

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM
JUNE 30, 2014

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GENERAL CHILD DEVELOPMENT PROGRAM

JUNE 30, 2014

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CITY OF MORENO VALLEY
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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, 2014, and the related 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 as of June 30, 2014, 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 financial statements of the General Child Development Program. The accompanying supplementary information on pages 8 to 33, 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 November 6, 2014, 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* in considering the General Child Development Program's internal control over financial reporting and compliance.

Brea, California
November 6, 2014

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2014

	<u>Child Development</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments	\$ 13,955	\$ -	\$ 13,955
Due from other governments	19,273	-	19,273
Total Assets	<u>\$ 33,228</u>	<u>-</u>	<u>33,228</u>
Liabilities:			
Accounts payable	\$ 2,602	-	2,602
Due to other governments	3,185	-	3,185
Other liabilities	-	-	-
State Child Development reserves	27,441	-	27,441
Total Liabilities	<u>33,228</u>	<u>-</u>	<u>33,228</u>
Fund Balances/Net Position:			
Fund balances:			
Unrestricted	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 33,228</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, 2014

	<u>Child Development</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Grants:			
State Department of Education	\$ 497,717	\$ -	\$ 497,717
Child Care Food Program	33,862	-	33,862
Parent fees:			
Subsidy child	19,938	-	19,938
Total Revenues	551,517	-	551,517
Expenditures:			
Classified personnel salaries	257,350	-	257,350
Employee benefits	162,531	-	162,531
Books and supplies	31,821	-	31,821
Services other than operating expenses	58,962	-	58,962
Indirect Costs	40,853	-	40,853
Total Expenditures	551,517	-	551,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balances/Net Position:			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014**

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 on 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, 2014, the reserves total balance was \$27,441.

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>\$ 13,955</u>
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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 financial 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, 2014**

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, 2014**

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: Betsy Adams, Parks & Community Services Director
 Finance Director: Richard Teichert, Chief Financial Officer / City Treasurer
 Period covered by the audit: July 1, 2013 through June 30, 2014
 Number of days of operation: 249

Child Care Center locations:		<u>Operating Hours - School Days (except flex day)</u>
Armada Elementary School 25201 John F. Kennedy Drive Sunnymead, CA 92553	Opening time Closing time Number of hours open	11:30 a.m. 6:00 p.m. 6 1/2
Creekside Elementary School 13563 Heacock Street Moreno Valley, CA 92553	Opening time Closing time Number of hours open	11:30 a.m. 6:00 p.m. 6 1/2
Sunnymead Elementary School 24050 Dracaea Avenue Moreno Valley, CA 92553	Opening time Closing time Number of hours open	3:00 p.m. 6:00 p.m. 3
Rainbow Ridge 15950 Indian Avenue Moreno Valley, CA 92551	Opening time Closing time Number of hours open	12:00 p.m. 6:00 p.m. 6
School Days (flex day 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, 2014

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	\$ 33,862	\$ -	\$ 33,862	\$ -	\$ 33,862
State of California, Department of Education Child Development Programs	93.596 / 93.575	CCTR-3173	266,324	294,732	243,924	273,731 **	517,655
Total Federal and State Awards			<u>\$ 300,186</u>	<u>\$ 294,732</u>	<u>\$ 277,786</u>	<u>\$ 273,731</u>	<u>\$ 551,517</u>

** 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, 2014**

	<u>CCTR-3173</u>	<u>04321-CACFP 33-GM-CS</u>	<u>Total CDE Contracts</u>
Revenues and Support:			
Grants:			
State Department of Education	\$ 497,717	\$ -	\$ 497,717
Child Care Food Program	-	33,862	33,862
Parent fees:			
Subsidy child	19,938	-	19,938
Full cost child	-	-	-
Late penalties	-	-	-
Contributions	-	-	-
Total Revenues and Support	<u>517,655</u>	<u>33,862</u>	<u>551,517</u>
Expenditures:			
Classified personnel salaries	257,350	-	257,350
Employee benefits	162,531	-	162,531
Books and supplies	31,821	-	31,821
Services other than operating expenses	25,100	33,862	58,962
Indirect costs	40,853	-	40,853
Total Expenditures	<u>517,655</u>	<u>33,862</u>	<u>551,517</u>
Changes in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CCTR-3173</u>	<u>04321-CACFP 33-GM-CS</u>	<u>Total CDE Contracts</u>
Expenditures			
2000 Classified Salaries	\$ 257,350	\$ -	\$ 257,350
3000 Employee Benefits	162,531	-	162,531
4000 Books and Supplies	31,821	-	31,821
5000 Services and Other Operating Expenses	25,100	33,862	58,962
Indirect Costs	40,853	-	40,853
Total Expenditures Claimed for Reimbursement	<u>517,655</u>	<u>33,862</u>	<u>551,517</u>
Total Supplemental Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 517,655</u>	<u>\$ 33,862</u>	<u>\$ 551,517</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, 2014

	<u>CCTR-3173</u>	<u>04321-CACFP 33-GM-CS</u>	<u>Total CDE Contracts</u>
Schedule of Expenditure by State Categories (CDE)	\$ 517,655	\$ 33,862	\$ 551,517
Adjustment to Reconcile Differences in Reporting:	-	-	-
Subtotal	-	-	-
Combining Statement of Activities (GAAP)	<u>\$ 517,655</u>	<u>\$ 33,862</u>	<u>\$ 551,517</u>

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Reimbursable Renovations and Repairs Expenditures</u>	<u>CCTR-3173</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, 2014

<u>Reimbursable Equipment Expenditures</u>	<u>CCTR-3173</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, 2014

<u>Reimbursable Administrative Costs</u>	<u>CCTR-3173</u>
Classified Salaries and Benefits	\$ 27,716
Liability	15,181
Facility Charges	20,709
Technology Services	4,525
Audit Services	<u>9,019</u>
Total	<u><u>\$ 77,150</u></u>

AUDITED ATTENDANCE AND FISCAL REPORT

for Child Development Programs

Agency Name: CITY OF MORENO VALLEY Vendor No. 2166

Fiscal Year Ended: June 30, 2014 Contract No. CCTR-3173

Independent Auditor's Name: _____

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	7		7	1.180	8.260
Full-time	5,446		5,446	1.000	5,446.000
Three-quarters-time	4,728		4,728	0.750	3,546.000
One-half-time	11,866		11,866	0.550	6,526.300
<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	22,047	-	22,047		15,526.560
DAYS OF OPERATION	249		249		
DAYS OF ATTENDANCE	22,037		22,037		

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. 2166

Fiscal Year Ended: June 30, 2014 Contract No. CCTR-3173

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	-		-	0.550	-
<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	-	-	-		-

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. 2166

Fiscal Year End: June 30, 2014 Contract No. CCTR-3173

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	\$33,862	\$0	\$33,862
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$33,862	\$0	\$33,862
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children			0
CCTR Program Contract # CCTR-3173	19,938		19,938
CSPP Full-Day Program Contract #			0
CSPP Part-Day Program Contract #			0
Interest Earned on Apportionments Contract #			0
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	\$53,800	\$0	\$53,800

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries			0
2000 Classified Salaries	257,346	4	257,350
3000 Employee Benefits	162,531		162,531
4000 Books and Supplies	31,731	90	31,821
5000 Services and Other Operating Expenses	104,108	(45,146)	58,962
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)	71,366	(30,513)	40,853
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$627,082	(\$75,565)	\$551,517
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$83,357	(\$6,207)	\$77,150

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support 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 page 4 if there are no supplemental revenues or expenses to report.

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

Agency Name: CITY OF MORENO VALLEY Vendor No. 2166

Fiscal Year End: June 30, 2014 Contract No. CCTR-3173

Insert Any Commingled Contract Number _____

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$0	\$0	\$0
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$0	\$0	\$0

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$0	\$0	\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$0	\$0	\$0

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: CITY OF MORENO VALLEY

Fiscal Year End: June 30, 2014

Vendor No. 2186

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

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)	\$30,368	\$0	\$30,368
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)	\$2,995		\$2,995
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$27,373	\$0	\$27,373

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$68	\$0	\$68
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, 2014 (column A must agree with this year's CDFS 9530-A, Section IV)	\$27,441	\$0	\$27,441

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, 2014

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
July 2013									
Breakfast									
Full price/base rate	70	-	70	0.2800	\$ 20	0.0000	\$ -	0.0000	\$ -
Reduced price	268	-	268	1.2800	343	0.0000	-	0.0000	-
Free	724	-	724	1.5800	1,144	0.0000	-	0.0000	-
Lunch									
Full price/base rate	119	-	119	0.2800	33	0.0000	-	0.2325	28
Reduced price	457	-	457	2.5300	1,156	0.0000	-	0.2325	106
Free	1,237	-	1,237	2.9300	3,624	0.0000	-	0.2325	288
PM Snack									
Full price/base rate	115	-	115	0.0700	8	0.0000	-	0.0000	-
Reduced price	443	-	443	0.4000	177	0.0000	-	0.0000	-
Free	1,199	-	1,199	0.8000	959	0.0000	-	0.0000	-
					7,464				422
August 2013									
Breakfast									
Full price/base rate	16	-	16	0.2800	4	0.0000	-	0.0000	-
Reduced price	62	-	62	1.2800	79	0.0000	-	0.0000	-
Free	169	-	169	1.5800	267	0.0000	-	0.0000	-
Lunch									
Full price/base rate	37	-	37	0.2800	10	0.0000	-	0.2325	9
Reduced price	143	-	143	2.5300	362	0.0000	-	0.2325	33
Free	386	-	386	2.9300	1,131	0.0000	-	0.2325	90
Supplement									
Full price/base rate	102	-	102	0.0700	7	0.0000	-	0.0000	-
Reduced price	391	-	391	0.4000	156	0.0000	-	0.0000	-
Free	1,057	-	1,057	0.8000	847	0.0000	-	0.0000	-
					2,863				132

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2014

	Meals			Federal		State		Cash In		
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement	
September 2013										
Breakfast										
Full price/base rate	-	-	-	0.0000	-	0.0000	-	0.0000	0.0000	-
Reduced price	-	-	-	0.0000	-	0.0000	-	0.0000	0.0000	-
Free	-	-	-	0.0000	-	0.0000	-	0.0000	0.0000	-
Lunch										
Full price/base rate	-	-	-	0.0000	-	0.0000	-	0.2325	0.2325	-
Reduced price	-	-	-	0.0000	-	0.0000	-	0.2325	0.2325	-
Free	-	-	-	0.0000	-	0.0000	-	0.2325	0.2325	-
Supplement										
Full price/base rate	96	-	96	0.0700	7	0.0000	-	0.0000	0.0000	-
Reduced price	370	-	370	0.4000	148	0.0000	-	0.0000	0.0000	-
Free	1,000	-	1,000	0.8000	800	0.0000	-	0.0000	0.0000	-
					955					
October 2013										
Breakfast										
Full price/base rate	1	-	1	0.2800	-	0.0000	-	0.0000	0.0000	-
Reduced price	3	-	3	1.2800	4	0.0000	-	0.0000	0.0000	-
Free	9	-	9	1.5800	14	0.0000	-	0.0000	0.0000	-
Lunch										
Full price/base rate	2	-	2	0.2800	1	0.0000	-	0.2325	0.2325	-
Reduced price	6	-	6	2.5300	15	0.0000	-	0.2325	0.2325	1
Free	18	-	18	2.9300	53	0.0000	-	0.2325	0.2325	4
Supplement										
Full price/base rate	142	-	142	0.0700	10	0.0000	-	0.0000	0.0000	-
Reduced price	447	-	447	0.4000	179	0.0000	-	0.0000	0.0000	-
Free	1,240	-	1,240	0.8000	993	0.0000	-	0.0000	0.0000	-
					1,269					5

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM
CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2014

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
November 2013									
Breakfast									
Full price/base rate	12	-	12	0.2800	3	0.0000	-	0.0000	-
Reduced price	38	-	38	1.2800	49	0.0000	-	0.0000	-
Free	105	-	105	1.5800	166	0.0000	-	0.0000	-
Lunch									
Full price/base rate	26	-	26	0.2800	7	0.0000	-	0.2325	6
Reduced price	81	-	81	2.5300	205	0.0000	-	0.2325	19
Free	226	-	226	2.9300	662	0.0000	-	0.2325	53
Supplement									
Full price/base rate	123	-	123	0.0700	9	0.0000	-	0.0000	-
Reduced price	385	-	385	0.4000	154	0.0000	-	0.0000	-
Free	1,069	-	1,069	0.8000	855	0.0000	-	0.0000	-
					2,110				78
December 2013									
Breakfast									
Full price/base rate	14	-	14	0.2800	4	0.0000	-	0.0000	-
Reduced price	45	-	45	1.2800	58	0.0000	-	0.0000	-
Free	124	-	124	1.5800	196	0.0000	-	0.0000	-
Lunch									
Full price/base rate	22	-	22	0.2800	6	0.0000	-	0.2325	5
Reduced price	68	-	68	2.5300	172	0.0000	-	0.2325	16
Free	189	-	189	2.9300	554	0.0000	-	0.2325	44
Supplement									
Full price/base rate	124	-	124	0.0700	9	0.0000	-	0.0000	-
Reduced price	388	-	388	0.4000	155	0.0000	-	0.0000	-
Free	1,077	-	1,077	0.8000	861	0.0000	-	0.0000	-
					2,015				65

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2014

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
January 2014									
Breakfast									
Full price/base rate	13	-	13	0.2800	4	0.0000	-	0.0000	-
Reduced price	38	-	38	1.2800	49	0.0000	-	0.0000	-
Free	106	-	106	1.5800	167	0.0000	-	0.0000	-
Lunch									
Full price/base rate	23	-	23	0.2800	6	0.0000	-	0.2325	5
Reduced price	75	-	75	2.5300	190	0.0000	-	0.2325	17
Free	207	-	207	2.9300	607	0.0000	-	0.2325	48
Supplement									
Full price/base rate	137	-	137	0.0700	10	0.0000	-	0.0000	-
Reduced price	429	-	429	0.4000	172	0.0000	-	0.0000	-
Free	1,191	-	1,191	0.8000	952	0.0000	-	0.0000	-
					2,157				70
February 2014									
Breakfast									
Full price/base rate	2	-	2	0.2800	1	0.0000	-	0.0000	-
Reduced price	14	-	14	1.2800	18	0.0000	-	0.0000	-
Free	26	-	26	1.5800	41	0.0000	-	0.0000	-
Lunch									
Full price/base rate	4	-	4	0.2800	1	0.0000	-	0.2325	1
Reduced price	23	-	23	2.5300	58	0.0000	-	0.2325	5
Free	42	-	42	2.9300	123	0.0000	-	0.2325	10
Supplement									
Full price/base rate	102	-	102	0.0700	7	0.0000	-	0.0000	-
Reduced price	579	-	579	0.4000	232	0.0000	-	0.0000	-
Free	1,056	-	1,056	0.8000	844	0.0000	-	0.0000	-
					1,325				16

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM
CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2014

	Meals			Federal		State		Cash In	
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement
March 2014									
Breakfast									
Full price/base rate	11	-	11	0.2800	3	0.0000	-	0.0000	-
Reduced price	60	-	60	1.2800	77	0.0000	-	0.0000	-
Free	109	-	109	1.5800	172	0.0000	-	0.0000	-
Lunch									
Full price/base rate	17	-	17	0.2800	5	0.0000	-	0.2325	4
Reduced price	97	-	97	2.5300	245	0.0000	-	0.2325	23
Free	176	-	176	2.9300	516	0.0000	-	0.2325	41
Supplement									
Full price/base rate	114	-	114	0.0700	8	0.0000	-	0.0000	-
Reduced price	644	-	644	0.4000	258	0.0000	-	0.0000	-
Free	1,175	-	1,175	0.8000	939	0.0000	-	0.0000	-
					2,223				68
April 2014									
Breakfast									
Full price/base rate	9	-	9	0.2800	3	0.0000	-	0.0000	-
Reduced price	49	-	49	1.2800	63	0.0000	-	0.0000	-
Free	89	-	89	1.5800	141	0.0000	-	0.0000	-
Lunch									
Full price/base rate	22	-	22	0.2800	6	0.0000	-	0.2325	5
Reduced price	123	-	123	2.5300	311	0.0000	-	0.2325	29
Free	225	-	225	2.9300	659	0.0000	-	0.2325	52
Supplement									
Full price/base rate	121	-	121	0.0700	8	0.0000	-	0.0000	-
Reduced price	685	-	685	0.4000	274	0.0000	-	0.0000	-
Free	1,249	-	1,249	0.8000	999	0.0000	-	0.0000	-
					2,464				86

CITY OF MORENO VALLEY
GENERAL CHILD DEVELOPMENT PROGRAM
CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2014

	Meals			Federal		State		Cash In		
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Lieu	Meal Reimbursement	
May 2014										
Breakfast										
Full price/base rate	-	-	-	0.2800	-	0.0000	-	0.0000	-	
Reduced price	5	-	5	1.2800	6	0.0000	-	0.0000	-	
Free	9	-	9	1.5800	14	0.0000	-	0.0000	-	
Lunch										
Full price/base rate	2	-	2	0.2800	1	0.0000	-	0.2325	-	
Reduced price	14	-	14	2.5300	35	0.0000	-	0.2325	3	
Free	25	-	25	2.9300	73	0.0000	-	0.2325	6	
Supplement										
Full price/base rate	123	-	123	0.0700	9	0.0000	-	0.0000	-	
Reduced price	697	-	697	0.4000	279	0.0000	-	0.0000	-	
Free	1,271	-	1,271	0.8000	1,017	0.0000	-	0.0000	-	
					1,434				9	
June 2014										
Breakfast										
Full price/base rate	52	-	52	0.2800	15	0.0000	-	0.0000	-	
Reduced price	294	-	294	1.2800	376	0.0000	-	0.0000	-	
Free	537	-	537	1.5800	848	0.0000	-	0.0000	-	
Lunch										
Full price/base rate	86	-	86	0.2800	24	0.0000	-	0.2325	20	
Reduced price	490	-	490	2.5300	1,240	0.0000	-	0.2325	114	
Free	893	-	893	2.9300	2,616	0.0000	-	0.2325	208	
Supplement										
Full price/base rate	110	-	110	0.0700	8	0.0000	-	0.0000	-	
Reduced price	626	-	626	0.4000	250	0.0000	-	0.0000	-	
Free	1,141	-	1,141	0.8000	913	0.0000	-	0.0000	-	
					6,290				342	
GRAND TOTAL									\$	1,293

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

**SCHEDULE OF CCFP REPORTED, ADJUSTED AND ALLOWED ENROLLMENT
YEAR ENDED JUNE 30, 2014**

<u>Month</u>		<u>Total</u>	<u>Free</u>	<u>Reduced</u>	<u>Based</u>
July	Reported	107	73	27	7
	Allowed	0			
August	Reported	107	73	27	7
	Allowed	0			
September	Reported	107	73	27	7
	Allowed	0			
October	Reported	90	61	22	7
	Allowed	0			
November	Reported	90	61	22	7
	Allowed	0			
December	Reported	90	61	22	7
	Allowed	0			
January	Reported	90	61	22	7
	Allowed	0			
February	Reported	102	62	34	6
	Allowed	0			
March	Reported	102	62	34	6
	Allowed	0			
April	Reported	102	62	34	6
	Allowed	0			
May	Reported	102	62	34	6
	Allowed	0			
June	Reported	102	62	34	6
	Allowed	0			

INDEPENDENT AUDITORS' 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 6, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the General Child Development Program of the City of Moreno Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.



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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Luyhard, LLP

Brea, California
November 6, 2014

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, 2014.

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, 2014.



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.

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.

Lance, Soll & Luyhard, LLP

Brea, California
November 6, 2014

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

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, 2013**

No findings or questioned costs noted.