

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM
JUNE 30, 2013

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GENERAL CHILD DEVELOPMENT PROGRAM

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Moreno Valley, California

Report on Financial Statements

We have audited the accompanying financial statements of the General Child Development Program of the City of Moreno Valley, California, as of and for the year ended June 30, 2013, and the notes to the financial statements, which collectively comprise the General Child Development Program of the City of Moreno Valley's 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 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Child Development Program of the City of Moreno Valley at June 30, 2013, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of the City Council
City of Moreno Valley, California

Other Matters

Management has omitted the management's discussion and analysis 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 9 to 35, inclusive, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In addition, the supplementary information is presented in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education and all other laws, regulations and sub-grant requirements. In our opinion, the accompanying supplementary information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 1, the financial statements present only the General Child Development Program and are not intended to present fairly the financial position and results of operations of the City of Moreno Valley in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the General Child Development Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Brea, California
December 12, 2013

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2013

	<u>Child Development</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments	\$ 63,278	\$ -	\$ 63,278
Due from other governments	14,340	-	14,340
Total Assets	<u>\$ 77,618</u>	<u>-</u>	<u>77,618</u>
Liabilities:			
Accounts payable	\$ 3,555	-	3,555
Due to other governments	34,299	-	34,299
Other liabilities	9,396	-	9,396
State Child Development reserves	30,368	-	30,368
Total Liabilities	<u>77,618</u>	<u>-</u>	<u>77,618</u>
Fund Balances/Net Position:			
Fund balances:			
Unrestricted	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 77,618</u>		
Net Position:			
Unassigned		-	-
Total Net Position		<u>\$ -</u>	<u>\$ -</u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Child Development</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Grants:			
State Department of Education	\$ 522,964	\$ -	\$ 522,964
Child Care Food Program	32,937	-	32,937
Child Care Food Program - At Risk	92,898	-	92,898
Parent fees:			
Subsidy child	19,929	-	19,929
Contributions	18,330	-	18,330
Total Revenues	687,058	-	687,058
Expenditures:			
Classified personnel salaries	274,245	-	274,245
Employee benefits	171,483	-	171,483
Books and supplies	34,346	-	34,346
Services other than operating expenses	146,002	-	146,002
Indirect Costs	42,653	-	42,653
Total Expenditures	668,729	-	668,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,329	-	18,329
Fund Balances/Net Position:			
Beginning of year	(18,329)	-	(18,329)
End of year	\$ -	\$ -	\$ -

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1: Organization and Summary of Significant Accounting Policies

a. The Financial Reporting Entity

The General Child Development Program (the Program) is a program operated by the City of Moreno Valley, California (the City) to provide educational programs and care for children participating in the program. Families of participating children pay a fee for these services which are subsidized by the City and by grants from the California State Department of Education, Office of Child Development.

The City is a municipal corporation and is exempt from federal and state income taxes. Accordingly, a provision for such taxes has not been made in the accompanying financial statements.

The Financial Accounting Standards Board, which determines accounting principles for non-profit organizations, and the Government Accounting Standards Board, which determines accounting principles for governmental organizations, have agreed that organizations should be considered "governmental organizations" if its fund balance reverts to a government upon dissolution. Program operations are partially financed by transfers from the City and upon dissolution, any remaining fund balance would revert to the City, which is a government.

The General Child Development Program (the Program) adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which established accounting and financial reporting standards for financial statements of state and local governments.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant revenues have an availability period of 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities and Net position or Equity

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value based on the Program's pro-rata share of the fair value calculated by the City of the entire City portfolio. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The Pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Moreno Valley. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

2. Receivables and Payables

All trade receivables are shown net of an allowance for uncollectibles.

4. Reserve Account

The Program is eligible to retain a portion of unearned grant funds received from the State. The reserve account is subject to terms, conditions and limitations of the grant agreement and is retained by the Program. As of June 30, 2013, the reserves' total balance was \$30,368.

5. Indirect Cost Allocation

Indirect costs are allocated to the program based on the Program's pro-rata share of usage.

6. Rent Expenses

The Program operated at four locations during the year, all of which are either owned by the City or a school and the Program was not charged rent.

Note 2: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	<u>\$ 63,278</u>
----------------------	------------------

The Program's funds are pooled with the City of Moreno Valley's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 3: Related Party Transaction

The Program and the City share certain expenses such as communication network, supplies, and other internal service charges.

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Note 4: Contingency

The Program participates in federal and state grant programs which have been audited by the Program's independent auditors, in accordance with the provisions of the Federal Single Audit Act of 1996, and applicable state requirements. No cost disallowances were proposed as a result of these audits, however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Program expects such amounts, if any, to be immaterial.

Supplementary Information

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

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

Name of agency:	City of Moreno Valley	
Type of agency:	Municipality	
Address:	City of Moreno Valley 14177 Frederick Street Moreno Valley, CA 92552	
Program Director:	Michael McCarty, Parks & Community Services Director	
Finance Director:	Richard Teichert, Chief Financial Officer / City Treasurer	
Period covered by the audit:	July 1, 2012 through June 30, 2013	
Number of days of operation:	248	
Child Care Center locations:	<p>Armada Elementary School 25201 John F. Kennedy Drive Sunnymead, CA 92553</p> <p>Creekside Elementary School 13563 Heacock Street Moreno Valley, CA 92553</p> <p>Sunnymead Elementary School 24050 Dracaea Avenue Moreno Valley, CA 92553</p> <p>Rainbow Ridge 15950 Indian Avenue Moreno Valley, CA 92551</p>	
Child Care Center operating hours: (All locations have the same operating hours.)	School Days (except Wednesday)	
	Opening time	2:00 p.m.
	Closing time	6:00 p.m.
	Number of hours open	4
	School Days (Wednesday only)	
	Opening time	12:00 p.m.
	Closing time	6:00 p.m.
	Number of hours open	6
	Vacation Days	
	Opening time	7:00 a.m.
	Closing time	6:00 p.m.
	Number of hours open	11

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Program Title	CFDA Number	Grantor's Number	Award Amount		Expenditures		
			Federal	State	Federal	State	Total
U.S. Department of Agriculture, passed through State of California, Department of Education: Child Nutrition and Food Distribution Division Child and Adult Care Food Program	10.558	04321-CACFP -33-GM-CS	\$ 32,937	\$ -	\$ 32,937	\$ -	\$ 32,937
Child and Adult Care Food Program - At-Risk Snack	10.558	33-3217-5*	92,898	-	92,898	-	92,898
State of California, Department of Education General Child Care	93.596 / 93.575	CCTR-2183	277,103	270,358	252,800	290,094 **	542,894
Total Federal and State Awards			<u>\$402,938</u>	<u>\$270,358</u>	<u>\$378,635</u>	<u>\$290,094</u>	<u>\$668,729</u>

* The City has a subcontract agreement for this food services program. Therefore, per the California Department of Education Funding Terms and Conditions for Center-based Programs, Section IV, the program is excluded from the audit requirement.

** This amount includes amounts funded by the State of California, parent subsidies and miscellaneous sources.

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>CCTR-2183</u>	<u>Sub-Contract 33-3217-5</u>	<u>Total CDE Contracts</u>
Revenues and Support:			
Grants:			
State Department of Education	\$ 522,964	\$ -	\$ 522,964
Child Care Food Program	32,937	-	32,937
Child Care Food Program - At Risk	-	92,898	92,898
Parent fees:			
Subsidy child	19,929	-	19,929
Contributions	18,330	-	18,330
Total Revenues and Support	594,160	92,898	687,058
Expenditures:			
Classified personnel salaries	274,245	-	274,245
Employee benefits	171,483	-	171,483
Books and supplies	34,346	-	34,346
Services other than operating expenses	53,104	92,898	146,002
Indirect costs	42,653	-	42,653
Total Expenditures	575,831	92,898	668,729
Changes in net position	\$ 18,329	\$ -	\$ 18,329

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>CCTR-2183</u>	<u>Sub-Contract 33-3217-5</u>	<u>Total CDE Contracts</u>
Expenditures			
2000 Classified Salaries	\$ 274,245	\$ -	\$ 274,245
3000 Employee Benefits	171,483	-	171,483
4000 Books and Supplies	34,346	-	34,346
5000 Services and Other Operating Expenses	53,104	92,898	146,002
Indirect Costs	42,653	-	42,653
Total Expenditures Claimed for Reimbursement	<u>575,831</u>	<u>92,898</u>	<u>668,729</u>
Total Supplemental Expenditures	-	-	-
Total Expenditures	<u><u>\$ 575,831</u></u>	<u><u>\$ 92,898</u></u>	<u><u>\$ 668,729</u></u>

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

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

RECONCILIATION OF CDE AND GAAP EXPENDITURE REPORTING
FOR THE YEAR ENDED JUNE 30, 2013

	<u>CCTR-2183</u>
Schedule of Expenditure by State Categories (CDE)	\$ 575,831
Adjustment to Reconcile Differences in Reporting:	<u>-</u>
Subtotal	<u>-</u>
Combining Statement of Activities (GAAP)	<u><u>\$ 575,831</u></u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Reimbursable Renovations and Repairs Expenditures</u>	<u>CCTR-2183</u>
None	\$ -
	<hr/>
Total	\$ -
	<hr/> <hr/>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF REIMBURSABLE EXPENDITURES FOR EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2013

<u>Reimbursable Equipment Expenditures</u>	<u>CCTR-2183</u>
None	\$ -
Total	<u><u>\$ -</u></u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF REIMBURSABLE EXPENDITURES FOR ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Reimbursable Administrative Costs</u>	<u>CCTR-2183</u>
Classified Salaries and Benefits	\$ 26,727
Liability	15,736
Facility Charges	21,773
Technology Services	4,690
Audit Services	<u>7,360</u>
Total	<u><u>\$ 76,286</u></u>

AUDITED ATTENDANCE AND FISCAL REPORT

for Child Development Programs

Agency Name: CITY OF MORENO VALLEY Vendor No. 2186

Fiscal Year Ended: June 30, 2013 Contract No. CCTR-2183

Independent Auditor's Name: LANCE SOLL & LUNGHARD, LLP

SECTION I - 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	62		62	1.180	73.160
Full-time	5,919		5,919	1.000	5,919.000
Three-quarters-time	5,933		5,933	0.750	4,449.750
One-half-time	11,334		11,334	0.550	6,233.700
<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	23,248	-	23,248		16,675.610
DAYS OF OPERATION	248	-	248		
DAYS OF ATTENDANCE	23,248	-	23,248		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, 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 Child Development Programs**

Agency Name: CITY OF MORENO VALLEY Vendor No. 2186

Fiscal Year Ended: June 30, 2013 Contract No. CCTR-2183

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DAYS OF ENROLLMENT	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	-		-	1.000	-
Three-quarters-time	-		-	0.750	-
One-half-time	3		3	0.550	1.650
<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	3	-	3		1.650

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

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

Agency Name: CITY OF MORENO VALLEY Vendor No. 2186
 Fiscal Year End: June 30, 2013 Contract No. CCTR-2183
 Insert Any Commingled Contract No. _____

	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	\$32,937	\$0	\$32,937
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$32,937	\$0	\$32,937
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children Contract # CCTR-2183	19,872		19,872
Contract #			0
Interest Earned on Apportionments Contract #			0
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	57		57
Other (Specify):			0
TOTAL REVENUE	\$52,866	\$0	\$52,866

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	0		0
2000 Classified Salaries	274,245		274,245
3000 Employee Benefits	171,870	(387)	171,483
4000 Books and Supplies	34,331	15	34,346
5000 Services and Other Operating Expenses	52,907	197	53,104
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit Contract #			0
Contract #			0
Indirect Costs. Rate: 8.00% (Rate is Self-Calculating)	42,668	(15)	42,653
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$576,021	(\$190)	\$575,831
<input checked="" type="checkbox"/> YES ADMINISTRATIVE COSTS (included in section IV above)	\$76,301	(\$15)	\$76,286
<input type="checkbox"/> NO Explain adjustments:			

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program

YES Elements of the California Department of Education, Child Development Division:

NO - Explain any discrepancies:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses.

ADJUSTMENTS ABOVE ARE DUE EXPENSES NOT RECORDED prior to filing the 4th Qtr CDFS 9500.

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: CITY OF MORENO VALLEY

Fiscal Year End: June 30, 2013

Vendor No. 2186

Independent Auditor's Name: LANCE SOLL & LUNGHARD

RESERVE ACCOUNT TYPE (Check One):

- Center Based
 Resource and Referral
 Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$37,510	\$0	\$37,510
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$7,235		\$7,235
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$30,275	\$0	\$30,275

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$93	\$0	\$93
6. Less Transfers to Contracts from Reserve Account (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):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
7. Ending Balance on June 30, 2013 (column A must agree with this year's CDFS 9530-A, Section IV)	\$30,368	\$0	\$30,368

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

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2013

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
July 2012									
Breakfast									
Full price/base rate	146	-	146	0.2700	\$ 39	0.0000	\$ -	0.0000	\$ -
Reduced price	403	-	403	1.2500	504	0.0000	-	0.0000	-
Free	507	-	507	1.5500	786	0.0000	-	0.0000	-
Lunch									
Full price/base rate	302	-	302	0.2700	82	0.0000	-	0.2275	69
Reduced price	838	-	838	2.4600	2,061	0.0000	-	0.2275	191
Free	1,052	-	1,052	2.8600	3,009	0.0000	-	0.2275	239
Supplement									
Full price/base rate	294	-	294	0.0700	21	0.0000	-	0.0000	-
Reduced price	811	-	811	0.3900	316	0.0000	-	0.0000	-
Free	1,018	-	1,018	0.7800	794	0.0000	-	0.0000	-
					<u>7,612</u>				<u>499</u>
August 2012									
Breakfast									
Full price/base rate	70	-	70	0.2700	19	0.0000	-	0.0000	-
Reduced price	195	-	195	1.2500	244	0.0000	-	0.0000	-
Free	245	-	245	1.5500	380	0.0000	-	0.0000	-
Lunch									
Full price/base rate	133	-	133	0.2700	36	0.0000	-	0.2275	30
Reduced price	368	-	368	2.4600	905	0.0000	-	0.2275	84
Free	462	-	462	2.8600	1,321	0.0000	-	0.2275	105
Supplement									
Full price/base rate	274	-	274	0.0700	19	0.0000	-	0.0000	-
Reduced price	760	-	760	0.3900	296	0.0000	-	0.0000	-
Free	954	-	954	0.7800	744	0.0000	-	0.0000	-
					<u>3,964</u>				<u>219</u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2013

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
September 2012									
Breakfast									
Full price/base rate	-	-	-	0.2700	-	0.0000	-	0.0000	-
Reduced price	-	-	-	1.2500	-	0.0000	-	0.0000	-
Free	-	-	-	1.5500	-	0.0000	-	0.0000	-
Lunch									
Full price/base rate	-	-	-	0.2700	-	0.0000	-	0.2275	-
Reduced price	-	-	-	2.4600	-	0.0000	-	0.2275	-
Free	-	-	-	2.8600	-	0.0000	-	0.2275	-
Supplement									
Full price/base rate	229	-	229	0.0700	16	0.0000	-	0.0000	-
Reduced price	635	-	635	0.3900	248	0.0000	-	0.0000	-
Free	797	-	797	0.7800	621	0.0000	-	0.0000	-
					<u>885</u>				
October 2012									
Breakfast									
Full price/base rate	2	-	2	0.2700	1	0.0000	-	0.0000	-
Reduced price	11	-	11	1.2500	14	0.0000	-	0.0000	-
Free	15	-	15	1.5500	23	0.0000	-	0.0000	-
Lunch									
Full price/base rate	5	-	5	0.2700	1	0.0000	-	0.2275	1
Reduced price	28	-	28	2.4600	69	0.0000	-	0.2275	6
Free	36	-	36	2.8600	103	0.0000	-	0.2275	9
Supplement									
Full price/base rate	171	-	171	0.0700	12	0.0000	-	0.0000	-
Reduced price	878	-	878	0.3900	342	0.0000	-	0.0000	-
Free	1,135	-	1,135	0.7800	885	0.0000	-	0.0000	-
					<u>1,450</u>				<u>16</u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2013

	Meals			Federal			State			Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
November 2012											
Breakfast											
Full price/base rate	9	-	9	0.2700	2	0.0000	-	0.0000	-	0.0000	-
Reduced price	45	-	45	1.2500	56	0.0000	-	0.0000	-	0.0000	-
Free	59	-	59	1.5500	91	0.0000	-	0.0000	-	0.0000	-
Lunch											
Full price/base rate	21	-	21	0.2700	6	0.0000	-	0.0000	-	0.2275	5
Reduced price	110	-	110	2.4600	271	0.0000	-	0.0000	-	0.2275	25
Free	142	-	142	2.8600	406	0.0000	-	0.0000	-	0.2275	32
Supplement											
Full price/base rate	138	-	138	0.0700	10	0.0000	-	0.0000	-	0.0000	-
Reduced price	708	-	708	0.3900	276	0.0000	-	0.0000	-	0.0000	-
Free	915	-	915	0.7800	714	0.0000	-	0.0000	-	0.0000	-
					1,832						62
December 2012											
Breakfast											
Full price/base rate	7	-	7	0.2700	2	0.0000	-	0.0000	-	0.0000	-
Reduced price	35	-	35	1.2500	44	0.0000	-	0.0000	-	0.0000	-
Free	45	-	45	1.5500	70	0.0000	-	0.0000	-	0.0000	-
Lunch											
Full price/base rate	18	-	18	0.2700	5	0.0000	-	0.0000	-	0.2275	4
Reduced price	92	-	92	2.4600	226	0.0000	-	0.0000	-	0.2275	21
Free	120	-	120	2.8600	343	0.0000	-	0.0000	-	0.2275	27
Supplement											
Full price/base rate	131	-	131	0.0700	9	0.0000	-	0.0000	-	0.0000	-
Reduced price	673	-	673	0.3900	262	0.0000	-	0.0000	-	0.0000	-
Free	870	-	870	0.7800	679	0.0000	-	0.0000	-	0.0000	-
					1,640						52

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2013

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
January 2013									
Breakfast									
Full price/base rate	19	-	19	0.2700	5	0.0000	-	0.0000	-
Reduced price	100	-	100	1.2500	125	0.0000	-	0.0000	-
Free	129	-	129	1.5500	200	0.0000	-	0.0000	-
Lunch									
Full price/base rate	36	-	36	0.2700	10	0.0000	-	0.2275	8
Reduced price	186	-	186	2.4600	458	0.0000	-	0.2275	42
Free	240	-	240	2.8600	686	0.0000	-	0.2275	55
Supplement									
Full price/base rate	153	-	153	0.0700	11	0.0000	-	0.0000	-
Reduced price	786	-	786	0.3900	307	0.0000	-	0.0000	-
Free	1,016	-	1,016	0.7800	792	0.0000	-	0.0000	-
					<u>2,594</u>				<u>105</u>
February 2013									
Breakfast									
Full price/base rate	3	-	3	0.2700	1	0.0000	-	0.0000	-
Reduced price	15	-	15	1.2500	19	0.0000	-	0.0000	-
Free	19	-	19	1.5500	29	0.0000	-	0.0000	-
Lunch									
Full price/base rate	6	-	6	0.2700	2	0.0000	-	0.2275	1
Reduced price	29	-	29	2.4600	71	0.0000	-	0.2275	7
Free	38	-	38	2.8600	109	0.0000	-	0.2275	9
Supplement									
Full price/base rate	137	-	137	0.0700	10	0.0000	-	0.0000	-
Reduced price	704	-	704	0.3900	275	0.0000	-	0.0000	-
Free	909	-	909	0.7800	708	0.0000	-	0.0000	-
					<u>1,224</u>				<u>17</u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2013

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
March 2013									
Breakfast									
Full price/base rate	14	-	14	0.2700	4	0.0000	-	0.0000	-
Reduced price	76	-	76	1.2500	95	0.0000	-	0.0000	-
Free	98	-	98	1.5500	152	0.0000	-	0.0000	-
Lunch									
Full price/base rate	32	-	32	0.2700	9	0.0000	-	0.2275	7
Reduced price	161	-	161	2.4600	396	0.0000	-	0.2275	37
Free	208	-	208	2.8600	595	0.0000	-	0.2275	47
Supplement									
Full price/base rate	148	-	148	0.0700	10	0.0000	-	0.0000	-
Reduced price	761	-	761	0.3900	297	0.0000	-	0.0000	-
Free	984	-	984	0.7800	767	0.0000	-	0.0000	-
					<u>2,325</u>				<u>91</u>
April 2013									
Breakfast									
Full price/base rate	11	-	11	0.2700	3	0.0000	-	0.0000	-
Reduced price	56	-	56	1.2500	70	0.0000	-	0.0000	-
Free	72	-	72	1.5500	112	0.0000	-	0.0000	-
Lunch									
Full price/base rate	18	-	18	0.2700	5	0.0000	-	0.2275	4
Reduced price	90	-	90	2.4600	221	0.0000	-	0.2275	20
Free	117	-	117	2.8600	335	0.0000	-	0.2275	27
Supplement									
Full price/base rate	154	-	154	0.0700	11	0.0000	-	0.0000	-
Reduced price	789	-	789	0.3900	308	0.0000	-	0.0000	-
Free	1,019	-	1,019	0.7800	794	0.0000	-	0.0000	-
					<u>1,859</u>				<u>51</u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2013

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
May 2013									
Breakfast									
Full price/base rate	-	-	-	0.2700	-	0.0000	-	0.0000	-
Reduced price	-	-	-	1.2500	-	0.0000	-	0.0000	-
Free	-	-	-	1.5500	-	0.0000	-	0.0000	-
Lunch									
Full price/base rate	-	-	-	0.2700	-	0.0000	-	0.2275	-
Reduced price	-	-	-	2.4600	-	0.0000	-	0.2275	-
Free	-	-	-	2.8600	-	0.0000	-	0.2275	-
Supplement									
Full price/base rate	156	-	156	0.0700	11	0.0000	-	0.0000	-
Reduced price	798	-	798	0.3900	311	0.0000	-	0.0000	-
Free	1,032	-	1,032	0.7800	805	0.0000	-	0.0000	-
					<u>1,127</u>				
June 2013									
Breakfast									
Full price/base rate	43	-	43	0.2700	12	0.0000	-	0.0000	-
Reduced price	165	-	165	1.2500	206	0.0000	-	0.0000	-
Free	446	-	446	1.5500	691	0.0000	-	0.0000	-
Lunch									
Full price/base rate	81	-	81	0.2700	22	0.0000	-	0.2275	18
Reduced price	313	-	313	2.4600	770	0.0000	-	0.2275	71
Free	846	-	846	2.8600	2,420	0.0000	-	0.2275	193
Supplement									
Full price/base rate	94	-	94	0.0700	7	0.0000	-	0.0000	-
Reduced price	362	-	362	0.3900	141	0.0000	-	0.0000	-
Free	978	-	978	0.7800	762	0.0000	-	0.0000	-
					<u>5,031</u>				
GRAND TOTAL					<u>\$ 31,543</u>			<u>\$ 282</u>	<u>1,394</u>

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**SCHEDULE OF CCFP REPORTED, ADJUSTED AND ALLOWED ENROLLMENT
YEAR ENDED JUNE 30, 2013**

<u>Month</u>		<u>Total</u>	<u>Free</u>	<u>Reduced</u>	<u>Based</u>
July	Reported	123	59	47	17
	Allowed	0			
August	Reported	123	59	47	17
	Allowed	0			
September	Reported	123	59	47	17
	Allowed	0			
October	Reported	102	53	41	8
	Allowed	0			
November	Reported	102	53	41	8
	Allowed	0			
December	Reported	102	53	41	8
	Allowed	0			
January	Reported	102	53	41	8
	Allowed	0			
February	Reported	102	53	41	8
	Allowed	0			
March	Reported	102	53	41	8
	Allowed	0			
April	Reported	102	53	41	8
	Allowed	0			
May	Reported	102	53	41	8
	Allowed	0			
June	Reported	107	73	27	7
	Allowed	0			

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*

To the Honorable Mayor and Members of the City Council
City of Moreno Valley, California

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 General Child Development Program of the City of Moreno Valley, California (the Program) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

Management of the City of Moreno Valley is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Program's internal control over financial reporting 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 Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over financial reporting.

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 Program'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 to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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.



To the Honorable Mayor and Members of the City Council
City of Moreno Valley, California

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, City Council, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Solt & Lughard, LLP

Brea, California
December 12, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE
REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Moreno Valley, California

Report on Compliance of the General Child Development Program

We have audited the compliance of the General Child Development Program of the City of Moreno Valley, California (the "City"), with the types of compliance requirements described in the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education, June 2010, for the year ended June 30, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for compliance requirements described in the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education, June 2010.

Auditor's Responsibility

Our responsibility is to express opinions on compliance with the requirements described in the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education, June 2010. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements described in the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education, June 2010. Those standards and the requirements described in the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education, June 2010, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the General Child Development Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the General Child Development Program

In our opinion, the City complied, in all material respects, with the requirements referred to above applicable to the General Child Development Program for the year ended June 30, 2013.



To the Honorable Mayor and Members of the City Council
City of Moreno Valley, California

Report on Internal Control Over Compliance of the General Child Development Program

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the General Child Development Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Audit Guide for Audits of Child Development and Nutrition Programs* issued by the California Department of Education, June 2010. Accordingly, this communication is not suitable for any other purpose.

Brea, California
December 12, 2013

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

No findings or questioned costs noted.

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

Finding #2012-1: Child days of enrollment reported were not accurate.

1. Program Information - CDE General Center Contract #CCTR-1195
2. Criteria - Funding Terms and Conditions sections VI.B, D, and F require that contractors use sign-in/out sheets as a primary source document for audit and reimbursement purposes. They also require that the submitted reports contain the days of enrollment and attendance for all children served in the program in the current reporting period and year to date.
3. Condition - During the testing of the attendance records, discovered that the contractor overreported the days of enrollment and attendance by 277 days. The wrong number of days were input from the monthly attendance and enrollment sheet for the $\frac{3}{4}$ time and $\frac{1}{2}$ time enrollment days for the Creekside location in November 2011 to the second quarter spreadsheet.
4. Questioned Costs – The total day of attendance and enrollment that were incorrectly reported as noted above is for 277 days. The difference in the adjusted days of enrollments then reported is 185.8 which when multiplied by the reimbursement rate of \$34.38 is \$6,387.80.
5. Effect and Context – The contractor over reported days of enrollment to be reimbursed. The over reported days were discovered when testing the reported days of enrollment to the sign-in/out sheets and to the monthly summaries prepared for the entire fiscal year.
6. Cause - The error occurred as a result of the Program Manager not being diligent in monthly summary preparation and no additional review was performed.
7. Recommendation - The Management Analyst should have the Program Manager review the quarterly attendance and enrollment spreadsheets for errors from the monthly attendance and enrollment spreadsheets.
8. Views of responsible officials and planned corrective action - The Management Analyst indicated that she will be more careful in monthly summary preparation and they will consider implementing the recommendation for additional review procedures by the Program Manager.
9. Status of Corrective Action - In the current year, no exception was noted on the attendance records.

Finding #2012-2: Indirect costs were not reported on a separate line, nor were they less than the maximum rate.

1. Program Information - CDE General Center Contract #CCTR-1195
2. Criteria - Funding Terms and Conditions section V.B requires that if indirect costs are claimed, the maximum indirect cost rate is eight percent of budget categories 1000-5000.
3. Condition – The contractor did not claim indirect costs separately. The indirect costs that were included in category 5000 were greater than the 8% allowable.
4. Questioned Costs – The total indirect costs included in group 5000 was \$44,675. However, if these indirect costs were reported separately, then they were greater than 8% of the total of categories 1000-5000. The maximum allowable indirect cost when reported separately is \$41,142 which is an over the allowed amount of \$3,533.

**CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

Finding #2012-2: Indirect costs were not reported on a separate line, nor were they less than the maximum rate. (Continued)

5. Effect and Context – The contractor originally included more indirect costs than allowable.
6. Cause - The error occurred as a result of a miscalculation. This miscalculation resulted from including the indirect costs as part of the budget groups 1000-5000 total to calculate the total allowable indirect costs.
7. Recommendation - The Management Analyst should separately show the indirect costs as allowable on the quarterly form, this will assist in preventing the miscalculation of the total allowable indirect costs.
8. Views of responsible officials and planned corrective action - The Management Analyst indicated that she will be more careful in monthly summary preparation.
9. Status of Corrective Action – In the current year, indirect costs were properly segregated and did not exceed the maximum rate of 8%.