

City of El Cajon
El Cajon, California

Single Audit Report on Federal Awards

Year Ended June 30, 2012

City of El Cajon

**Single Audit Report on Federal Awards
Table of Contents**

	<u>Page</u>
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>	1
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	11



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millsom, CPA
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
William C. Clayton, CPA
Peter E. Murray, CPA
Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

The Honorable City Council
City of El Cajon, California

**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**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Cajon (the City), as of and for the year ended June 30, 2012, which collectively comprise the City of El Cajon's basic financial statements and have issued our report thereon dated December 14, 2012. 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.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Rogers Anderson Maloney & Scott, LLP

December 14, 2012



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

The Honorable City Council
City of El Cajon, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millsom, CPA
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
William C. Clayton, CPA
Peter E. Murray, CPA
Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

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

Compliance

We have audited the City of El Cajon's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of El Cajon as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Rogers Anderson Maloney & Scott, LLP

February 5, 2013

City of El Cajon

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program/Project Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Transportation</u>				
Federal Highway Administration SAFETEA-LU <i>Passed through to the State of California Department of Transportation:</i>				
Highway Safety Improvement Program	20.205	HSIPL-5211 (020)	\$ 8,167	\$ -
	20.205	HSIPL-5211 (021)	61,316	-
Safe Routes to School Program	20.205	SRTSL-5211 (024)	1,889	-
Total U.S. Department of Transportation			71,372	-
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Assistance:</i>				
2009 Community Development Block Grant	14.218	B-09-MC-06-0541	191,933	-
2010 Community Development Block Grant	14.218	B-10-MC-06-0541	1,044,936	117,925
2011 Community Development Block Grant	14.218	B-11-MC-06-0541	35,673	-
Total CFDA 14.218			1,272,542	117,925
Homeless Prevention and Rapid Re-Housing Program - HPRP	14.257	S-09-MY-06-0541	117,544	99,689
2006 HOME Investment Partnership Grant	14.239	M-06-MC-06-0508	31,997	-
2007 HOME Investment Partnership Grant	14.239	M-07-MC-06-0508	117,637	-
2008 HOME Investment Partnership Grant	14.239	M-08-MC-06-0508	578,643	-
2009 HOME Investment Partnership Grant	14.239	M-09-MC-06-0508	766,829	4,838
2010 HOME Investment Partnership Grant	14.239	M-10-MC-06-0508	754,439	1,162
2011 HOME Investment Partnership Grant	14.239	M-11-MC-06-0508	101,731	-
Total CFDA 14.239			2,351,276	6,000
Total U.S. Department of Housing and Urban Development			3,741,362	223,614
<u>U.S. Department of Energy</u>				
<i>Direct Assistance:</i>				
ARRA - Energy Efficiency Grant	81.128-ARRA	DE-SC0002986	363,641	-
Total U.S. Department of Energy			363,641	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed through the State of California Office of Emergency Services, then Passed through the County of San Diego Office of Emergency Services:</i>				
2009 State Homeland Security Grant	97.067	OES 073-00000, #2009-0019	(3,571)	-
2010 State Homeland Security Grant	97.067	OES 073-00000, #2010-0085	99,173	-
2010 Operation Stonegarden	97.067	OES 073-00000, #2010-1085	21,986	-
2011 State Homeland Security Grant	97.067	OES 073-00000, #2011-SS-0077	13,740	-

City of El Cajon

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program/Project Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<i>Passed through the City of San Diego Department of Homeland Security:</i>				
2008 Urban Area Security Grant	97.067	OES 073-66000	604	-
2010 Urban Area Security Grant	97.067	OES 073-66000	51,912	-
Total U.S. Department of Homeland Security			183,844	-
<u>U.S. Department of Justice</u>				
<i>Direct Assistance:</i>				
Asset Forfeiture	16.000	CA037050	109,884	-
Fugitive Apprehension Task Force	16.000	2010-USMS	3,531	-
Total CFDA 16.000			113,415	-
FBI, Office of Safe Streets, Safe Streets MOU	16.609	91-SD-C47778	2,866	-
Project Safe Neighborhoods - 2011	16.609	2011-GP-BX-0037	1,656	-
Total CFDA 16.609			4,522	-
Edward Byrne Memorial Justice Assistance 2010	16.738	2010-DJ-BX-1236	10,090	-
Edward Byrne Memorial Justice Assistance 2011	16.738	2011-DJ-BX-2499	44,856	-
Total CFDA 16.738			54,946	-
Office of Justice Programs, Bureau of Justice Assistance, Bulletproof Vest Partnership	16.607	1121-0235	11,318	-
<i>Passed through the San Diego County Sheriff's Department:</i>				
San Diego County Regional Gang Enforcement Collaborative	16.753	2010-DD-BX-0403	14,620	-
<i>Passed through the State of California Emergency Management Agency:</i>				
Paul Coverdell Forensic Sciences Improvement Program 2011	16.742	CQ10076511	363	-
<i>Passed through the City of San Diego Police Department:</i>				
2009 Edward Byrne Memorial Justice Assistance - ARRA	16.804-ARRA	2009-SB-B9-0784	74,356	-
Total U.S. Department of Justice			273,540	-
Total Expenditures of Federal Awards			\$ 4,633,759	\$ 223,614

City of El Cajon

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

(1) **Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

(a) *Scope of Presentation*

The accompanying schedule presents only the expenditures incurred by the City of El Cajon that are reimbursable under federal programs of federal awards. For the purposes of this schedule, federal awards include both federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) *Basis of Accounting*

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) *Subrecipients*

The City incurred \$117,925 of Community Development Block Grant expenditures, \$6,000 of Home Investment Partnership Grant expenditures, and \$99,689 of Homeless Prevention and Rapid Rehousing Program expenditures that were paid to subrecipients during the year ended June 30, 2012.

City of El Cajon

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness identified?	_____	yes	<u> X </u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	_____	yes	<u> X </u>	no

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____	yes	<u> X </u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	<u> X </u>	none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____	yes	<u> X </u>	no
--	-------	-----	--------------	----

City of El Cajon

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

I. SUMMARY OF AUDITOR'S RESULTS (continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnership Grant
81.128-ARRA	ARRA – Energy Efficiency Grant

Dollar threshold used to distinguish
between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

II. FINDINGS – FINANCIAL STATEMENT FINDINGS

No matters to be reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters to be reported.

City of El Cajon

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

CURRENT STATUS OF PRIOR YEAR FINDINGS:

No prior year findings to report.