

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM NO. 49-K792-00-6**

**AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**

California Department of Education Contract No. CAPP-6080

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM**

**Audit Report
For The Fiscal Year Ending
June 30, 2007**

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RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
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Jo Weber, Director
County of Sonoma Human Services Department
3600 Westwind Blvd
Santa Rosa, California 95403

Auditor-Controller's Report

We have audited the accompanying basic financial statements of the County of Sonoma Human Services Department Child Development Program No. 49-K792-00-6, California Department of Education Contract No. CAPP-6080 as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Human Services Department's management. Our responsibility is to express an opinion on the basic 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the County of Sonoma Human Services Department Child Development Program as of and for the year then ended June 30, 2007, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2007, on our consideration of County of Sonoma Human Services Department Child Development Program's internal control over financial reporting and on our tests of its compliance

with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted primarily for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for the purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and the Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education. It is not a required part of the basic financial statements of the County of Sonoma Human Services Department Child Development Program. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements of the County of Sonoma Human Services Department Child Development Program, and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Sonoma County Auditor-Controller

December 14, 2007

COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM NO. 49-K792-00-06
CONTRACT NO. CAPP-6080
Balance Sheet
June 30, 2007

	<u>Alternative Payment</u>
Assets	
Grants receivable	\$ <u>22,113</u>
Total assets	<u><u>22,113</u></u>
 Liabilities and Fund Balance	
Liabilities:	
Accounts payable	9,683
Due to County of Sonoma - General Fund	<u>12,430</u>
Total liabilities	22,113
Fund balance:	<u>0</u>
Total liabilities and fund balance	\$ <u><u>22,113</u></u>

The notes to the basic financial statements are an integral part of this statement

COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM NO. 49-K792-00-06
CONTRACT NO. CAPP-6080
Statement of Revenues and Expenditures
for the Fiscal Year Ended June 30, 2007

	Alternative Payment
Revenues	
Government appropriation	\$ 374,710
Maintenance of effort	7,662
	382,372
Total revenues	
Expenditures	
Salaries	21,549
Employee benefits	11,567
Provider payments	329,169
Other operating expenses	20,087
	382,372
Total expenditures	
Excess of revenues over/(under) expenditures	\$ 0

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM NO. 49-K792-00-06
CONTRACT NO. CAPP-6080
Statement of Changes in Fund Balance
for the Fiscal Year Ended June 30, 2007

		<u>Alternative Payment</u>
Fund balance - July 1, 2006	\$	0
Excess of revenues over expenditures and other uses		<u>0</u>
Fund balance - June 30, 2007	\$	<u><u>0</u></u>

The notes to the basic financial statements are an integral part of this statement

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
Notes To the Basic Financial Statements
June 30, 2007**

I. General Information

A. Description of Reporting Entity

The County of Sonoma Child Development Program (the Program) is funded by the California Department of Education - Child Development Division, except for maintenance of effort which is provided by County of Sonoma's general fund. A portion of the funds from the California Department of Education is passed through from a federal block grant from the United States Department of Health and Human Services.

The Program is administered by the Family, Youth and Children's Services Unit of the County of Sonoma Human Services Department. The Program provides child care services for children at risk of neglect, abuse, or exploitation. Child care agreements are authorized in conjunction with a family maintenance plan to provide parents with the opportunity to seek the necessary treatment or parenting classes which help to alleviate the parenting problems which put the children at risk of abuse or neglect.

The Program does not have expenditures for travel, books, rent, supplies, or equipment. The gross expenditures reported on the "Audited Financial Fiscal Report" reflect payments for contracted child care services, administrative costs, and audit expenses incurred by the Family, Youth and Children Services Division to administer the Program.

The services acquired are necessary and are generally obtained at a reasonable cost. Rates are periodically adopted and used to control the payments made for services provided. Each contract for child care services specifies the maximum number of hours of child care, rate of pay (based on hours and days of the week to be obligated), the name(s) of the child or children and termination date. Unless the day care provider is a close relative, the day care provider must be licensed by the County of Sonoma or State of California. This process is used to select the most qualified services available so as to enable the parent to obtain work without the worry of caring for their child or children.

Child care providers under contract submit a monthly claim for services rendered. The claim identifies the name of the person providing the child care, the children receiving the care, the month, the number of actual or obligated hours of care, and signatures of the provider with a counter signature of the custodial parent attesting to the claimed amount. The claim is forwarded to the Program's financial records-keeper who reviews and compares the amount claimed to the contract on file prior to payment. Year-end final Fiscal Reports are prepared annually for the State of California's Department of Education - Child Development Division.

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
Notes To the Basic Financial Statements
June 30, 2007**

The certification of client program eligibility is determined by an assigned Human Services Department Social Worker. All questionable child care claims submitted for payment that do not fall within the client's current day care provider's contract are returned for adjustment or approval to the Human Services Department Social Worker who is assigned to the case. Under the Program's requirements, a level of "need criteria" is identified to make the client eligible.

B. Contractual Obligations with Agency

The County of Sonoma, under contractual agreement No. CAPP-6080, July 1, 2006, has obligated itself to the State of California Department of Education to acquire child care services for qualified families. The contracts are effective from July 1, 2006 through June 30, 2007. Limitations are identified within the contractual agreements governing the administrative procedures, costs of the operation of the Program and availability of funds.

For the fiscal year 2006/2007, the Child Development Program contracts obtained by the County of Sonoma Human Services Department were for an amount not to exceed \$374,710. Maintenance of Effort (MOE) was contributed by the County as required by the Education Code, Sections 8279 and 8279.1. The County satisfied its MOE requirement of \$7,662, as follows:

The amount distributed to non-County child care programs	\$ 382,372
Net reimbursable costs in excess of reimbursable earnings	<u>0</u>
Reimbursable distributions to non-County child care programs, including administrative costs of \$20,087	382,372
Amount retained by County's Child Development Programs	\$ <u>374,710</u>
Maintenance of Effort Requirement	<u>\$ 7,662</u>

Payments to providers for childcare in excess of the State contracts and the County MOE were paid for by the County of Sonoma general fund and shown as transfers to the Program.

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
Notes To the Basic Financial Statements
June 30, 2007**

C. Records Maintenance

Attendance records are being maintained in accordance with the requirements of the State of California Department of Education, Child Development Division. The original supporting records used for reporting children's attendance data for apportionment purposes, such as sign-in, sign-out sheets and/or daily attendance records are filed with the Human Services Department Social Worker.

D. Final Reimbursement

The California Department of Education's (CDE) Office of External Audits conducts a review of the audit to determine the contractor's net reimbursable program costs and amounts due the State. The Office of External Audits' determination of earnings is the final accounting of any amount payable to or receivable from the contractor pursuant to the contract.

II. Summary of Significant Accounting Policies

A. Basis of Accounting

All governmental non-enterprise funds are accounted for using the modified accrual basis of accounting. On this basis, revenues are recognized when they become measurable and available and expenditures are generally recognized when the fund liability is incurred.

Grant funds are considered earned to the extent of expenditures made under the provisions of the grant.

Accounts payable at June 30, 2007 represent payments due to providers.

B. Basis of Presentation

Governmental Fund Types

The General Fund, a type of governmental fund, is used to account for the Program's acquisition, use and balances of their expendable financial resources. The difference between the funds' assets and liabilities is the "fund balance". Governmental funds use a current financial resources measurement focus, which means that only current assets and current liabilities are included on the balance sheet.

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
Notes To the Basic Financial Statements
June 30, 2007**

C. Cash in Treasury

The County of Sonoma Treasurer maintains a cash and investment pool that is available for use by all funds. Separate cash balances for the Child Development Program are not maintained by the County of Sonoma Treasurer. Cash balances for individual contracts are determined from cash receipt and cash disbursement records of the Program.

D. Cost Allocation of Expenses

The Child Development Program allocates all costs based on a method that best represents the benefits received and/or costs expensed. Accordingly, the Child Development Program uses several standard methods of expense allocations:

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. Administrative costs are based on an indirect cost allocation plan approved by the California Department of Social Services.

E. Risk Management

The Program's administrative staff are County employees and as such are covered by the County of Sonoma's self-insurance program for general liability coverage. The County of Sonoma maintains a self-insurance retention of \$1,000,000 per occurrence. Additional limits of \$15,000,000 are provided through CSAC Excess Insurance Authority Liability Program. The County of Sonoma is also self-insured for Workers' Compensation coverage and maintains a self-insurance retention of \$300,000 per occurrence.

F. Restriction on Inter-fund Borrowings

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

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
Notes To the Basic Financial Statements
June 30, 2007**

G. Due to County of Sonoma - General Fund

The County of Sonoma does not have a separate fund to account for the activities of the Program. One revenue line item and one expenditure line item in the County's general fund are used to account for and keep separate the activities of the Program. "Due to the County of Sonoma - General Fund" is the difference between the receivable from the California Department of Education less the accounts payables from vendors.

SUPPLEMENTARY INFORMATION

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM**

General Information

June 30, 2007

<u>Full Official Name of Agency:</u>	County of Sonoma Human Services Department
Division	Family, Youth and Children Services
<u>Program Numbers:</u>	# 49-K792-00-23186-6 (State) # 49-K792-00-14153-6 (Federal)
<u>Type of Agency:</u>	Local Government
<u>Address of Agency's Office:</u>	3600 Westwind Blvd Santa Rosa, California 95403
<u>Names of Administrative Management Personnel:</u>	
Director Human Services Department	Jo Weber (707) 565-5800
Fiscal Services Manager	Gail Goring (707) 565-5869
Administrative Services Officer	Sue Lowman (707) 565-5866
<u>Agency's Telephone Number:</u>	(707) 565-5855
<u>Audit Agency's Telephone Number:</u>	(707) 565-2631
<u>Examination Period:</u>	July 1, 2006 - June 30, 2007
<u>Number of Days of Operation for Agency:</u>	249 Days
<u>Scheduled Hours of Operation each day:</u>	Varies

COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM NO. 49-K792-00-06
CONTRACT NO. CAPP-6080
Schedule of Expenditures by State Categories
For the Fiscal Year Ended June 30, 2007

	Alternative Payment
DIRECT PAYMENTS TO PROVIDERS	
2000 Classified Salaries	
2300 Clerical and other salaries	\$ 21,549
3000 Employee benefits	
3300 Social Security (old age, survivor's disability)	1,605
3400 Health and welfare benefits	8,773
3600 Worker's Compensation Insurance	1,189
5000 Services and Other Operating Expenses	
5700 Legal, election, and audit	7,500
5800 Other services and operating expenses	12,587
Subtotal	53,203
Less: Nonreimbursable expenditures	0
Total reimbursable expenditures	\$ <u>53,203</u>

We have examined the claims filed for reimbursement and the original supporting records covering the transactions under these contracts to an extent considered necessary to assure ourselves that the amounts claimed by the Program were proper.

COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
CDE Contract Summary
June 30, 2007

<u>Audited Final Attendance and Fiscal Report</u>	<u>CDE Program Name</u>	<u>Contract No.</u>	<u>Maximum Reimbursable Amount</u>
AUD 9500-AP	General-Alternative Plan	CAPP-6080	\$ 226,605

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

**COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM
Schedule of Findings and Questioned Costs
June 30, 2007**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the County of Sonoma Human Services Department Child Development Program No. 49-K792-00-6, California Department of Education Contract No. CAPP-6080.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. During the audit, no material weaknesses were identified in the internal control over financial reporting.
4. No instances of noncompliance material to the financial statements of the County of Sonoma Health Services Department Child Development Program No. 49-K792-00-6, California Department of Education Contract No. CAPP-6080 were disclosed during the audit.

B. Findings – Financial Statements Audit

None

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“Schedule of Federally Funded
Expenditures”

(page 1 of 2)

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“Schedule of Federally Funded
Expenditures”

(page 2 of 2)

COUNTY OF SONOMA
HUMAN SERVICES DEPARTMENT
CHILD DEVELOPMENT PROGRAM NO. 49-K792-00-06
CONTRACT NO. CAPP-6080
Combining Schedule of Administrative Costs
For the Fiscal Year Ended June 30, 2007

	Alternative Payment	Resource and Referral	Total
Other expense	\$ 12,587	\$	\$ 12,587
Audit expense	7,500		7,500
Total	\$ 20,087	\$ 0	\$ 20,087

The notes to the basic financial statements are an integral part of this statement.

RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER -TAX COLLECTOR



DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR / AUDITOR

**Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial Reports
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of the County of Sonoma Human Services Department Child Development Program No.49-K792-00-6, California Department of Education Contract No. CAPP-6080 as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. 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.

Compliance

As part of obtaining reasonable assurance about whether the County of Sonoma Human Services Department Child Development Program financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Sonoma Human Services Department Child Development Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the County of Sonoma Board of Supervisors and the California Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Sonoma County Auditor-Controller

December 14, 2007