

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, 2013

**City of Santa Fe Springs
 General Child Care and Development Programs
 and Child Care Food Program
 For the Fiscal Year Ended June 30, 2013**

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the financial statements of the State Preschool Program, the Facilities Renovation and Repair Program, and the Extended Day Care – Latchkey Program (Programs), of the City of Santa Fe Springs, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements of the Programs 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Programs' financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the Programs' financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Programs' financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Programs are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major fund of the City that is attributable to the transactions of the Programs. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2013, 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. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Programs' financial statements. The accompanying supplementary information (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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The General Information schedule has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards* and the Guide

In accordance with *Government Auditing Standards* and the Guide, we have also issued our report dated December 16, 2013 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 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 the Guide in considering the City's internal control over the Programs' financial reporting and compliance.

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.



Newport Beach, California
December 16, 2013

**City of Santa Fe Springs
 General Child Care and Development Programs
 and Child Care Food Program
 Balance Sheet
 June 30, 2013**

	<u>State Preschool Program (CSPP-2168)</u>	<u>Facilities Renovation and Repair Program (CRPM-1024)</u>	<u>Extended Day Care (Latchkey) Program</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 61,596	\$ -	\$ 27,442	\$ 89,038
Total assets	<u>\$ 61,596</u>	<u>\$ -</u>	<u>\$ 27,442</u>	<u>\$ 89,038</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 18,117	\$ -	\$ 17,747	\$ 35,864
Accrued expenses	32,824	-	9,695	42,519
Due to other governments	<u>10,655</u>	<u>-</u>	<u>-</u>	<u>10,655</u>
Total Liabilities	<u>61,596</u>	<u>-</u>	<u>27,442</u>	<u>89,038</u>
Fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 61,596</u>	<u>\$ -</u>	<u>\$ 27,442</u>	<u>\$ 89,038</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, 2013**

	State Preschool Program (CSPP-2168)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Revenues:				
Government apportionments	\$ 403,284	\$ 19,140	\$ -	\$ 422,424
City contribution	246,554	77,395	135,383	459,332
Non-subsidized parent fees	208,771	-	221,777	430,548
State subsidized parent fees	18,711	-	-	18,711
Child care food program	62,158	-	15,607	77,765
Contributions	131	-	-	131
Total revenues	939,609	96,535	372,767	1,408,911
Expenditures:				
Certified salaries	56,059	-	-	56,059
Classified salaries	451,311	26,953	159,135	637,399
Employee benefits	260,199	2,497	111,166	373,862
Books and supplies	89,932	3,476	27,829	121,237
Services and other operating expenditures	82,108	-	74,637	156,745
Capital outlay	-	63,609	-	63,609
Total expenditures	939,609	96,535	372,767	1,408,911
Excess of revenues over expenditur	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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, 2013**

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 State Preschool Program, the Facilities Renovation and Repair Program, and Extended Day Care – Latchkey 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 365 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Balance

At June 30, 2013, the Programs’ fund balance was \$0. The City reduces restricted amounts of the Programs first when expenditures are incurred for purposes for which both restricted and unrestricted (committed or assigned) amounts are available. The City reduces committed amounts of the Programs first, followed by assigned 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 278 days as of June 30, 2013. 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, 2013**

3. CITY CONTRIBUTIONS

The General Fund of the City is responsible for funding excess expenditures over program revenues. The General Fund contributed \$458,939 to the Programs for the year ended June 30, 2013.

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.

5. CHILD CARE FOOD PROGRAM

The child care food program provides federal and state subsidized meals and snacks to Programs' participants.

6. CONTINGENCIES

The Programs receive state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowed expenditures under the terms of the grants, it is believed that any repayments resulting from disallowances would not be material.

Supplementary Information

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, 2013

	State Preschool Program (CSPP-2168)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Expenditures:				
1000 Certified salaries	\$ 56,059	\$ -	\$ -	\$ 56,059
2000 Classified salaries	451,311	26,953	159,135	637,399
3000 Employee benefits	260,199	2,497	111,166	373,862
4000 Books and supplies	89,932	3,476	27,829	121,237
5000 Services and other				
Operating expenditures	82,108	-	74,637	156,745
6100 Other approved capital outlay	-	63,609	-	63,609
Total expenditures	<u>\$ 939,609</u>	<u>\$ 96,535</u>	<u>\$ 372,767</u>	<u>\$ 1,408,911</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, 2013**

	State Preschool Program (CSPP-2168)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Expenditures:				
Salaries	\$ 67,102	\$ -	\$ 38,426	\$ 105,528
Employee benefits	77,662	-	37,037	114,699
Books and supplies	1,518	-	271	1,789
Services and other operating expenditures	600	-	1,825	2,425
Total expenditures	<u>\$ 146,882</u>	<u>\$ -</u>	<u>\$ 77,559</u>	<u>\$ 224,441</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, 2013**

	State Preschool Program (CSPP-2168)			Facilities Renovation and Repair (CRPM-1024)		
	Equipment	Building	Total	Equipment	Building	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions and deductions	-	-	-	-	19,140	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,140</u>	<u>\$ 19,140</u>

	Extended Day Care (Latchkey) Program		
	Equipment	Building	Total
Balance, beginning of year	\$ -	\$ -	\$ -
Additions and deductions	-	-	-
Balance, end of year	<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, 2013**

EXPENDITURES

Contract No.	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>
CRPM-1024	\$ -		\$ 19,140	Facility renovation	\$ -	

**Schedule of Equipment Expenditures
 Utilizing Contract Funds
 For the Fiscal Year Ended June 30, 2013**

No transactions made

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**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, 2013 Contract No. CSPP-2168

Independent Auditor's Name: Macias Gini & O'Connell 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	130		130	1.1800	153.400
Full-time	4,298		4,298	1.0000	4,298.000
Three-quarters-time	354		354	0.7500	265.500
One-half-time	11,130		11,130	0.6172	6,869.436
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	380		380	1.2000	456.000
Three-quarters-time	15		15	0.9000	13.500
One-half-time	494		494	0.6172	304.897
<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	16,801	-	16,801		12,360.733
DAYS OF OPERATION	243	-	243		
DAYS OF ATTENDANCE	16,703	-	16,703		

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, 2013 Contract No. CSPP-2168

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	880		880	1.1800	1,038.400
Full-time	3,775		3,775	1.0000	3,775.000
Three-quarters-time	1,769		1,769	0.7500	1,326.750
One-half-time	176		176	0.6172	108.627
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	384		384	1.2000	460.800
Three-quarters-time	385		385	0.9000	346.500
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	7,369	-	7,369		7,056.077

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, 2013 Contract No. CSPP-2168

	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	\$63,022	(\$864)	\$62,158
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Subtotal	\$63,022	(\$864)	\$62,158
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children Contract # CSPP-2168	18,395	316	18,711
Contract #			0
Interest Earned on Apportionments Contract #			0
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	0	208,455	208,455
Head Start Program (EC § 8235(b))			0
Other (Specify): City and other contributions	0	246,292	246,292
TOTAL REVENUE	\$81,417	\$454,199	\$535,616

SECTION IV - REIMBURSABLE EXPENSES

1000 Certificated Salaries	\$56,059	\$0	\$56,059
2000 Classified Salaries	476,601	(25,290)	451,311
3000 Employee Benefits	278,105	(17,906)	260,199
4000 Books and Supplies	80,332	9,600	89,932
5000 Services and Other Operating Expenses	88,323	(6,215)	82,108
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$979,420	(\$39,811)	\$939,609
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$172,171	(\$25,289)	\$146,882

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:

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 Child Development CRPM Support Contracts**

Agency Name: City of Santa Fe Springs Vendor No. 2194
 Fiscal Year End: June 30, 2013 Contract No. CRPM-1024
 Contract Term From: _____ To: 6/30/2014
 Independent Auditor's Name: Macias Gini & O'Connell LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Prorated Portion for Nonsubsidized Enrollment	\$0	\$0	\$0	\$0
Other (Specify):				0
				0
Subtotal	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify): City Contribution			77,395	77,395
				0
TOTAL REVENUE	\$0	\$0	\$77,395	\$77,395

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries		0	26,953	26,953
3000 Employee Benefits		0	2,497	2,497
4000 Books and Supplies		0	3,476	3,476
5000 Services and Other Operating Expenses		132,936	(132,936)	0
6100/6200 Other Approved Capital Outlay		0	63,609	63,609
6400 New Equipment (<i>program-related</i>)				0
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay				0
Other (Specify):				0
				0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)	\$0	\$132,936	(\$36,401)	\$96,535
FOR CDE-A&I USE ONLY:				

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

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

**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, 2013**

Grantor	Federal CFDA Number	Grantor's Number	Award Amount			Expenditures	
			Federal	State	Total	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	\$ 72,957	\$ 4,808	\$ 77,765	\$ 72,957	\$ 4,808
California Department of Education: California State Preschool Program	93.575/93.596	CSPP-2168	98,527	523,003	621,530	63,930	339,354
Facilities Renovation and Repair Program		CRPM-1024	-	19,140	19,140	-	19,140
Total federal and state awards and expenditures			<u>\$ 171,484</u>	<u>\$ 546,951</u>	<u>\$ 718,435</u>	<u>\$ 136,887</u>	<u>\$ 363,302</u>

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Other 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, 2013**

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, 2012 - June 30, 2013

Number of Days of Operation: 243

Scheduled Hours of Operation:

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

School Schedule:	<u>Family Center</u>	<u>Los Nietos</u>	<u>Lakeview</u>
	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.

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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, in accordance with the 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, the financial statements of the State Preschool Program, the Facilities Renovation and Repair Program, and the Extended Day Care – Latchkey Program (Programs), of the City of Santa Fe Springs, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Programs' financial statements, and have issued our report thereon dated December 16, 2013. Our report includes an emphasis of a matter paragraph indicating that the financial statements present only the financial position and the changes in financial position of only that portion of the governmental activities and major fund of the City that is attributable to the transactions of the Programs.

Internal Control Over Financial Reporting

In planning and performing our audit of the Programs' financial statements, we considered the City's internal control over financial reporting of the Programs' (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Programs' financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over the Programs. Accordingly, we do not express an opinion on the effectiveness of City's internal control of the Programs.

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 a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Programs' financial statements are free from 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* and the Guide.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Guide in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Fini & O'Connell LLP

Newport Beach, California
December 16, 2013

**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, 2013**

(1) CURRENT YEAR FINDINGS

None

(2) STATUS OF PRIOR YEAR FINDINGS

None

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