

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

**Financial Statements and Independent Auditor's Report**

**Fiscal Year Ended June 30, 2009**

COUNTY OF SAN MATEO  
Human Services Agency  
Child Development Program  
June 30, 2009

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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 financial statements of the County of San Mateo Human Services Agency Child Development Program (the Program), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Program's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the basic financial statements, the financial statements of the Program are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities of the County that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the County of San Mateo, as of June 30, 2009, 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 discussed in Note 2C to the basic financial statements, effective July 1, 2008, the Program early implemented the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Program has not presented the *Management's Discussion and Analysis* or the *Budgetary Comparison* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, 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 basic financial statements taken as a whole. The accompanying supplementary information contained in Schedules 1 through 10 are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Audit Guide for Audits of Child Development and Nutrition and Adult Basic Education Programs* issued by the California Department of Education and are not a required part of the financial statements of the Program. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*County of San Mateo Controller*

County of San Mateo, California  
December 9, 2009

**BASIC FINANCIAL STATEMENTS**  
Combined Government-Wide and  
Fund Financial Statements

COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY  
CHILD DEVELOPMENT PROGRAM

COMBINED STATEMENT OF NET ASSETS AND  
BALANCE SHEET-GOVERNMENTAL FUND  
JUNE 30, 2009

<b>Assets</b>	
Cash (Note 3)	\$ 671
Due from County of San Mateo (Note 6)	166,792
	<hr/>
Total Assets	167,463
	<hr/>
<b>Liabilities</b>	
Accounts Payable (Note 5)	92,079
Grants Payable (Note 4)	75,384
	<hr/>
Total Liabilities	167,463
	<hr/>
<b>Fund Balances/Net Assets</b>	<b>\$ -</b>
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN MATEO  
HUMAN SERVICES AGENCY  
CHILD DEVELOPMENT PROGRAM

COMBINED STATEMENT OF ACTIVITIES AND  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2009

**Expenditures/Expenses**

Salaries	\$ 317,267
Employee Benefits	92,130
Books and Supplies	9,670
Provider Payments	2,367,660
Other Operating Expenses	243,412
Equipment Replacement	5,366
Total Expenditures/Expenses	3,035,505

**Program Revenues**

Operating grants and contributions:	
California Department of Education	2,791,622
Due to County of San Mateo (Note 6)	156,510
Charges for Services:	
Parent Fees (Note 7)	87,373
<b>Total Program Revenues</b>	<b>3,035,505</b>

Net Program Revenue -

Change in Fund Balances/Net Assets -

**Fund Balances/Net Assets - beginning** -

**Fund Balances/Net Assets - ending** \$ -

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS**  
**Notes to the Basic Financial Statements**

County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Financial Statements  
June 30, 2009

**1. THE FINANCIAL REPORTING ENTITY**

The financial statements present only the County of San Mateo Human Services Agency Child Development Fund. 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. 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**

Under the new financial reporting model, governments are required to present government-wide and fund financial statements along with reconciliation from the fund financial statements to the government-wide statements. The government-wide financial statements are reported on a basis of accounting similar to a commercial enterprise, which is different from the traditional basis of accounting used for the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

A government engaged in a single governmental program can combine the fund and government-wide financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. The Program is a special-purpose government engaged in a single governmental program and therefore, has presented combined government-wide and fund financial statements. Since there were no reconciling items between the two statements, the financial data has been presented using single columns.

County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Financial Statements  
June 30, 2009

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**C. Implementation of Governmental Accounting Standards Board (GASB) Statement No. 54**

The Program early implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

**3. CASH AND CASH EQUIVALENTS**

Cash is pooled with other funds in the San Mateo County Investment Pool (County Pool), which is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund.

Cash and cash equivalents in the County Pool are reported at fair value, as required by GASB 31. The fair value of cash and cash equivalents as of June 30, 2009 approximates book value.

See the County of San Mateo's Comprehensive Annual Financial Report (CAFR) for details of their investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

**4. GRANTS PAYABLE**

Grants payable represents amounts received from the California Department of Education in excess of reimbursable expenditures incurred under the Child Development Program for fiscal year ended June 30, 2009.

CalWORKs-Stage2

\$ 75,384

County of San Mateo  
 Human Services Agency  
 Child Development Program  
 Notes to the Financial Statements  
 June 30, 2009

**5. ACCOUNTS PAYABLE**

Accounts payable comprises amounts due to subcontractors and child care providers for services provided before fiscal year-end.

CAPP Alternative Payment	\$	59,571
CalWORKS-Stage 2		32,508
Total		92,079

**6. DUE FROM COUNTY OF SAN MATEO**

Amounts reported as due from County of San Mateo represent amounts net receivable from the County General Fund.

CAPP Alternative Payment	\$	227,142
CalWORKS-Stage2		(60,350)
Total		166,792

**7. 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 the 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, 2009, 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 \$15,086.

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 Financial Statements  
June 30, 2009

**8. 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.

**9. COST ALLOCATION OF EXPENSES**

The County of San Mateo Human Services Agency Child Development 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.

**10. 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.

**11. RESTRICTION ON INTERFUND BORROWINGS**

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

**12. 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 County of San Mateo Human Services Agency Child Development Program.

County of San Mateo  
Human Services Agency  
Child Development Program  
Notes to the Financial Statements  
June 30, 2009

**13. MAINTENANCE OF EFFORT REQUIREMENT**

The County satisfied its Maintenance of Effort requirement for the Alternative Payment Program-General of \$76,858 which was the amount retained by the County's Child Development Program. No amount was distributed to non-County child care programs.

**14. 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, 2009

	ALTERNATIVE PAYMENT		TOTAL
	COMBINED PROGRAM	CALWORKS STAGE 2 COMBINED PROGRAM	
<b>Expenditures/Expenses</b>			
Salaries	\$ 63,495	\$ 253,772	\$ 317,267
Employee Benefits	28,426	63,704	92,130
Books and Supplies	-	9,670	9,670
Provider Payments	754,238	1,613,422	2,367,660
Other Operating Expenses	118,745	124,667	243,412
Equipment Replacement	-	5,366	5,366
Total Expenditures/Expenses	964,904	2,070,601	3,035,505
<b>Program Revenues</b>			
Operating grants and contributions:			
California Department of Education	788,073	2,003,549	2,791,622
Intergovernmental Revenues	156,510	-	156,510
Charges for Services:			
Parent Fees	20,321	67,052	87,373
Total Program Revenues	964,904	2,070,601	3,035,505
Net Program Revenue	-	-	-
Change in Fund Balances/Net Assets	-	-	-
<b>Fund Balances/Net Assets - beginning</b>	-	-	-
<b>Fund Balances/Net Assets - ending</b>	\$ -	\$ -	\$ -

**CALIFORNIA DEPARTMENT OF EDUCATION  
SCHEDULES**

County of San Mateo  
 Human Services Agency  
 Child Development Program

## GENERAL INFORMATION

Fiscal Year Ended June 30, 2009

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, 2008 to June 30, 2009
Number of Days of Agency Operation	250 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 2008-2009 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-8064	\$788,073	\$ -	\$ -	0.00%
CalWorks 2&3	Alternative Payment - Stage 2	C2AP-8058	2,850,000	11,692	-	0.00%
Total			\$3,638,073	\$ 11,692	\$ -	0.00%

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

Agency Name: County of San Mateo Human Services Agency Vendor No. 2241

Fiscal Year End: 6/30/2009 Contract No. CAPP-8064

Independent Auditor's Name: San Mateo County Controller's Office

SECTION I - REVENUE	EDP NO.	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	302			
Restricted income for operating costs	306			
Cal Learn Program	308			
Maintenance of Effort	339	76,848	10	76,858
Other:	312			
<b>SUBTOTAL</b>	311	76,848	10	76,858
TRANSFER FROM RESERVE FUND	310			
FAMILY FEES FOR CERTIFIED CHILDREN	329	20,321		20,321
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			
Other:	362			
<b>TOTAL REVENUE</b>	390	\$97,169	\$10	\$97,179

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
<i>Direct Payments to Providers</i>	401	\$753,808	\$430	\$754,238
1000 Certificated Salaries	402			
2000 Classified Salaries	404	63,495		63,495
3000 Employee Benefits	406	28,426		28,426
4000 Books and Supplies	408			
5000 Services and Other Operating Expenses	412	118,745		118,745
6100/6200 Other Approved Capital Outlay	413			
6400 New Equipment ( <i>program-related</i> )	414			
6500 Equipment Replacement ( <i>program-related</i> )	416			
Depreciation or Use Allowance	439			
Start-Up Expenses (service level exemption)	447			
Indirect Costs -- Rate:	459			
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			
Other:	489			
<b>TOTAL EXPENSES</b>	490	\$964,474	\$430	\$964,904
TOTAL ADMINISTRATIVE COST ( <i>included above</i> )	690	\$210,666		\$210,666
<b>DAYS OF OPERATION</b>	169	249	1	250

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

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

Agency Name: County of San Mateo Human Services Agency Vendor No. 2241

Fiscal Year End: 6/30/2009 Contract No. C2AP-8058

Independent Auditor's Name: San Mateo County Controller's Office

SECTION I - REVENUE	EDP NO.	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	302			
Restricted income for operating costs	306			
Cal Learn Program	308			
Maintenance of Effort	339			
Other:	312			
<b>SUBTOTAL</b>	311			
TRANSFER FROM RESERVE FUND	310			
FAMILY FEES FOR CERTIFIED CHILDREN	329	67,612	(560)	67,052
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349			
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356			
Other:	362			
<b>TOTAL REVENUE</b>	390	\$67,612	(\$560)	\$67,052

**SECTION II - EXPENSES**

REIMBURSABLE EXPENSES				
<i>Direct Payments to Providers</i>	401	\$1,621,552	(\$8,130)	\$1,613,422
1000 Certificated Salaries	402			
2000 Classified Salaries	404	253,748	24	253,772
3000 Employee Benefits	406	62,990	714	63,704
4000 Books and Supplies	408	14,530	(4,860)	9,670
5000 Services and Other Operating Expenses	412	120,045	4,622	124,667
6100/6200 Other Approved Capital Outlay	413			
6400 New Equipment ( <i>program-related</i> )	414	1,875	(219)	1,656
6500 Equipment Replacement ( <i>program-related</i> )	416	3,710		3,710
Depreciation or Use Allowance	439			
Start-Up Expenses (service level exemption)	447			
Indirect Costs -- Rate:	459			
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			
Other:	489			
<b>TOTAL EXPENSES</b>	490	\$2,078,450	(\$7,849)	\$2,070,601
TOTAL ADMINISTRATIVE COST ( <i>included above</i> )	690	\$214,348	\$8,494	\$222,842
<b>DAYS OF OPERATION</b>	169	249	1	250

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 Activities and Revenues, Expenditures and Changes in Fund Balance.

County of San Mateo  
Human Services Agency  
Child Development Program

COMBINING SCHEDULE OF ADMINISTRATIVE COSTS - STATE CONTRACTS

For the Fiscal Year Ended June 30, 2009

	ALTERNATIVE PAYMENT		TOTAL
	COMBINED BLOCK GRANT PROGRAM	CALWORKS STAGE 2 COMBINED PROGRAM	
Salaries	\$ 63,495	96,890	\$ 160,385
Employee Benefits	28,426	30,576	59,002
Books & Supplies	-	8,303	8,303
Other Services & Operating Expenses	118,745	81,707	200,452
New Equipment	-	1,656	1,656
Equipment Replacement	-	3,710	3,710
Total Administrative Costs	\$ 210,666	\$ 222,842	\$ 433,508

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF EQUIPMENT EXPENDITURES  
UTILIZING CONTRACT FUNDS

For the Fiscal Year Ended June 30, 2009

Program	Contract No.	Cost	Expenditures Under \$7,500 Unit Cost Item	Expenditures Over \$7,500 Unit Cost With CDD Approval		Expenditures Over \$7,500 Unit Cost Without CDD Approval	
				Cost	Item	Cost	Item
Alternative Payment - Combined	CAPP-8064	\$ -	None	\$ -	None	\$ -	None
CalWORKs Stage 2 - Combined	C2AP-8058	5,366	Computers/Printer/Copy Machine	-	None	-	None
	Total	<u>\$ 5,366</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, 2009

No repair or renovation expenditures were incurred in the fiscal year ended June 30, 2009.

County of San Mateo  
Human Services Agency  
Child Development Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2009

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 material weakness 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 Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
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 programs 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, 2009

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 NON-FEDERAL AWARDS

For the Year Ended June 30, 2009

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 and Development Block Grant	93.575	C2AP-8058	\$ 40,071
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CAPP-8064	<u>441,095</u>
Total Federal Expenditures			<u><u>\$ 481,166</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

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS

For the Year Ended June 30, 2009

<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-8064	\$ 346,978
CalWORKs Stage 2	C2AP-8058	<u>1,963,478</u>
Total Non-federal Expenditures		<u><u>\$ 2,310,456</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 Expenditures of Federal and  
Non-federal Awards

For the Year Ended June 30, 2009

*Note 1. Basis of Presentation*

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

*Note 3. Relationship to Basic Financial Statements*

Federal and non-federal financial assistance expenditures agree or can be reconciled with amounts reported in the Program's basic financial statements.

*Note 4. Amounts Provided to Subrecipients*

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

<u>Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Child Care & Development Block Grant	93.575	\$ 40,071
Alternative Payment General – CalWORKS Stage 2	N/A	<u>1,963,478</u>
		<u>\$ 2,003,549</u>



**TOM HUENING**  
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**COUNTY OF SAN MATEO**

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**Report on Compliance with Requirements Applicable to Each Major  
Program and on Internal Control Over Compliance in Accordance  
With OMB Circular A-133**

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

**Compliance**

We have audited the compliance of the County of San Mateo Human Services Agency Child Development Program, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of San Mateo Human Services Agency Child Development Program's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (Schedule 8). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of San Mateo Human Services Agency Child Development Program's management. Our responsibility is to express an opinion on the County of San Mateo Human Services Agency Child Development 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of San Mateo Human Services Agency Child Development 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 on the County of San Mateo Human Services Agency Child Development Program's compliance with those requirements.

In our opinion, the County of San Mateo Human Services Agency Child Development Program, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of the County of San Mateo Human Services Agency Child Development Program, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of San Mateo Human Services Agency Child Development Program's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 San Mateo Human Services Agency Child Development Program's internal control over compliance.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

This report is intended solely for the information and use of management, others within the organization, the California Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*County of San Mateo Controller*

County of San Mateo, California  
December 9, 2009