

RESOLUTION NO. 2015-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA  
RECEIVING AND FILING THE CITY OF MARINA SINGLE AUDIT REPORT FOR THE  
FISCAL YEAR ENDED JUNE 30, 2014

WHEREAS, in conjunction with performing the audit of the City's financial statements, the City independent auditors, Mann, Urrutia, Nelson CPAs, also audited the compliance of the City with the various types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of City's major federal programs (federally funded) for the year ended June 30, 2014, and;

WHEREAS, the audit involves examinations and tests of the underlying controls, fiscal records and financial transactions relevant to the City's major federal programs, and;

WHEREAS, the purpose of the audit is to determine whether, in the auditor's opinion, the City is compliant, in all material respects, with the requirements of OMB Circular A-133 for each of the City's major federal programs for the year ended June 30, 2014, and;

WHEREAS, the City's Federal Program selected for the FY 2013-14 OMB Circular A-133 Audit were Public Safety Partnership and Community Policing Grants (CFD A 16.710) and Airport Improvement Program (CFDA 20.106).and;

WHEREAS, the auditors had no findings and no questioned costs for Federal Awards as defined in paragraph 510(a) of OMB Circular A-133, and;

NOW, THEREFORE IT BE RESOLVED, that the City Council of the City of Marina receive and file the City of Marina single audit for the fiscal year ended June 30, 2014 (**"EXHIBIT A"**).

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 21<sup>st</sup> day of January 2015, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brown, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

---

Bruce C. Delgado, Mayor

ATTEST:

---

Anita Sharp, Deputy City Clerk

**CITY OF MARINA  
SINGLE AUDIT REPORTS AND SCHEDULES  
FOR THE YEAR ENDED  
JUNE 30, 2014**

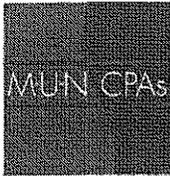
---

**Mann, Urrutia, Nelson CPAs & Associates, LLP  
2515 Venture Oaks Way, Suite 135  
Sacramento, California 95833**

**CITY OF MARINA  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 -2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	3 - 4
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Schedule of Current Year Findings	8
Schedule of Prior Year Findings	9



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

**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 City Council of  
the City of Marina  
Marina, 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 Marina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Marina's basic financial statements, and have issued our report thereon dated December 8, 2014.

**Internal Control Over Financial Reporting**

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

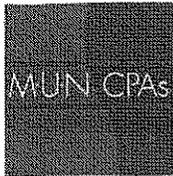
As part of obtaining reasonable assurance about whether the City of Marina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

*Man Unit NLCPAS*

Sacramento, California  
December 8, 2014



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

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

To the City Council of  
the City of Marina  
Marina, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Marina's 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 of Marina's major federal programs for the year ended June 30, 2014. The City of Marina'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 of Marina'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 of Marina'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 of Marina's compliance.

**Opinion on Each Major Federal Program**

In our opinion, City of Marina, 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, 2014.

**Report on Internal Control Over Compliance**

Management of the City of Marina, 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 of Marina'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 of Marina'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.

#### **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 of Marina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Marina's basic financial statements. We issued our report thereon dated December 8, 2014, 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.

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.

*Manjit K. CPAs*

Sacramento, California  
December 8, 2014

**CITY OF MARINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Grant Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Justice</b>			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710		92,269
Community Oriented Policing Services Secure Our Schools Program	16.710		<u>251,550</u>
Total U.S. Department of Justice			<u>343,819</u>
<b>U.S Department of Transportation</b>			
Direct Programs:			
Airport Improvement Program	20.106		177,633
Highway Planning and Construction	20.205		<u>40,613</u>
Total U.S. Department of Transportation			<u>218,246</u>
<b>Department of Homeland Security</b>			
Direct Programs:			
Assistance to Firefighters Grant	97.044		<u>61,074</u>
Total Department of Homeland Security			<u>61,074</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 623,139</u></b>

**CITY OF MARINA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Marina. The City of Marina reporting entity is defined in Note 1 of the City's Financial Statement Report. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented on the accrual basis of accounting and in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 3: RELATIONSHIP TO 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 basic financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the governmental funds.

**NOTE 4: CLAIMS**

The City of Marina has received federal grants for specific purposes that are subject to review and audit by the Federal Government pass-through entity. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material which have not already been recorded.

**CITY OF MARINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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 Circular A-133?	No
Identification of Major Programs:	
Public Safety Partnership and Community Policing Grants, CFDA 16.710 Airport Improvement Program, CFDA 20.106	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Findings relating to the financial statements which are required to be reported in accordance with <i>Generally Accepted Government Auditing Standards</i>	No
------------------------------------------------------------------------------------------------------------------------------------------------------------	----

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Findings and questioned costs for Federal Awards, which includes audit findings and defined in section 510(a)	No
---------------------------------------------------------------------------------------------------------------	----

**CITY OF MARINA  
SCHEDULE OF CURRENT YEAR FINDINGS  
JUNE 30, 2014**

There were no findings to report for the year ended June 30, 2014.

**CITY OF MARINA  
SCHEDULE OF PRIOR YEAR FINDINGS  
June 30, 2014**

There were no findings reported for the year ended June 30, 2013.

Honorable Mayor and Members  
of the Marina City Council

City Council Meeting  
of January 21, 2015

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2015-,  
RECEIVING AND FILING CITY OF MARINA SINGLE AUDIT REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**REQUEST:**

It is requested that the City Council consider:

1. Adopting Resolution No. 2015-, receiving and filing City of Marina single audit report for Fiscal Year ended June 30, 2014.

**BACKGROUND:**

In conjunction with performing the audit of the City's financial statements, the City independent auditors, Mann, Urrutia, Nelson CPAs, also audited the compliance of the City with the various types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of City's major federal programs (federally funded) for the year ended June 30, 2014.

The audit involves examinations and tests of the underlying controls, fiscal records and financial transactions relevant to the City's major federal programs. The purpose of the audit is to determine whether in the auditor's opinion, the City is compliant, in all material respects, with the requirements of OMB Circular A-133 for each of the City's major federal programs for the year ended June 30, 2014.

**ANALYSIS:**

The City's Federal Program selected for the FY 2013-14 OMB Circular A-133 Audit was the U.S. Department of Homeland Security, Assistance to Firefighters Grant. The auditors had no findings and no questioned costs for Federal Awards as defined in paragraph 510(a) of OMB Circular A-133.

In the Mann, Urrutia, Nelson CPAs report on compliance with requirements applicable to each major program internal control over compliance and on the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, the summary of auditors' results include:

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. The results of our audit disclosed no significant deficiencies in internal control over financial reporting. There were no material weaknesses in internal control over financial reporting.
3. The audit disclosed no non-compliance which is material to the financial statements of the auditee.
4. There were no material weaknesses or significant deficiencies in internal control over the major program of the auditee.

5. An unqualified report was issued by auditors on compliance for the major program.
6. The audit disclosed no audit findings required by the auditors to be reported under paragraph 510(a) of OMB Circular A-133.
7. The major program of the auditee were Public Safety Partnership and Community Policing Grants (CFD A 16.710) and Airport Improvement Program (CFDA 20.106).
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
9. The auditee was considered a low risk auditee for the year ended June 30, 2014 for purposes of major program determination.

In conclusion, the auditors had no findings and no questioned costs in the Single Audit Report (“**EXHIBIT A**”).

**FISCAL IMPACT:**

None

**CONCLUSION:**

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

---

Lauren Lai, CPA  
Finance Director  
City of Marina

**REVIEWED/CONCUR:**

---

Layne P. Long  
City Manager  
City of Marina