

**CITY OF MOUNTAIN VIEW
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

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CITY OF MOUNTAIN VIEW

**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: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Department of Housing and Urban Development – HOME Investment Partnerships Program
15.504	Department of the Interior – Title XVI Water Reclamation and Reuse Program

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated October 15, 2014 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding SA # 2014 – 01 Semi Annual Federal Financial Reports and Performance Reports Submission

CFDA Number: 15.504

CFDA Title: Title XVI Water Reclamation and Reuse Program

Federal Agency: Department of the Interior

Criteria: Section 9.3 of the grant agreement between the Department of the Interior and the City states that the City should submit performance reports and federal financial reports within 30 days after the end of the reporting period.

Condition: The City's semi-annual federal financial and performance report for period ending September 30, 2013 was submitted on November 21, 2013.

Effect: The City is not in compliance with the above requirement of grant agreement.

Cause: Due to other job responsibilities, City staff was unable to submit the required reports in a timely fashion.

Recommendation: We understand the project has been completed. However, going forward, we recommend the City submit required reports timely as stated in the grant agreement.

View of Responsible Officials and Planned Corrective Actions

Name of contact person: Gregg A. Hosfeldt, Assistant Public Works Director, (650) 903-6205

City Response: The financial and the performance information was required to be submitted to the granting agency as one report by October 30, 2013. City staff submitted the report on November 21, 2013. In the future, City staff will review the deadlines and file timely.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –

Prepared by Management

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported.

Federal Award Prior Year Findings and Questioned Costs

Finding SA # 2013 – 01 Quarterly Performance Reports Submission

CFDA Number: 97.067

CFDA Title: Homeland Security Grant Program

Federal Agency: Department of Homeland Security

Pass-through Entity: County of Santa Clara Office of Emergency Services

Criteria: Article II Section 3 of the grant agreement states that the City should submit performance reports on specified dates.

Condition: City was not able to produce a performance report for Period 1 (May 31, 2012 - December 31, 2012). On June 18, 2013 the County requested the City to provide a quarterly performance report to be submitted no later than June 24, 2013.

Effect: The City is not in compliance with the grant agreement.

Cause: Since 2000, the City has been submitting their Homeland Security reports at the completion of each project, instead of quarterly. According to City's grant administrative staff, the County prefers the City to wait until the project is complete to submit a report.

Recommendation: We recommend the City submit quarterly performance reports timely as stated in the grant agreement.

View of Responsible Officials and Planned Corrective Actions

Name of contact person: Lynn Brown, OES Coordinator, (650) 903-6825

Current Status: The City complied with the County request and submitted a report on June 18, 2013.

CITY OF MOUNTAIN VIEW

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
Department of Housing and Urban Development Direct Programs			
Community Development Block Grants/Entitlement Grants Program			
Program Expenditures	14.218	Not applicable	\$ 628,569
Cash balance at the end of the year			<u>49,011</u>
Program Subtotal			<u>677,580</u>
Home Investment Partnerships Program			
Program Expenditures	14.239	Not applicable	958,612
Cash balance at the end of the year			<u>17,751</u>
Program Subtotal			<u>976,363</u>
Total Department of Housing and Urban Development			<u>1,653,943</u>
Department of Transportation Pass-Through Programs			
Highway Planning and Construction Program From:			
California Department of Transportation			
Safe Routes to Schools	20.205	CML-5124 (028)	154,979
Metropolitan Transportation Commission			
Priority Development Area Planning Assistance	20.205	Not available	<u>186,606</u>
Total Department of Transportation			<u>341,585</u>
Department of Justice Pass-Through Programs From:			
National Association of Police Athletic League Inc.			
National PAL Mentoring Initiative			
Juvenile Mentoring Program	16.726	Not available	<u>8,541</u>
County of Santa Clara	16.738		
Edward Byrne Memorial Justice Assistance Grant Program (JAG)		2012-DJ-BX-0541	16,287
Edward Byrne Memorial Justice Assistance Grant Program (JAG)		2013-DJ-BX-0609	<u>12,713</u>
Program Subtotal			<u>29,000</u>
Total Department of Justice			<u>37,541</u>
Department of Homeland Security			
Pass-Through Programs From:			
County of Santa Clara Office of Emergency Services			
State Homeland Security Program- 2011	97.067	2011	80,208
Direct Programs:			
Assistance to Firefighters Grant	97.044	Not applicable	<u>59,910</u>
Total Department of Homeland Security			<u>140,118</u>
Department of Interior Direct Programs			
U.S. Bureau of Reclamation Grant			
Title XVI Water Reclamation and Reuse Program	15.504	Not applicable	<u>100,000</u>
Total Department of Interior			<u>100,000</u>
Total Expenditures of Federal Awards			<u><u>\$2,273,187</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF MOUNTAIN VIEW

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended JUNE 30, 2014**

NOTE 1-REPORTING ENTITY

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

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the City by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs when they occur.

NOTE 4 - SUBRECEIPIENTS

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.239	Home Investment Partnerships Program	\$925,192

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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 Mountain View, 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 Mountain View, as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2014. Our report included an emphasis of a matter paragraph disclosing the effect of the dissolution of the Mountain View Revitalization Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 City'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'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
October 15, 2014

INDEPENDENT AUDITOR'S 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

To the Honorable Members of the City Council
City of Mountain View, California

Report on Compliance for Each Major Federal Program

We have audited City of Mountain View'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's major federal programs for the year ended June 30, 2014. 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 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA# 2014-01. Our opinion on each major federal program is not modified with respect to these matters.

City's Response to Findings

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management 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 basic financial statements of the City as of and for the year ended June 30, 2014, and have issued our report thereon dated October 15, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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.

Maze & Associates

Pleasant Hill, California
October 15, 2014

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