

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the City of San Rafael Child Development Program (Program) of the City of San Rafael (City), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Table of Contents.

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, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collective comprise the Program's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures 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 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 November 20, 2023, 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 solely 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 the effectiveness of the Program's 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  
November 20, 2023

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
BALANCE SHEET  
JUNE 30, 2023

ASSETS

Cash (Note 3)	\$651,512
Grants receivable (Note 4)	<u>913</u>
Total Assets	<u><u>\$652,425</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$41,460</u>
Fund balance, restricted (Note 5)	<u>610,965</u>
Total Liabilities and Fund Balance	<u><u>\$652,425</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023

REVENUES

Restricted:

State grants:

Current year grants	\$541,103
CDBG preschool grant	23,000
First five school readiness grants	117,556
Local grant	20,913

Unrestricted:

Interest	5,098
Parent fees - noncertified children	3,183,904
Other revenue	32,304

	3,923,878
Total Revenues	3,923,878

EXPENDITURES

Certified salaries	143,367
Classified Salaries	1,715,409
Employee benefits	1,229,531
Training and instruction	6,829
Office supplies	594
Books and supplies	214,387
Utilities and housekeeping services	28,352
Rentals	25,845
Travel and conference	1,319
Services and other operating expenditures	137,493
Equipment	55,271
Insurance	28,490
Renovation and repair	77,556

	3,664,443
Total Expenditures	3,664,443

CHANGE IN FUND BALANCE	259,435
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FUND BALANCE

Beginning of year	351,530
End of year	\$610,965

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, 2023**

**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. 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, 2023**

**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 Program 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, Mortgage and Asset-Backed Obligations and Money Market/Mutual Funds.

The Program 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 investment pool 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, 2023**

**NOTE 4 – GRANTS RECEIVABLE**

The Program has the following grants receivable at June 30, 2023:

Agency	Grant	Amount
Marin County	First 5 Grant	\$913

**NOTE 5 – FUND BALANCE**

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 Program’s fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Program 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 Program’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 Program’s intent to use proceeds or collections for a specific purpose.

*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, 2023**

**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, 2023, 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, 2023

Program	Federal Assistance Listing Number	Pass-Through Identifying Number	Award Amount	Revenue	Expenditures
<b>Federal Awards</b>					
US Department of Housing and Urban Development, Pass-through from County of Marin Community Development Block Grant	14.218	40CDBG23CD452	\$23,000	\$23,000	\$23,000
US Department of Health and Human Services Pass-through from State of California, Department of Education Child Care and Development Block Grant COVID 19 -- ARPA -- Stabilization Stipend	93.575	Not available 004-0045655	102,474 24,806	74,874	
Total Federal Awards			<u>\$150,280</u>	<u>\$97,874</u>	<u>\$23,000</u>
<b>State Awards</b>					
Child Development Division State Preschool Program FY2023		CSPP-2274	\$466,229	\$466,229	\$492,677
Total State Awards			<u>\$466,229</u>	<u>\$466,229</u>	<u>\$492,677</u>
<b>County Award</b>					
County of Marin First Five - Preschool		CSRI-21-009-11	\$117,556	\$117,556	\$117,556
Total County Awards			<u>\$117,556</u>	<u>\$117,556</u>	<u>\$117,556</u>
<b>Local Awards</b>					
Marin Child Care Council		N/A	\$20,913	\$20,913	\$20,913
Total Local Awards			<u>\$20,913</u>	<u>\$20,913</u>	<u>\$20,913</u>
Total State, Federal, and Local Awards			<u>\$754,978</u>	<u>\$702,572</u>	<u>\$654,146</u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2023

	State Preschool Program (CSPP1283)	Total CDE CD Contracts	Non-CDE Programs	Total
<b>REVENUES</b>				
Restricted:				
State grants:				
Current year grants	\$541,103	\$541,103		\$541,103
CDBG preschool grant			\$23,000	23,000
First Five school readiness grants			117,556	117,556
Local grants			20,913	20,913
Unrestricted:				
Interest			5,098	5,098
Parent fees - noncertified children			3,183,904	3,183,904
Other revenue			32,304	32,304
Total Revenues	<u>541,103</u>	<u>541,103</u>	<u>3,382,775</u>	<u>3,923,878</u>
<b>EXPENDITURES</b>				
Certified salaries	143,367	143,367		143,367
Classified salaries	106,643	106,643	1,608,766	1,715,409
Employee benefits	194,820	194,820	1,034,711	1,229,531
Training and instruction			6,829	6,829
Office supplies			594	594
Books and supplies	25,784	25,784	188,603	214,387
Utilities and housekeeping services			28,352	28,352
Travel and conference			1,319	1,319
Rentals			25,845	25,845
Services and other operating expenditures	22,063	22,063	115,430	137,493
Equipment			55,271	55,271
Insurance			28,490	28,490
Renovation and repair			77,556	77,556
Total Expenditures	<u>492,677</u>	<u>492,677</u>	<u>3,171,766</u>	<u>3,664,443</u>
<b>CHANGE IN FUND BALANCE</b>	<u><u>\$48,426</u></u>	<u><u>\$48,426</u></u>	<u><u>\$211,009</u></u>	<u><u>\$259,435</u></u>

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM  
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES  
FOR THE YEAR ENDED JUNE 30, 2023

		CSPP-2274 State Preschool Program	Totals
EXPENDITURES:			
1000	Certified personnel salaries	\$143,367	\$143,367
	Due from State		
1100	Teachers' salaries	143,367	143,367
1200	Administration		
1300	Supervisors' salaries		
1600	Infant educators		
2001	Classified personnel salaries	\$106,643	\$106,643
2100	Instructional aides' salaries	106,643	106,643
2300	Clerical and other office salaries		
2500	Food services salaries		
2600	Transportation salaries		
3000	Employee benefits	\$194,820	\$194,820
3200	Payroll taxes (Medicare)	3,383	3,383
3300	Other benefits	141,094	141,094
3400	Health and welfare	47,673	47,673
3600	Workers' compensation insurance	2,670	2,670
4000	Books and supplies	\$25,784	\$25,784
4200	Other books		
4300	Instructional materials and supplies	25,784	25,784
4500	Other supplies		
4600	Food supplies		
5000	Services and other operating expenditures	\$22,063	\$22,063
5100	Lecturer		
5200	Travel and conferences		
5300	Memberships and dues	603	603
5400	Insurance	1,689	1,689
5500	Utilities and housekeeping services	2,219	2,219
5600	Rentals, leases and repairs		
5700	Audit expense		
5800	Other direct services & admin.	17,552	17,552
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>\$492,677</b>	<b>\$492,677</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 CLAIMED ADMINISTRATIVE COSTS  
 FOR THE YEAR ENDED JUNE 30, 2023

	CSPP-2274 State Preschool Program
<u>Administrative Costs</u>	
5000 Services and other operating expenses (audit fees)	\$7,282
Total Administrative Costs claimed for reimbursement	\$7,282

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Capitalized Equipment Expensed on the AUD with Prior Written Approval</u>		<u>CSPP-2274</u>
None		<u>\$0</u>
Subtotal		<u>0</u>
 <u>Capitalized Equipment Expensed on the AUD without Prior Written Approval</u>		 <u>CSPP-2274</u>
None		<u>0</u>
Subtotal		<u>0</u>
Total		<u><u>\$0</u></u>

NOTE: The City's capitalization threshold is \$5,000.

CITY OF SAN RAFAEL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS AND REPAIRS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Capitalized R&amp;R Project Under \$10,000</u>	<u>CSPP-2274</u>
None	<u>\$0</u>
Subtotal	<u>0</u>
<u>Capitalized R&amp;R Project of \$10,000 or More with Prior Written Approval</u>	<u>CSPP-2274</u>
None	<u>0</u>
Subtotal	<u>0</u>
<u>Capitalized R&amp;R Project of \$10,000 or More without Prior Written Approval</u>	<u>CSPP-2274</u>
None	<u>0</u>
Subtotal	<u>0</u>
Total	<u><u>\$0</u></u>

NOTE: The City's capitalization threshold is \$5,000.

Contractor Name: City of San Rafael Child Development Program

Contract Number: CSPP 2274

**California Department of Education  
Audited Enrollment, Attendance and Fiscal  
Report for California State Preschool Program**

Fiscal Year Ended: June 30, 2023

Vendor Code: 2193

**Section 1 – Number of Counties Where Services are Provided**

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **0**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **1**

Note: For each of the above categories, submit one form for each service county.

**Section 2 – Days of Enrollment, Attendance and Operation**

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	11,864		11,864	11,864.0000
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	10,567		10,567	N/A
Total Non-Certified Days of Enrollment			0	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services			0	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	175		175	N/A

**Section 3 – Revenue**

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs			0
County Maintenance of Effort (EC Section 8260)			0
Other: ARPA		74,874	74,874
Other:			0
<b>TOTAL RESTRICTED INCOME</b>	<b>0</b>	<b>74,874</b>	<b>74,874</b>

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children			0
Interest Earned on Child Development Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

**Section 4 - Reimbursable Expenses**

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	143,367		143,367
2000 Classified Salaries	106,643		106,643
3000 Employee Benefits	194,820		194,820
4000 Books and Supplies	25,784		25,784
5000 Services and Other Operating Expenses	22,063		22,063
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
<b>TOTAL REIMBURSABLE EXPENSES</b>	<b>492,677</b>	<b>0</b>	<b>492,677</b>

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)?  Yes  No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)		7,282	7,282
Total Staff Training Cost (included in Reimbursable Expenses)			0

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

**Section 5 - Supplemental Funding**

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding	10,420		10,420
Other:			0
Other:			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>10,420</b>	<b>0</b>	<b>10,420</b>

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits	35		35
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	6,200		6,200
6000 Equipment / Capital Outlay	357		357
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses	84		84
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>6,676</b>	<b>0</b>	<b>6,676</b>

**Section 6 - Summary**

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	11,864	0	11,864
Days of Operation	175	0	175
Days of Attendance (including MHCS)	10,567	0	10,567
Total Certified Adjusted Days of Enrollment	N/A	N/A	11,864.0000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	0	74,874	74,874
Transfer from Preschool Reserve Account	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	492,677	0	492,677
Total Administrative Cost	0	7,282	7,282
Total Staff Training Cost	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	



**Section 7 – Auditor’s Assurances**

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 Education Division:

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

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO):  Yes  No

**Section 8 – Comments**

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

Adjustments identified in Column B are adjustments made to report audit fees as administrative costs and ARPA funds.

**California State Preschool Program – Form 1  
 Certified Children Days of Enrollment and Attendance**

**Service County: Marin**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time			0	1.8000	0.0000
Three Years Old Part-time	2,452		2,452	1.0872	2,665.8144
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time	7,911		7,911	0.6040	4,778.2440
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time	1,501		1,501	1.4496	2,175.8496
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6040	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6040	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.4496	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>11,864</b>	<b>0</b>	<b>11,864</b>	N/A	<b>9,619.9080</b>

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
<b>DAYS OF ATTENDANCE</b>	<b>10,567</b>		<b>10,567</b>	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

Contractor Name: City of San Rafael Child Development Program

**Section 1 – Prior Year Reserve Account Activity**

1. Beginning Balance (2021–22 AUD 9530A Ending Balance): 10,696

2. Plus Transfers to Reserve Account:

2021–22 Contract No.	Per 2021–22 Post-Audit EENFS 9530
1283	8,369
<b>Total Transferred from 2021–22 Contracts</b>	<b>8,369</b>

3. Less Excess Reserve to be Billed:

4. 2021–22 EENFS 9530 Reserve Balance After Billing: 19,065

**Section 2 – Current Year Reserve Account Activity**

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned	2		2

6. Less Transfers to Contracts from Reserve:

2022–23 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
			0
			0
			0
<b>Total Transferred to Contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2023	19,067	0	19,067

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

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
Notes to the Supplementary Information  
For the Year Ended June 30, 2023**

**NOTE 1 – NOTE TO SUPPLEMENTARY INFORMATION**

In accordance with the applicable requirements from the Funding Terms and Conditions of the City of San Rafael’s child development contract:

**A. *Interest Expense***

Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed as a reimbursable expense for the year ended June 30, 2023.

**B. *Related Party Rent Expense***

All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed as a reimbursable expense for the year ended June 30, 2023.

**C. *Bad Debt Expense***

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2023.

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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) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 20, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing of 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 the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control that we consider to be a significant deficiency as listed on the Schedule of Significant Deficiency included as part of our separately issued Memorandum on Internal Control dated November 20, 2023, which is an integral part of our audit and should be read in conjunction with this report.

### ***Report on 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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.

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

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in our separately issued Memorandum on Internal Control dated November 20, 2023, which is an integral part of our audit and should be read in conjunction with this report. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***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  
November 20, 2023



**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

None noted.

**CITY OF SAN RAFAEL  
CHILD DEVELOPMENT PROGRAM  
CURRENT STATUS OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2023**

None noted.