

**COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY  
CHILD DEVELOPMENT PROGRAM**

**Statement of Grant Revenues and Expenditures with  
Independent Auditor's Report Thereon**

**Fiscal Year Ended June 30, 2011**

COUNTY OF SAN MATEO  
Human Services Agency  
Child Development Program  
June 30, 2011

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## Office of Controller



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### Independent Auditor's Report

Director  
Human Services Agency  
County of San Mateo, California

We have audited the accompanying Statement of Grant Revenues and Expenditures of the County of San Mateo Human Services Agency Child Development Program (the Program), as of and for the year ended June 30, 2011, as listed in the table of contents. This statement is the responsibility of the Program's management. Our responsibility is to express opinions on the Statement of Grant Revenues and Expenditures 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinions.

As discussed in Note 1, the Statement of Grant Revenues and Expenditures is intended to present the grant revenues and expenditures of the Program for the purpose of complying with the audit requirements of the *Audit Guide* issued by California Department of Education. It does not purport to, and do not, present fairly the financial position of the County of San Mateo, as of June 30, 2011, 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.

As required by various statues within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair *Government Auditing Standards* of independence. Specifically, "auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant and/or material to the subject of the audit." Although the County Controller is statutorily obligated to maintain the accounts of departments, agencies or funds that are contained within the county treasury, we believe adequate safeguards and division of responsibility exist. The Controller is independently elected and is directly accountable to the voters and the Controller's Internal Audit Division, which has the responsibility to perform audits, has no other responsibility for the accounts and records being audited including the approval or posting of the transactions subject to audit. This would therefore enable the reader of this report to rely on the information contained herein.

In our opinion, except for the effects, if any, to the disclosure noted above, the Statement of Grant Revenues and Expenditures referred to above present fairly, in all material respects, the grant revenues and expenditures of the Program for the year ended June 30, 2011, 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 8, 2011, on our consideration of the 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 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 Statement of Grant Revenues and Expenditures. The accompanying supplementary information contained in Schedules 1 through 12 are presented for purposes of additional analysis as required by the *Audit Guide* issued by the California Department of Education and are not a required part of the Statement of Grant Revenues and Expenditures of the Program. The information has been subjected to the auditing procedures applied in the audit of the Statement of Grant Revenues and Expenditures and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Statement of Grant Revenues and Expenditures 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 Statement of Grant Revenues and Expenditures as a whole.

*County of San Mateo Controller*

Redwood City, California  
December 8, 2011

**FINANCIAL STATEMENT**  
**Combined Statement of Grant Revenues and**  
**Expenditures**

COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY  
CHILD DEVELOPMENT PROGRAM

COMBINED STATEMENT OF GRANT REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2011

**Program Revenues**

Operating grants and contributions:

California Department of Education (Note 4)	\$ 2,566,520
Interfund Revenue (Note 4)	170,757

Charges for Services:

Parent Fees (Note 6)	105,199
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<b>Total Program Revenues</b>	<u>2,842,476</u>
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**Expenditures (Note 4)**

Salaries	231,864
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Employee Benefits	77,704
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Books and Supplies	5,341
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Provider Payments	2,325,274
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Other Operating Expenses	202,293
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Total Expenditures	<u>2,842,476</u>
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<b>Excess of Revenues over Expenditures</b>	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of this financial statement.

FINANCIAL STATEMENT  
Notes to the Statement of Grant  
Revenues and Expenditures

County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Statement of Grant Revenues and Expenditures  
June 30, 2011

**1. THE FINANCIAL REPORTING ENTITY**

The financial statement presents only the grant revenues and expenditures of the County of San Mateo Human Services Agency Child Development Program (Program). For additional information regarding the County of San Mateo, please refer to the Comprehensive Annual Financial Report available online at [www.co.sanmateo.ca.us](http://www.co.sanmateo.ca.us). The Human Services Agency receives program funds from the California Department of Education (CDE). It provides referral and other related services for parents seeking child care and subsidizes the cost of child care for eligible families.

A Child Development Trust Fund is used to account for grant funds. Child care grants are restricted funds that may only be utilized in accordance with the purposes established by the sources of such funds. Grant funds are transferred as needed to separate budget units used to account for revenues and expenditures for the various grants.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The *Statement of Grant Revenues and Expenditures* was prepared for the purpose of complying with the *Audit Guide* issued by the CDE and includes only revenues and expenditures related to the Program.

Component of the reporting structure applicable to the Program transactions:

*Governmental Funds*

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when their receipt occurs within 90 days after the end of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred, as under accrual accounting.

**B. Accounting Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

**3. DESCRIPTION OF GRANTS**

**A. Alternative Payment Program**

The CDE allocated a Maximum Reimbursable Amount of \$758,573 under agreement number CAPP-0061 to the County of San Mateo's Human Services Agency for the contract period July 1, 2010 to June 30, 2011. In accordance with federal law, funds for the Alternative Payment Program were only used to fund services for Child Care Development. The total award amount was expended during the contract period.



County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Statement of Grant Revenues and Expenditures  
June 30, 2011

**3. DESCRIPTION OF GRANTS (Continued)**

**B. Alternative Payment – Stage 2 Program**

The CDE allocated a Maximum Reimbursable Amount of \$1,933,061 under agreement number C2AP-0056 to the County of San Mateo's Human Services Agency for the contract period July 1, 2010 to June 30, 2011. In accordance with federal law, funds for the Alternative Payment – Stage 2 Program were only used to fund services for Child Care Development. Of the total award amount, only \$1,807,947 was expended during the contract period. Any unspent funds revert back to the State.

**4. GRANT REVENUES AND EXPENDITURES**

Total grant revenues reported for the fiscal year include \$259,906 reimbursed by the CDE after year-end. The Alternative Payment Program received \$95,818 and Alternative Payment Program – Stage 2 received \$164,088 of the grant revenues received subsequent to year-end.

Total grant expenditures reported for the Alternative Payment Program exceeded the Maximum Reimbursable Amount of \$758,573. Program expenditures in excess of State Maximum Reimbursable Amount are absorbed by the County's General Fund. Total grant expenditures for the Alternative Payment Program – Stage 2, are less than the apportionments received from the State (\$1,828,823). The excess apportionments (\$20,876) revert to the State.

**5. PENSION PLAN**

The Program employees are participants in the San Mateo County Employees' Retirement Association (SamCERA), founded in 1944 under the authority granted by Article XVI of the Constitution of the State of California, the County Employees' Retirement Law of 1937 (the 1937 Act). SamCERA is governed by the California Constitution, the 1937 Act, and the by-laws, procedures, and policies adopted by the Board of Retirement.

SamCERA is a cost-sharing multiple employer, defined benefit pension plan established to provide pension benefits for substantially all permanent employees of the County and the San Mateo County Mosquito Abatement District. Management of SamCERA is vested in the Board of Retirement consisting of nine members.

SamCERA provides service retirement, disability, and death benefits based on defined benefit formulas using final average compensation, years of service, and age factors to calculate benefits payable.

For fiscal year ended June 30, 2011, the Program's annual pension cost was equal to the required contribution. The total pension expense charged to the Alternative Payment Program for Program employees was \$22,522.

SamCERA issues a publicly available financial report that includes financial statements and required supplementary information. A complete Comprehensive Annual Financial Report for SamCERA can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Statement of Grant Revenues and Expenditures  
June 30, 2011

**6. PARENT FEES**

Parent fees represent the portion of child care expenses that are to be paid by parents who do not qualify for the full subsidy. The parents pay the County of San Mateo Human Services Agency Child Development Fund indirectly for their portion of the child care expenses. For the fiscal year ended June 30, 2011, parent fees received amounted to \$105,199.

**7. COST ALLOCATION OF EXPENSES**

The Program allocates all costs based on a method, which best represents the benefits received and/or costs expensed. Accordingly, the County of San Mateo Human Services Agency Child Development Fund uses several methods of expense allocation.

Cost Allocation Methods:

Direct Charge: Not a shared cost. All actual costs are directly identified with and charged to the program.

Staff Time: Shared cost. Actual costs are allocated to each program based on the total actual staff time spent on each program.

Shared costs for the Alternative Payment Program are allocated using the “Staff Time” method of allocation. The total number of caseworker hours by function (i.e. child care, social services) is collected and each function’s percentage of the whole is determined. These percentages are then used to allocate the month’s generic operating costs such as travel, space, and other operating expenses into the different functions. Time study hours spent on each program are then used to allocate the adjusted operating costs to each program within the function.

**8. FEDERAL AND STATE GRANTS**

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

**9. RESTRICTION ON INTERFUND BORROWINGS**

The CDE prohibits interfund borrowings of any revenues received through a State of California contract to programs funded by other sources.

**10. FUNDING OF DEFICITS**

The General Fund of the County of San Mateo is responsible for offsetting deficits, should any result in a future period, from revenues inadequate to cover expenditures in the Program.

County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Statement of Grant Revenues and Expenditures  
June 30, 2011

**11. MAINTENANCE OF EFFORT REQUIREMENT**

The County satisfied its Maintenance of Effort requirement for the Alternative Payment Program-General of \$76,848 which was the amount retained by the Program. No amount was distributed to non-County child care programs.

**12. RISK MANAGEMENT**

The Program is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The County of San Mateo, through its self-insurance program, provides the Program with Worker's Compensation and Employer Liability Insurance. The County Counsel provides legal representation for any claims or litigation of the Program.

## **SUPPLEMENTARY INFORMATION**

COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY  
CHILD DEVELOPMENT PROGRAM

SCHEDULE OF FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ALTERNATIVE PAYMENT		TOTAL
	COMBINED PROGRAM	CALWORKS STAGE 2 COMBINED PROGRAM	
<b>Revenues</b>			
Operating grants and contributions:			
California Department of Education	\$ 758,573	\$ 1,807,947	\$ 2,566,520
Interfund Revenue	170,757	-	170,757
Charges for Services:			
Parent Fees	13,547	91,652	105,199
Total Revenues	<u>942,877</u>	<u>1,899,599</u>	<u>2,842,476</u>
<b>Expenditures</b>			
Salaries	66,242	165,622	231,864
Employee Benefits	35,304	42,400	77,704
Books and Supplies	-	5,341	5,341
Provider Payments	722,345	1,602,929	2,325,274
Other Operating Expenses	118,986	83,307	202,293
Total Expenditures	<u>942,877</u>	<u>1,899,599</u>	<u>2,842,476</u>
<b>Excess of Revenues over Expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CALIFORNIA DEPARTMENT OF EDUCATION  
SCHEDULES**

County of San Mateo  
Human Services Agency  
Child Development Program

GENERAL INFORMATION

Fiscal Year Ended June 30, 2011

The Full Official Name of the Agency	County of San Mateo Human Services Agency
Type of Agency	Local Government
Project Number	41-2241-00-8 (Alternative Payment) 41-2241-00-8 (Alternative Payment- Stage 2)
Address of Agency	400 Harbor Boulevard Belmont, CA 94002
Name and Address of Chief Executive	Beverly Beasley Johnson, Director Human Services Agency County of San Mateo 400 Harbor Boulevard Belmont, CA 94002
Telephone Number	(650) 595-7555
Period Covered by Audit	July 1, 2010 to June 30, 2011
Number of Days of Agency Operation	252 Days
Scheduled Hours of Operation Each Day	Opening Time: 8:00 A.M. Closing Time: 5:00 P.M. Number of Hours Open: 8

**FY 2010-2011 Contract Summary**

Agency Name: **County of San Mateo Child Development Program**  
 Vendor #: **2241**

Worksheet	Program Name	Contract #	MRA	Due To State	Due From State	Percentage of MRA
AP	Alternative Payment	CAPP-0061	\$ 758,573	\$ -	\$ 95,818	12.63%
CalWorks 2&3	Alternative Payment - Stage 2	C2AP-0056	1,933,061	20,876	164,088	8.49%
Total			\$ 2,691,634	\$ 20,876	\$ 259,906	21.12%



County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

For the Fiscal Year Ended June 30, 2011

Expenditures	CAPP0061	C2AP0056	Total CDE CD Contracts
Direct payments to providers	\$ 776,811	\$ 1,602,929	\$ 2,379,740
1000 Certificated Salaries	-	-	-
2000 Classified Salaries	30,879	165,622	196,501
3000 Employee Benefits	16,636	42,400	59,036
4000 Books and Supplies	-	5,341	5,341
5000 Services and Other Operating Expenses	55,446	83,307	138,753
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment ( <i>program-related</i> )	-	-	-
6500 Equipment Replacement ( <i>program-related</i> )	-	-	-
Depreciation or Use Allowance	-	-	-
Start-Up Expenses (service level exemption)	-	-	-
Indirect Costs	-	-	-
Total Expenses claimed for reimbursement	<u>879,772</u>	<u>1,899,599</u>	<u>2,779,371</u>
Total Supplemental Expenses	117,571	-	117,571
Total Expenditures	<u><u>\$ 997,343</u></u>	<u><u>\$ 1,899,599</u></u>	<u><u>\$ 2,896,942</u></u>

*We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary and adequately supported according to governing laws, regulations, and contract provisions.*

County of San Mateo  
Human Services Agency  
Child Development Program

RECONCILIATION OF CDE and GAAP EXPENSE REPORTING

For the Fiscal Year Ended June 30, 2011

Expenses	<u>CAPP0061</u>	<u>C2AP0056</u>	<u>Total CDE CD Contracts</u>
<b>Schedule of Expenditures by State Categories (CDE)</b>	\$ 997,343	\$ 1,899,599	\$ 2,896,942
<b>Adjustments to Reconcile Difference in Reporting:</b>			
Reversal of June 2010 accrued expenses claimed in FY11 <sup>1</sup>	(54,466)	-	(54,466)
	<u>(54,466)</u>	<u>-</u>	<u>(54,466)</u>
<b>Combining Statement of Grant Revenues and Expenditures (GAAP)</b>	<u>\$ 942,877</u>	<u>\$ 1,899,599</u>	<u>\$ 2,842,476</u>

<sup>1</sup> Starting FY10/11, contractor switched from cash basis to accrual basis in submitting monthly claims as required by the CDE. For reporting purposes, programs are properly presented on accrual basis in accordance with GAAP and CDE requirements.

<b>AUDITED FINAL FISCAL REPORT</b>			
<b>for Alternative Payment or Family Child Care Home Programs</b>			
Agency Name: <u>County of San Mateo Human Services Agency</u>		Vendor No. <u>2241</u>	
Fiscal Year End: <u>6/30/2011</u>		Contract No. <u>CAPP-0061</u>	
Independent Auditor's Name: <u>San Mateo County Controller's Office</u>			
<b>SECTION I - REVENUE</b>	Column A	Column B	Column C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program			
Restricted income for operating costs			
Cal Learn Program			
Maintenance of Effort	76,848		76,848
Other:			
<b>SUBTOTAL</b>	76,848		76,848
TRANSFER FROM RESERVE FUND			
FAMILY FEES FOR CERTIFIED CHILDREN	13,547		13,547
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			
NON-RESTRICTED INCOME			
Parent fees for noncertified children			
Other:			
<b>TOTAL REVENUE</b>	\$90,395		\$90,395
<b>SECTION II - EXPENSES</b>			
REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers</i>	\$776,811		\$776,811
1000 Certificated Salaries			
2000 Classified Salaries	30,879		30,879
3000 Employee Benefits	16,636		16,636
4000 Books and Supplies			
5000 Services and Other Operating Expenses	55,446		55,446
6100/6200 Other Approved Capital Outlay			
6400 New Equipment ( <i>program-related</i> )			
6500 Equipment Replacement ( <i>program-related</i> )			
Depreciation or Use Allowance			
Start-Up Expenses ( <i>service level exemption</i> )			
Indirect Costs -- Rate: 0.00%			
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			
Other:			
<b>TOTAL EXPENSES</b>	\$879,772		\$879,772
TOTAL ADMINISTRATIVE COST ( <i>included above</i> )	\$102,961	\$117,571	\$220,532
<b>DAYS OF OPERATION</b>	249	3	252
COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:			
Direct Payments to Providers adjusted for difference in reporting. See Schedule 4 to the Audit Report for reconciliation between CDE and GAAP reporting. Auditor adjusted total administrative costs to reflect total actual administrative costs incurred during the fiscal year, which exceeds the reimbursement levels.			

<b>AUDITED FINAL FISCAL REPORT</b>			
<b>for Alternative Payment or Family Child Care Home Programs</b>			
Agency Name: <u>County of San Mateo Human Services Agency</u>		Vendor No. <u>2241</u>	
Fiscal Year End: <u>June 30, 2011</u>		Contract No. <u>CAPP-0061</u>	
	COLUMN A	COLUMN B	COLUMN C
SECTION III - SUPPLEMENTAL REVENUE	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500-AP	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding			
Other (Specify): County Contribution		117,571	117,571
Other (Specify):			
<b>TOTAL SUPPLEMENTAL REVENUE</b>		<b>\$117,571</b>	<b>\$117,571</b>
SECTION IV - SUPPLEMENTAL EXPENSES			
EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries			
2000 Classified Salaries		35,363	35,363
3000 Employee Benefits		18,668	18,668
4000 Books and Supplies			
5000 Services and Other Operating Expenses		63,540	63,540
6000 Equipment/Other Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Other (Specify):			
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			
Other (Specify):			
Other (Specify):			
<b>TOTAL SUPPLEMENTAL EXPENSES</b>		<b>\$117,571</b>	<b>\$117,571</b>
COMMENTS - If necessary, attach additional sheets to explain adjustments:			
Excess of actual administrative expenses incurred during the fiscal year under the program but not claimed for reimbursement.			

<b>AUDITED FINAL FISCAL REPORT</b>			
<b>for Alternative Payment or Family Child Care Home Programs</b>			
Agency Name: <u>County of San Mateo Human Services Agency</u>		Vendor No. <u>2241</u>	
Fiscal Year End: <u>6/30/2011</u>		Contract No. <u>C2AP-0056</u>	
Independent Auditor's Name: <u>San Mateo County Controller's Office</u>			
SECTION I - REVENUE	Column A	Column B	Column C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program			
Restricted income for operating costs			
Cal Learn Program			
Maintenance of Effort			
Other:			
<b>SUBTOTAL</b>			
TRANSFER FROM RESERVE FUND			
FAMILY FEES FOR CERTIFIED CHILDREN	91,652		91,652
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			
NON-RESTRICTED INCOME			
Parent fees for noncertified children			
Other:			
<b>TOTAL REVENUE</b>	\$91,652		\$91,652
<b>SECTION II - EXPENSES</b>			
REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers</i>	\$1,602,928	1	\$1,602,929
1000 Certificated Salaries			
2000 Classified Salaries	163,283	2,339	165,622
3000 Employee Benefits	44,740	(2,340)	42,400
4000 Books and Supplies	5,708	(367)	5,341
5000 Services and Other Operating Expenses	82,940	367	83,307
6100/6200 Other Approved Capital Outlay			
6400 New Equipment ( <i>program-related</i> )			
6500 Equipment Replacement ( <i>program-related</i> )			
Depreciation or Use Allowance			
Start-Up Expenses (service level exemption)			
Indirect Costs -- Rate: 0.00%			
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay			
Other:			
<b>TOTAL EXPENSES</b>	\$1,899,599	-	\$1,899,599
TOTAL ADMINISTRATIVE COST ( <i>included above</i> )	\$113,644	(\$30,775)	\$82,869
<b>DAYS OF OPERATION</b>	249	3	252
COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:			
Note: Certified and Classified Salaries are presented as a single line item on the Combined Statement of Grant Revenues and Expenditures.			
<input checked="" type="checkbox"/> NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if no supplemental revenues or expenses to report.			

County of San Mateo  
Human Services Agency  
Child Development Program

COMBINING SCHEDULE OF ADMINISTRATIVE COSTS - STATE CONTRACTS

For the Fiscal Year Ended June 30, 2011

	ALTERNATIVE PAYMENT		TOTAL
	COMBINED BLOCK GRANT PROGRAM	CALWORKS STAGE 2 COMBINED PROGRAM	
Salaries	\$ 66,242	40,629	\$ 106,871
Employee Benefits	35,304	10,230	45,534
Books & Supplies	-	1,767	1,767
Other Services & Operating Expenses	118,986	30,243	149,229
Total Administrative Costs	<u>\$ 220,532</u>	<u>\$ 82,869</u>	<u>\$ 303,401</u>

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF EQUIPMENT EXPENDITURES  
UTILIZING CONTRACT FUNDS

For the Fiscal Year Ended June 30, 2011

Program	Contract No.	Expenditures Under \$7,500 Unit Cost		Expenditures Over \$7,500 Unit Cost With CDD Approval		Expenditures Over \$7,500 Unit Cost Without CDD Approval	
		Cost	Item	Cost	Item	Cost	Item
Alternative Payment - Combined	CAPP-0061	\$ -	None	\$ -	None	\$ -	None
CalWORKs Stage 2 - Combined	C2AP-0056	-	None	-	None	-	None
	Total	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF REPAIR AND RENOVATION EXPENDITURES  
UTILIZING CONTRACT FUNDS

For the Fiscal Year Ended June 30, 2011

No repair or renovation expenditures were incurred in the fiscal year ended June 30, 2011.



County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the County of San Mateo Human Services Agency Child Development Program.
2. Control deficiencies relating to the audit of the financial statements are reported in the 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*.
3. During the audit, a significant deficiency was identified in the internal control over financial reporting.
4. No instances of noncompliance material to the financial statements of the County of San Mateo Human Services Agency Child Development Program were disclosed during the audit.
5. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Applicable Requirements and on Internal Control Over Compliance.
6. During the audit, no material weaknesses were identified in the internal control over major programs.
7. The auditor's report on compliance for the major federal award program for the County of San Mateo Human Services Agency Child Development Program expresses an unqualified opinion.
8. There are no audit findings relative to the major federal award programs for the County of San Mateo Human Services Agency Child Development Program that are required to be reported in accordance with section 510(a) of OMB Circular A-133.

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Fiscal Year Ended June 30, 2011

9. The program tested as a major program was:

CFDA Number  
93.596

Name of Federal Program  
Child Care Mandatory and Matching Funds of the Child  
Care and Development Fund

10. The threshold for distinguishing Types A and B programs was \$300,000.

11. County of San Mateo Human Services Agency Child Development Program was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT – SIGNIFICANT DEFICIENCIES

See separately issued “Report to the Director”.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

D. STATUS OF FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings in the prior year.

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Passed through State of California			
Department of Education:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CAPP-0061	441,095
Total Federal Expenditures			\$ 441,095

See notes to the Schedule of Expenditures of Federal and Non-federal Awards.

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2011

<u>Nonfederal Grantor/Pass-Through Grantor/Program</u>	<u>Grantor Identifying Number</u>	<u>Non- Federal Expenditures</u>
Non-federal:		
State of California, Department of Education:		
Alternative Payment		
General	CAPP-0061	\$ 317,478
CalWORKs Stage 2	C2AP-0056	<u>1,807,947</u>
Total Non-federal Expenditures		<u><u>\$ 2,125,425</u></u>

See notes to the Schedule of Expenditures of Federal and Non-federal Awards.

County of San Mateo  
Human Services Agency  
Child Development Program

Notes to the Schedule of Federal and  
State Awards

For the Year Ended June 30, 2011

*Note 1. Basis of Presentation*

The accompanying schedule of federal and state awards includes the federal grant activity of the County of San Mateo Human Services Agency Child Development Program (the Program) and is presented on the modified accrual basis of accounting.

*Note 2. Relationship to Federal and Non-federal Financial Reports*

Amounts reported in the accompanying schedule of federal and state awards agree or can be reconciled with amounts reported in the related federal and state financial assistance reports.

*Note 3. Relationship to the Combined Statement of Grant Revenues and Expenditures*

Federal and State financial assistance expenditures agree or can be reconciled with amounts reported in the Program's *Combined Statement of Grant Revenues and Expenditures*.

*Note 4. Amounts Provided to Subrecipients*

Of the total expenditures presented in the schedule, the Program provided state awards to subrecipients as follows:

<u>Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Alternative Payment General – CalWORKS Stage 2	-	<u>\$ 1,807,947</u>

**Office of Controller**



**TOM HUENING  
CONTROLLER**

**COUNTY OF SAN MATEO**

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**Report on Compliance with Applicable Requirements  
and Internal Control over Compliance**

To the Director  
Human Services Agency  
County of San Mateo, California

**Compliance**

We have audited the County of San Mateo's Human Services Agency Child Development Program (the Program) compliance with the *California Department of Education's Audit Guide* applicable to the Program for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Program's management. Our responsibility is to express an opinion on the Program's compliance based on our audit.

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 *Government Auditing Standards* issued by the Comptroller General of the United States; and the *California Department of Education's Audit Guide*. Those standards and the *California Department of Education's Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Program. An audit includes examining, on a test basis, evidence about the Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Program's compliance with those requirements.

In our opinion, the Program complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the Program is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Program's internal control over compliance to determine the auditing procedures for the purpose of expressing our 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 Program's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the County Board of Supervisors, the Director of Human Services Agency, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*County of San Mateo Controller*

Redwood City, California  
December 8, 2011