



City of Moreno Valley
Audited Financial Statements
General Child Development Program Fund
As of and for the Year Ended June 30, 2019
With Report of Independent Auditors

City of Moreno Valley
Audited Financial Statements
General Child Development Program Fund
As of and for the Year Ended June 30, 2019
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	<u>PAGE</u>
REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Revenues, Expenditures and Changes in Fund Balance	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
General Information	9
Schedule of Federal and State Awards	10
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	11
Schedule of Expenditures by State Categories	12
Reconciliation of CDE and GAAP Expenditure Reporting	13
Schedule of Reimbursable Expenditures for Renovations and Repairs	14
Schedule of Reimbursable Expenditures for Equipment	15
Schedule of Reimbursable Expenditures for Administrative Costs	16
Audited Attendance and Fiscal Report for Child Development Programs	17
Audited Reserve Account Activity Report	27
Center Based Programs – Summary of Meals Reported	28
Schedule of CCFP Reported, Adjusted and Allowed Enrollment	34
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS	37
STATUS OF PRIOR YEAR'S AUDIT FINDINGS AND QUESTIONED COSTS	42

Report of Independent Auditors

The Honorable Mayor and Members of City Council
City of Moreno Valley
Moreno Valley, California

Report on Financial Statements

We have audited the accompanying financial statements of the General Child Development Program Fund (the "Fund") of the City of Moreno Valley, California (City), which comprise the balance sheet as of June 30, 2019 and the related statement of revenues, expenditures and changes in fund balance for the year then ended and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Child Development Program Fund of the City of Moreno Valley, California, as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements present only the General Child Development Program Fund of the City of Moreno Valley and do not purport to, and do not, present fairly the financial position of the City of Moreno Valley, California, as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the General Child Development Program Fund. The supplementary information identified in the table of contents is presented for purposes of additional analysis as required by the California Department of Education (CDE) and is not a required part of the basic financial statements.

The Schedule of Federal and State Awards, Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Schedule of Expenditures by State Categories, Reconciliation of CDE and GAAP Expenditure Reporting, Schedule of Reimbursable Expenditures for Renovations and Repairs, Schedule of Reimbursable Expenditures for Equipment, the Schedule of Reimbursable Expenditures for Administrative Costs, the Audited Attendance and Fiscal Report for Child Development Programs, and the Audited Reserve Account Activity Report are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information in those schedules 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 *CDE Audit Guide* and all other laws, regulations and sub-grant requirements. In our opinion, the information in those supplementary schedules is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Center Based Programs - Summary of Meals Reported and the Schedule of CCFP Reported, Adjusted and Allowed Enrollment were presented as required by the *CDE Audit Guide*. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the reports submitted to CDE, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019, on our consideration of the Fund'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 solely 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 the effectiveness of the Fund's 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 Fund's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
November 5, 2019

City of Moreno Valley
General Child Development Program Fund
Balance Sheet
June 30, 2019

ASSETS			
Cash and investments		\$	8,293
Due from other governments			68,187
	Total Assets	\$	<u>76,480</u>
 LIABILITIES AND FUND BALANCE 			
Liabilities			
Accounts payable		\$	26,677
Due to City of Moreno Valley			33,217
State Child Development reserves			8,293
	Total Liabilities		<u>68,187</u>
Restricted Fund Balance			<u>8,293</u>
	Total Liabilities and Fund Balances	\$	<u><u>76,480</u></u>

See notes to financial statements.

City of Moreno Valley
General Child Development Program Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2019

Revenues

Grants:	
State Department of Education	\$ 761,823
Child Care Food Program	41,295
Parent fees	11,398
	814,516
Total Revenues	814,516

Expenditures

Classified personnel salaries	385,899
Employee benefits	200,638
Books and supplies	89,178
Services and other operating expenses	88,778
Indirect costs	50,023
	814,516
Total Expenditures	814,516

Excess of Revenues Over Expenditures	-
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Other Financing Sources

Transfers in	8,293
	8,293
Change in fund balance	8,293
	8,293

Fund Balance, beginning of year	-
Fund Balance, end of year	\$ 8,293

See notes to financial statements.

NOTE 1 GENERAL INFORMATION

The accompanying financial statements present only the City of Moreno Valley General Child Development Program Fund (Fund). The Fund 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. The Fund receives program revenues from the California State Department of Education (CDE), Office of Child Development. Families of participating children also pay a fee for these services. For additional information regarding the City of Moreno Valley, refer to the City's comprehensive annual financial report.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Fund, the accounts are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established in accordance with their nature and purpose. The Fund is accounted for as a Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Fund is accounted for as a Special Revenue Fund of the City of Moreno Valley.

The Fund financial statements are reported using the current financial resources measurement focus. This means that generally, only current assets and current liabilities are included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Statement of revenues, expenditures and changes in fund balance for the Fund generally present increases (revenues) and decreases (expenditures) in net current assets.

The financial statements of the Fund have been prepared on 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 City 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. Grant funds are considered to be earned to the extent of expenditures incurred under the provisions of the grant. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The Fund's cash balance is pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was recorded in each of the fund's books of accounts, and interest income was apportioned to the participating funds based on the relationship of their average monthly balances to the total of the pooled 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 Fund'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.

Information regarding the credit risk and authorized types of deposits and investments in the City's pooled cash and investments is included in the City's comprehensive annual financial report.

Reserve Account

The Fund is eligible to retain a portion of deferred 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, 2019, these deferred grant funds amounted to \$8,293. Upon termination of the Program, the Fund would be required to return all remaining reserves to CDE. Accordingly, the reserve account is recorded as a liability (deferred revenue) in the amount of \$8,293.

Indirect Cost Allocation

Indirect costs are allocated to the program based on the Program's pro-rata share of usage or consumption of goods and services

Rent Expenses

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

NOTE 3 PARENT FEES

Parent fees represent the portion of childcare expenses that are to be paid by parents who do not qualify for the full subsidy. The parents pay the childcare providers directly for their portion of the childcare expenses.

NOTE 4 RELATED PARTY TRANSACTIONS

The Fund and the City share certain expenses such as the communication network, supplies, and other internal service fund charges. The Fund is billed for these services based on actual or allocated costs.

NOTE 5 CONTINGENCIES

The Fund receives state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowed expenditures under terms of the grants, the disallowed amounts would be owed to the state or federal granting agencies. The City believes that any future repayments resulting from disallowances will not be material.

NOTE 6 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 5, 2019, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**City of Moreno Valley
General Child Development Program Fund
General Information
Year Ended June 30, 2019**

Name of agency: City of Moreno Valley

Type of agency: Municipality

Address: City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92553

Program Director: Patti Solano, Parks and Community
Services Director

Finance Director: Marshall Eyerman
Chief Financial Officer/City Treasurer

Period covered by audit: July 1, 2018 through June 30, 2019

Number of days of operations: 249

Child Care Center locations:

Operating Hours
School Days
(except flex day)

Armada Elementary School 25201 John F Kennedy Drive Sunnymead, CA 92553	Opening time Closing time Number of hours open	2:00 p.m. 6:00 p.m. 4
Creekside Elementary School 13563 Heacock Street Moreno Valley, CA 92553	Opening time Closing time Number of hours open	2:00 p.m. 6:00 p.m. 4
Sunnymead Elementary School 24050 Dracaea Avenue Moreno Valley, CA 92553	Opening time Closing time Number of hours open	2:00 p.m. 6:00 p.m. 4
Rainbow Ridge Elementary School 15950 Indian Avenue Moreno Valley, CA 92553	Opening time Closing time Number of hours open	12:00 p.m. 6:00 p.m. 6
	School Days (flex day only)	
	Opening time Closing time Number of hours open	12:00 p.m. 6:00 p.m. 6
	Vacation Days	
	Opening time Closing time Number of hours open	7:00 a.m. 6:00 p.m. 11

**City of Moreno Valley
General Child Development Program Fund
Schedule of Federal and State Awards
Year Ended June 30, 2019**

Grantor/Program Title	CFDA Number	Grantor's Number	Award Amount			Expenditures		
			Federal	State	Total	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	\$ 41,295	\$ -	\$ 41,295	\$ 41,295	\$ -	\$ 41,295
State of California, Department of Education: Office of Child Development Child Development Programs	93.596 / 93.575	CCTR-8166	282,199	506,141	788,340	282,199	491,022 **	773,221
Total Federal and State Awards			\$ 323,494	\$ 506,141	\$ 829,635	\$ 323,494	\$ 491,022	\$ 814,516

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

Note 1 – Basis of Presentation

The accompanying Schedule of Federal and State Awards includes expenditures of federal and state awards of the City of Moreno Valley General Child Development Program Fund. These expenditures are presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Guidance*, 2 CFR Part 200, Subpart F, *Audits of States, Local Governments, and Non-profit Organizations*, and the *Audit Guide* issued by the California Department of Education. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

City of Moreno Valley
General Child Development Program Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2019

	<u>CCTR-8166</u>	<u>04321-CACFP 33-GM-CS</u>	<u>Total CDE Contracts</u>
Revenues			
Grants:			
State Development of Education	\$ 761,823	\$ -	\$ 761,823
Child Care Food Program	-	41,295	41,295
Parent fees	11,398	-	11,398
Total Revenues	<u>773,221</u>	<u>41,295</u>	<u>814,516</u>
Expenditures			
Classified personnel salaries	385,899	-	385,899
Employee benefits	200,638	-	200,638
Books and supplies	89,178	-	89,178
Services and other operating expenses	47,483	41,295	88,778
Indirect costs	50,023	-	50,023
Total Expenditures	<u>773,221</u>	<u>41,295</u>	<u>814,516</u>
Excess of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Transfer in	8,293	-	8,293
Change in fund balances	8,293	-	8,293
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	<u>\$ 8,293</u>	<u>\$ -</u>	<u>\$ 8,293</u>

City of Moreno Valley
General Child Development Program Fund
Schedule of Expenditures by State Categories
Year Ended June 30, 2019

	CCTR-8166	04321-CACFP 33-GM-CS	Total CDE Contracts
Expenditures			
2000 Classified Salaries	\$ 385,899	\$ -	\$ 385,899
3000 Employee Benefits	200,638	-	200,638
4000 Books and Supplies	89,178	-	89,178
5000 Services and Other Operating Expenses	47,483	41,295	88,778
Indirect Costs	50,023	-	50,023
	773,221	41,295	814,516
Total Expenditures Claimed for Reimbursement			
Total Supplemental Expenditures	-	-	-
	773,221	41,295	814,516
Total Expenditures	\$ 773,221	\$ 41,295	\$ 814,516

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 Fund
Reconciliation of CDE and GAAP Expenditure Reporting
Year Ended June 30, 2019

	CCTR-8166	04321-CACFP 33-GM-CS	Total CDE Contracts
Schedule of Expenditure by State Categories (CDE)	\$ 773,221	\$ 41,295	\$ 814,516
Adjustment to Reconcile Differences in Reporting	-	-	-
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP)	\$ 773,221	\$ 41,295	\$ 814,516

**City of Moreno Valley
General Child Development Program Fund
Schedule of Reimbursable Expenditures for Renovations and Repairs
Year Ended June 30, 2019**

<u>Reimbursable Renovations and Repairs Expenditures</u>	<u>CCTR-8166</u>
None	\$ -
Total	<u>\$ -</u>

**City of Moreno Valley
General Child Development Program Fund
Schedule of Reimbursable Expenditures for Equipment
Year Ended June 30, 2019**

<u>Reimbursable Equipment Expenditures</u>	<u>CCTR-8166</u>
None	\$ -
Total	\$ <u><u>-</u></u>

City of Moreno Valley
General Child Development Program Fund
Schedule of Reimbursable Expenditures for Administrative Costs
Year Ended June 30, 2019

Reimbursable Administrative Costs	CCTR-8166
Classified salaries and benefits	\$ 39,415
Audit services	5,413
Indirect costs:	
Liability insurance	19,866
Facility charges	21,800
Technology services	7,757
Administrative charge - Other post-employment benefits	600
Total Indirect Costs	50,023
Total	\$ 94,851

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor

City of Moreno Valley

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus				2.4426	0
Infants (up to 18 months) Full-time				2.0700	0
Infants (up to 18 months) Three-quarters-time				1.5525	0
Infants (up to 18 months) One-half-time				1.1385	0
FCCH Infants (up to 18 months) Full-time-plus				2.2656	0
FCCH Infants (up to 18 months) Full-time				1.9200	0
FCCH Infants (up to 18 months) Three-quarters-time				1.4400	0
FCCH Infants (up to 18 months) One-half-time				1.0560	0
Toddlers (18 up to 36 months) Full-time-plus				1.8880	0
Toddlers (18 up to 36 months) Full-time				1.6000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.2000	0
Toddlers (18 up to 36 months) One-half-time				0.8800	0
Three Years and Older Full-time-plus	366		366	1.1800	431.88
Three Years and Older Full-time	4,979		4,979	1.0000	4,979
Three Years and Older Three-quarters-time	7,612		7,612	0.7500	5,709
Three Years and Older One-half-time	15,213		15,213	0.5500	8,367.15

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 2 of 10 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor City of Moreno Valley

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time				1.3700	0
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.7535	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 3 of 10 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor **City of Moreno Valley**

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.9433	0

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL DAYS OF ENROLLMENT	28,170		28,170	N/A	19,487.03
DAYS OF OPERATION	249		249	N/A	N/A
DAYS OF ATTENDANCE	28,162		28,162	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 4-6) and continue to Revenue Section on page 7.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 4 of 10 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor City of Moreno Valley

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus				2.4426	0
Infants (up to 18 months) Full-time				2.0700	0
Infants (up to 18 months) Three-quarters-time				1.5525	0
Infants (up to 18 months) One-half-time				1.1385	0
FCCH Infants (up to 18 months) Full-time-plus				2.2656	0
FCCH Infants (up to 18 months) Full-time				1.9200	0
FCCH Infants (up to 18 months) Three-quarters-time				1.4400	0
FCCH Infants (up to 18 months) One-half-time				1.0560	0
Toddlers (18 up to 36 months) Full-time-plus				1.8880	0
Toddlers (18 up to 36 months) Full-time				1.6000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.2000	0
Toddlers (18 up to 36 months) One-half-time				0.8800	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor City of Moreno Valley

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time				1.3700	0
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.7535	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 6 of 10 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor City of Moreno Valley

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.9433	0

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 7 of 10 (06/19)

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

2186

Full Name of Contractor City of Moreno Valley

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	41,295		41,295
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	41,295		41,295
Transfer From Reserve			
Family Fees for Certified Children	11,398		11,398
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other			
Total Revenue	52,693		52,693

Full Name of Contractor City of Moreno Valley

Section 4 - Reimbursable Expenses			
	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certified Salaries			
2000 Classified Salaries	385,899		385,899
3000 Employee Benefits	200,638		200,638
4000 Books and Supplies	89,178		89,178
5000 Services and Other Operating Expenses	88,778		88,778
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)	50,023		50,023
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	814,516		814,516
Total Administrative Cost (included in Section 4 above)	94,851		94,851

Approved Indirect Cost Rate:

6.1%

Comments:

NO SUPPLEMENTAL REVENUE Check this box and omit Page 9.

Fiscal Year Ending

June 30, 2019

Contract Number

CCTR 8166

Vendor Code

Full Name of Contractor City of Moreno Valley

Section 5 - Supplemental Revenue			
	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other:			
Other:			
Total Supplemental Revenue			

Section 6 - Supplemental Expenses			
	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses			

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	28,170		28,170
Days of Operation	249		249
Days of Attendance	28,162		28,162
Total Non-Certified Days of Enrollment			
Restricted Program Income	41,295		41,295
Transfer from Reserve			
Family Fees for Certified Children	11,398		11,398
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	814,516		814,516
Total Administrative Cost	94,851		94,851

Total Certified Adjusted
Days of Enrollment

Total Non-Certified
Adjusted
Days of Enrollment

Independent Auditor's Assurances on Agency's Compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division:

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

Reimbursable expenses claimed on page 8 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):
 Yes No

Include any comments in the 'Comments' box on page 8. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED RESERVE ACCOUNT ACTIVITY REPORT
 A U D 9530-A Page 1 of 1 (06/19)

Fiscal Year End	June 30, 2019
Reserve Account Type	Center-Based
Vendor Code	2186

Full Name of Contractor **City of Moreno Valley**

Prior Year - Reserve Account Activity	Per 2017-18 AUD 9530-A		
1. Beginning Balance (2017-18 Ending Balance)	8,109		
2. Plus Transfers to Reserve Account:	Per CDNFS 9530		
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Total Transferred from PY Contracts to Reserve			
3. Less Excess Reserve to be Billed			
4. Ending Balance on PY Post-Audit CDNFS 9530	8,109		
Current Year - Reserve Account Activity	Column A CDNFS 9530-A	Column B Audit Adjustments	Column C Per Audit
5. Plus Interest Earned This Year on Reserve	184		184
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.CCTR-8166			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2019	8,293		8,293

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

**City of Moreno Valley
General Child Development Program Fund
Center Based Programs – Summary of Meals Reported
Year Ended June 30, 2019**

	Meals			Federal		State		Cash In Lieu	Meal Reimbursement
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement		
July 2018									
Breakfast									
Full price/base rate	39	-	39	0.3100	\$ 12	0.000	\$ -	0.000	\$ -
Reduced price	219	-	219	1.4900	326	0.000	-	0.000	-
Free	688	-	688	1.7900	1,232	0.000	-	0.000	-
Lunch									
Full price/base rate	75	-	75	0.3100	23	0.000	-	0.2350	18
Reduced price	423	-	423	2.9100	1,231	0.000	-	0.2350	99
Free	1329	-	1,329	3.3100	4,399	0.000	-	0.2350	312
PM Snack									
Full price/base rate	74	-	74	0.0800	6	0.000	-	0.000	-
Reduced price	418	-	418	0.4500	188	0.000	-	0.000	-
Free	1,314	-	1,314	0.9100	1,196	0.000	-	0.000	-
					<u>8,613</u>		<u>-</u>		<u>429</u>
August 2018									
Breakfast									
Full price/base rate	17	-	17	0.3100	\$ 5	0.000	\$ -	0.000	\$ -
Reduced price	94	-	94	1.4900	140	0.000	-	0.000	-
Free	296	-	296	1.7900	530	0.000	-	0.000	-
Lunch									
Full price/base rate	30	-	30	0.3100	9	0.000	-	0.2350	7
Reduced price	167	-	167	2.9100	486	0.000	-	0.2350	39
Free	526	-	526	3.3100	1,741	0.000	-	0.2350	124
PM Snack									
Full price/base rate	92	-	92	0.0800	7	0.000	-	0.000	-
Reduced price	514	-	514	0.4500	231	0.000	-	0.000	-
Free	1615	-	1,615	0.9100	1,470	0.000	-	0.000	-
					<u>4,620</u>		<u>-</u>		<u>170</u>

**City of Moreno Valley
General Child Development Program Fund
Center Based Programs – Summary of Meals Reported
Year Ended June 30, 2019**

	Meals			Federal		State		Cash In Lieu	Meal Reimbursement
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement		
September 2018									
PM Snack									
Full price/base rate	84	-	84	0.0800	7	0.000	-	0.000	-
Reduced price	472	-	472	0.4500	212	0.000	-	0.000	-
Free	1,484	-	1,484	0.9100	1,350	0.000	-	0.000	-
					<u>1,570</u>		<u>-</u>		<u>0</u>
October 2018									
Breakfast									
Full price/base rate	3	-	3	0.3100	\$ 1	0.000	\$ -	0.000	\$ -
Reduced price	6	-	6	1.4900	9	0.000	-	0.000	-
Free	15	-	15	1.7900	27	0.000	-	0.000	-
Lunch									
Full price/base rate	3	-	3	0.3100	1	0.000	-	0.2350	1
Reduced price	11	-	11	2.9100	32	0.000	-	0.2350	3
Free	26	-	26	3.3100	86	0.000	-	0.2350	6
PM Snack									
Full price/base rate	233	-	233	0.0800	19	0.000	-	0.000	-
Reduced price	699	-	699	0.4500	315	0.000	-	0.000	-
Free	1,696	-	1,696	0.9100	1,543	0.000	-	0.000	-
					<u>2,032</u>		<u>-</u>		<u>9</u>

**City of Moreno Valley
General Child Development Program Fund
Center Based Programs – Summary of Meals Reported
Year Ended June 30, 2019**

	Meals			Federal		State		Cash In Lieu	Meal Reimbursement
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement		
November 2018									
AM Snack									
Full price/base rate	31	-	31	0.0800	\$ 2	0.000	\$ -	0.000	\$ -
Reduced price	93	-	93	0.4500	42	0.000	-	0.000	-
Free	225	-	225	0.9100	205	0.000	-	0.000	-
Lunch									
Full price/base rate	33	-	33	0.3100	10	0.000	-	0.2350	8
Reduced price	97	-	97	2.9100	282	0.000	-	0.2350	23
Free	236	-	236	3.3100	781	0.000	-	0.2350	55
PM Snack									
Full price/base rate	179	-	179	0.0800	14	0.000	-	0.000	-
Reduced price	539	-	539	0.4500	243	0.000	-	0.000	-
Free	1,306	-	1,306	0.9100	1,188	0.000	-	0.000	-
					<u>2,768</u>		<u>-</u>		<u>86</u>
December 2018									
Breakfast									
Full price/base rate	17	-	17	0.3100	\$ 5	0.000	\$ -	0.000	\$ -
Reduced price	52	-	52	1.4900	77	0.000	-	0.000	-
Free	126	-	126	1.7900	226	0.000	-	0.000	-
Lunch									
Full price/base rate	33	-	33	0.3100	10	0.000	-	0.2350	8
Reduced price	98	-	98	2.9100	285	0.000	-	0.2350	23
Free	237	-	237	3.3100	784	0.000	-	0.2350	56
PM Snack									
Full price/base rate	178	-	178	0.0800	14	0.000	-	0.000	-
Reduced price	536	-	536	0.4500	241	0.000	-	0.000	-
Free	1,299	-	1,299	0.9100	1,182	0.000	-	0.000	-
					<u>2,826</u>		<u>-</u>		<u>86</u>

**City of Moreno Valley
General Child Development Program Fund
Center Based Programs – Summary of Meals Reported
Year Ended June 30, 2019**

	Meals			Federal		State		Cash In Lieu	Meal Reimbursement
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement		
January 2019									
Breakfast									
Full price/base rate	29	-	29	0.3100	\$ 9	0.000	\$ -	0.000	\$ -
Reduced price	87	-	87	1.4900	130	0.000	-	0.000	-
Free	211	-	211	1.7900	378	0.000	-	0.000	-
Lunch									
Full price/base rate	54	-	54	0.3100	17	0.000	-	0.2350	13
Reduced price	164	-	164	2.9100	477	0.000	-	0.2350	39
Free	397	-	397	3.3100	1,314	0.000	-	0.2350	93
PM Snack									
Full price/base rate	201	-	201	0.0800	16	0.000	-	0.000	-
Reduced price	604	-	604	0.4500	272	0.000	-	0.000	-
Free	1,465	-	1,465	0.9100	1,333	0.000	-	0.000	-
					<u>3,945</u>		<u>-</u>		<u>145</u>
February 2019									
Breakfast									
Full price/base rate	4	-	4	0.3100	\$ 1	0.000	\$ -	0.000	\$ -
Reduced price	10	-	10	1.4900	15	0.000	-	0.000	-
Free	25	-	25	1.7900	45	0.000	-	0.000	-
Lunch									
Full price/base rate	7	-	7	0.3100	2	0.000	-	0.2350	2
Reduced price	20	-	20	2.9100	58	0.000	-	0.2350	5
Free	50	-	50	3.3100	166	0.000	-	0.2350	12
PM Snack									
Full price/base rate	190	-	190	0.0800	15	0.000	-	0.000	-
Reduced price	572	-	572	0.4500	257	0.000	-	0.000	-
Free	1,387	-	1,387	0.9100	1,262	0.000	-	0.000	-
					<u>1,822</u>		<u>-</u>		<u>18</u>

**City of Moreno Valley
General Child Development Program Fund
Center Based Programs – Summary of Meals Reported
Year Ended June 30, 2019**

	Meals			Federal		State		Cash In Lieu	Meal Reimbursement
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement		
March 2019									
Breakfast									
Full price/base rate	10	-	10	0.3100	\$ 3	0.000	\$ -	0.000	\$ -
Reduced price	28	-	28	1.4900	42	0.000	-	0.000	-
Free	68	-	68	1.7900	122	0.000	-	0.000	-
Lunch									
Full price/base rate	21	-	21	0.3100	7	0.000	-	0.2350	5
Reduced price	60	-	60	2.9100	175	0.000	-	0.2350	14
Free	146	-	146	3.3100	483	0.000	-	0.2350	34
PM Snack									
Full price/base rate	192	-	192	0.0800	15	0.000	-	0.000	-
Reduced price	579	-	579	0.4500	261	0.000	-	0.000	-
Free	1403	-	1,403	0.9100	1,277	0.000	-	0.000	-
					<u>2,384</u>		<u>-</u>		<u>53</u>
April 2019									
Breakfast									
Full price/base rate	26	-	26	0.3100	\$ 8	0.000	\$ -	0.000	\$ -
Reduced price	77	-	77	1.4900	115	0.000	-	0.000	-
Free	187	-	187	1.7900	335	0.000	-	0.000	-
Lunch									
Full price/base rate	39	-	39	0.3100	12	0.000	-	0.2350	9
Reduced price	116	-	116	2.9100	338	0.000	-	0.2350	27
Free	281	-	281	3.3100	930	0.000	-	0.2350	66
PM Snack									
Full price/base rate	194	-	194	0.0800	16	0.000	-	0.000	-
Reduced price	581	-	581	0.4500	261	0.000	-	0.000	-
Free	1,408	-	1,408	0.9100	1,281	0.000	-	0.000	-
					<u>3,296</u>		<u>-</u>		<u>102</u>

**City of Moreno Valley
General Child Development Program Fund
Center Based Programs – Summary of Meals Reported
Year Ended June 30, 2019**

	Meals			Federal		State		Cash In Lieu	Meal Reimbursement
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement		
May 2019									
PM Snack									
Full price/base rate	216	-	216	0.0800	17	0.000	-	0.000	-
Reduced price	650	-	650	0.4500	293	0.000	-	0.000	-
Free	1,576	-	1,576	0.9100	1,434	0.000	-	0.000	-
					<u>1,744</u>		<u>-</u>		<u>0</u>
June 2019									
Breakfast									
Full price/base rate	76	-	76	0.3100	\$ 24	0.000	\$ -	0.000	\$ -
Reduced price	227	-	227	1.4900	338	0.000	-	0.000	-
Free	550	-	550	1.7900	985	0.000	-	0.000	-
Lunch									
Full price/base rate	55	-	55	0.3100	17	0.000	-	0.2350	13
Reduced price	164	-	164	2.9100	477	0.000	-	0.2350	39
Free	398	-	398	3.3100	1,317	0.000	-	0.2350	94
PM Snack									
Full price/base rate	158	-	158	0.0800	13	0.000	-	0.000	-
Reduced price	475	-	475	0.4500	214	0.000	-	0.000	-
Free	1,151	-	1,151	0.9100	1,047	0.000	-	0.000	-
					<u>4,432</u>		<u>-</u>		<u>145</u>

**City of Moreno Valley
General Child Development Program Fund
Schedule of CCFP Reported, Adjusted and Allowed Enrollment
Year Ended June 30, 2019**

<u>Month</u>		<u>Total</u>	<u>Free</u>	<u>Reduced</u>	<u>Base</u>
July	Reported	121	88	28	5
August	Reported	121	88	28	5
September	Reported	121	88	28	5
October	Reported	124	80	33	11
November	Reported	124	80	33	11
December	Reported	124	80	33	11
January	Reported	124	80	33	11
February	Reported	124	80	33	11
March	Reported	124	80	33	11
April	Reported	124	80	33	11
May	Reported	124	80	33	11
June	Reported	124	80	33	11

**Report of Independent Auditors 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***

The Honorable Mayor and Members of City Council
City of Moreno Valley
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 Fund (the "Fund") of the City of Moreno Valley, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated November 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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*.

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

A handwritten signature in black ink that reads "Vagueney & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
November 5, 2019**

**City of Moreno Valley
General Child Development Program Fund
Schedule of State Findings and Questioned Costs
Year Ended June 30, 2019**

(1) SUMMARY OF AUDITORS' RESULTS

State Awards

- a) Internal control over financial reporting:
- Material Weakness(es) identified: **None**
 - Significant deficiencies identified that are not considered to be material weaknesses: **None**
- b) The type of auditor's report issued on compliance for state programs: **Unmodified**
- c) State program information:
- | | |
|-------------------------------|---|
| <i>Contract Number:</i> | CCTR-8166 |
| <i>Program Type:</i> | General Child Care & Development Programs |
| <i>Project Number:</i> | 33-2186-00-8 |
| <i>State Agency:</i> | California Department of Education |
| <i>Passed Through Entity:</i> | N/A |
| <i>Fiscal Year:</i> | July 1, 2018 to June 30, 2019 |
| <i>Contractor:</i> | City of Moreno Valley |

Noncompliance material to financial statements noted? **None**

(2) SUMMARY OF STATE FINDINGS

<u>Finding No.</u>	<u>Compliance Requirement and Description</u>	<u>Page No.</u>
SC 2019-001	Incorrect calculation of family income	38
SC 2019-002	Missing proof of review of certification of income eligibility prior to effective date of service	39
SC 2019-003	Recertification occurred sooner than 12 months	40
SC 2019-004	Compliance with due process	41

Finding SC 2019-001: Incorrect calculation of family income

Criteria or Specific Requirement:

Per 5 CCR 18096. *Calculation of Income*, the contractor shall calculate total countable income based on income information reflecting the family's current and on-going income using an income calculation worksheet that specifies the frequency and amount of the payroll check stubs provided by the parent and all other sources of income pursuant to section 18078(q).

When income fluctuates because of unpredictable income as referenced in section 18078(j)(3), by averaging the income from at least three consecutive months and no more than 12 months preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services.

In addition, per 5 CCR 18084. *Documentation of Income Eligibility(a)(1)(B)*, All payroll check stubs, a letter from the employer, or other record of wages issued by the employer for the month preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services shall be documented as part of total countable income.

Identified Condition:

Based on our test work, three out of nine families have incorrect calculations of income.

Causes and Effect:

The City has required the families to provide two months of income documentation of countable income. This resulted in miscalculations of family's current and ongoing income, especially for families with unpredictable income which requires at least three months of income documentation preceding the initial certification, an update of the application, or the recertification that establishes eligibility for services.

Questioned Costs:

None

Recommendation:

We recommend that the City ensure that when families have unpredictable income, they should collect income documentation for a minimum of three (3) and no more than twelve (12) months preceding certification, or recertification. Also, the City should average the income by dividing the total amount by the applicable number of months, and add the averaged unpredictable income to the gross monthly income, as applicable, to determine the families' total countable income.

Views of Responsible Officials and Planned Corrective Actions:

Calculation of family income had been identified as a non-compliance item in the CDE Contract Monitoring Review conducted March 2019, which led to a corrective action implemented immediately thereafter as follows: A systematic change to income calculation procedures was instituted requiring a minimum of three (3) months of pay stubs for families with unpredictable income. Unpredictable income is then averaged separately and added to regular gross monthly income to determine the family's total countable income, according to CDE regulations.

The independent auditors' review of family files processed after the implementation of this change proved to be compliant with CDE regulations for calculation of family income.

Finding SC 2019-002: Missing proof of review of certification of income eligibility prior to effective date of service

Criteria or Specific Requirement:

Per 5 CCR 18084. Documentation of Income Eligibility, the contractor is required to verify the information and may request additional documentation to verify total countable income to the extent that the information provided by the parent or the employer is insufficient to make a reasonable assessment of income eligibility.

Also the contractor should establish eligibility, by signing the application for services, certify to the contractor's reasonable belief that the income documentation obtained and, if applicable, the self-certification, support the reported income, are reliable and are consistent with all other family information and the contractor's knowledge, if applicable, of this type of employment or employer.

Identified Condition:

Based on our test work, three out of nine families have missing signatures on the application for services certifying that the income documentation obtained supports the reported income, is reliable and is consistent with all other family information prior to the start of service.

Causes and Effect:

The City's responsible personnel for income calculation serves as an optional signatory of the "Confidential Application for Child Development Services and Certification of Eligibility" or Form CD9600 and affixes signature later than the required signatory of the form. The income calculation worksheet used to certify income eligibility prior to the start of service was not signed and dated due to unintentional oversight upon completion of the worksheet.

Questioned Costs:

None

Recommendation:

We recommend that the City monitor the supporting documents to ensure that application form and verification of eligibility are properly reviewed and certified prior to rendering services.

Views of Responsible Officials and Planned Corrective Actions:

The independent auditors review of program compliance conducted in May 2019 identified the need to document the timeline of income eligibility certification, as this may occur prior to the family's initial enrollment in the child development program. Although previously income eligibility was certified for program participants, corrective action was implemented immediately thereafter as follows: The income calculation worksheet utilized by City staff is now initialed and dated to document the timeline for verification of income-eligibility prior to the effective date of service.

Finding SC 2019-003: Recertification occurred sooner than 12 months

Criteria or Specific Requirement:

Per *California Education Code Section 8263(h)(1)*, upon establishing initial eligibility or ongoing eligibility for services under this chapter, a family shall be considered to meet all eligibility and need requirements for those services for not less than 12 months, shall receive those services for not less than 12 months before having their eligibility or need recertified, and shall not be required to report changes to income or other changes for at least 12 months.

Identified Condition:

Based on our test work, one out of nine families have been recertified sooner than 12 months from the prior certification.

Causes and Effect:

The City's responsible personnel for reviewing recertification did not strictly implement the 12 month's recertification.

Questioned Costs:

None

Recommendation:

We recommend that the City ensure that families' recertification periods do not occur sooner than 12 months from the prior certification.

Views of Responsible Officials and Planned Corrective Actions:

Recertification prior to the end of the 12-month eligibility period had been identified as a non-compliance item in the CDE Contract Monitoring Review conducted March 2019, which led to a corrective action implemented immediately thereafter as follows: Families due for recertification are now contacted in the month ending the 12-month eligibility period, not prior, to advise them of the upcoming recertification and request they begin gathering the necessary documentation for this process. However, they are not scheduled to meet with the Program Manager to begin the recertification process until after the 12-month eligibility period expires, per the prior Notice of Action.

The independent auditors' review of family files processed after the implementation of this change proved to be compliant with CDE regulations for recertification timelines.

Finding SC 2019-004: Compliance with Due Process

Criteria or Specific Requirement:

Per 5 CCR 19095. *Notice of Action, recipient of Services.* If upon recertification or update of the application, the contractor determines that the need or eligibility requirements are no longer being met, or the fee or amount of service needs to be modified, the contractor shall notify the family through a written Notice of Action (NOA) Recipient of Services in accordance with Section 18119 of this Division. The contractor shall maintain copies of all NOAs, Recipient of Services in the family's basic data file.

Per 5 CCR 18120. *Clients Request for a Hearing; Rules and Procedures,* (a) If the parent disagrees with an action, the parent(s) may file a request for a hearing with the contractor within fourteen (14) calendar days of the date the Notice of Action was received.

Identified Condition:

Based on our test work, we noted that six out of nine families have no due dates on the appeal for denial of service upon application or on the appeal for change or termination in service on the Notice of Action or Form CD7616.

Causes and Effect:

The City's responsible personnel who reviews Notice of Action (NOA) failed to provide the parents with due date for their appeal which is 14 days from the date the NOA was received.

Questioned Costs:

None

Recommendation:

We recommend that the City ensure to include the due date of the appeal should the family disagree with the City's decision as stated in the Notice of Action.

Views of Responsible Officials and Planned Corrective Actions:

Failure to provide an appeal date on certain Notices of Action, depending on the action taken, had been identified as a non-compliance item in the CDE Contract Monitoring Review conducted March 2019, which led to a corrective action implemented immediately thereafter as follows: A systematic change for issuing all Notices of Action to include an appeal date, regardless of the action taken.

The independent auditors' review of family files processed after the implementation of this change proved to be compliant with CDE regulations requiring an appeal date on every Notice of Action.

**City of Moreno Valley
General Child Development Program Fund
Status of Prior Year's Audit Findings and Questioned Costs
Year Ended June 30, 2019**

No findings or questioned costs were reported by the auditors of the General Child Development Program Fund for the year ended June 30, 2018.



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