

CITY OF CONCORD, CALIFORNIA

**Single Audit Report
(OMB Circular A-133)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CITY OF CONCORD, CALIFORNIA

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and
Members of the City Council
City of Concord, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Concord (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 of Concord's basic financial statements and have issued our report thereon dated December 18, 2015. Our report included an emphasis of a matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, both effective July 1, 2014.

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.

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. 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.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 18, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor and
Members of the City Council
City of Concord, California

Report on Compliance for Each Major Federal Program

We have audited the City of Concord'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.

Auditors' 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 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 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 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. *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.

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.

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

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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated December 18, 2015, which contained unmodified opinions on those financial statements. Our report included an emphasis of a matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, both effective July 1, 2014. 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.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
December 18, 2015

CITY OF CONCORD, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Identification Number	Federal Award Expenditures	Expenditures To Subrecipients
Department of Housing and Urban Development				
<i>Direct Program</i>				
Community Development Block Grants [1]	14.218	B-11-MC-06-0009	\$ 1,103,863	\$ 136,086
Loans With Continuing Compliance Requirements	14.218	B-11-MC-06-0009	252,171	-
Total Department of Housing and Urban Development			1,356,034	136,086
Department of Transportation				
Highway Planning and Construction Cluster:				
<i>Passed through California Department of Transportation</i>				
Bridge Preventative Maintenance	20.205	BPMP-5135(039)	55,649	-
Detroit Ave Between Clayton Rd to Monument Blvd	20.205	CML-5135(050)	201,888	-
Concord Blvd Sidewalk Farm Bureau to Sixth Street	20.205	CML-5135(033)	43,435	-
Traffic Signal Upgrade	20.205	HSIPCML-5135(043)	225,546	-
Concord Blvd Power Pole Relocation & Paving Rehabilitation	20.205	CML-5135(051)	128,778	-
<i>Passed through Metropolitan Transportation Commission</i>				
North Concord PDA Station Plan	20.205	NA	19,191	-
Local Government EV Fleet Project	20.205	CML 5933(109)	163,221	-
Subtotal Highway Planning and Construction Cluster			<u>837,708</u>	<u>-</u>
Highway Safety Cluster:				
<i>Passed through California Office of Traffic Safety</i>				
National Priority Safety Programs/State & Community Highway Safety	20.600	PT1576	86,918	-
Total Department of Transportation Programs			924,626	-
U.S. Department of Defense				
<i>Direct Program</i>				
Office of Economic Adjustment Grant	12.607	RA0588-14-07	92,473	-
Office of Economic Adjustment Grant	12.607	RA0588-13-06	54,185	-
Total U.S. Department of Defense Programs			146,658	-
U.S. Department of Justice				
<i>Direct Program</i>				
DEA Regional OCDETF	16.UNKNOWN		16,376	-
FY14 Edward Byrne Memorial Justice Assistance Grant Award	16.738	2014-DJ-BX-0230	7,994	-
Equitable Sharing Program	16.922		55,065	-
Total U.S. Department of Justice Programs			79,435	-
U.S. Department of Homeland Security				
<i>Direct Program</i>				
ICE Task Force	97.UNKNOWN	CA0070400	6,120	-
Total U.S. Department of Homeland Security			6,120	-
Total Expenditures of Federal Awards			\$ 2,512,873	\$ 136,086

[1] Denotes major federal program

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CONCORD, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Concord, California, and its component units as disclosed in the notes to the Basic Financial Statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the City's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

C. Relationship to Basic Financial Statements

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the General, Special Revenue and Enterprise funds.

D. Federal Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

E. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards will show, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City has determined that no identifying number is assigned for the program or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF CONCORD, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE #2 – SUBRECIPIENTS

Of the Federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the City provided Federal awards to subrecipients from the following program:

CFDA No.	Program Title	Pass-Through Entity	Amount
14.218	Community Development Block Grant	Bay Area Legal Aid - Tenant Landlord Counseling	\$ 9,930
14.218	Community Development Block Grant	CC Health Svcs - Adult Interim Housing	12,062
14.218	Community Development Block Grant	Community Violence Solutions	8,936
14.218	Community Development Block Grant	Contra Costa Crisis Ctr - Homeless Hotline/211 CC	8,936
14.218	Community Development Block Grant	Court Appointed Special Advocates - Children at Risk (CASA)	8,936
14.218	Community Development Block Grant	Food Bank of CC - Collaborative Food Distribution	9,930
14.218	Community Development Block Grant	ECHO (Eden Council for Hope & Opportunity)	13,900
14.218	Community Development Block Grant	Monument Crisis Center - Nutritional Resources	9,930
14.218	Community Development Block Grant	Senior Outreach Services - Meals on Wheels	10,923
14.218	Community Development Block Grant	Senior Outreach Services - Care Management	10,923
14.218	Community Development Block Grant	Senior Outreach Services - Senior Nutrition	10,923
14.218	Community Development Block Grant	SHELTER, Inc. - Homeless Prevention	11,821
14.218	Community Development Block Grant	STAND! Against DV - Emergency Shelter	8,936
	Total		<u><u>\$136,086</u></u>

CITY OF CONCORD, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
<u>14.218</u>	<u>Community Development Block Grant</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee under OMB Circular A-133, Section 530?	<u>Yes</u>

CITY OF CONCORD, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

II. FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF CONCORD, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

CITY OF CONCORD, CALIFORNIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Summarized below is the current status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

Finding No.	Description / Program	CFDA No.	Compliance Requirement	Status
2014-001	Modification of Journal Entries	N/A	N/A	Implemented
2014-002	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment or Closure of a Military Installation	12.607	Procurement, Suspension and Debarment	Implemented