

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Table of Contents.....	i
FINANCIAL SECTION:	
Independent Auditor's Report.....	1
Basic Financial Statements	
Balance Sheet.....	3
Statement of Revenue, Expenditures and Changes in Fund Balance	4
Notes to Basic Financial Statements	5
Supplementary Information	
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:	
CSPP 0287 – California State Preschool Programs.....	15
Audited Reserve Account Activity Report	23
Compliance Report	
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>	25
Current Year Findings and Responses.....	27

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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, 2021, 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, 2021, 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 DATE 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.

Pleasant Hill, California
DATE

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
BALANCE SHEET
JUNE 30, 2021

ASSETS

Cash (Note 3)	\$377,300
Accounts receivable	
Grants receivable (Note 4)	<u>31,401</u>
Total Assets	<u><u>\$408,701</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$40,121
Due to other government	<u> </u>
Total Liabilities	40,121
Fund balance, restricted (Note 5)	<u>368,580</u>
Total Liabilities and Fund Balance	<u><u>\$408,701</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, 2021

REVENUES

State grants:	
Current year grants	\$99,350
CDBG preschool grant	
First five school readiness grants	
Local grant	161,458
Interest	1,345
Parent fees	2,408,851
Other	9,720
	<hr/>
Total Revenues	2,680,724
	<hr/>

EXPENDITURES

Certified salaries	55,718
Classified Salaries	1,762,094
Employee benefits	1,284,414
Training and instruction	2,183
Office supplies	858
Books and supplies	77,493
Utilities and housekeeping services	38,448
Travel and conference	
Rentals	19,959
Services and other operating expenditures	236,975
Equipment	3,913
Insurance	28,490
Renovation and repair	64,989
	<hr/>
Total Expenditures	3,575,534

OTHER FINANCING SOURCES (USES)

Transfers out to the City	
	<hr/>
Total Transfers	

CHANGE IN FUND BALANCE (894,810)

FUND BALANCE,

Beginning of year	1,263,390
	<hr/>
End of year	\$368,580
	<hr/> <hr/>

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, 2021**

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 Financials Statements
For the Year Ended June 30, 2021**

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, 2021

NOTE 4 – GRANTS RECEIVABLE

The Program has the following grants receivable at June 30, 2021:

<u>Agency</u>	<u>Grant</u>	<u>Amount</u>
Marin County	First 5 Grant	<u>\$31,401</u>
	Total	<u><u>\$31,401</u></u>

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, 2021**

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, 2021, 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, 2021

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	40CDBG20CD4527	\$21,500	\$21,500	\$21,500
Total Federal Awards			<u>\$21,500</u>	<u>\$21,500</u>	<u>\$21,500</u>
State Awards					
State of California Department of Education Child Development Division State Preschool Program FY2021		CSPP-0287	\$238,821	\$99,350	\$257,771
Total State Awards			<u>\$238,821</u>	<u>\$99,350</u>	<u>\$257,771</u>
County Award					
County of Marin First Five - Preschool		CSRI-21-009-11			
Local Awards					
Marin Child Care Council		N/A	\$161,458	\$161,458	\$161,458
Total Local Awards			<u>\$161,458</u>	<u>\$161,458</u>	<u>\$161,458</u>
Total State, Federal Awards, and Local			<u>\$421,779</u>	<u>\$282,308</u>	<u>\$440,729</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	State Preschool Program (CSPP0287)	Total CDE CD Contracts	Non-CDE Programs	Total
REVENUES				
State grants:				
Current year grants	\$99,350	\$99,350		\$99,350
CDBG preschool grant				
First Five school readiness grants				
Local grants			161,458	161,458
Interest			1,345	1,345
Parent fees - noncertified children			2,408,851	2,408,851
Other			9,720	9,720
Total Revenues	99,350	99,350	2,581,374	2,680,724
EXPENDITURES				
Certified salaries	55,718	55,718		55,718
Classified salaries	72,094	72,094	1,690,000	1,762,094
Employee benefits	109,438	109,438	1,174,976	1,284,414
Training and instruction			2,183	2,183
Office supplies			858	858
Books and supplies	7,818	7,818	69,675	77,493
Utilities and housekeeping services			38,448	38,448
Rentals			19,959	19,959
Services and other operating expenditures	12,703	12,703	224,272	236,975
Equipment			3,913	3,913
Insurance			28,490	28,490
Renovation and repair			64,989	64,989
Total Expenditures	257,771	257,771	3,317,763	3,575,534
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(158,421)	(158,421)	(736,389)	(894,810)
CHANGE IN FUND BALANCE	(\$158,421)	(\$158,421)	(\$736,389)	(\$894,810)

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2021

		CSPP-9283 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$55,718	\$55,718
1100	Teachers' salaries	55,718	55,718
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$72,094	\$72,094
2100	Instructional aides' salaries	72,094	72,094
2300	Clerical and other office salaries		
2400	Maintenance and operations salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$109,438	\$109,438
3200	Payroll taxes (Medicare)	1,706	1,706
3300	Other benefits	76,263	76,263
3400	Health and welfare	30,059	30,059
3600	Workers' compensation insurance	1,410	1,410
4000	Books and supplies	\$7,818	\$7,818
4200	Other books		
4300	Instructional materials and supplies	7,818	7,818
4500	Other supplies		
4600	Food supplies		
5000	Services and other operating expenditures	\$12,703	\$12,703
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues	484	484
5400	Insurance	1,988	1,988
5500	Utilities and housekeeping services	341	341
5600	Rentals, leases and repairs		
5700	Audit expense		
5800	Other direct services & admin.	9,890	9,890
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		\$257,771	\$257,771

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, 2021

	CSPP-9283 State Preschool Program
	<hr/>
Administrative Costs (Audit Fees)	<hr/> \$9,424
Total Administrative Costs	<hr/> \$9,424 <hr/>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EQUIPMENT EXPENDITURES UTILIZING CONTRACT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Expenditures Under \$7,500		Expenditures Over \$7,500		Expenditures Over \$7,500	
Unit Cost		Unit Cost with CDD Approval		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, 2021

Expenditures Under \$10,000		Expenditures Over \$10,000		Expenditures Over \$10,000	
Unit Cost		Unit Cost with CDD Approval		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**

A U D 8501 Page 1 of 8

Fiscal Year Ending **June 30, 2021**

Contract Number **CSPP 0287**

Vendor Code **2193**

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

Section 1 - Days of Enrollment Certified Children

Enrollment Category	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				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	7,705		7,705	0.6193	4,771.7065
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)

Enrollment Category	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
TOTAL DAYS OF ENROLLMENT	7,705		7,705	N/A	4,771.7065
DAYS OF OPERATION	175		175	N/A	N/A
DAYS OF ATTENDANCE	7,696		7,696	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

Enrollment Category	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)

Enrollment Category	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
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	0

Full Name of Contractor City of San Rafael Child Development Program

Section 3 - Revenue

Revenue Category	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:			
Restricted Income - Subtotal			
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Waived Family Fees for Certified Children (July - August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
Family Fees for Certified Children (September - June) - Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue			

Comments:

Full Name of Contractor City of San Rafael Child Development Program

Section 4 - Reimbursable Expenses

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	55,718		55,718
2000 Classified Salaries	72,094		72,094
3000 Employee Benefits	109,438		109,438
4000 Books and Supplies	7,818		7,818
5000 Services and Other Operating Expenses	12,702		12,702
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)			
Total Reimbursable Expenses	257,770		257,770
Total Administrative Cost (included in Section 4 above)	9,424		9,424
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

Supplemental Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
Total Supplemental Revenue			

Section 6 - Supplemental Expenses

Supplemental Expense Category	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			
Total Supplemental Expenses			

Full Name of Contractor **City of San Rafael Child Development Program****Section 7 - Summary**

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	7,705		7,705
Days of Operation	175		175
Days of Attendance	7,696		7,696
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	257,770		257,770
Total Administrative Cost	9,424		9,424
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **4,771.7065**Total Non-Certified Adjusted Days of Enrollment **0**

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):

Yes

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

Yes

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

A U D 9530A Page 1 of 1

Fiscal Year End
Reserve Account Type
Vendor Code

June 30, 2021
Center-Based
2193

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

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2019-20 AUD 9530A Ending Balance)	0
2. Plus Transfers to Reserve Account:	Per 2019-20 Post-Audit CDNFS 9530
Contract No.9283	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2019-20 Contracts to Reserve	
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2019-20 Post-Audit CDNFS 9530	0

Section 2 - Current Year (2020-21) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve			
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.0287			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2021	0		0

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

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.

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.

Pleasant Hill, California
DATE

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
CURRENT STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2021**

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.

Current Status: Implemented.

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.

**CITY OF SAN RAFAEL
CHILD DEVELOPMENT PROGRAM
CURRENT STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2021**

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.

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.

Current Status: Implemented.