



Kathryn M. Harwell
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BOARD OF SUPERVISORS
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November 20, 2015

To the County of Stanislaus Board of Supervisors
Modesto, California


In accordance with a California Department of Education (CDE) requirement that the Community Services Agency (CSA) submit an annual audit of the Child Care and Development Alternate Payment programs Stage 2 and Stage 3 Contracts, Brown Armstrong Accountancy Corporation completed our audit on November 10, 2015. The Fiscal Year 2014-2015 audit report is attached for your review and records.

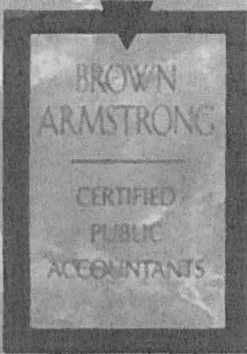
The Auditors' Statement of Audit Standards SAS 114 letter, "The Auditor's Communication with Those Charged with Governance," is the required audit communication to the Agency and the Board of Supervisors.

The Auditors' report states that the Child Care Fiscal Year 2014-2015 financial statements "present fairly, in all material respects, the respective financial position of the Programs, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America." Additionally, their assessment of our internal controls related to financial reporting "disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*."

The audited Financial Statements totaled \$5,195,358 with no findings or observations. In their testing of the Program's compliance with provisions of law, regulations, contracts, and grant agreements, the Auditors found no instances of noncompliance or other matters of concern.

The audit recognizes the Agency's ongoing commitment to improve and utilize best business practices. This information is intended solely for use by the Stanislaus County Board of Supervisors, the Chief Executive Office, and CSA management.


Kathryn M. Harwell
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BROWN ARMSTRONG BOARD OF SUPERVISORS
Certified Public Accountants

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To the County of Stanislaus Board of Supervisors
Modesto, California

We have audited the financial statements of the County of Stanislaus Community Services Agency Program Services and Support Fund's Child Development Programs (the Programs) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Programs are described in Note 1 to the financial statements. The Programs adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, during the fiscal year ended June 30, 2015. We noted no transactions entered into by the Programs during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the Programs' financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 10, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Programs' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Programs' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the County Board of Supervisors and management of County of Stanislaus Community Services Agency Program Services and Support Fund's Child Development Programs and is not intended to be, and should not be, used by anyone other than these specified parties.

Bakersfield, California
November 10, 2015

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

ATTACHMENTS AVAILABLE
FROM CLERK