

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, California, as of and for the year ended June 30, 2018, 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, 2018, and changes in financial position for the year then ended in accordance 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 as listed in the Table of Contents 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 5, 2018 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 5, 2018

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
BALANCE SHEET
JUNE 30, 2018

ASSETS

Cash (Note 3)	\$1,588,156
Grants receivable (Note 4)	<u>24,093</u>
Total Assets	<u><u>\$1,612,249</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$40,434</u>
Total Liabilities	40,434
Fund balance, restricted (Note 5)	<u>1,571,815</u>
Total Liabilities and Fund Balance	<u><u>\$1,612,249</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, 2018

REVENUES

State grants:		
Current year grants		\$221,745
CDBG preschool grant		20,000
First five school readiness grants		81,570
Local grant		18,000
Interest		11,006
Parent fees		3,558,672
Other		<u>13,957</u>
Total Revenues		<u>3,924,950</u>

EXPENDITURES

Certified salaries		1,821,581
Classified Salaries		51,932
Employee benefits		1,236,456
Training and instruction		1,626
Office supplies		2,932
Books and supplies		137,443
Utilities and housekeeping services		35,546
Travel and conference		4,208
Rentals		18,530
Services and other operating expenditures		281,508
Equipment		27,814
Insurance		31,759
Renovation and repair		<u>8,944</u>
Total Expenditures		3,660,279

OTHER FINANCING SOURCES (USES)

Transfers in from the City		50,000
Transfers out to the City		<u>(113,000)</u>
Total Transfers		(63,000)

CHANGE IN FUND BALANCE

201,671

FUND BALANCE,

Beginning of year		<u>1,370,144</u>
End of year		<u><u>\$1,571,815</u></u>

See accompanying notes to financial statements

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financials Statements
For the Year Ended June 30, 2018**

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.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

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 an uncategorized input not defined as Level 1, Level 2, or Level 3 input.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financials Statements
For the Year Ended June 30, 2018**

NOTE 4 – GRANTS RECEIVABLE

The Program has the following grants receivable at June 30, 2018:

Agency	Grant	Amount
Marin County	First 5 Grant	\$24,093
	Total	\$24,093

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.

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.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
Notes to the Basic Financials Statements
For the Year Ended June 30, 2018**

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, 2018, 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, 2018

Program	CFDA #	Pass-Through Identifying Number	Award Amount	Revenue	Expenditures
Federal Awards					
US Department of Housing and Urban Development, Pass-through the County of Marin Community Development Block Grant	14.218	40CDBG17CD4527	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
Total Federal Awards			<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
State Awards					
State of California Department of Education Child Development Division State Preschool Program FY2018		CSPP-7280	<u>\$221,745</u>	<u>\$221,745</u>	<u>\$260,151</u>
Total State Awards			<u>\$221,745</u>	<u>\$221,745</u>	<u>\$260,151</u>
County Award					
County of Marin First Five - Preschool		CSRI-21-009-10	<u>\$81,570</u>	<u>\$81,570</u>	<u>\$81,570</u>
Local Awards					
Marin Child Care Council		N/A	<u>\$18,000</u>	<u>\$18,000</u>	<u>\$18,000</u>
Total Local Awards			<u>\$18,000</u>	<u>\$18,000</u>	<u>\$18,000</u>
Total State, Federal Awards, and Local			<u>\$341,315</u>	<u>\$341,315</u>	<u>\$379,721</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2018

	State Preschool Program (CSPP 7280)	Total CDE CD Contracts	Non-CDE Programs	Total
REVENUES				
State grants:				
Current year grants	\$221,745	\$221,745		\$221,745
CDBG preschool grant			\$20,000	20,000
First Five school readiness grants			81,570	81,570
Local grants			18,000	18,000
Interest			11,006	11,006
Parent fees - noncertified children			3,558,672	3,558,672
Other			13,957	13,957
	<u>221,745</u>	<u>221,745</u>	<u>3,703,205</u>	<u>3,924,950</u>
Total Revenues				
EXPENDITURES				
Certified salaries	72,543	72,543	1,749,038	1,821,581
Classified salaries	51,932	51,932		51,932
Employee benefits	109,701	109,701	1,126,755	1,236,456
Training and instruction			1,626	1,626
Office supplies			2,932	2,932
Books and supplies	10,488	10,488	126,955	137,443
Utilities and housekeeping services			35,546	35,546
Travel and conference			4,208	4,208
Rentals			18,530	18,530
Services and other operating expenditures	15,487	15,487	266,021	281,508
Equipment			27,814	27,814
Insurance			31,759	31,759
Renovation and repair			8,944	8,944
	<u>260,151</u>	<u>260,151</u>	<u>3,400,128</u>	<u>3,660,279</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,406)	(38,406)	303,077	264,671
OTHER FINANCING SOURCE (USES)				
Transfers in from other programs	50,000	50,000		50,000
Transfers out to other programs			(113,000)	(113,000)
	<u>50,000</u>	<u>50,000</u>	<u>(113,000)</u>	<u>(63,000)</u>
Total Transfers				
CHANGE IN FUND BALANCE	<u>\$11,594</u>	<u>\$11,594</u>	<u>\$190,077</u>	<u>\$201,671</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2018

		CSP-7280 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$72,543	\$72,543
1100	Teachers' salaries	72,543	72,543
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$51,932	\$51,932
2100	Instructional aides' salaries	51,932	51,932
2300	Clerical and other office salaries		
2400	Maintenance and operations salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$109,701	\$109,701
3200	Payroll taxes (Medicare)	3,087	3,087
3300	Other benefits	41,280	41,280
3400	Health and welfare	62,344	62,344
3600	Workers' compensation insurance	2,990	2,990
4000	Books and supplies	\$10,488	\$10,488
4200	Other books		
4300	Instructional materials and supplies	10,488	10,488
4500	Other supplies		
4600	Food supplies		
5000	Services and other operating expenditures	\$15,487	\$15,487
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues		
5400	Insurance	2,113	2,113
5500	Utilities and housekeeping services	1,144	1,144
5600	Rentals, leases and repairs	1,179	1,179
5700	Audit expense		
5800	Other direct services & admin.	11,051	11,051
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			
TOTAL OF REIMBURSABLE AND NONREIMBURSABLE EXPENDITURES		\$260,151	\$260,151

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, 2018

	<u>CSPP-7280 State Preschool Program</u>
Administrative Costs (Audit Fees)	<u>\$3,470</u>
Total Administrative Costs	<u><u>\$3,470</u></u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
 SCHEDULE OF EQUIPMENT EXPENDITURES UTILIZING CONTRACT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
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Fiscal Year Ending June 30, 2018
 Contract Number CSPP 7280
 Vendor Code 21-2193

Full Name of Contractor City of San Rafael Child Development Program

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three and Four Year Olds Full-time-plus				1.1800	0
Three and Four Year Olds Full-time				1.0000	0
Three and Four Year Olds Three-quarters-time				0.7500	0
Three and Four Year Olds One-half-time	8,481	-96	8,385	0.6193	5,192.8305
Exceptional Needs Full-time-plus				1.4160	0
Exceptional Needs Full-time				1.2000	0
Exceptional Needs Three-quarters-time				0.9000	0
Exceptional Needs One-half-time				0.6193	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				0.6193	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 2 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
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				0.6193	0
Severely Disabled Full-time-plus				1.7700	0
Severely Disabled Full-time				1.5000	0
Severely Disabled Three-quarters-time				1.1250	0
Severely Disabled One-half-time				0.6193	0
TOTAL DAYS OF ENROLLMENT	8,481	-96	8,385	N/A	5,192.8305
DAYS OF OPERATION	175		175	N/A	N/A
DAYS OF ATTENDANCE	8,481		8,481	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
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Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	72,543		72,543
2000 Classified Salaries	51,932		51,932
3000 Employee Benefits	109,701		109,701
4000 Books and Supplies	10,488		10,488
5000 Services and Other Operating Expenses	15,487		15,487
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)			
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	260,151		260,151
Total Administrative Cost (included in section 4 above)		3,470	3,470

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 8.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 8 of 9 (09/18)

Fiscal Year Ending June 30, 2018
 Contract Number CSPP 7280
 Vendor Code 21-2193

Full Name of Contractor City of San Rafael Child Development Program

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding	3,400	-3,400	0
Other:			
Other:			
Total Supplemental Revenue	3,400	-3,400	0

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies	3,698	-3,698	0
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	3,698	-3,698	0

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS

A U D 8501 Page 9 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	8,481	-96	8,385
Days of Operation	175		175
Days of Attendance	8,481		8,481
Total Non-Certified Days of Enrollment			
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	260,151		260,151
Total Administrative Cost		3,470	3,470

Total Certified Adjusted Days of Enrollment

Total Non-Certified Adjusted Days of Enrollment

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

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

No

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

No

Include any comments in the Comments box on page 7. If necessary, attach additional sheets to explain adjustments.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: City of San Rafael Child Development Program

Fiscal Year End: June 30, 2018

Vendor No. 21-2193

Independent Auditor's Name: Maze & Associates

RESERVE ACCOUNT TYPE (Check One):

- Center Based
 Resource and Referral
 Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)			\$0
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No. CSPP 6261			\$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
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$0	\$0	\$0

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)			\$0
6. Less Transfers to Contracts from Reserve Account (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):			
CSPP - General			
Contract No. CSPP 7280			\$0
Contract No.			0
CSPP - Professional Development			
Contract No.			\$0
Contract No.			0
Subtotal	\$0	\$0	\$0
Other Contracts			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Subtotal	\$0	\$0	\$0
Total Transferred to Contracts from Reserve Account	\$0	\$0	\$0
7. Ending Balance or June 30, 2018 (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:

**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), California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2018.

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 5, 2018