

COMMUNITY SERVICES AGENCY

Kathryn M. Harwell
Director

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BOARD OF SUPERVISORS

2014 MAR 31 P 1:28

March 21, 2014

To the County of Stanislaus Board of Supervisors
Modesto, California

In accordance with a California Department of Education (CDE) requirement that the Community Services Agency (CSA) submit an annual audit of the Child Care and Development Stage 2 and Stage 3 Contracts, Brown Armstrong Accountancy Corporation completed our audit on November 11, 2013. The Fiscal Year 2012-2013 Audit is attached for your review and records.

The Auditors' Statement of Audit Standards SAS 114 letter, "The Auditor's Communication with Those Charged with Governance," is the required audit communication to the Agency and the Board of Supervisors.

The Auditors' report states that the Child Care Fiscal Year 2012-2013 financial statements present fairly, in all material respects, the financial position of the Agency's Child Care programs as of June 30, 2013 and meet Generally Accepted Accounting Principles in the United States.

The audited Financial Statement totaled \$4,620,944 with no current year findings or observations. In their testing of the Program's compliance with provisions of law, regulations, contracts, and grant agreements, the Auditors found no instances of noncompliance or other matters of concern.

The audit recognizes the Agency's ongoing commitment to improve and utilize best business practices. This information is intended solely for use by the Stanislaus County Board of Supervisors, the Chief Executive Office, and CSA management.

Kathryn M. Harwell
Director



**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2013**

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS**

TABLE OF CONTENTS

	<u>Page</u>
General Information.....	i
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Balance Sheet.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	6
Notes to Financial Statements.....	7
Supplemental Information:	
Schedule of Expenditures by State Category	11
Audited Final Fiscal Report for Alternative Payment Program – C2AP – 2068.....	13
Audited Final Fiscal Report for Alternative Payment Program – C3AP – 2066.....	14
Combining Schedule of Administrative Costs.....	15
Schedule of Equipment Expenditures Utilizing Contract Funds	16
Schedule of Renovation and Repair Expenditures Utilizing Contract Funds	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance (Including Those Contained in the <i>CDE Audit Guide</i> , issued by the State of California Department of Education) and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Findings and Questioned Costs – Current Year	20
Findings and Questioned Costs – Prior Year.....	21

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
GENERAL INFORMATION
JUNE 30, 2013**

Official Name, Address, and Telephone Number of Agency

County of Stanislaus
Community Services Agency
251 E. Hackett Road
P.O. Box 42
Modesto, CA 95353
(209) 558-2500

Program Name and Contract Numbers

C2AP – 2068 CCDF Alternative Payment, Stage 2 CalWORKS
C3AP – 2066 CCDF Alternative Payment, Stage 3 CalWORKS

Type of Agency

Public Agency

Agency Director

Kathryn Harwell

Grant Period

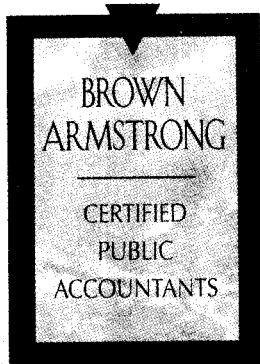
July 1, 2012 to June 30, 2013

Days of Operation

245

Hours of Operation

Opening Time: 8:00 A.M.
Closing Time: 5:00 P.M.
Total number of hours open per day: 9.0



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the County of Stanislaus Board of Supervisors
Modesto, California

Report of the Financial Statements

We have audited the accompanying financial statements of the County of Stanislaus Community Services Agency Program Services and Support Fund's Child Development Programs (the Programs) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Programs' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 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.

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Programs, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management discussion and analysis (MD&A) and budgetary comparison schedule 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Programs' basic financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *CDE Audit Guide* issued by the California Department of Education. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Implementation of New Accounting Standard

As disclosed in Note 2 to the financial statements, the Programs implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 modified the current financial reporting elements. GASB Statement No. 63 had significant impact over the Programs' financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013, on our consideration of the Programs' 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 Programs' internal control over financial reporting and compliance.

Bakersfield, California
November 11, 2013

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

FINANCIAL STATEMENTS

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>
ASSETS	
Restricted cash	\$ 372,755
Grants receivable	<u>75,625</u>
Total assets	<u><u>\$ 448,380</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 441,731
Due to the California Department of Education (CDE)	<u>6,649</u>
Total liabilities	448,380
NET POSITION	<u><u>\$ -</u></u>

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

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
STATEMENT OF ACTIVITIES
JUNE 30, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expenses and Changes in Net Position of Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Functions/Programs				
Governmental activities -				
General government	\$ 4,620,944	\$ 130,409	\$ 4,490,535	\$ -
Total	<u>\$ 4,620,944</u>	<u>\$ 130,409</u>	<u>\$ 4,490,535</u>	<u>-</u>
		Change in net position		<u>-</u>
		Net position - beginning		<u>-</u>
		Net position - ending		<u>\$ -</u>

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

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
BALANCE SHEET
JUNE 30, 2013**

	Alternative Payment Programs			Stage 2 and 3 Total
	Stage 2 C2AP 100% State	66% Federal	Stage 3 C3AP 34% State Total Stage 3	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Restricted cash	\$ 337,832	\$ -	\$ 34,923	\$ 372,755
Grants receivable	20,070	55,555	-	75,625
Total assets	<u>\$ 357,902</u>	<u>\$ 55,555</u>	<u>\$ 34,923</u>	<u>\$ 448,380</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 357,902	\$ 55,555	\$ 28,274	\$ 441,731
Due to the California Department of Education (CDE)	-	-	6,649	6,649
Total liabilities	357,902	55,555	34,923	448,380
Fund balances	-	-	-	-
Total liabilities and fund balances	<u>\$ 357,902</u>	<u>\$ 55,555</u>	<u>\$ 34,923</u>	<u>\$ 448,380</u>

Reconciliation of the Balance Sheet to the Statement of Net Position

Total fund balance - governmental funds	\$ -
Differences	-
Net position - governmental activities	<u>\$ -</u>

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

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Alternative Payment Programs</u>		<u>Total</u>
	<u>Stage 2 C2AP</u>	<u>Stage 3 C3AP</u>	
REVENUES			
Government apportionment:			
Current year contracts	\$ 3,723,062	\$ 767,473	\$ 4,490,535
Parent fees	82,614	47,795	130,409
Total revenues	<u>3,805,676</u>	<u>815,268</u>	<u>4,620,944</u>
EXPENDITURES			
Salaries	388,746	71,370	460,116
Employee benefits	203,761	37,292	241,053
Provider payments	3,109,509	686,470	3,795,979
Other operating expenditures	103,660	20,136	123,796
Total expenditures	<u>3,805,676</u>	<u>815,268</u>	<u>4,620,944</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities			
Net change in fund balances - governmental funds			\$ -
Difference			<u>-</u>
Change in net position - governmental activities			<u>\$ -</u>

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

COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements of the County of Stanislaus Community Services Agency Program Services and Support Fund's Child Development Programs (the Programs) include the financial activities of the alternative payment programs which make payments directly to child care providers for eligible families that receive subsidized child care services. The financial operations of the Programs are accounted for in the Special Revenue Funds of the County of Stanislaus (County).

The accompanying financial statements are not intended to present the financial position or results of operations of the County. For complete disclosures refer to the County's Annual Financial Report.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by federal and state grants and parent fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

When both restricted and unrestricted resources are available for use, it is the Programs' policy to use restricted resources first, then unrestricted resources as they are needed.

The Programs apply all private sector standards of accounting and financial reporting issued prior to December 1, 1989, for the government-wide financial statements to the extent that those standards do not conflict with or contradict Governmental Accounting Standards Board (GASB) guidance. The Programs have elected not to apply any standards of the Financial Accounting Standards Board issued after this date.

C. Fund Accounting

The accounts of the County are organized on the basis of funds which are considered to be separate accounting entities. The operations of the Child Care Fund are accounted for in separate sets of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and for individual funds based on the purposes for which they are spent and means by which spending activities are controlled. These funds are legally restricted for specific purposes and are included in the basic financial statements of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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 when a liability is incurred, regardless of the timing of related cash flows.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or “*current financial resources*” measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net position.

The Programs’ financial activities are accounted for using the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Revenues considered susceptible to accrual include charges for services, federal and state grants, and interest. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

E. Reconciliation of Government-Wide and Fund Financial Statements

A reconciliation of the total fund balance for governmental funds to the total net position of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total fund balance and total net position for the fiscal year ended June 30, 2013.

A reconciliation of the total net change in fund balances for governmental funds to the total changes in net position of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total net change in fund balances and total changes in net position for the fiscal year ended June 30, 2013.

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENT

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* modifies current financial reporting of those elements. The largest change was the replacement of the Statement of Net Assets with a Statement of Net Position and a Statement of Changes in Net Position instead of the Statement of Changes in Net Assets upon implementation for periods beginning after December 15, 2011. The Programs have implemented this change for the fiscal year ended June 30, 2013.

NOTE 3 – RESTRICTED CASH

The County maintains a cash pool that is available for use by all funds. Separate cash balances for individual contracts within the Programs are not maintained by the County. Cash balances for individual contracts are determined from cash receipt and cash disbursement records of the individual contracts. Cash under the Programs are restricted for program uses only.

NOTE 4 – AMOUNTS DUE FROM (TO) OTHER AGENCIES

Due from (to) the State of California Department of Education

The amount due from the State of California Department of Education represents grants receivable under the fiscal year 2012-2013 contracts with the State of California Department of Education. As of June 30, 2013, the Programs have \$75,625 receivable from the State of California Department of Education, including \$6,649 representing a reallocation between Federal and State funding dollars for the Stage 3 Program.

NOTE 4 – AMOUNTS DUE FROM (TO) OTHER AGENCIES (Continued)Due from (to) the State of California Department of Education (Continued)

The amount due to the State of California Department of Education represents the overpayments of fiscal year 2012-2013 contracts with the State of California Department of Education. As of June 30, 2013, the Programs have \$6,649 due to the State of California Department of Education, including \$6,649 representing a reallocation between Federal and State funding dollars for the Stage 3 Program for a net of \$0 due to the California Department of Education.

NOTE 5 – LIABILITIES

Liabilities of the Programs totaled \$441,731 at June 30, 2013. This amount primarily consisted of expenses related to child care providers.

NOTE 6 – CHILD DEVELOPMENT CONTRACTS

The Programs contract with the California State Department of Education to conduct a child care alternative payment program. The Programs' reimbursement is the lesser of allowable costs incurred and a maximum funding amount. For the year ended June 30, 2013, the Programs earned \$4,490,535 of the maximum contract amount of \$4,594,104.

The Programs had the following grant expenditures and corresponding grant receipts for the fiscal year ending June 30, 2013, not including \$21,047 Stage 3 Grant revenues received after June 30, 2013:

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Grant Award Amount</u>	<u>Grant Expenditures</u>	<u>Grant Revenues Received</u>	<u>Amount Due From / (To) State</u>
Program Grants						
Federal Grants Passed Through the State						
Alternative Payment - Stage 2	N/A	C2AP-2068	\$ -	\$ -	\$ -	\$ -
Alternative Payment - Stage 3	93.575	C3AP-2066	521,678	508,615	453,060	55,555
Total Federal Grants			521,678	508,615	453,060	55,555
State Grants						
Alternative Payment - Stage 2	N/A	C2AP-2068	3,806,918	3,723,062	3,702,992	20,070
Alternative Payment - Stage 3	N/A	C3AP-2066	165,508	161,362	165,507	(4,145)
Alternative Payment - Stage 3	N/A	C3AP-2066	100,000	97,496	100,000	(2,504)
Total State Grants			4,072,426	3,981,920	3,968,499	13,421
Federal and State Total						
Alternative Payment - Stage 2		C2AP-2068	3,806,918	3,723,062	3,702,992	20,070
Alternative Payment - Stage 3		C3AP-2066	787,186	767,473	718,567	48,906
Total Program Grants			\$ 4,594,104	\$ 4,490,535	\$ 4,421,559	\$ 68,976

NOTE 7 – 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 child care provider directly for their portion of the child care expenses. The County adjusts the fee amount from the provider's payment amount.

NOTE 8 – RENT

The Alternative Payment Child Development Programs are housed in County buildings. Rent is charged to the Community Services Agency on the basis of square footage utilized and then allocated to the Programs through the Statewide Cost Plan for County Welfare departments, County Expense Claim (CEC).

NOTE 9 – COST ALLOCATION OF EXPENSES

The County accumulates shared costs such as overhead, utilities, and administrative salaries in a cost pool and allocates these costs quarterly to each program based on time study hours through the CEC.

NOTE 10 – CONTINGENCIES

The Programs receive 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.

NOTE 11 – SELF-INSURANCE

The County has a risk management program with respect to workers' compensation, general and professional liability, unemployment, vision care, and dental care. Under its existing workers' compensation insurance plan, the County is responsible for the first \$500,000 per occurrence, with a commercial insurance company providing excess coverage up to the statutory limits. The general liability insurance including personal injury, auto, and public officials' errors and omissions are the County's responsibility for the first \$250,000 per occurrence with the excess insured by CSAC Excess Insurance Authority for up to \$25,000,000. The County's property coverage is insured through CSAC Excess Insurance Authority and several commercial insurance carriers for \$584,896,996 with a \$10,000 deductible. The County is self-insured for unemployment, health benefits, vision care, and dental care. The Programs reimburse the County for this coverage through an allocation of overhead expense and do not believe there is any additional exposure that needs to be accrued.

NOTE 12 – RESTRICTION ON INTERFUNDING BORROWING

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

NOTE 13 – FUNDING OF DEFICITS

The General Fund of the County is responsible for offsetting deficits, should any result in a future period, from revenues inadequate to cover expenditures in the Programs. There were no contributions from the County during the current year.

NOTE 14 – SUBSEQUENT EVENTS

The Programs' management has evaluated all events and transactions that occurred after June 30, 2013, and through November 11, 2013, the date the financial statements and accompanying notes to financial statements were available to be issued. During this period, no events or transactions occurred that would require adjustment of the financial statements or disclosure in the accompanying notes.

SUPPLEMENTAL INFORMATION
(as required by the State of California)

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
SCHEDULE OF EXPENDITURES BY STATE CATEGORY
FOR THE YEAR ENDED JUNE 30, 2013**

		Stage 2 Alternative Payment		
		Federal Grant	State Grant	Total
Classified salaries				
2200	Administrators' salaries	\$ -	\$ 34,268	\$ 34,268
2300	Clerical and other office salaries	-	170,978	170,978
2900	Other classified salaries	-	183,500	183,500
2000	Total classified salaries	-	388,746	388,746
Employee benefits				
3300	Social security	-	28,130	28,130
3400	Health and welfare benefits	-	89,828	89,828
3500	State unemployment benefits	-	2,418	2,418
3600	Workers' compensation insurance	-	6,070	6,070
3900	Other benefits	-	77,315	77,315
3000	Total employee benefits	-	203,761	203,761
Books and supplies				
4300	Instructional materials and supplies	-	-	-
4400	Non-capitalized equipment and furniture	-	-	-
4500	Other supplies	-	-	-
4000	Total books and supplies	-	-	-
Services and other operating expenditures				
5100	Direct provider payments	-	3,109,509	3,109,509
5100	Personal services of instructional consultants, lecturers, and others	-	581	581
5200	Travel and conferences	-	3,808	3,808
5300	Dues and memberships	-	430	430
5400	Insurance	-	3,146	3,146
5500	Utilities and housekeeping services	-	15,494	15,494
5600	Rentals, leases, repairs, and non-capitalized improvements	-	13,537	13,537
5700	Audit fees	-	19,888	19,888
5800	Other services and operating expenditures	-	46,776	46,776
5000	Total services and other operating expenditures	-	3,213,169	3,213,169
Total net reimbursable expenditures		\$ -	\$ 3,805,676	\$ 3,805,676

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
SCHEDULE OF EXPENDITURES BY STATE CATEGORY (Continued)
FOR THE YEAR ENDED JUNE 30, 2013**

		Stage 3 Alternative Payment		
		Federal Grant	State Grant	Total
Classified salaries				
2200	Administrators' salaries	\$ 4,054	\$ 2,061	\$ 6,115
2300	Clerical and other office salaries	20,758	10,566	31,324
2900	Other classified salaries	22,486	11,445	33,931
2000	Total classified salaries	47,298	24,072	71,370
Employee benefits				
3300	Social security	3,425	1,745	5,170
3400	Health and welfare benefits	10,726	5,459	16,185
3500	State unemployment benefits	290	148	438
3600	Workers' compensation insurance	730	371	1,101
3900	Other benefits	9,542	4,856	14,398
3000	Total employee benefits	24,713	12,579	37,292
Books and supplies				
4300	Instructional materials and supplies	-	-	-
4400	Non-capitalized equipment and furniture	-	-	-
4500	Other supplies	-	-	-
4000	Total books and supplies	-	-	-
Services and other operating expenditures				
5100	Direct provider payments	454,932	231,538	686,470
5100	Personal services of instructional consultants, lecturers, and others	70	32	102
5200	Travel and conferences	441	224	665
5300	Dues and memberships	76	39	115
5400	Insurance	363	185	548
5500	Utilities and housekeeping services	1,900	967	2,867
5600	Rentals, leases, repairs, and non-capitalized improvements	1,714	873	2,587
5700	Audit fees	2,725	1,387	4,112
5800	Other services and operating expenditures	6,057	3,083	9,140
5000	Total services and other operating expenditures	468,278	238,328	706,606
Total net reimbursable expenditures		\$ 540,289	\$ 274,979	\$ 815,268

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

Agency Name: County of Stanislaus Vendor No. 2250
 Fiscal Year End: June 30, 2013 Contract No. C2AP - 2068
 Independent Auditor's Name: Brown Armstrong Accountancy Corporation

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	\$0	\$0	\$0
Restricted Income for Operating Costs	306	0	0	0
Cal Learn Program	308	0	0	0
Maintenance of Effort	339	0	0	0
Other (Specify):	312	0	0	0
SUBTOTAL	311	\$0	\$0	\$0
TRANSFER FROM RESERVE FUND	310	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN	329	82,614	0	82,614
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349	0	0	0
NON-RESTRICTED INCOME		0	0	0
Parent Fees for Noncertified Children	356	0	0	0
Other (Specify):	362	\$0	\$0	\$0
TOTAL REVENUE	390	\$82,614	\$0	\$82,614
SECTION II - EXPENSES				
REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$3,109,509	\$0	\$3,109,509
1000 Certificated Salaries	402	0	0	0
2000 Classified Salaries	404	388,746	0	388,746
3000 Employee Benefits	406	203,761	0	203,761
4000 Books and Supplies	408	0	0	0
5000 Services and Other Operating Expenses	412	103,660	0	103,660
6100/6200 Other Approved Capital Outlay	413	0	0	0
6400 New Equipment (program-related)	414	0	0	0
6500 Equipment Replacement (program-related)	416	0	0	0
Depreciation or Use Allowance	439	0	0	0
Start-Up Expenses (service level exemption)	447	0	0	0
Indirect Costs -- Rate %	459	0	0	0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay	479	0	0	0
Other (Specify):	489	0	0	0
TOTAL EXPENSES	490	\$3,805,676	\$0	\$3,805,676
TOTAL ADMINISTRATIVE COST (included above)	690	\$47,884	\$19,888	\$67,772
DAYS OF OPERATION	169	245	0	245

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

Line 5000 includes \$19,888 accrual for Audit Fees.

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

Agency Name: County of Stanislaus Vendor No. 2250Fiscal Year End: June 30, 2013 Contract No. C3AP - 2066Independent Auditor's Name: Brown Armstrong Accountancy Corporation

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	\$0	\$0	\$0
Restricted Income for Operating Costs	306	0	0	0
Cal Learn Program	308	0	0	0
Maintenance of Effort	339	0	0	0
Other (Specify):	312	0	0	0
SUBTOTAL	311	\$0	\$0	\$0
TRANSFER FROM RESERVE FUND	310	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN	329	47,795	0	47,795
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS	349	0	0	0
NON-RESTRICTED INCOME				
Parent Fees for Noncertified Children	356	0	0	0
Other (Specify):	362	\$0	\$0	\$0
TOTAL REVENUE	390	\$47,795	\$0	\$47,795
SECTION II - EXPENSES				
REIMBURSABLE EXPENSES				
Direct Payments to Providers	401	\$686,470	\$0	\$686,470
1000 Certificated Salaries	402	0	0	0
2000 Classified Salaries	404	71,370	0	71,370
3000 Employee Benefits	406	37,292	0	37,292
4000 Books and Supplies	408	0	0	0
5000 Services and Other Operating Expenses	412	20,136	0	20,136
6100/6200 Other Approved Capital Outlay	413	0	0	0
6400 New Equipment (program-related)	414	0	0	0
6500 Equipment Replacement (program-related)	416	0	0	0
Depreciation or Use Allowance	439	0	0	0
Start-Up Expenses (service level exemption)	447	0	0	0
Indirect Costs -- Rate %	459	0	0	0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay	479	0	0	0
Other (Specify):	489	0	0	0
TOTAL EXPENSES	490	\$815,268	\$0	\$815,268
TOTAL ADMINISTRATIVE COST (included above)	690	\$8,673	\$4,112	\$12,785
DAYS OF OPERATION	169	245	0	245

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

Line 5000 includes \$4,112 accrual for Audit Fees.

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
COMBINING SCHEDULE OF ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

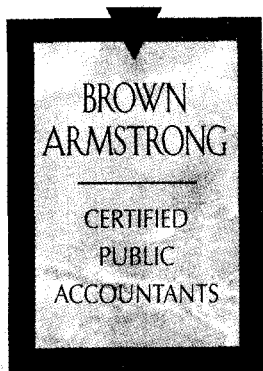
	Alternative Payment		Total
	C2AP	C3AP	
Salaries	\$ 28,025	\$ 5,040	\$ 33,065
Employee benefits	14,755	2,653	17,408
Personal services of instructional consultants, lecturers, and others	35	6	41
Travel and conferences	232	41	273
Dues and memberships	26	7	33
Insurance	192	34	226
Utilities and housekeeping services	944	175	1,119
Contracts, rents, and leases	825	158	983
Other services and operating expenditures	2,850	559	3,409
Audit expense	19,888	4,112	24,000
Total Reimbursable Expenditures	\$ 67,772	\$ 12,785	\$ 80,557

COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
SCHEDULE OF EQUIPMENT EXPENDITURES
UTILIZING CONTRACT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Expenditures Under \$7,500 Unit Cost</u>		<u>Expenditures Over \$7,500 Unit Cost With CDD Approval</u>		<u>Expenditures Over \$7,500 Unit Cost Without CDD Approval</u>	
<u>Cost</u>	<u>Item</u>	<u>Cost</u>	<u>Item</u>	<u>Cost</u>	<u>Item</u>

COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
UTILIZING CONTRACT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Expenditures Under \$10,000 Unit Cost</u>		<u>Expenditures Over \$10,000 Unit Cost With CDD Approval</u>		<u>Expenditures Over \$10,000 Unit Cost Without CDD Approval</u>	
<u>Cost</u>	<u>Item</u>	<u>Cost</u>	<u>Item</u>	<u>Cost</u>	<u>Item</u>



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE (INCLUDING THOSE CONTAINED IN THE CDE AUDIT GUIDE, ISSUED BY THE STATE OF CALIFORNIA DEPARTMENT OF EDUCATION) AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County of Stanislaus Board of Supervisors
Modesto, California

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the County of Stanislaus Community Services Agency Program Services and Support Fund's Child Development Programs (the Programs), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Programs' basic financial statements, and have issued our report thereon dated November 11, 2013.

Internal Control Over Financial Reporting

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

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

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



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

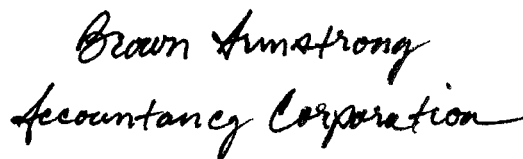
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Programs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *CDE Audit Guide*, issued by the State of California Department of Education. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and *CDE Audit Guide*.

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in cursive script that reads "Brown Armstrong Accountancy Corporation".

Bakersfield, California
November 11, 2013

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
FINDINGS AND QUESTIONED COSTS – CURRENT YEAR
FOR THE YEAR ENDED JUNE 30, 2013**

No current year findings.

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
PROGRAM SERVICES AND SUPPORT FUND
CHILD DEVELOPMENT PROGRAMS
FINDINGS AND QUESTIONED COSTS – PRIOR YEAR
FOR THE YEAR ENDED JUNE 30, 2013**

No prior year findings.