

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

This Page Left Intentionally Blank

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2016**

**Table of Contents**

	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>	
Table of Contents.....	i
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditor’s Report</b> .....	1
<b>Basic Financial Statements</b>	
Balance Sheet.....	3
Statement of Revenue, Expenditures and Changes in Fund Balance .....	4
Notes to Basic Financial Statements .....	5
<b>Supplementary Information</b>	
Schedule of Awards.....	10
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	11
Schedule of Expenditures by State Categories .....	12
Schedule of Reimbursable Administrative Costs .....	13
Schedule of Equipment Expenditures Utilizing Contract Funds .....	14
Schedule of Renovation and Repair Expenditures Utilizing Contract Funds.....	14
Audited Attendance and Fiscal Reports/Audited Fiscal Reports:	
CSPP5253 – California State Preschool Programs.....	15
Audited Reserve Account Activity Report .....	17
<b>Compliance Report</b>	
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 <i>Government Auditing Standards</i> .....	19

This Page Left Intentionally Blank

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council  
City of San Rafael, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the City of San Rafael Child Development Program (Program) of the City of San Rafael as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program'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 Program'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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2016, and changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements as a whole. The Supplementary Information as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in conformity with the *CDE Audit Guide*, issued by the California Department of Education, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
October 12, 2016

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
BALANCE SHEET  
JUNE 30, 2016

ASSETS

Cash (Note 3)	\$1,159,769
Grants receivable (Note 4)	22,253
Prepaid expense	<u>1,695</u>
Total Assets	<u><u>\$1,183,717</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$29,635
Unearned revenue	<u>238</u>
Total Liabilities	29,873
Fund balance, unassigned (Note 5)	<u>1,153,844</u>
Total Liabilities and Fund Balance	<u><u>\$1,183,717</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES

State grants:	
Current year grants	\$186,540
CDBG after school grant	16,552
First five school readiness grants	90,631
Local grant	35,400
Interest	6,027
Parent fees	3,954,126
Other	<u>12,196</u>
Total Revenues	<u>4,301,472</u>

EXPENDITURES

Certified salaries	1,910,280
Classified Salaries	66,597
Employee benefits	1,362,962
Training and instruction	2,330
Office supplies	1,016
Books and supplies	130,858
Utilities and housekeeping services	35,263
Travel and conference	704
Rentals	16,176
Services and other operating expenditures	245,574
Equipment	26,537
Insurance	32,073
Renovation and repair	<u>4,066</u>
Total Expenditures	<u>3,834,436</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	467,036
---	---------

TRANSFERS

Transfers from other City funds	100,000
Transfers to other City funds	<u>(325,000)</u>

CHANGE IN FUND BALANCE	242,036
------------------------	---------

FUND BALANCE,

Beginning of year	<u>911,808</u>
End of year	<u><u>\$1,153,844</u></u>

See accompanying notes to financial statements



CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2016

**NOTE 1 - ORGANIZATION**

The City of San Rafael operates the Child Development Program encompassing nine childcare centers within the City of San Rafael. One of these centers provides day care services to subsidized families under the Child Development Program funded by the California Department of Education, which includes the Preschool program. The City is financially accountable for the activities of the Program. The Program has no employees and substantially all staff services which it requires are performed by the City's personnel. Costs incurred by the City to provide such services including compensation, retirement, and other benefit costs are reimbursed by the Program. These basic financial statements present only the activities of the Program and are not intended to present the financial position of the City of San Rafael, California, or the results of its operations. The financial statements of the Program are included as a Special Revenue Fund in the City's financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "current financial resources" measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets.

The Program's financial activities are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Revenues considered susceptible to accrual include charges for services, federal and state grants, and interest. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

**B. Fund Balance**

Fund Balance is the excess of all the Program's assets over all its liabilities.

**C. Implementation of Accounting Standards**

Adopted in the Current Year

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The primary objective of this is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The Statement is effective for periods beginning after June 15, 2015, or the 2015-2016 fiscal year. This pronouncement was implemented effected July 1, 2015.

CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
Notes to the Basic Financials Statements  
For the Year Ended June 30, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year.

**D. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
Notes to the Basic Financials Statements  
For the Year Ended June 30, 2016**

**NOTE 3 - CASH AND INVESTMENTS**

The Program's cash is included in a City-wide cash and investment pool, the details of which are presented in the City's basic financial statements. The Program pools cash from all sources with the City of San Rafael so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Banker's Acceptances, Commercial Paper, the State of California Local Authority Investment Fund (LAIF Pool), Repurchase Agreements, Medium-Term Corporate Notes, Limited Obligation Improvement Bonds related to special assessment districts and special tax districts, and Money Market/Mutual Funds.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City of San Rafael pooled investments is classified in Level 2 is valued based on the fair value factor provided by the City, which is calculated as the fair value divided by the amortized cost of the investment pool.

**NOTE 4 - GRANTS RECEIVABLE**

The Program has the following grants receivable at June 30, 2016:

Agency	Grant	Amount
Marin County	First 5 Grant	\$22,253
	Total	\$22,253

**NOTE 5 - FUND BALANCES**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

*Nonspendable* represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
Notes to the Basic Financials Statements  
For the Year Ended June 30, 2016

**NOTE 5 – FUND BALANCES (Continued)**

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**NOTE 6 – CONTINGENCIES AND COMMITMENTS**

The Program participates in Federal, State and County grant programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2016, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

**SUPPLEMENTARY INFORMATION**

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
SCHEDULE OF AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Program	CFDA #	Pass-Through Grantor #	Award Amount	Revenue	Expenditures
<b>Federal Awards</b>					
US Department of Housing and Urban Development, Passed-through the County of Marin Community Development Block Grant	14.218	HUD-04527-01-15	<u>\$16,552</u>	<u>\$16,552</u>	<u>\$16,552</u>
Total Federal Awards			<u>\$16,552</u>	<u>\$16,552</u>	<u>\$16,552</u>
<b>State Awards</b>					
State of California Department of Education					
Child Development Division State Preschool Program FY2016		CSPP-5253	<u>\$186,540</u>	<u>\$186,540</u>	<u>\$280,493</u>
Total State Awards			<u>\$186,540</u>	<u>\$186,540</u>	<u>\$280,493</u>
<b>County Award</b>					
County of Marin First Five - Preschool		CSRI-21-009-10	<u>\$90,631</u>	<u>\$90,631</u>	<u>\$90,631</u>
<b>Local Awards</b>					
Marin Child Care Council		N/A	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
Marin County Office of Education		N/A	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>
Total Local Awards			<u>\$35,400</u>	<u>\$35,400</u>	<u>\$35,400</u>
Total State, Federal Awards, and Local			<u>\$329,123</u>	<u>\$329,123</u>	<u>\$423,076</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2016

	State Preschool Program (CSPP 5253)	Total CDE CD Contracts	Non-CDE Programs	Total
<b>REVENUES</b>				
State grants:				
Current year grants	\$186,540	\$186,540		\$186,540
CDBG after school grant			\$16,552	16,552
First Five school readiness grants			90,631	90,631
Local grants			35,400	35,400
Interest			6,027	6,027
Parent fees - noncertified children			3,954,126	3,954,126
Other			12,196	12,196
	<u>186,540</u>	<u>186,540</u>	<u>4,114,932</u>	<u>4,301,472</u>
Total Revenues				
<b>EXPENDITURES</b>				
Certified salaries	64,542	64,542	1,845,738	1,910,280
Classified salaries	66,597	66,597		66,597
Employee benefits	117,572	117,572	1,245,390	1,362,962
Training and instruction			2,330	2,330
Office supplies			1,016	1,016
Books and supplies	8,329	8,329	122,529	130,858
Utilities and housekeeping services			35,263	35,263
Travel and conference			704	704
Rentals			16,176	16,176
Services and other operating expenditures	23,453	23,453	222,121	245,574
Equipment			26,537	26,537
Insurance			32,073	32,073
Renovation and repair			4,066	4,066
	<u>280,493</u>	<u>280,493</u>	<u>3,553,943</u>	<u>3,834,436</u>
Total Expenditures				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(93,953)	(93,953)	560,989	467,036
<b>TRANSFERS</b>				
Transfers in from other City funds	100,000	100,000		100,000
Transfers out to other City Funds			(325,000)	(325,000)
	<u>\$6,047</u>	<u>\$6,047</u>	<u>\$235,989</u>	<u>\$242,036</u>
<b>CHANGE IN FUND BALANCE</b>				

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES  
FOR THE YEAR ENDED JUNE 30, 2016

		CSPP-5253 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$64,542	\$64,542
1100	Teachers' salaries	64,542	64,542
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$66,597	\$66,597
2100	Instructional aides' salaries	66,597	66,597
2300	Clerical and other office salaries		
2400	Maintenance and operations salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$117,572	\$117,572
3200	Payroll taxes (Medicare)	1,801	1,801
3300	Other benefits	79,095	79,095
3400	Health and welfare	34,814	34,814
3600	Workers' compensation insurance	1,862	1,862
4000	Books and supplies	\$8,329	\$8,329
4200	Other books		
4300	Instructional materials and supplies	8,329	8,329
4500	Other supplies		
4600	Food supplies		
5000	Services and other operating expenditures	\$23,453	\$23,453
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues		
5400	Insurance	2,398	2,398
5500	Utilities and housekeeping services	1,682	1,682
5600	Rentals, leases and repairs	1,182	1,182
5700	Audit expense		
5800	Other direct services & admin.	18,191	18,191
6000	Capital Outlay		
6100	Sites and improvements of sites		
6200	Buildings and improvements of buildings		
6400	Equipment (program-related)		
6500	Equipment replacement (program related)		
Depreciation			
Costs capitalized as Fixed Assets			
<b>TOTAL OF REIMBURSABLE AND NONREIMBURSABLE EXPENDITURES</b>		<b>\$280,493</b>	<b>\$280,493</b>

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 SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

	CSPP-5253 State Preschool Program
Administrative Costs (Salaries)	<u>\$0</u>
Total Administrative Costs	<u><u>\$0</u></u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
 SCHEDULE OF EQUIPMENT EXPENDITURES UTILIZING CONTRACT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

Expenditures Under \$7,500 Unit Cost		Expenditures Over \$7,500 Unit Cost with CDD Approval		Expenditures Over \$7,500 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
	None		None		None

SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES UTILIZING CONTRACT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

Expenditures Under \$10,000 Unit Cost		Expenditures Over \$10,000 Unit Cost with CDD Approval		Expenditures Over \$10,000 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
	None		None		None

## AUDITED ATTENDANCE AND FISCAL REPORT

### for California State Preschool Programs

Agency Name: City of San Rafael Child Development Program Vendor No. 21-2193

June 30, 2016 Contract No. CSPP 5253

Independent Auditor's Name: Maze & Associates

SECTION I - CERTIFIED CHILDREN ENROLLMENT	DAYS OF	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>						
	Full-time-plus	-		-	1.1800	-
	Full-time	-		-	1.0000	-
	Three-quarters-time	-		-	0.7500	-
	One-half-time	8,400	-	8,400	0.6195	5,203.800
<i>Exceptional Needs</i>						
	Full-time-plus	-		-	1.4160	-
	Full-time	-		-	1.2000	-
	Three-quarters-time	-		-	0.9000	-
	One-half-time	-		-	0.6195	-
<i>Limited and Non-English Proficient</i>						
	Full-time-plus	-		-	1.2980	-
	Full-time	-		-	1.1000	-
	Three-quarters-time	-		-	0.8250	-
	One-half-time	-		-	0.6195	-
<i>At Risk of Abuse or Neglect</i>						
	Full-time-plus	-		-	1.2980	-
	Full-time	-		-	1.1000	-
	Three-quarters-time	-		-	0.8250	-
	One-half-time	-		-	0.6195	-
<i>Severely Disabled</i>						
	Full-time-plus	-		-	1.7700	-
	Full-time	-		-	1.5000	-
	Three-quarters-time	-		-	1.1250	-
	One-half-time	-		-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>		<b>8,400</b>	<b>-</b>	<b>8,400</b>		<b>5,203.800</b>
<b>DAYS OF OPERATION</b>		<b>175</b>		<b>175</b>		
<b>DAYS OF ATTENDANCE</b>		<b>8,400</b>	<b>-</b>	<b>8,400</b>		

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified

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

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: City of San Rafael Child Development Program Vendor No. 21-2193  
June 30, 2016 Contract No. CSPP 5253

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
<b>Subtotal</b>	\$0	\$0	\$0
Transfer from Reserve			0
Contract #			0
Family Fees for Certified Children			\$0
Contract #			0
Interest Earned on Apportionments			0
Contract #			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0

<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
1000 Certificated Salaries	\$64,542		\$64,542
2000 Classified Salaries	66,597		66,597
3000 Employee Benefits	117,572		117,572
4000 Books and Supplies	8,329		8,329
5000 Services and Other Operating Expenses	23,453		23,453
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment ( <i>program-related</i> )			0
6500 Replacement Equipment ( <i>program-related</i> )			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$280,493	\$0	\$280,493
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$0	\$0	\$0

**FOR CDE-A&I USE ONLY:**

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:**

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

- YES  
 NO - Explain any discrepancies.

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

- YES  
 NO - Explain any discrepancies.

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

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

### AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: City of San Rafael Child Development Program

Fiscal Year End: June 30, 2016

Vendor No. 21-2193

Independent Auditor's Name: Maze & Associates

<b>RESERVE ACCOUNT TYPE (Check One):</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
<input checked="" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	<b>PER AGENCY</b>	<b>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</b>	<b>PER AUDIT</b>

LAST YEAR:			
<b>1. Beginning Balance</b> (must equal ending balance from Last Year's AUD 9530-A)	\$0	\$0	\$0
<b>2. Plus Transfers from Contracts to Reserve Account</b> (based on last year's post-audit CDFS 9530, Section IV):			
Contract No. CSPP-4259	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
<b>3. Less Excess Reserve to be Billed</b> (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0		\$0
<b>4. Ending Balance on Last Year's Post-Audit CDFS 9530</b>	\$0	\$0	\$0

THIS YEAR:			
<b>5. Plus Interest Earned This Year on Reserve Funds</b> (column A must agree with this year's CDFS 9530-A, Section II)	\$0	\$0	\$0
<b>6. Less Transfers to Contracts from Reserve Account</b> (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No. CSPP-5253	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
<b>7. Ending Balance on June 30, 2016</b> (column A must agree with this year's CDFS 9530-A, Section IV)	\$0	\$0	\$0

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

This Page Left Intentionally Blank



**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**

To the Honorable Members of the 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 Child Development Program (Program), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Program'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 Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Program'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 Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important 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 Program'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 Program'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 Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maze & Associates*

Pleasant Hill, California  
October 12, 2016