

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, 2014

**City of Santa Fe Springs
 General Child Care and Development Programs
 and Child Care Food Program
 For the Fiscal Year Ended June 30, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

Report on Financial Statements

We have audited the accompanying financial statements of the General Child Development Program of the City of Santa Fe Springs, California, as of and for the year ended June 30, 2014, 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.

Auditors' Responsibility

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 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. 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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Child Development Program of the City of Santa Fe Springs as of June 30, 2014, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the General Child Development Program. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic 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 addition, the supplementary information is presented in conformity with the *CDE Audit Guide* issued by the California Department of Education, June 2010, and all other laws, regulations and sub-grant requirements. In our opinion, the accompanying supplementary information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 1, the financial statements present only the General Child Development Program and are not intended to present fairly the financial position and results of operations of the City of Santa Fe Springs in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the General Child Development Program's internal control over 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* in considering the General Child Development Program's internal control over financial reporting and compliance.

Brea, California
December 3, 2014

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
Balance Sheet
June 30, 2014**

	State Preschool Program (CSPP-3160)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Assets:				
Cash and investments	\$ 1,315	\$ -	\$ 19,386	\$ 20,701
Accounts receivable	2,992	-	-	2,992
Due from other governments	45,846	-	-	45,846
Total Assets	\$ 50,153	\$ -	\$ 19,386	\$ 69,539
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 14,830	\$ -	\$ 6,056	\$ 20,886
Accrued expenses	2,536	-	13,330	15,866
Due to other governments	32,787	-	-	32,787
Total Liabilities	50,153	-	19,386	69,539
Fund balances	-	-	-	-
Total liabilities and fund balances	\$ 50,153	\$ -	\$ 19,386	\$ 69,539

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, 2014

	State Preschool Program (CSPP- 3160)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Revenues:				
Government apportionments	\$ 430,132	\$ -	\$ -	\$ 430,132
City contribution	266,949	-	133,198	400,147
Non-subsidized parent fees	185,395	-	234,458	419,853
State subsidized parent fees	24,884	-	-	24,884
Child care food program	77,033	-	11,731	88,764
Contributions	1,000	-	-	1,000
Total revenues	985,393	-	379,387	1,364,780
Expenditures:				
Certified salaries	59,424	-	-	59,424
Classified salaries	423,477	-	172,421	595,898
Employee benefits	267,246	-	105,070	372,316
Books and supplies	105,342	-	24,730	130,072
Services and other operating expenditures	129,904	-	77,166	207,070
Total Expenditures	985,393	-	379,387	1,364,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund balance, beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
Notes to Financial statements
June 30, 2014**

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, 2014, 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, 2014. Additional information on the City's investment pool can be found in the City's Comprehensive Annual Financial Report.

3. CITY CONTRIBUTIONS

The General Fund of the City is responsible for funding excess expenditures over program revenues. The General Fund contributed \$400,147 to the Programs for the year ended June 30, 2014.

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
Notes to Financial statements
June 30, 2014**

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.

**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, 2014**

	State Preschool Program (CSPP- 3160)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Expenditures				
1000 Certified salaries	\$ 59,424	\$ -	\$ -	\$ 59,424
2000 Classified salaries	423,477	-	172,421	595,898
3000 Employee benefits	267,246	-	105,070	372,316
4000 Books and supplies	105,342	-	24,730	130,072
5000 Services and other Operating expenditures	129,904	-	77,166	207,070
Total expenditures	<u>\$ 985,393</u>	<u>\$ -</u>	<u>\$ 379,387</u>	<u>\$ 1,364,780</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, 2014**

	State Preschool Program (CSPP- 3160)	Facilities Renovation and Repair Program (CRPM-1024)	Extended Day Care (Latchkey) Program	Total
Expenditures				
Salaries	\$ 81,273	\$ -	\$ 47,037	\$ 128,310
Employee Benefits	44,978	-	47,600	92,578
Books and supplies	17,729	-	-	17,729
Services and other				
Operating expenditures	21,863	-	1,215	23,078
Total expenditures	<u>\$ 165,843</u>	<u>\$ -</u>	<u>\$ 95,852</u>	<u>\$ 261,695</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, 2014**

	State Preschool Program (CSPP-3160)			Facilities Renovation and Repair (CRPM-1024)		
	Equipment	Building	Total	Equipment	Building	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ 19,140	\$ 19,140
Additions and deductions	-	-	-	-	(19,140)	(19,140)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014

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>
No transactions made						

**Schedule of Equipment Expenditures
Utilizing Contract Funds
For the Fiscal Year Ended June 30, 2014**

No transactions made

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, 2014

Grantor/Program Title	CFDA Number	Grantor's Number	Award Amount		Total	Expenditures		
			Federal	State		Federal	State	Total
U.S. Department of Agriculture Pass-through from the California State Department of Education Child Care Food Program	10.558	19.2155-9C	\$ 83,276	\$ 5,488	\$ 88,764	\$ 83,276	\$ 5,488	\$ 88,764
U.S. Department of Education Pass-through from the California State Department of Education State Preschool Program Facilities Renovation and Repair	93.575 / 93.596	CSPP-3160 CRPM-1024	94,695	535,648	630,343	68,307	361,825	430,132
Total Federal and State Awards			<u>\$ 177,971</u>	<u>\$ 541,136</u>	<u>\$ 719,107</u>	<u>\$ 151,583</u>	<u>\$ 367,313</u>	<u>\$ 518,896</u>

AUDITED ATTENDANCE AND FISCAL REPORT**for California State Preschool Programs**Agency Name: City of Santa Fe Springs Vendor No. 2194Fiscal Year Ended: June 30, 2014 Contract No. CSPP-3160Independent Auditor's Name: Lance, Soll & Lunghard 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	-		-	1.1800	-
Full-time	4,136		4,136	1.0000	4,136.000
Three-quarters-time	469		469	0.7500	351.750
One-half-time	13,716		13,716	0.6172	8,465.515
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	245		245	1.2000	294.000
Three-quarters-time	-		-	0.9000	-
One-half-time	138		138	0.6172	85.174
<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	18,704	-	18,704		13,332.439
DAYS OF OPERATION	245	-	245		
DAYS OF ATTENDANCE	18,650	-	18,650		

 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, 2014 Contract No. CSPP-3160

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	1,109		1,109	1.1800	1,308.620
Full-time	4,054		4,054	1.0000	4,054.000
Three-quarters-time	1,403		1,403	0.7500	1,052.250
One-half-time	375		375	0.6172	231.450
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	5		5	1.2000	6.000
Three-quarters-time	89		89	0.9000	80.100
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	7,035	-	7,035		6,732.420

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, 2014 Contract No. CSPP-3160

	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	\$77,033		\$77,033
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$77,033	\$0	\$77,033
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Program	10,253		10,253
Family Fees for Certified Children Part-Day Program	14,784	(153)	14,631
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	0	185,395	185,395
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$102,070	\$185,242	\$287,312

SECTION IV - REIMBURSABLE EXPENSES

1000 Certificated Salaries	\$59,199	\$225	\$59,424
2000 Classified Salaries	407,964	15,513	423,477
3000 Employee Benefits	287,139	(19,893)	267,246
4000 Books and Supplies	95,777	9,565	105,342
5000 Services and Other Operating Expenses	129,751	153	129,904
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			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	\$979,830	\$5,563	\$985,393
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$165,843		\$165,843

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, Early Education and Support 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:	<u>City of Santa Fe Springs</u>	Vendor No.	<u>2194</u>	
Fiscal Year End:	<u>June 30, 2014</u>	Contract No.	<u>CRPM-1024</u>	
Contract Term	From: <u>July 1, 2011</u>	To:	<u>June 30, 2014</u>	
Independent Auditor's Name:	<u>Lance, Soll & Lunghard LLP</u>			
	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529-CRPM ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529- CRPM	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
Other (Specify):				0
Other (Specify):				0
Subtotal	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				
				0
UNRESTRICTED INCOME				
Other (Specify): City Contribution	77,395	0	(77,395)	0
Other (Specify):				0
TOTAL REVENUE	(\$77,395)	\$0	(\$77,395)	\$0
SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries	26,953	0	(26,953)	0
3000 Employee Benefits	2,497	0	(2,497)	0
4000 Books and Supplies	3,476	0	(3,476)	0
5000 Services and Other Operating Expenses	0	0	0	0
6100/6200 Other Approved Capital Outlay	63,609	0	(63,609)	0
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
Other (Specify):				0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)	\$96,535	\$0	(\$96,535)	\$0
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

**City of Santa Fe Springs
General Child Care and Development Programs
and Child Care Food Program
General Information
June 30, 2014**

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, 2013 - June 30, 2014

Number of Days of Operation: 245

Scheduled Hours of Operation:

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

School Schedule:	<u>Family Center</u> 6:30 a.m. - 6:00 p.m.	<u>Los Nietos</u> 6:30 a.m. - 8:30 a.m. 12:00 p.m. - 6:00 p.m.	<u>Lakeview</u> 6:30 a.m. - 8:30 a.m. 11:30 a.m. - 6:00 p.m.
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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 GOVERNMENT AUDITING STANDARDS AND THE
CALIFORNIA DEPARTMENT OF EDUCATION CDE AUDIT GUIDE JUNE 2010

To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

Report on Compliance of the General Child Development Program

We have audited the compliance of the General Child Development Program of the City of Santa Fe Springs, California (the "City"), with the types of compliance requirements described in the *CDE Audit Guide* issued by the California Department of Education, June 2010, for the year ended June 30, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for compliance requirements described in the *CDE Audit Guide* issued by the California Department of Education, June 2010.

Auditor's Responsibility

Our responsibility is to express opinions on compliance with the requirements described in the *CDE Audit Guide* issued by the California Department of Education, June 2010. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements described in the *CDE Audit Guide* issued by the California Department of Education, June 2010. Those standards and the requirements described in the *CDE Audit Guide* issued by the California Department of Education, June 2010, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the General Child Development Program occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the General Child Development Program

In our opinion, the City complied, in all material respects, with the requirements referred to above applicable to the General Child Development Program for the year ended June 30, 2014.



To the Honorable Mayor and Members of the City Council
City of Santa Fe Springs, California

Report on Internal Control Over Compliance of the General Child Development Program

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the General Child Development Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *CDE Audit Guide* issued by the California Department of Education, June 2010. Accordingly, this communication is not suitable for any other purpose.

December 3, 2014

**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, 2014**

(1) CURRENT YEAR FINDINGS

None

(2) STATUS OF PRIOR YEAR FINDINGS

None