906
Books and supplies	846	-	-	1,881	2,727
Services and other					
Operating expenditures	1,315	4,728	-	2,920	8,963
Total expenditures	<u>\$ 102,025</u>	<u>\$ 4,728</u>	<u>\$ -</u>	<u>\$ 76,403</u>	<u>\$ 183,156</u>

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Statement of Changes in Capital Assets
For the Fiscal Year Ended June 30, 2012

	State Preschool Program (CSPP-1173)			Family Child Care Homes Program (CFCC-1009)		
	<u>Equipment</u>	<u>Building</u>	<u>Total</u>	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ -	\$ -	\$ 2,170	\$ -	\$ 2,170
Additions and deductions	-	-	-	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,170</u>	<u>\$ -</u>	<u>\$ 2,170</u>

	Facilities Renovation and Repair (CRPM-1024)			Extended Day Care (Latchkey) Program		
	<u>Equipment</u>	<u>Building</u>	<u>Total</u>	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions and deductions	-	-	-	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Schedule of Renovation and Repair Expenditures
Utilizing Contract Funds
For the Fiscal Year Ended June 30, 2012

EXPENDITURES

Under \$7,500 per Unit Cost Without CDD Approval		Over \$7,500 per Unit Cost With CDD Approval		Over \$7,500 per Unit Cost Without CDD Approval	
<u>Cost</u>	<u>Item</u>	<u>Cost</u>	<u>Item</u>	<u>Cost</u>	<u>Item</u>
No transactions made		No transactions made		No transactions made	

Schedule of Equipment Expenditures
Utilizing Contract Funds
For the Fiscal Year Ended June 30, 2012

No transactions made

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: City of Santa Fe Springs Vendor No. 2194

Fiscal Year Ended: June 30, 2012 Contract No. CSPP-1173

Independent Auditor's Name: Macias Gini & O'Connel LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	350	-	350	1.1800	413.000
Full-time	3,948	-	3,948	1.0000	3,948.000
Three-quarters-time	1,004	-	1,004	0.7500	753.000
One-half-time	10,371	-	10,371	0.6172	6,400.981
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.4160	-
Full-time	722	-	722	1.2000	866.400
Three-quarters-time	75	-	75	0.9000	67.500
One-half-time	577	-	577	0.6172	356.124
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.7700	-
Full-time	-	-	-	1.5000	-
Three-quarters-time	-	-	-	1.1250	-
One-half-time	-	-	-	0.6172	-
TOTAL DAYS OF ENROLLMENT	17,047	-	17,047		12,805.005
DAYS OF OPERATION	246	-	246		
DAYS OF ATTENDANCE	16,737	-	16,737		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: City of Santa Fe Springs Vendor No. 2194

Fiscal Year Ended: June 30, 2012 Contract No. CSPP-1173

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DAYS OF ENROLLMENT	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	907	-	907	1.1800	1,070.260
Full-time	6,163	-	6,163	1.0000	6,163.000
Three-quarters-time	2,636	-	2,636	0.7500	1,977.000
One-half-time	26	-	26	0.6172	16.047
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.4160	-
Full-time	413	-	413	1.2000	495.600
Three-quarters-time	654	-	654	0.9000	588.600
One-half-time	-	-	-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.2980	-
Full-time	-	-	-	1.1000	-
Three-quarters-time	-	-	-	0.8250	-
One-half-time	-	-	-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.7700	-
Full-time	-	-	-	1.5000	-
Three-quarters-time	-	-	-	1.1250	-
One-half-time	-	-	-	0.6172	-
TOTAL DAYS OF ENROLLMENT	10,799	-	10,799		10,310.507

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: City of Santa Fe Springs Vendor No. 2194

Fiscal Year End: June 30, 2012 Contract No. CSPP-1173

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ 59,660	\$ 18,321	\$ 77,981
County Maintenance of Effort (EC § 8279)	-	-	-
Other (Specify):	-	-	-
Subtotal	59,660	18,321	77,981
Transfer from Reserve Contract #	-	-	-
Family Fees for Certified Children Contract #	25,970	-	25,970
Interest Earned on Apportionments Contract #	-	-	-
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	310,113	452	310,565
Head Start Program (EC § 8235(b))	-	-	-
Other (Specify): City contribution	-	184,479	184,479
TOTAL REVENUE	\$ 395,743	\$ 203,252	\$ 598,995

SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$ 35,008	\$ -	\$ 35,008
2000 Classified Salaries	473,813	-	473,813
3000 Employee Benefits	308,241	7,996	316,237
4000 Books and Supplies	94,605	1,764	96,369
5000 Services and Other Operating Expenses	83,691	3,405	87,096
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment (program-related)	-	-	-
6500 Replacement Equipment (program-related)	-	-	-
Depreciation or Use Allowance	-	-	-
Start-Up Expenses (service level exemption)	-	-	-
Budget Impasse Credit	-	-	-
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)	-	-	-
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ 995,358	\$ 13,165	\$ 1,008,523
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$ 100,503	\$ 1,522	\$ 102,025

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

Subsequent to the submission of the June 2012 attendance and fiscal report for contract number CSPP-1173, the City noted the following:

- Additional revenues were identified for child nutrition program, family fees for noncertified children, and City contribution.
- Additional expenditures were identified for employee benefits, books and supplies, services and other operating expenses, and administrative costs.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

AUDITED FISCAL REPORT
for Alternative Payment or Family Child Care Home Programs

Agency Name: City of Santa Fe Springs Vendor No. 2194

Fiscal Year End: June 30, 2012 Contract No. CFCC1009

Independent Auditor's Name: Macias Gini & O'Connell LLP

	Column A	Column B	Column C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION I - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ -	\$ -	\$ -
County Maintenance of Effort (EC § 8279)	-	-	-
Uncashed Checks to Providers	-	-	-
Other (Specify):	-	-	-
Subtotal	-	-	-
TRANSFER FROM RESERVE (<i>Alternative Payment Only</i>)	-	-	-
FAMILY FEES FOR CERTIFIED CHILDREN	12,214	(62)	12,152
INTEREST EARNED ON APPORTIONMENTS	-	-	-
UNRESTRICTED INCOME			
Other (Specify): City contribution	-	30,241	30,241
TOTAL REVENUE	\$ 12,214	\$ 30,179	\$ 42,393

SECTION II - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers</i>	\$ 192,722	\$ -	\$ 192,722
1000 Certificated Salaries	46,844	-	46,844
2000 Classified Salaries	-	-	-
3000 Employee Benefits	43,674	3,136	46,810
4000 Books and Supplies	51	-	51
5000 Services and Other Operating Expenses	4,170	506	4,676
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment (<i>program-related</i>)	-	-	-
6500 Replacement Equipment (<i>program-related</i>)	-	-	-
Depreciation or Use Allowance	-	-	-
Start-Up Expenses (service level exemption)	-	-	-
Budget Impasse Credit	-	-	-
Indirect Costs. Rate: 0.00%	-	-	-
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ 287,461	\$ 3,642	\$ 291,103
TOTAL ADMINISTRATIVE COSTS (<i>included in Section II above</i>)	\$ 4,195	\$ 533	\$ 4,728
DAYS OF OPERATION	246	-	246

FOR CDE-A&I USE ONLY:

COMMENTS - If necessary, attach additional sheets to explain adjustments:

Subsequent to the submission of the June 2012 attendance and fiscal report for contract number CFCC-1009, the City noted the following:

- Reduction in revenue was identified for family fees for certified children.
- Additional revenues was identified for City contribution.
- Additional expenditures were identified for employee benefits, services and other operating expenses, and administrative costs.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.

City of Santa Fe Springs
General Child Care and Development Programs and Child Care Food Program
Schedule of Federal and State Awards
Year Ended June 30, 2012

Grantor	Federal CFDA Number	Grantor's Number	Award Amount		Expenditures	
			Federal	State	Federal	State
U. S. Department of Agriculture Pass-through from the California State Department of Education: Child Care Food Program	10.558	19.2155-9C	\$ 82,800	\$ 4,476	\$ 82,880	\$ 4,476
U. S. Department of Health and Human Services Pass-through from the California State Department of Education: Child Care and Development Cluster Child Care and Development Cluster	93.575/ 93.596 93.575/ 93.596	CSPP-1173 CFCC-1009	79,858 85,376	354,688 163,334	434,546 248,710	79,858 163,334
California Department of Education: Facilities Renovation and Repair Program		CRPM-1024	-	19,140	19,140	-
Total Federal and State Awards and Expenditures			\$ 248,034	\$ 541,638	\$ 789,672	\$ 497,480

The Honorable City Council of
the City of Santa Fe Springs, California

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*
and the California Department of Education *Audit*
Guide June 2010**

We have audited the financial statements of the General Child Care and Development Programs and Child Care Food Program (Programs) of the City of Santa Fe Springs (City), California, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. Our report includes an explanatory paragraph indicating that the financial statements present only the Programs of the City. 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 City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over the Programs' financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over the Programs' financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over the Programs' 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 Programs' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over the Programs' 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 the Programs' financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the Programs' 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 Programs' 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. Our audit was designed to determine that the Program funds allocated to, and received by the City were expended in conformity with the applicable requirements of the California Department of Education *CDE Audit Guide June 2010* (Guide). 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*.

This report is intended solely for the information and use of the City Council, the City's management and the California Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Macias Fini & O'Connell LLP

Newport Beach, California

December 12, 2012

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
Schedule of Findings
For the Fiscal Year Ended June 30, 2012**

(1) CURRENT YEAR FINDINGS

(a) Significant Deficiencies in Internal Controls

None

(b) Compliance Findings

None

(2) STATUS OF PRIOR YEAR FINDINGS

(a) Significant Deficiencies in Internal Controls

2011-01 – Parent Files

Condition

Management could not locate 1 out of 31 parent files selected for testing. We recommend that the City establish procedures to ensure that all parent files are properly maintained and stored in a secured location.

Corrective Action

The City implemented a new system that includes a roster of all families enrolled in Childcare Programs and a check system to ensure that there is a paper file for each child enrolled. The City also developed policies to specify where files are to be kept and stored and how they are to be processed.

Status

No further instances were identified during fiscal year 2012.

(b) Compliance Findings

None reported

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