

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2020**

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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, 2020, 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, 2020, 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. 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 May 13, 2021 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  
May 13, 2021

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
BALANCE SHEET  
JUNE 30, 2020

ASSETS

Cash (Note 3)	\$1,270,651
Accounts receivable	17,400
Grants receivable (Note 4)	<u>36,910</u>
 Total Assets	 <u><u>\$1,324,961</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$50,875
Due to other government	<u>10,696</u>
 Total Liabilities	 61,571
 Fund balance, restricted (Note 5)	 <u>1,263,390</u>
 Total Liabilities and Fund Balance	 <u><u>\$1,324,961</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, 2020

REVENUES	
State grants:	
Current year grants	\$228,125
CDBG preschool grant	30,000
First five school readiness grants	91,459
Local grant	73,272
Interest	38,734
Parent fees	2,751,787
Other	<u>23,870</u>
Total Revenues	<u>3,237,247</u>
EXPENDITURES	
Certified salaries	1,783,324
Classified Salaries	65,684
Employee benefits	1,189,381
Training and instruction	7,671
Office supplies	5,511
Books and supplies	131,311
Utilities and housekeeping services	27,610
Travel and conference	198
Rentals	60,251
Services and other operating expenditures	276,490
Equipment	38,118
Insurance	31,220
Renovation and repair	<u>51,093</u>
Total Expenditures	3,667,862
OTHER FINANCING SOURCES (USES)	
Transfers out to the City	<u>(52,840)</u>
Total Transfers	(52,840)
CHANGE IN FUND BALANCE	(483,455)
FUND BALANCE,	
Beginning of year	<u>1,746,845</u>
End of year	<u><u>\$1,263,390</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, 2020**

**NOTE 1 - ORGANIZATION**

The City of San Rafael operates the Child Development Program encompassing eight 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, 2020**

**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 Financial Statements  
For the Year Ended June 30, 2020**

**NOTE 4 – GRANTS RECEIVABLE**

The Program has the following grants receivable at June 30, 2020:

Agency	Grant	Amount
Marin County	First 5 Grant	\$36,910
	Total	\$36,910

**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 Financial Statements  
For the Year Ended June 30, 2020**

**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, 2020, 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 FEDERAL, STATE AND LOCAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

Program	CFDA #	Pass-Through Identifying Number	Award Amount	Revenue	Expenditures
<b>Federal Awards</b>					
US Department of Housing and Urban Development, Pass-through the County of Marin Community Development Block Grant	14.218	40CDBG20CD4527	\$30,000	\$30,000	\$30,000
Total Federal Awards			<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
<b>State Awards</b>					
State of California Department of Education  Child Development Division State Preschool Program FY2018		CSPP-9283	\$238,821	\$228,125	\$228,125
Total State Awards			<u>\$238,821</u>	<u>\$228,125</u>	<u>\$228,125</u>
<b>County Award</b>					
County of Marin First Five - Preschool		CSRI-21-009-11	\$91,459	\$91,459	\$91,459
<b>Local Awards</b>					
Marin Child Care Council		N/A	\$64,872	\$64,872	\$64,872
Total Local Awards			<u>\$64,872</u>	<u>\$64,872</u>	<u>\$64,872</u>
Total State, Federal Awards, and Local			<u>\$425,152</u>	<u>\$414,456</u>	<u>\$414,456</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2020

	State Preschool Program (CSPP 9283)	Total CDE CD Contracts	Non-CDE Programs	Total
<b>REVENUES</b>				
State grants:				
Current year grants	\$228,125	\$228,125		\$228,125
CDBG preschool grant			\$30,000	30,000
First Five school readiness grants			91,459	91,459
Local grants	8,400	8,400	64,872	73,272
Interest			38,734	38,734
Parent fees - noncertified children			2,751,787	2,751,787
Other			23,870	23,870
	<u>236,525</u>	<u>236,525</u>	<u>3,000,722</u>	<u>3,237,247</u>
Total Revenues				
<b>EXPENDITURES</b>				
Certified salaries	48,144	48,144	1,735,180	1,783,324
Classified salaries	65,684	65,684		65,684
Employee benefits	91,166	91,166	1,098,215	1,189,381
Training and instruction			7,671	7,671
Office supplies			5,511	5,511
Books and supplies	8,770	8,770	122,541	131,311
Utilities and housekeeping services			27,610	27,610
Travel and conference			198	198
Rentals			60,251	60,251
Services and other operating expenditures	14,361	14,361	262,129	276,490
Equipment			38,118	38,118
Insurance			31,220	31,220
Renovation and repair			51,093	51,093
	<u>228,125</u>	<u>228,125</u>	<u>3,439,737</u>	<u>3,667,862</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,400	8,400	(439,015)	(430,615)
<b>OTHER FINANCING SOURCE (USES)</b>				
Transfers out to the City			(52,840)	(52,840)
			<u>(52,840)</u>	<u>(52,840)</u>
Total Transfers				
CHANGE IN FUND BALANCE	<u>\$8,400</u>	<u>\$8,400</u>	<u>(\$491,855)</u>	<u>(\$483,455)</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES  
FOR THE YEAR ENDED JUNE 30, 2020

		CSPP-9283 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$48,144	\$48,144
1100	Teachers' salaries	48,144	48,144
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$65,684	\$65,684
2100	Instructional aides' salaries	65,684	65,684
2300	Clerical and other office salaries		
2400	Maintenance and operations salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$91,166	\$91,166
3200	Payroll taxes (Medicare)	1,492	1,492
3300	Other benefits	60,901	60,901
3400	Health and welfare	27,539	27,539
3600	Workers' compensation insurance	1,234	1,234
4000	Books and supplies	\$8,770	\$8,770
4200	Other books		
4300	Instructional materials and supplies	8,673	8,673
4500	Other supplies	97	97
4600	Food supplies		
5000	Services and other operating expenditures	\$14,361	\$14,361
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues	484	484
5400	Insurance	1,990	1,990
5500	Utilities and housekeeping services	1,249	1,249
5600	Rentals, leases and repairs		
5700	Audit expense		
5800	Other direct services & admin.	10,638	10,638
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>\$228,125</b>	<b>\$228,125</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, 2020

	CSPP-9283 State Preschool Program
Administrative Costs (Audit Fees)	<u>\$4,644</u>
Total Administrative Costs	<u><u>\$4,644</u></u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
 SCHEDULE OF EQUIPMENT EXPENDITURES UTILIZING CONTRACT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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, 2020

Contract Number CSPP-9283

Vendor Code 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 Years and Older Full-time-plus	9,988	672	10,660	1.1800	12,578.8
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	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

Full Name of Contractor **City of San Rafael Child Development Program**

**Section 1 - Days of Enrollment Certified Children (continued)**

	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				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>9,988</b>	<b>672</b>	<b>10,660</b>	N/A	<b>12,578.8</b>
<b>DAYS OF OPERATION</b>	<b>161</b>	<b>14</b>	<b>175</b>	N/A	N/A
<b>DAYS OF ATTENDANCE</b>	<b>7,442</b>	<b>860</b>	<b>8,302</b>	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor **City of San Rafael Child Development Program**

**Section 2 - Days of Enrollment Non-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
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0

Full Name of Contractor **City of San Rafael Child Development Program**

**Section 2 - Days of Enrollment Non-Certified Children (continued)**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
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
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				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>				<b>N/A</b>	<b>0</b>

Full Name of Contractor **City of San Rafael Child Development Program**

**Section 3 - Revenue**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>			
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
<b>Transfer from Reserve Total</b>			
Family Fees for Certified Children			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>			

Comments: Adjustments are due to emergency closure credits approved by the California Department of Education.

Full Name of Contractor **City of San Rafael Child Development Program**

**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	48,144		48,144
2000 Classified Salaries	65,684		65,684
3000 Employee Benefits	91,166		91,166
4000 Books and Supplies	8,770		8,770
5000 Services and Other Operating Expenses	14,361		14,361
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 Total Administrative Cost)			
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>228,125</b>		<b>228,125</b>
Total Administrative Cost (included in Section 4 above)	4,644		4,644
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.



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	8,400		8,400
Other:			
Other:			
<b>Total Supplemental Revenue</b>	<b>8,400</b>		<b>8,400</b>

**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			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
<b>Total Supplemental Expenses</b>			

Full Name of Contractor **City of San Rafael Child Development Program**

**Section 7 - Summary**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	9,988	672	10,660
Days of Operation	161	14	175
Days of Attendance	7,442	860	8,302
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	228,125		228,125
Total Administrative Cost	4,644		4,644
Total Staff Training Cost			

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:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

# California Department of Education Audited Reserve Account Activity Report

Fiscal Year End

June 30, 2020

Reserve Account Type

Center-Based

Vendor Code

2193

A U D 9530A Page 1 of 1

Full Name of Contractor **City of San Rafael Child Development Program**

## Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2018–19 AUD 9530A Ending Balance)	
2. Plus Transfers to Reserve Account:	Per 2018–19 Post-Audit CDNFS 9530
Contract No. 8280	0
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
<b>Total Transferred from 2018–19 Contracts to Reserve</b>	
3. Less Excess Reserve to be Billed	0
<b>4. Ending Balance per 2018–19 Post-Audit CDNFS 9530</b>	

## Section 2 - Current Year Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve	0		
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No. 9283	0		
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
<b>Subtotal CSPP Transfers</b>			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
<b>Subtotal Other Contract Transfers</b>			
<b>Total Transferred to Contracts from Reserve Account</b>			
<b>7. Ending Balance on June 30, 2020</b>			

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

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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***

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, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2021.

***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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We have identified certain deficiencies in internal control, as described in CDC 2020-01 and CDC 2020-02 in the accompanying Current Year Findings and Responses, that we consider to be significant deficiencies.

***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*.

### ***City's Response to Findings***

The City's response to the findings identified in our audit are described in the accompanying Current Year Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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  
May 13, 2021

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
CURRENT YEAR FINDINGS AND RESPONSES  
For the Year Ended June 30, 2020**

During our audit of the financial statements of the City of San Rafael (City) for the year ended June 30, 2020 the following were identified as significant deficiencies in the City's internal control. Since the Program utilizes the City to provide the Program's accounting function, we consider the following to be significant deficiencies in the Program's internal control.

**Finding CDC 2020-01: Documentation of Review of Changes to the Vendor Database**

**Program:** CSPP- 8580

**Criteria:** Accounts payable staff should not normally have access to make changes to the Vendor Database. In the event the system does not allow such a segregation of duties, changes to the Vendor Database should be reviewed and approved by a person who is not making changes to the database, so that two employees are involved in the process of adding, removing, or modifying vendor information.

**Condition:** We noted that more than one staff charged with processing accounts payable has access to edit the vendor database. We also understand that the City has a process for reviewing the changes made to the vendor database on a quarterly basis, however, the review process is not documented.

**Effect:** Without an independent review, the City is exposed to the risk of phantom vendors and unauthorized changes to vendor accounts.

**Cause:** We understand City staff did not realize that the review process should be documented.

**Recommendation:** The City should develop procedures to document the quarterly review and approval of change to the vendor database in some formal manner.

**Management Response:** Finance Management reviews changes made to the Vendor Database on a quarterly basis in order to detect phantom vendors and unauthorized changes to vendor accounts. Management reviews a report in Eden, the City's Financial System. Going forward, to formalize the review process, the report will be printed to PDF and signed by the reviewer.

**Finding CDC 2020-02: Documentation of Review of Eden Employee Audit Reports**

**Program:** CSPP- 8580

**Criteria:** Payroll staff should not normally have access to make any changes to the Payroll Database. In the event the system does not allow such a segregation of duties, changes to the Payroll Database should be reviewed and approved by a person who is not making the changes to the database, so that two employees are involved in the process of adding, removing, or modifying employee information.

**Condition:** We noted that although the Human Resources Department is tasked with making changes to the Payroll Database, more than one staff charged with processing payroll in the Finance Department has access to edit base pay, incentives, and benefits in the payroll database.

To mitigate the control risk, we understand that the City has a process to review the employee audit reports each pay period for accuracy and to ensure no unauthorized changes were made to the employee database. However, we selected three pay periods (November 15, 2019, January 31, 2020 and May 15, 2020) for testing of review of the employee audit report and noted that there was no documentation of the review.

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
CURRENT YEAR FINDINGS AND RESPONSES  
For the Year Ended June 30, 2020**

**Effect:** Without proper documentation of the review process, we cannot determine if the above internal control procedure is in place.

**Cause:** We understand City staff did not realize that the review process should be documented.

**Recommendation:** The City should develop procedures to document the review of employee audit reports in some formal manner.

**Management Response:** The Finance Director reviews an employee audit report in Eden each pay period to ensure no unauthorized changes are made to the employee database. Going forward, to formalize the review process, the report will be printed to PDF and signed by the reviewer.