

**CITY OF EL PASO DE ROBLES**

SINGLE AUDIT REPORT

For the Fiscal Year Ended  
June 30, 2009

**CITY OF EL PASO DE ROBLES**

**TABLE OF CONTENTS**

For the Fiscal Year Ended June 30, 2009

---

**SINGLE AUDIT REPORT**

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*..... 1

Schedule of Expenditures of Federal Awards ..... 3

Note to the Schedule of Expenditures of Federal Awards ..... 4

Auditors' Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal  
Control Over Compliance in Accordance with OMB  
Circular A-133 ..... 5

**FINDINGS AND RECOMMENDATIONS**

Schedule of Audit Findings and Questioned Costs ..... 7

Summary Schedule of Prior Fiscal Year Audit Findings and Questioned Costs..... 9



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

802 EAST MAIN  
SANTA MARIA, CA 93454  
TEL: 805.925.2579  
FAX: 805.925.2147  
www.mlhcpas.com

**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***

Honorable Mayor and City Council  
City of El Paso de Robles  
Paso Robles, California

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 Paso de Robles (the City) as of and for the fiscal year ended June 30, 2009, which collectively comprise the City of El Paso de Robles' basic financial statements and have issued our report thereon dated December 11, 2009. 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**

In planning and performing the 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 opinion 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 basic 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 the audit committee, management, 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.

MOSS, LEVY & HARTZHEIM LLP

*Moss, Levy & Hartzheim LLP*

March 10, 2010

**CITY OF EL PASO DE ROBLES**

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2009

	Federal Catalog Number	Identifying Number	Program Expenditures
<b>U.S. Department of Transportation</b>			
Federal Transit Administration			
Grant	20.507	CA-90-4759-00	\$ 224,000
Airport Improvement Plan	26.106	AIP 19	71,523
Total U.S. Department of Transportation			<u>295,523</u>
<b>U.S. Department of Housing and Urban Development</b>			
Pass-Through Grant:			
County of San Luis Obispo			
Community Development Block Grant	14.228	B-07-UC-06-0508	56,475
Community Development Block Grant	14.228	B-08-UC-06-0508	113,493
Total U.S. Department of Housing and Urban Development			<u>169,968</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership	16.607	8045551	3,814
Edward Byrne Memorial Justice Assistance Grant	16.607	2007-DJ-BX-1136	13,889
Total U.S. Department of Justice			<u>17,703</u>
<b>U.S. Department of Homeland Security</b>			
<b>Federal Emergency Management Agency</b>			
Fire Divisions Grant	97.044	EMW-2002-FG-11981	7,514
Public Assistance Grants	97.036	1505-DR-CA	864,390
Total U.S. Department of Homeland Security			<u>871,904</u>
Total Expenditures of Federal Awards			<u>\$ 1,355,098</u>

See note to the schedule of expenditures of federal awards

**CITY OF EL PASO DE ROBLES**

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended June 30, 2009

---

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of El Paso de Robles and is presented on the modified accrual basis of accounting. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

802 EAST MAIN  
SANTA MARIA, CA 93454  
TEL: 805.925.2579  
FAX: 805.925.2147  
www.mlhcpas.com

**AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of El Paso de Robles  
Paso Robles, California

**Compliance**

We have audited the compliance of the City of El Paso de Robles with the 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 its major federal programs for the fiscal year ended June 30, 2009. The City of El Paso de Robles' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit 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 of El Paso de Robles' management. Our responsibility is to express an opinion on the City of El Paso de Robles' 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 of El Paso de Robles' 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 legal determination on the City of El Paso de Robles' compliance with those requirements.

In our opinion, the City of El Paso de Robles complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the City of El Paso de Robles is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of El Paso de Robles' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of El Paso de Robles' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Paso de Robles as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated December 11, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of El Paso de Robles' 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, 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.

MOSS, LEVY & HARTZHEIM LLP

*Moss, Levy & Hartzheim LLP*

March 10, 2010

**FINDINGS AND RECOMMENDATIONS SECTION**

**CITY OF EL PASO DE ROBLES**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2008

---

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	<u>  X  </u> No	
Significant deficiencies identified 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 not considered to be material weaknesses?	_____ Yes	<u>  X  </u> None reported	

Type of auditor’s report issued on compliance for major programs:	<u>Unqualified</u>
---	--------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)	_____ Yes	<u>  X  </u> No
---	-----------	-----------------

Identification of major programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
_____ 97.036 _____	<u>FEMA- Public Assistance Grants</u> _____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
--	-------------------

Auditee qualified as low-risk auditee:	<u>  X  </u> Yes	_____ No
--	------------------	----------

**CITY OF EL PASO DE ROBLES**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2009

---

No findings or questioned costs

**CITY OF EL PASO DE ROBLES**  
**SUMMARY SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2009

---

No findings or questioned costs