

**CITY OF SAN RAFAEL**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**CITY OF SAN RAFAEL**  
**SINGLE AUDIT REPORT**  
**For The Year Ended June 30, 2013**

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**CITY OF SAN RAFAEL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2013**

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            Yes       X       No
- Significant deficiency(ies) identified?            Yes       X             None  
Reported

Noncompliance material to financial statements noted?            Yes       X       No

**Federal Awards**

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified?            Yes       X       No
- Significant deficiency(ies) identified?            Yes       X             None  
Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?            Yes       X       No

Identification of major programs:

| <u>CFDA#(s)</u> | <u>Name of Federal Program or Cluster</u>   |
|-----------------|---|
| <u>20.205</u>   | <u>U.S Department of Transportation – Highway Planning and Construction (Federal-Aid Highway Program)</u> |
| <u>81.128</u>   | <u>ARRA – U.S Department of Energy – Energy Efficiency and Conservation Block Grant Program (EECBG)</u>   |
| <u>97.044</u>   | <u>U.S Department of Homeland Security - Assistance to Firefighters Grant</u>                             |

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?       X       Yes            No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated October 18, 2013 which is an integral part of our audits and should be read in conjunction with this report.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

## **SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –**

Prepared by Management

### **Financial Statement Prior Year Findings**

We have included the current status of the prior year findings in our Memorandum of Internal Control dated October 18, 2013 which is an integral part of our audit and should be read in conjunction with this report.

### **Federal Award Prior Year Findings and Questioned Costs**

There were no prior year Federal Award Findings and Questioned Costs reported.

**CITY OF SAN RAFAEL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2013

| Federal Grantor/<br>Pass-Through Grantor/Program or Cluster Title                                      | Federal<br>CFDA<br>Number | Pass-Through<br>Identifying<br>Number | Federal<br>Expenditures |
|--|---------------------------|---------------------------------------|-------------------------|
| U.S. Department of Housing and Urban Development, Pass-Through Programs                                |                           |                                       |                         |
| Pass-Through County of Marin, California   |                           |                                       |                         |
| Community Development Block Grants/ Entitlement Grants   | 14.218                    |                                       |                         |
| Child Care   |                           | HUD-04527-01-12                       | \$10,000                |
| ADA / DOJ Compliance - Curb Ramps  |                           | HUD-04536-01-12                       | 435,873                 |
| Total U.S. Department of Housing and Urban Development - Pass-Through Programs                         |                           |                                       | 445,873                 |
| U.S. Department of Health and Human Services, Pass-Through Programs                                    |                           |                                       |                         |
| Pass-Through County of Marin, California   |                           |                                       |                         |
| Special Programs for the Aging Title III,  |                           |                                       |                         |
| Part B - Grants for Supportive Services and Senior Centers   | 93.044                    | 10-204                                | 14,999                  |
| Block Grants for Prevention and Treatment of Substance Abuse   | 93.959                    | ADP-AD-532-10-11                      | 35,433                  |
| Total U.S. Department of Health and Human Services - Pass-Through Programs                             |                           |                                       | 50,432                  |
| U.S. Department of Transportation, Pass-Through Programs   |                           |                                       |                         |
| Pass-Through State of California Department of Transportation  |                           |                                       |                         |
| Highway Planning and Construction  | 20.205                    |                                       |                         |
| Puerto Suello Transit Center Connector   |                           | 04-5043R-017-N                        | 6,814                   |
| Mahon Creek Path Transit Ctr. Connector  |                           | 04-5043R-016-N                        | 64,420                  |
| Citywide Street Resurfacing 2012   |                           | STPL 5043 (033)                       | 1,019,000               |
| Safe Routes to School - Davidson School FY 13  |                           | SRTSL 5043 (034)                      | 25,745                  |
| Total for Highway Planning and Construction - Pass-Through Programs                                    |                           |                                       | 1,115,979               |
| Pass-Through California Office of Traffic Safety   |                           |                                       |                         |
| State and Community Highway Safety   | 20.600                    |                                       |                         |
| Selective Traffic Enforcement Program  |                           | PT 20042                              | 59,275                  |
| Selective Traffic Enforcement Program FY2013   |                           | PT 1305                               | 24,979                  |
| Avoid Grant FY13   |                           | AL1308                                | 107,534                 |
| Total for State and Community Highway Safety - Pass-Through Programs                                   |                           |                                       | 191,788                 |
| Pass-Through California Office of Traffic Safety   |                           |                                       |                         |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated                                   | 20.608                    |                                       |                         |
| Sobriety Checkpoint Grant FY12-13  |                           | SC13381                               | 8,557                   |
| Avoid Grant  |                           | 20525                                 | 46,025                  |
| Selective Traffic Enforcement Program FY2013   |                           | PT 1305                               | 32,255                  |
| Total for Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Pass-Through Programs |                           |                                       | 86,837                  |
| Total U.S. Department of Transportation  |                           |                                       | 1,394,604               |
| U.S. Department of Justice, Direct Programs  |                           |                                       |                         |
| JAG Program Cluster  |                           |                                       |                         |
| ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/                                   |                           |                                       |                         |
| Grants to Units of Local Government  | 16.804                    |                                       |                         |
| Citizen Police Academy   |                           |                                       | 41,597                  |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                    |                                       |                         |
| Gang Enforcement Grant   |                           |                                       | 29,155                  |
| Community Connection Grant   |                           |                                       | 1,548                   |
| Total for JAG Program Cluster - Direct Programs  |                           |                                       | 72,300                  |
| Bulletproof Vest Partnership (BVP) Grant Program   | 16.607                    |                                       |                         |
| PD Vest Grant 2011   |                           |                                       | 1,983                   |
| PD Vest Grant 2012   |                           |                                       | 2,377                   |
| PD Vest Grant 2013   |                           |                                       | 3,069                   |
| Total for Bulletproof Vest Partnership (BVP) Grant Program - Direct Programs                           |                           |                                       | 7,429                   |
| Total U.S. Department of Justice   |                           |                                       | 79,729                  |

(Continued)

**CITY OF SAN RAFAEL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2013

| Federal Grantor/<br>Pass-Through Grantor/Program or Cluster Title                | Federal<br>CFDA<br>Number | Pass-Through<br>Identifying<br>Number | Federal<br>Expenditures |
|--|---------------------------|---------------------------------------|-------------------------|
| U.S Department of Homeland Security, Direct Program                              |                           |                                       |                         |
| Assistance to Firefighters Grant   | 97.044                    |                                       |                         |
| Self Contained Breathing Apparatus (SCBA) Replacement                            |                           |                                       | 329,316                 |
| U.S Department of Homeland Security, Pass-Through Programs                       |                           |                                       |                         |
| Pass-Through State of California Department of Boating and Waterways             |                           |                                       |                         |
| Boating Safety Financial Assistance  | 97.012                    |                                       |                         |
| Police Quick Boat Purchase Contract  |                           | 09-204-751                            | 64,973                  |
| Pass-Through County of Marin, California   |                           |                                       |                         |
| Homeland Security Grant Program  | 97.067                    |                                       |                         |
| Marin County CERT 2011   |                           | 2011-SS-0077                          | 12,555                  |
| Marin County CERT 2012   |                           | 2012-SS-0123                          | 5,022                   |
| Total for Homeland Security Grant Program - Pass-Through Programs                |                           |                                       | 17,577                  |
| Pass-Through City and County of San Francisco Department of Emergency Management |                           |                                       |                         |
| Regional Catastrophic Preparedness Grant Program (RCPGP)                         | 97.111                    |                                       |                         |
| GR5 Bay Area   |                           | 2010CA-T0-0002                        | 96,914                  |
| Total U.S. Department of Homeland Security, Pass-Through Programs                |                           |                                       | 179,464                 |
| Total Office of Homeland Security  |                           |                                       | 508,780                 |
| U.S. Department of Energy, Direct Program  |                           |                                       |                         |
| ARRA Energy Efficiency and Conservation Block Grant                              | 81.128                    |                                       | 410,948                 |
| Total U.S. Department of Energy - Direct Programs                                |                           |                                       | 410,948                 |
| National Endowment for the Humanities, Pass-Through Programs                     |                           |                                       |                         |
| Museums for America  |                           |                                       |                         |
| Pass-Through California State Library  |                           |                                       |                         |
| Middle School Lounge   | 45.310                    | 40-8145                               | 4,530                   |
| Total Expenditures of Federal Awards   |                           |                                       | \$2,894,896             |

See Accompanying Notes to Schedule of Expenditures of Federal Awards



**CITY OF SAN RAFAEL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2013**

**NOTE 1-REPORTING ENTITY**

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of San Rafael, California and its component units as disclosed in the notes to the Basic Financial Statements, except for federal awards of the San Rafael Sanitation District (District). Federal awards expended by the District, if any, are excluded from the Schedule and are subject to a separate Single Audit performed by other auditors.

**NOTE 2-BASIS OF ACCOUNTING**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

**NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS**

Federal awards may be granted directly to the City by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs when they occur.

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**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council  
City of San Rafael, 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 basic financial statements of the City of San Rafael, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2013. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 City'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*.

We have also issued our Memorandum on Internal Control dated October 18, 2013 which is an integral part of our audit and should be read in conjunction with this report.

### ***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.

*Maze & Associates*

Pleasant Hill, California  
October 18, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of San Rafael, California

***Report on Compliance for Each Major Federal Program***

We have audited City of San Rafael's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 direct and material effect on a major federal 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 for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Report on Internal Control Over Compliance***

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 over compliance* 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 with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### ***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the basic financial statements of the City as of and for the year ended June 30, 2013, and have issued our report thereon which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Maze & Associates*

Pleasant Hill, California  
September 13, 2013