

City of El Cajon
El Cajon, California

Single Audit Report on Federal Awards

Year Ended June 30, 2015

City of El Cajon

**Single Audit Report on Federal Awards
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The Honorable City Council
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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**

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of El Cajon (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 entity'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.

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To the Honorable City Council
City of El Cajon, California

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, California
December 1, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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To the Honorable City Council
City of El Cajon, California

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable City Council
City of El Cajon, California

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 1, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements and certain additional procedures, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Rogers Anderson Maloof & Scott, LLP". The signature is written in black ink and is positioned above the typed name of the firm.

San Bernardino, California
February 17, 2016 (except for the Schedule of Expenditures of Federal Awards, as to which the date is December 1, 2015.)

City of El Cajon

**Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2015**

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 Housing and Urban Development</u>				
<i>Direct Assistance:</i>				
2012 Community Development Block Grant*	14.218	B-12-MC-06-0541	\$ 25	\$ -
2013 Community Development Block Grant*	14.218	B-13-MC-06-0541	726,193	189,573
2014 Community Development Block Grant*	14.218	B-14-MC-06-0541	38,195	23,565
Total CFDA 14.218			764,413	213,138
2011 HOME Investment Partnership Grant	14.239	M-11-MC-06-0508	31,888	-
2014 HOME Investment Partnership Grant	14.239	M-14-MC-06-0508	42,713	5,000
Total CFDA 14.239			74,601	5,000
Total U.S. Department of Housing and Urban Development			839,014	218,138
<u>U.S. Department of Justice</u>				
<i>Direct Assistance:</i>				
Asset Forfeiture	16.000	CA037050	206,125	-
Fugitive Apprehension Task Force	16.000	2010-USMS	12,050	-
Domestic Cannabis Erradication	16.000	USDOJ DEA #2014-42	5,307	-
Total CFDA 16.000			223,482	-
Office of Justice Program, Bureau of Justice Assistance, Bulletproof Vest Partnership Program	16.607	1121-0235	15,301	-
Total CFDA 16.607			15,301	-
Project Safe Neighborhoods	16.609	91-SD-C47778	13,329	-
Total CFDA 16.609			13,329	-
Edward Byrne Memorial Justice Assistance Grant Program 2014	16.738	2014-DJ-BX-0175	35,000	-
Total CFDA 16.738			35,000	-
Total U.S. Department of Justice			287,112	-
<u>U.S. Department of Transportation</u>				
<i>Passed through the State of California Department of Transportation:</i>				
Highway Safety Improvement Program*	20.205	HSIPL-5211(020)	90	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(026)	100,277	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(027)	91,466	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(028)	105,404	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(029)	100,313	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(030)	4,320	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(031)	5,453	-
Highway Safety Improvement Program*	20.205	HSIPL-5211(032)	13,666	-
Total CFDA 20.205			420,989	-
<i>Passed through the State of California Office of Traffic Safety</i>				
State and Community Highway Safety	20.600	OTS-38-PT1405	24,697	-
Total CFDA 20.600			24,697	-

City of El Cajon

**Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program/Project Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<i>Passed through the State of California Office of Traffic Safety</i> Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	OTS-38-PT1405	14,694	-
<i>Passed through the University of California, Berkeley</i> Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	SC14122	21,527	-
Total CFDA 20.608			36,221	-
Total U.S. Department of Transportation			481,907	-
<u>U.S. Environmental Protection Agency</u>				
<i>Passed through the State of California Water Boards:</i> Capitalization Grants for Clean Water State Revolving Funds*	66.458	C-06-7812-110	1,308,226	-
Total CFDA 66.458			1,308,226	-
Total U.S. Environmental Protection Agency			1,308,226	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed through the County of San Diego Office of Emergency Services:</i> 2013 Operation Stonegarden	97.067	OES 073-91015, 2013-00110	20,773	-
2013 State Homeland Security Grant	97.067	ES 073-66000, 2013-00110	68,389	-
2014 State Homeland Security Grant	97.067	ES 073-66000, 2014-00093	19,191	-
2014 Operation Stonegarden	97.067	ES 073-00000, 2014-00093	7,757	-
<i>Passed through the City of San Diego Department of Homeland Security:</i> 2013 Urban Area Security Initiative Grant	97.067	OES 073-66000, 2013-00110	2,873	-
2014 Urban Area Security Initiative Grant	97.067	OES 073-66000, 2014-00093	624	-
Total CFDA 97.067			119,607	-
Total U.S. Department of Homeland Security			119,607	-
Total Expenditures of Federal Awards			\$ 3,035,866	\$ 218,138

* - Major Program

City of El Cajon

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

(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 \$213,138 of Community Development Block Grant and \$5,000 of HOME Investment Partnership Grant expenditures that were paid to subrecipients during the year ended June 30, 2015.

City of El Cajon

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

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 weakness 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: unmodified

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
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City of El Cajon

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

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
20.205	Highway Safety and Improvement Program/Safe Routes to School
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? X Yes 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, 2015**

CURRENT STATUS OF PRIOR YEAR FINDINGS:

No prior year findings to report.