

**CITY OF SAN RAFAEL**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**CITY OF SAN RAFAEL**  
**SINGLE AUDIT REPORT**  
**For The Year Ended June 30, 2012**

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**CITY OF SAN RAFAEL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

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

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?            Yes       X       No

**Federal Awards**

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

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>20.600</u>	<u>U.S. Department of Transportation – State and Community Highway</u>
<u>20.608</u>	<u>U.S. Department of Transportation – Minimum Penalties for Repeat Offenders for Driving While Intoxicated</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 disclosed significant deficiencies but no material weaknesses or instances of noncompliance material to the basic financial statements. These significant deficiencies are listed on the Schedule of Significant Deficiencies included in a separately issued Memorandum on Internal Control dated October 26, 2012, 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**

There were no prior year Financial Statement Findings reported.

### **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, 2012

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development, Pass-Through Programs			
Pass-Through County of Marin, California			
Child Care	14.218	HUD-04527-01-11	\$14,914
ADA / DOJ Compliance - Curb Ramps	14.218	HUD-04536-01-11	266,391
Total U.S. Department of Housing and Urban Development			281,305
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	20,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ADP-AD-532-10-11	26,876
Total U.S. Department of Health and Human Services			46,876
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	46,809
Canal St. Pedestrian Access & Safety Improvements		04-5043R-029-N	7,267
Subtotal for Highway Planning and Construction			54,076
Pass-Through California Office of Traffic Safety			
State and Community Highway Safety	20.600		
Selective Traffic Enforcement Program		PT 1106 & 20042	151,921
Subtotal for State and Community Highway Safety			151,921
Pass-Through California Office of Traffic Safety			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		
Sobriety Checkpoint - Mini grant 2011		SC11 381	14,688
Avoid the Marin 13		AL0942	63,903
Avoid Grant		20525	107,398
Subtotal for Minimum Penalties for Repeat Offenders for Driving While Intoxicated			185,989
Total U.S. Department of Transportation			391,986
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			
Citizen Police Academy	16.804		13,230
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
Swat Trailer			1,568
Gang Enforcement Grant			8,666
Total for JAG Program Cluster			23,464
Total U.S. Department of Justice			23,464
U.S. Department of Homeland Security, Pass-Through Programs			
Pass-Through State of California Department of Boating and Waterways			
Boating Safety Financial Assistance			
Mission City Equipment Contract	97.012	11-204-769	35,000
Pass-Through County of Marin, California			
Homeland Security Grant Program	97.067		
Homeland Security Grant		2010-0085	2,198
Marin County CERT		2011-SS-0077	6,945
Automated License Plate Reader System		DHS-11-GPD-067-000-02	33,126
Subtotal for Homeland Security Grant Program			42,269
Pass-Through City and County of San Francisco Department of Emergency Management			
Regional Catastrophic Preparedness Grant Program			
GR5 Bay Area	97.111	2010CA-T0-0002	28,470
Total Office of Homeland Security			105,739

(Continued)

**CITY OF SAN RAFAEL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Energy, Direct Program Energy Efficiency and Conservation Block Grant	81.128		1,781
Total U.S. Department of Energy			1,781
Total Expenditures of Federal Awards			\$851,151

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, 2012**

**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  
of the City of San Rafael, California

We have audited the financial statements of the City of San Rafael as of and for the year ended June 30, 2012, and have issued our report thereon dated November 15, 2012. The report includes a reference to a special emphasis paragraph concerning the dissolution of the Redevelopment Agency. We conducted our audit in accordance with generally accepted auditing standards 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.

***Internal Control over Financial Reporting***

Management of the City of San Rafael is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs and the separately issued Memorandum on Internal Control dated October 26, 2012, that we consider to be a significant deficiency in internal control over financial reporting: 2012-01. 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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs and the separately issued Memorandum on Internal Control dated October 26, 2012 as items 2012-02 and 2012-03.

We have also issued a separate Memorandum on Internal Control dated October 26, 2012 which is an integral part of our audits and should be read in conjunction with this report.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ware & Associates*

November 15, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council  
of the City of San Rafael, California

***Compliance***

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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2012.

***Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

### ***Schedule of Expenditures of Federal Awards***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2012, and have issued our report thereon dated November 15, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's Entity's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 other 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maere & Associates*

February 21, 2013