



City of Sacramento City Council

9

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 3/29/2011

Report Type: Consent

Title: Fiscal Year (FY) 2009/10 Child Development Program Audit Report

Report ID: 2011-00289

Location: Citywide

Recommendation: Receive and file.

Contact: Dennis Kauffman, Accounting Manager, (916) 808-5843; Leyne Milstein, Director of Finance, (916) 808-8491, Department of Finance

Presenter: None

Department: Finance

Division: Accounting Division

Dept ID: 06001311

Attachments:

- 1-Description/Analysis
- 2-Child Development Program Audit Report

City Attorney Review

Approved as to Form
Larry Duran
3/22/2011 4:38:53 PM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
3/18/2011 11:13:51 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 3/21/2011 4:38:35 PM

Assistant City Manager: Patti Bisharat - 3/22/2011 2:45:47 PM



Description/Analysis

Issue: The FY 2009/10 Child Development Program Audit Report has been prepared to present the financial results of the 4th R Child Development Program for the fiscal year that ended June 30, 2010.

Policy Considerations: This report is consistent with the City's fiscal transparency and accountability principles.

Environmental Considerations: Not Applicable

California Environmental Quality Act (CEQA): This recommendation does not constitute a "project" and is therefore exempt from the California Environmental Quality Act according to CEQA guidelines Section 15061 (b)(1) and 15378(b)(3).

Sustainability Considerations: Not Applicable

Commission/Committee Action: None

Rationale for Recommendation: It is in the best interest of the City Council to receive and file the FY 2009/10 Child Development Program Audit Report for the following reasons:

- This report is required by the California Department of Education and includes information necessary to comply with the California Department of Education Audit Guide.
- The public accounting firm of Macias, Gini & O'Connell, LLP, has audited the 4th R Child Development Program's FY2009/10 financial statements and has rendered its unqualified opinion that the financial statements are fairly presented in accordance with generally accepted accounting principles.
- The auditors reported no instances of noncompliance and no audit findings in the FY2009/10 Child Development Program Audit Report.

Financial Considerations: There are no financial considerations associated with this report.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.



**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**

Independent Auditor's Reports,
Financial Statements and Supplemental Information

For the Fiscal Year Ended June 30, 2010

**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**
For the Fiscal Year Ended June 30, 2010

Table of Contents

	<i>Page(s)</i>
General Information	1
Independent Auditor's Report	2-3
Financial Statements:	
Statement of Net Assets	4
Statement of Revenues, Expenses and Changes in Net Assets	5
Statement of Cash Flows.....	6
Notes to the Financial Statements	7-12
Supplemental Information:	
Schedule of Federal and State Awards.....	13
Combining Statement of Revenues, Expenses and Changes in Net Assets	14
Schedule of Expenses by State Categories.....	15
Schedule of Reimbursable Equipment Expenses	16
Schedule of Reimbursable Expenses for Renovations and Repairs.....	17
Schedule of Reimbursable Administrative Costs.....	18
Schedule of Child Attendance – Extended Day Care – Latchkey - Project Number 34-2192-00-8 (CLTK-9058)	19
Audited Attendance and Fiscal Report – Project Number 34-2192-00-8 (CLTK-9058)	20-22
Schedule of Child Attendance – General Center Child Care Project Number 34-2192-00-8 (CCTR-9221)	23
Audited Attendance and Fiscal Report – Project Number 34-2192-00-8 (CCTR-9221)	24-26
Audited Revenue and Expenditure Report – Project Number 34-2192-00-8 (CIMS-9453).....	27
Audited Fiscal Report - Project Number 34-2192-00-8 (CRPM – 9094).....	28
Audited Reserve Account Cash Activity Report	29
Other Report:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31

**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**
General Information
For the Fiscal Year Ended June 30, 2010

Agency: City of Sacramento - Child Development Program

Project Numbers: 34-2192-00-8

Type of Agency: Municipal Government

Address: City Hall
915 I Street, 4th Floor
Sacramento, CA 95814

Accountant: Dennis Kauffman, Jr., Accounting Division
City Hall
915 I Street, 4th Floor
Sacramento, CA 95814

Telephone: (916) 808-5843

Period Covered: July 1, 2009 - June 30, 2010

Number of Days of Agency Operation: 248 days

Scheduled hours of operation each day: 7:00 a.m. Opening
6:00 p.m. Closing
Open 11 hours



Honorable Mayor and
Council Members
City of Sacramento
Sacramento, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Child Development Program (Program), an enterprise fund of the City of Sacramento, California, as of and for the fiscal year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Sacramento's management. Our responsibility is to express an opinion 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, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting as it relates to the Program. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provide a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the Child Development Program, an enterprise fund of the City of Sacramento, California, and do not purport to, and do not, present fairly the financial position of the City of Sacramento, California as of June 30, 2010, and the changes in its financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Child Development Program, an enterprise fund of the City of Sacramento, California, as of June 30, 2010, and the changes in its financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The Program has not presented Management's Discussion and Analysis which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010 on our consideration of the City's internal control over financial reporting as it relates to the Program 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* 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 statement taken as a whole. The accompanying supplementary information on pages 13 to 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and in conformity with the *California Department of Education Audit Guide* issued by the California Department of Education and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole

Maciar Meiri & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 5, 2010

FINANCIAL STATEMENTS

**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**

Statement of Net Assets

June 30, 2010

ASSETS

Current assets:

Cash and investments held by City	\$ 510,833
Accounts receivable	39,030
Due from State Department of Education	1,221
Prepaid expenses, current portion	7,867
Total current assets	558,951

Noncurrent assets:

Restricted assets:

Restricted cash and investments held by City	1,040,884
Due from State Department of Education	56,430
Prepaid expenses	198,632
Capital assets	
Buildings and improvements	1,545,892
Less: accumulated depreciation	(484,887)
Capital assets, net	1,061,005

Total noncurrent assets 2,356,950

Total assets \$ 2,915,901

LIABILITIES

Current liabilities:

Accounts payable	\$ 442,571
Wages and employee benefits payable	203,045
Payable to State Department of Education	27,088
Unearned revenue	1,088,420
Current portion of compensated absences	12,989
Current portion of loans payable	40,000
Total current liabilities	1,814,112

Noncurrent Liabilities:

Compensated absences	283,715
Loans payable	100,000
Unfunded OPEB obligation	66,882
Total noncurrent liabilities	450,597

Total liabilities 2,264,709

NET ASSETS

Invested in capital assets, net of related debt	921,005
Unrestricted	(269,813)
Total net assets	651,192

Total liabilities and net assets \$ 2,915,901

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

<u>Operating revenues:</u>		
State apportionment		\$ 992,811
Subsidized parent fees		104,536
Unsubsidized parent fees		5,270,361
Miscellaneous		98,432
Total operating revenues		<u>6,466,140</u>
<u>Operating expenses:</u>		
2000 Classified salaries		4,456,429
3000 Employee benefits		1,387,912
4000 Books and supplies		432,088
5000 Services and other operating expenses		442,736
Depreciation		77,295
Total operating expenses		<u>6,796,460</u>
Operating loss		(330,320)
Nonoperating revenues:		
Interest income		<u>5,683</u>
Change in net assets		(324,637)
Net assets, beginning of year		<u>975,829</u>
Net assets, end of year		<u><u>\$ 651,192</u></u>

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

Cash flows from operating activities:	
Receipts from customers and users	\$ 5,435,096
Receipts from State Department of Education	1,161,757
Payments to suppliers	(901,142)
Payments to employees	(5,947,136)
Net cash used in operating activities	<u>(251,425)</u>
Cash flows from capital and related financing activities:	
Repayment of construction loan	(40,000)
Cash flows from investing activities:	
Interest received	<u>5,683</u>
Net decrease in cash and investments	(285,742)
Cash and investments - beginning of year	1,837,459
Cash and investments - end of year	<u>\$ 1,551,717</u>
Reconciliation to the statement of net assets:	
Cash and investments held by City	\$ 510,833
Restricted cash and investments held by City	1,040,884
Total cash and investments held by City	<u>\$ 1,551,717</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (330,320)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	77,295
Change in assets and liabilities:	
Accounts receivable	(38,233)
Due from State Department of Education	107,403
Prepaid expenses	7,868
Accounts payable	(34,186)
Wages and employee benefits payable	(105,653)
Payable to State Department of Education	(5,000)
Unfunded OPEB obligation	18,548
Accrued compensated absences	(15,690)
Unearned revenue	66,543
Total adjustments	<u>78,895</u>
Net cash used in operating activities	<u>\$ (251,425)</u>

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

General

The City of Sacramento (City) administers the Child Development Program (Program). The Program provides school age childcare services and is funded by grants from the California State Department of Education (State) and parent fees. The accompanying financial statements present only the Child Development Program, an enterprise fund of the City, and are not intended to present fairly the financial position or changes in financial position or cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

The financial statements of the Program are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the accounting period in which the liability is incurred, regardless of the timing of related cash flows.

The principal operating revenues of the Program are state apportionments, parent fees, and miscellaneous revenues. Operating expenses include costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Accounting Standards

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the Program has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

Cash and Investments and Restricted Cash and Investments Held by City

All of the Program's cash and investments are included in the City's investment pool, which is described in the City's Comprehensive Annual Financial Report (CAFR). The City, as a charter city, has adopted its own investment guidelines, which are consistent with the requirements of the California Government Code. The City Council and City Treasurer provide oversight of the City's investment pool and reaffirm its investment policy on a quarterly basis. The estimated fair value of investments in the pool is based upon quoted market prices. The value of the pool shares that may be withdrawn at any time is determined on an amortized cost basis, which is different than the fair value of the Program's position in the pool. The City's investment pool is not rated and has a weighted average maturity of 1.41 years as of June 30, 2010.

Restricted cash and investments is the amount of reserves held by the Program for center-based programs in accordance with an agreement with the State. Additional information regarding investment risk of the City's pool, including interest rate and credit risk, can be found in the City's CAFR.

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses include payments to Rio Linda Unified School District for the construction and use of a child care classroom facility at a Rio Linda school site. The expenses are being amortized over the 30-year life of the right-to-use agreement using the straight line method.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$20,000, and an estimated useful life greater than one year. Capital assets are recorded at historical cost. Depreciation of capital assets is provided on the straight-line method over estimated useful lives between 5 and 30 years.

Compensated Absences

Program employees accrue vacation, sick, holiday and compensatory time off benefits. Employees may accumulate vacation time up to 480 hours. Sick pay vests and may be accumulated until retirement. An employee with sixty or more days of accumulated sick leave at the end of a calendar year may elect to receive a 25% payment of any unused sick leave earned in the previous year. The amount of sick leave paid is deducted from the employee's total accumulation. Upon retirement, employees with a minimum of 20 years of City service have the option of converting their sick leave accumulation into California Public Employees' Retirement System (CalPERS) service credit hours, or receiving a cash payment of one-third of the vested accumulated sick leave. Employees who leave the City and are not retiring forfeit any remaining sick leave. The Program records unpaid vacation and sick leave at year end as an expense and related liability.

Unearned Revenue

Unearned revenue represents resources received from the State that the Program has not yet earned.

Statement of Cash Flows

For purposes of the statement of cash flows, the Program considers cash and cash equivalents to include all pooled cash and investments, including restricted assets, as these pooled balances have the general characteristics of a demand deposit account.

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

NOTE B – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings and improvements	\$ 1,545,892	\$ -	\$ -	\$ 1,545,892
Less accumulated depreciation	(407,592)	(77,295)	-	(484,887)
Capital assets, net	<u>\$ 1,138,300</u>	<u>\$ (77,295)</u>	<u>\$ -</u>	<u>\$ 1,061,005</u>

NOTE C – COMPENSATED ABSENCES

Changes in compensated absences during the fiscal year ended June 30, 2010 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	<u>\$ 312,394</u>	<u>\$ 405,299</u>	<u>\$ (420,989)</u>	<u>\$ 296,704</u>	<u>\$ 12,989</u>

NOTE D – LOANS PAYABLE

There are two loans payable to the California Department of Education in annual installments of \$20,000 for each loan through April 1, 2012 and August 1, 2014. Neither loan bears interest. Annual debt service requirements to maturity are as follows:

Fiscal Years Ending June 30,	Principal
2011	\$ 40,000
2012	40,000
2013	20,000
2014	20,000
2015	20,000
Total	<u>\$ 140,000</u>

The following is a summary of the loans payable transactions for the fiscal year ended June 30, 2010:

Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ 140,000</u>	<u>\$ 40,000</u>

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

NOTE E – OPERATING LEASES

As of June 30, 2010, the Program had no non-cancelable leases having remaining terms in excess of one year. Operating lease expense for the fiscal year ended June 30, 2010 was \$115,986.

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City provides post-retirement medical and dental benefits to retirees who retire directly from the City through a single-employer defined benefit OPEB plan (the plan). To be eligible for the City paid benefits, retirees must be at least age 50 with 10 years of City service at retirement, or have 30 years of service with no age requirement. The Program’s employees participate in the City’s plan.

Funding Policy

The plan’s funding policy provides for periodic contributions by the City. The contribution rate is determined on an annual basis by an independent actuary and authorized by the City Council. The contribution rate is based on the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The current ARC rate is 8.3 percent of annual covered payroll. Currently, the City is contributing to the plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

A portion of the City’s other post-employment benefit costs and related liability has been allocated to the Program based upon the Program’s number of retirees. The Program’s OPEB obligation as of June 30, 2010 was calculated as follows:

Annual required contribution (ARC)	\$ 31,016
Interest on net OPEB obligation	1,806
Adjustment to annual required contribution	(3,156)
Annual OPEB cost (expense)	<u>29,666</u>
Contributions made	(11,118)
Increase in net OPEB obligation	<u>18,548</u>
Net OPEB obligation - Beginning of year	48,334
Net OPEB obligation - End of year	<u><u>\$ 66,882</u></u>

**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

NOTE F – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The Program’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 34,537	27%	\$ 25,135
June 30, 2009	35,636	35%	48,334
June 30, 2010	29,666	37%	66,882

Additional disclosure detail required by GASB Statement No. 45, regarding City’s other post-employment benefit plan is presented in City’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

NOTE G – RETIREMENT PLAN

Plan Description

The City provides defined retirement benefits through CalPERS. CalPERS is an agent multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of CalPERS’ annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, CA 95814. A separate report for the City’s plan within CalPERS is not available. The Program’s employees participate in the City’s plan with PERS.

Funding Policy

Benefits are funded by contributions from members, the Program and earnings on investments. Members and Program contributions are a percentage of applicable member compensation. The Program’s contribution rates are actuarially determined on an annual basis. Program contribution requirements for fiscal year ended June 30, 2010 were determined as part of the City’s June 30, 2007 actuarial valuation.

Annual Pension Cost

The Program’s contribution requirement for the fiscal year ended June 30, 2010 was \$408,808 or 11.727% of covered payroll. The following table shows the Program required contribution (annual pension cost) and the percentage contributed for the past three fiscal years:

**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2010

NOTE G – RETIREMENT PLAN (CONTINUED)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 247,894	100%	-
June 30, 2009	344,091	100%	-
June 30, 2010	408,008	100%	-

Other information regarding the City’s CalPERS plan required by GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and GASB 50, *Pension Disclosures* are available in the City's CAFR for the fiscal year ended June 30, 2010.

NOTE H – CONTINGENCIES

The Program has received state and federal funding for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management of the Program believes that any required reimbursements will not be material.

SUPPLEMENTAL INFORMATION

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Schedule of Federal and State Awards
For the Fiscal Year Ended June 30, 2010

Grantor	Federal CFDA Number	Grantor's Number	Award Amount		Expenditures	
			Federal	State	Federal	State
U.S. Department of Health and Human Services Passed through California Department of Education ARRA – Child Care and Development Block Grant - Facilities Renovation and Repair	ARRA 93.713	CRPM-9094	\$ 48,986	\$ -	\$ -	\$ -
California Department of Education Extended Day Care (Latchkey)	N/A	CLTK-9058	-	24,020	-	355,053
General Center Child Care	N/A	CCTR-9221	-	968,791	-	3,616,461
Instructional Materials	N/A	CIMS-9453	-	1,781	-	-
Total Federal and State			\$ 48,986	\$ 994,592	\$ -	\$ 3,971,514

**CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM**

Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

	CLTK-9058	CCTR-9221	CIMS-9453	Total CDE CD Contracts	Non CDE Programs	Total
<u>Revenue and Support</u>						
State apportionment	\$ 24,020	\$ 968,791	\$ -	\$ 992,811	\$ -	\$ 992,811
Subsidized parent fees	3,123	101,413	-	104,536	-	104,536
Unsubsidized parent fees	123,102	2,131,323	1,754	2,254,425	3,014,182	5,270,361
Unrestricted contributions and other income	42,806	55,626	-	98,432	-	98,432
Interest income	-	-	-	-	5,683	5,683
Total revenue and support	193,051	3,257,153	1,754	3,450,204	3,019,865	6,471,823
<u>Expenses</u>						
2000 Classified salaries	277,941	2,478,410	-	2,756,351	1,700,078	4,456,429
3000 Employee benefits	69,884	702,444	-	772,328	615,584	1,387,912
4000 Books and Supplies	2,135	195,846	1,666	199,647	232,441	432,088
5000 Services and other operating expenses	5,093	239,761	-	244,854	197,882	442,736
Depreciation	-	-	-	-	77,295	77,295
Total expenses	355,053	3,616,461	1,666	3,973,180	2,823,280	6,796,460
Change in Net Assets	\$ (162,002)	\$ (359,308)	\$ 88	\$ (522,976)	\$ 196,585	\$ (324,637)

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Schedule of Expenses by State Categories
For the Fiscal Year Ended June 30, 2010

<u>Expenses</u>	<u>CLTK-9058</u>	<u>CCTR-9221</u>	<u>CIMS-9453</u>	<u>Total</u>
2000 Classified salaries	\$ 277,941	\$ 2,478,410	\$ -	\$ 2,756,351
3000 Employee benefits	69,884	702,444	-	772,328
4000 Books and supplies	2,135	195,846	1,666	199,647
5000 Services and other operating expenses	5,093	239,761	-	244,854
Total expenses claimed for reimbursement	<u>\$ 355,053</u>	<u>\$ 3,616,461</u>	<u>\$ 1,666</u>	<u>\$ 3,973,180</u>

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Schedule of Reimbursable Equipment Expenses
For the Fiscal Year Ended June 30, 2010

	<u>CLTK-9058</u>	<u>CCTR-9221</u>	<u>CIMS-9453</u>	<u>Total</u>
<u>Unit Cost Under \$7,000 Per Item</u>				
None	\$ -	\$ -	\$ -	\$ -
Subtotal	-	-	-	-
<u>Unit Cost Over \$7,500 Per Item with prior Written Approval</u>				
Computer	-	11,402	-	11,402
Subtotal	-	11,402	-	11,402
<u>Unit Cost Over \$7,500 Per Item without prior Written Approval</u>				
None	-	-	-	-
Subtotal	-	-	-	-
Total	\$ -	\$ 11,402	\$ -	\$ 11,402

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Schedule of Reimbursable Expenses for Renovations and Repairs
For the Fiscal Year Ended June 30, 2010

	<u>CLTK-9058</u>	<u>CCTR-9221</u>	<u>CIMS-9453</u>	<u>Total</u>
<u>Unit Cost Under \$10,000 Per Item</u>				
None	\$ -	\$ -	\$ -	\$ -
Subtotal	-	-	-	-
<u>Unit Cost \$10,000 or More Per Item With Prior Written Approval</u>				
None	-	-	-	-
Subtotal	-	-	-	-
<u>Unit Cost \$10,000 or More Per Item Without Prior Written Approval</u>				
None	-	-	-	-
Subtotal	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Schedule of Reimbursable Administrative Costs
For the Fiscal Year Ended June 30, 2010

Category	Reimbursable Administrative Costs	CLTK - 9058	CCTR - 9221	CIMS-9453	Total
2000	Classified salaries	\$ 47,857	\$ 382,933	\$ -	\$ 430,790
3000	Employee benefits	10,451	83,622	-	94,073
4000	Books and supplies	6,874	55,002	-	61,876
5000	Services and other operating expenses	2,277	18,221	-	20,498
	Total	<u>\$ 67,459</u>	<u>\$ 539,778</u>		<u>\$ 607,237</u>

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
 Schedule of Child Attendance
 Extended Day Care - Latchkey
 Project Number 34-2192-00-8 (CLTK-9058)
 For the Fiscal Year Ended June 30, 2010

Report Period	Certified Families						Noncertified Families
	Total Days of Operation	Total Days of Enrollment	Total Days of Attendance	Total Adjusted Days of Enrollment	Average Daily Enrollment	Percent of Attendance	Total Adjusted Days of Enrollment
July	22	1,065	1,064	921	42	100%	5,622
August	21	84	78	84	4	93%	610
Totals	43	1,149	1,142	1,005	23	99.39%	6,232

**AUDITED ATTENDANCE AND FISCAL REPORT
for School Age Community Child Care Services - Days**

Agency Name: _____ City of Sacramento _____ Vendor No. 2192
 Fiscal Year Ended: June 30, 2010 _____ Contract No. CLTK - 9058
 Independent Auditor's Name: _____ Macias Gini & O'Connell LLP _____

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Kindergarten through Grade 9</i>					
Full-time-plus	84	-	84	1.500	126
Full-time	643	-	643	1.000	643
Three-quarters-time	134	-	134	0.750	101
One-half-time	254	-	254	0.500	127
One-quarter-time	34	-	34	0.250	9
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.800	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.600	-
One-quarter-time	-	-	-	0.300	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.650	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.550	-
One-quarter-time	-	-	-	0.275	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.650	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.550	-
One-quarter-time	-	-	-	0.275	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	2.250	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.120	-
One-half-time	-	-	-	0.750	-
One-quarter-time	-	-	-	0.375	-
TOTAL DAYS OF ENROLLMENT	1,149	-	1,149		1,005
DAYS OF OPERATION	43	-	43		
DAYS OF ATTENDANCE	1,142	-	1,142		

NO NONCERTIFIED CHILDREN - Check this box and continue to Section III if no noncertified children were enrolled in the program.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for School Age Community Child Care Services - Days**

Agency Name: _____ City of Sacramento _____ Vendor No. 2192

Fiscal Year Ended: _____ June 30, 2010 _____ Contract No. _____ CLTK - 9058

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9516-D	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Kindergarten through Grade 9</i>					
Full-time-plus	-	-	-	1.500	-
Full-time	6,232	-	6,232	1.000	6,232
Three-quarters-time	-	-	-	0.750	-
One-half-time	-	-	-	0.500	-
One-quarter-time	-	-	-	0.250	-
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.800	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.600	-
One-quarter-time	-	-	-	0.300	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.650	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.550	-
One-quarter-time	-	-	-	0.275	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.650	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.550	-
One-quarter-time	-	-	-	0.275	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	2.250	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.120	-
One-half-time	-	-	-	0.750	-
One-quarter-time	-	-	-	0.375	-
TOTAL DAYS OF ENROLLMENT	6,232	-	6,232		6,232

COMMENTS - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for School Age Community Child Care Services - Days**

Agency Name: _____ City of Sacramento _____ Vendor No. 2192
 Fiscal Year End: June 30, 2010 _____ Contract No. CLTK - 9058 _____

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9516-D	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ -	\$ -	\$ -
County Maintenance of Effort (EC § 8279)	-	-	-
Other (Specify):	-	-	-
Subtotal	-	-	-
TRANSFER FROM RESERVE <i>(Center Based Only)</i>	-	-	-
FAMILY FEES FOR CERTIFIED CHILDREN	3,123	-	3,123
INTEREST ON APPORTIONMENT PAYMENTS	-	-	-
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	123,102	-	123,102
Other (Specify):	42,806	-	42,806
TOTAL REVENUE	\$ 169,030	\$ -	\$ 169,030
SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$ -	\$ -	\$ -
2000 Classified Salaries	277,941	-	277,941
3000 Employee Benefits	69,884	-	69,884
4000 Books and Supplies	2,135	-	2,135
5000 Services and Other Operating Expenses	5,093	-	5,093
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment <i>(program-related)</i>	-	-	-
6500 Replacement Equipment <i>(program-related)</i>	-	-	-
Depreciation or Use Allowance	-	-	-
Start-Up Expenses <i>(service level exemption)</i>	-	-	-
Indirect Cost Rate Percentage: 0.00%	-	-	-
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	355,053	-	355,053
TOTAL ADMINISTRATIVE COSTS <i>(included in section IV above)</i>	\$ 67,459	\$ -	\$ 67,459

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit next page if there are no supplemental revenues or expenses to report.

CITY OF SACRAMENTO
CHILD DEVELOPMENT PROGRAM
Schedule of Child Attendance
General Center Child Care
Project Number 34-2192-00-8 (CCTR-9221)
For the Fiscal Year Ended June 30, 2010

Report Period	Certified Families						Noncertified Families
	Total Days of Operation	Total Days of Enrollment	Total Days of Attendance	Total Adjusted Days of Enrollment	Average Daily Enrollment	Percent of Attendance	Total Adjusted Days of Enrollment
July	22	3,523	3,462	3,510	160	98%	5,416
August	21	4,374	4,344	3,816	182	99%	11,150
September	21	5,226	5,183	3,492	166	99%	14,725
October	22	5,874	5,847	3,863	176	100%	8,078
November	18	4,686	4,672	3,073	171	100%	7,911
December	21	4,787	4,782	3,392	162	100%	7,405
January	19	4,857	4,840	3,128	165	100%	7,230
February	19	4,748	4,733	3,164	167	100%	6,958
March	22	5,335	5,298	3,530	160	99%	8,004
April	22	5,069	5,033	3,465	158	99%	7,966
May	20	4,640	4,597	3,015	151	99%	7,047
June	21	4,179	4,066	3,357	160	97%	5,100
Totals	248	57,298	56,857	40,805	165	99.23%	96,988

**AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: City of Sacramento Vendor No. 2192
 Fiscal Year Ended: June 30, 2010 Contract No. CCTR - 9221
 Independent Auditor's Name: Macias Gini & O'Connell LLP

SECTION I - CERTIFIED CHILDREN ENROLLMENT	DAYS OF	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>						
Full-time-plus		-	-	-	2.006	-
Full-time		-	-	-	1.700	-
Three-quarters-time		-	-	-	1.275	-
One-half-time		-	-	-	0.935	-
<i>FCCH Infants (up to 18 months)</i>						
Full-time plus		-	-	-	1.652	-
Full-time		-	-	-	1.400	-
Three-quarters-time		-	-	-	1.050	-
One-half-time		-	-	-	0.770	-
<i>Toddlers (18 up to 36 months)</i>						
Full-time-plus		-	-	-	1.652	-
Full-time		-	-	-	1.400	-
Three-quarters-time		-	-	-	1.050	-
On-half-time		-	-	-	0.770	-
<i>Three Years and Older</i>						
Full-time-plus		1,355	-	1,355	1.180	1,599
Full-time		12,517	-	12,517	1.000	12,517
Three-quarters-time		14,022	-	14,022	0.750	10,517
One-half-time		29,404	-	29,404	0.550	16,172
<i>Exceptional Needs</i>						
Full-time-plus		-	-	-	1.416	-
Full-time		-	-	-	1.200	-
Three-quarters-time		-	-	-	0.900	-
One-half-time		-	-	-	0.660	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus		-	-	-	1.298	-
Full-time		-	-	-	1.100	-
Three-quarters-time		-	-	-	0.825	-
One-half-time		-	-	-	0.605	-
<i>At Risk of Abuse or Neglect</i>						
Full-time-plus		-	-	-	1.298	-
Full-time		-	-	-	1.100	-
Three-quarters-time		-	-	-	0.825	-
One-half-time		-	-	-	0.605	-
<i>Severely Disabled</i>						
Full-time-plus		-	-	-	1.770	-
Full-time		-	-	-	1.500	-
Three-quarters-time		-	-	-	1.125	-
One-half-time		-	-	-	0.825	-
TOTAL DAYS OF ENROLLMENT		57,298	-	57,298		40,805
DAYS OF OPERATION		248	-	248		
DAYS OF ATTENDANCE		56,857	-	56,857		

NO NONCERTIFIED CHILDREN - Check this box and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

The days of enrollment for one half time children reported in Section II, Noncertified children are 60 days more than what were reported in CDFS9500 due to a clerical error on the June 2010 report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: _____ City of Sacramento _____ Vendor No. 2192
 Fiscal Year Ended: _____ June 30, 2010 _____ Contract No. CCTR - 9221

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-	-	-	2.006	-
Full-time	-	-	-	1.700	-
Three-quarters-time	-	-	-	1.275	-
One-half-time	-	-	-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-	-	-	1.652	-
Full-time	-	-	-	1.400	-
Three-quarters-time	-	-	-	1.050	-
One-half-time	-	-	-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-	-	-	1.652	-
Full-time	-	-	-	1.400	-
Three-quarters-time	-	-	-	1.050	-
On-half-time	-	-	-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	-	-	-	1.180	-
Full-time	31,291	-	31,291	1.000	31,291
Three-quarters-time	-	-	-	0.750	-
One-half-time	119,449	-	119,449	0.550	65,697
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.416	-
Full-time	-	-	-	1.200	-
Three-quarters-time	-	-	-	0.900	-
One-half-time	-	-	-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	-	-	-	1.100	-
Three-quarters-time	-	-	-	0.825	-
One-half-time	-	-	-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.770	-
Full-time	-	-	-	1.500	-
Three-quarters-time	-	-	-	1.125	-
One-half-time	-	-	-	0.825	-
TOTAL DAYS OF ENROLLMENT	150,740	-	150,740	-	96,988

**AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: _____ City of Sacramento _____ Vendor No. 2192
 Fiscal Year End: June 30, 2010 Contract No. CCTR - 9221

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$ -	\$ -	\$ -
County Maintenance of Effort (EC § 8279)	-	-	-
Uncashed Checks to Providers	-	-	-
Other (Specify):	-	-	-
Subtotal	-	-	-
Transfer from Reserve Contract #	-	-	-
Transfer from Reserve Contract #	-	-	-
Family Fees for Certified Children Contract # CCTR - 9221	101,413	-	101,413
Family Fees for Certified Children Contract #	-	-	-
Interest on Apportionments Contract #	-	-	-
Interest on Apportionments Contract #	-	-	-
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	2,131,323	-	2,131,323
Other (Specify):	55,626	-	55,626
TOTAL REVENUE	\$ 2,288,362	\$ -	\$ 2,288,362
SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>	\$ -	\$ -	\$ -
1000 Certificated Salaries	-	-	-
2000 Classified Salaries	2,480,424	(2,014)	2,478,410
3000 Employee Benefits	702,828	(384)	702,444
4000 Books and Supplies	191,168	4,678	195,846
5000 Services and Other Operating Expenses	238,667	1,094	239,761
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment (program-related)	-	-	-
6500 Replacement Equipment (program-related)	-	-	-
Depreciation or Use Allowance	-	-	-
Start-Up Expenses (service level exemption)	-	-	-
Indirect Cost Rate Percentage: 0.00%	-	-	-
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$3,613,087	\$3,374	\$3,616,461
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$ 541,958	\$ (2,180)	\$ 539,778

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

required (check YES or NO): COMMENTS - If necessary, attach additional sheets to explain adjustments:

YES

NO - Explain any discrepancies.

reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit next page if there are no supplemental revenues or expenses to report.
 AUD 9500, Page 3 of 4 (6/2009) California Department of Education

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: City of Sacramento Vendor No. 2192

Fiscal Year End: June 30, 2010 Contract No. CIMS 9453

Multi-Year Contract? (Check No Box or Enter Contract Period): No: or Period: _____

Independent Auditor's Name: Macias Gini & O'Connell LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$ -	\$ 1,754	\$ -	\$ 1,754
County Maintenance of Effort (EC § 8279)	-	-	-	-
Other (Specify):	-	-	-	-
Subtotal	-	1,754	-	1,754
INTEREST ON APPORTIONMENT PAYMENTS				
UNRESTRICTED INCOME				
Other (Specify):	-	-	-	-
TOTAL REVENUE	\$ 1,754	\$ -	\$ -	\$ 1,754

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$ -	\$ -	\$ -	\$ -
2000 Classified Salaries	-	-	-	-
3000 Employee Benefits	-	-	-	-
4000 Books and Supplies	-	1,666	-	1,666
5000 Services and Other Operating Expenses	-	-	-	-
6100/6200 Other Approved Capital Outlay	-	-	-	-
6400 New Equipment (program-related)	-	-	-	-
6500 Replacement Equipment (program-related)	-	-	-	-
Depreciation or Use Allowance	-	-	-	-
Indirect Cost Rate Percentage: 0.00%	-	-	-	-
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ -	\$ 1,666	\$ -	\$ 1,666
TOTAL ADMINISTRATIVE COSTS (included in section II above)	\$ -	\$ -	\$ -	\$ -

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit next page if there are no supplemental revenues or expenses to report.

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: City of Sacramento Vendor No. 2192

Fiscal Year End: June 30, 2010 Contract No. CRPM - 9094

Multi-Year Contract? (Check No Box or Enter Contract Period): No: or Period: July 1, 2009 - June 30, 2012

Independent Auditor's Name: Macias Gini & O'Connell LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$ -	\$ -	\$ -	\$ -
County Maintenance of Effort (EC § 8279)	-	-	-	-
Other (Specify):	-	-	-	-
Subtotal	-	-	-	-
INTEREST ON APPOINTMENT PAYMENTS				
UNRESTRICTED INCOME				
Other (Specify):	-	-	-	-
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -
SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$ -	\$ -	\$ -	\$ -
2000 Classified Salaries	-	-	-	-
3000 Employee Benefits	-	-	-	-
4000 Books and Supplies	-	-	-	-
5000 Services and Other Operating Expense	-	-	-	-
6100/6200 Other Approved Capital Outlay	-	-	-	-
6400 New Equipment (program-related)	-	-	-	-
6500 Replacement Equipment (program-related)	-	-	-	-
Depreciation or Use Allowance	-	-	-	-
Indirect Cost Rate Percentage: 0.00%	-	-	-	-
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$ -	\$ -	\$ -	\$ -
TOTAL ADMINISTRATIVE COSTS (included in section II above)	\$ -	\$ -	\$ -	\$ -

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit next page if there are no supplemental revenues or expenses to report.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: _____ City of Sacramento

Fiscal Year End: _____ June 30, 2010 _____ Vendor No. _____ 2192

Independent Auditor's Name: _____ Macias Gini & O'Connell LLP

RESERVE ACCOUNT TYPE (Check One): <input checked="" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:			
1. Ending Balance on Last Year's AUD 9530-A	\$ 869,405	\$ -	\$ 869,405
Prior year ending balance adjustment per CDE	105,124		105,124
1. Ending Balance on Last Year's AUD 9530-A (Adjusted)	974,529	-	974,529
2. Plus Transfers from Contracts to Reserve Account			
<i>(based on last year's post-audit CDFS 9530, Section IV):</i>			
Contract No. CCTR8272	444,988	-	444,988
Contract No. CCTR8272	(397,632)	-	(397,632)
Contract No.	-	-	-
Contract No.	-	-	-
Contract No.	-	-	-
Contract No.	-	-	-
Total Transferred from Contracts to Reserve Account	47,356	-	47,356
3. Less Excess Reserve to be Billed			
<i>(enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)</i>			
	-	-	-
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$ 1,021,885	\$ -	\$ 1,021,885

THIS YEAR:			
5. Plus Interest Earned This Year on Reserve Funds	(column A) \$ 18,999	\$ -	\$ 18,999
6. Less Transfers to Contracts from Reserve Account			
<i>(column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):</i>			
Contract No.	-	-	-
Contract No.			
Total Transferred to Contracts from Reserve Account	-	-	-
7. Ending Balance on June 30, 2010			
<i>(column A must agree with this year's CDFS 9530-A, Section IV)</i>			
	\$ 1,040,884	\$ -	\$ 1,040,884

COMMENTS - If necessary, attach additional sheets to explain adjustments:

OTHER REPORT



Honorable Mayor and
Council Members
City of Sacramento
Sacramento, California

INDEPENDENT AUDITOR'S 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*

We have audited the financial statements of the Child Development Program (Program), an enterprise fund of the City of Sacramento, California, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 5, 2010. Our report includes an explanatory paragraph describing that the financial statements presents only the Child Development Program, an enterprise fund of the City of Sacramento, California. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as it relates to the Program as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over financial reporting as it relates to the Program. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting as it relates to the Program.

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 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free of 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. 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*.

This report is intended solely for the information and use of the City Council, management of the City of Sacramento, and the State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Maclean Mini & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 5, 2010