

**CITY OF ALAMEDA  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**CITY OF ALAMEDA  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**For the Year Ended June 30, 2013**

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## MEMORANDUM ON INTERNAL CONTROL

To the Honorable Mayor, City Council, and City Auditor  
of the City of Alameda  
Alameda, California

We have audited the financial statements of the City of Alameda for the year ended June 30, 2013, and have issued our report thereon dated February 3, 2014. Our opinions on the basic financial statements and this report, insofar as they relate to the Alameda Municipal Power, are based solely on the report of other auditors. In planning and performing our audit of the basic financial statements of the City of Alameda, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to errors or fraud may occur and not be detected by such controls.

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. We did not identify any deficiencies in internal control that we consider to be a material weakness.

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. We identified certain deficiencies in internal control that we consider to be significant deficiencies that are included on the Schedule of Significant Deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the City of Alameda.

Management responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, City Auditor others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

Pleasant Hill, California  
February 3, 2014

**CITY OF ALAMEDA  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF SIGNIFICANT DEFICIENCIES**

**2013-1 - Access to Financial System**

**Criteria:** The system administrator rights, or super-user rights, allows full access to all of the financial system functions as well as assigning access functions to other staff.

**Condition:** During our interim audit, we reviewed the security access list dated April 16, 2013 and noted that four employees in the Finance Department have super-user rights to the City's financial system.

**Effect:** When Finance staff has super-user rights while they are also a part of the day to day activities, there is the potential risk of restricting and/or allowing access to other staff in the different modules within the accounting system. In addition, unauthorized transactions could be processed without proper review and approval.

**Cause:** Due to system limitation, in order to review transactions electronically, a review needs to have full access to the module.

**Recommendation:** Subsequent to our communication of the above condition to the Finance Department, the City has implemented compensating controls which added a layer of review by employees who do not have full access to the particular modules. While the new procedures appear to mitigate the condition noted above, it also has added workload for the Finance staff. We understand that the City expects to upgrade its financial system to a cloud environment in June 2014. We recommend that the City implement the segregation of duties into its cloud environment in order to eliminate the extra layer of review.

**Management's Response:** Finance will look to implement this recommendation.

**2013-2 - Vendor Edit Audit Report Review**

**Criteria:** Whenever there is a change to any vendor information in the financial system, the financials system generates a vendor edit audit report. This report reflects all the changes made to the vendor database for a specific period of time. Typically, this report is reviewed by the Purchasing and Payables Coordinator to ensure that there is proper approval for any changes made to a vendor or the creation of a new vendor.

**Condition:** During the current year audit, the review the vendor edit audit report was not performed.

**Effect:** Since the City's Accounts Payable Clerks have access to the vendor database, without the review of the vendor edit audit report by another employee, who does not have access to the accounts payable run, creates a potential risk of unauthorized or non-existent vendors being added to the database without anyone knowing. Furthermore, once vendors are added to the system, there is also the possibility that unauthorized disbursements could be made to these vendors.

**Cause:** We understand that in the prior years, the Purchasing and Payables Coordinator would produce the reports and would ensure that the reports were being reviewed and approved. During this fiscal year she was on leave, therefore, the reports were not produced or reviewed.

**Recommendation:** We recommend the City resume the practice of the review process above for good internal control.

**Management's Response:** Finance has implemented this recommendation.

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**CITY OF ALAMEDA  
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**SCHEDULE OF OTHER MATTERS**

**2013-3 - Funding Retiree Medical Liabilities**

As disclosed in the notes to the financial statements, the City's liability for post-employment healthcare benefits amounted to \$91 million based on the January 1, 2013 actuarial valuation.

The unfunded liabilities are long-lived liabilities that are expected to come due over an extended period. The City has not funded retiree medical costs and no funds have been set aside against this liability. Retiree medical liabilities will continue to grow unless sound funding strategies are adopted.

Sound fiscal policy should be established to fund long-lived liabilities and that funding should be incorporated into the City's annual budgets and operations as well as financial projections and forecasts.

**Management's Response:** The City has worked with a third party vendor to establish an OPEB trust and will continue to address its OPEB liability as part of its annual budget and future forecasts.

**Upcoming Governmental Accounting Standards Board (GASB) Pronouncements Not Yet Effective**

The following comment represents new pronouncements taking affect in the next few years. We have cited them here to keep you abreast of developments:

**EFFECTIVE FISCAL 2014:**

**GASB Statement 65 – *Items Previously Reported as Assets and Liabilities***

This Statement establishes accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, and certain items that were previously reported as assets and liabilities recognizes as outflows of resources or inflows of resources.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

Statement No. 63 established the financial statement presentation for deferred inflows and deferred outflows, and Statement No. 65 makes other changes and defines certain transactions subject to this new presentation.

CITY OF ALAMEDA  
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SCHEDULE OF OTHER MATTERS

**GASB Statement 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62***

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement removes the GASB Statement No. 10 provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

**GASB 67 – *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25***

This statement is applicable when a Trust arrangement is established to hold the employer contributions prior to payment to the retirees (i.e. funding changes to prefunding rather than the current pay-as-you-go funding).

This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

**GASB 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees***

Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**CITY OF ALAMEDA  
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**SCHEDULE OF OTHER MATTERS**

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

The provisions of this Statement are effective for reporting periods **beginning after June 15, 2013**. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively.

**EFFECTIVE FISCAL 2015:**

**GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)**

This Statement will have material impact on the City's financial statements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.

CITY OF ALAMEDA  
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SCHEDULE OF OTHER MATTERS

**GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)**  
**(Continued)**

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

The following are the major impacts:

- This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (**net pension liability**) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (**total pension liability**), less the amount of the pension plan's **fiduciary net position**.
- Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end).
- The actuarial present value of projected benefit payments is required to be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.

**GASB 69 – Government Combinations and Disposals of Government Operations**

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

**CITY OF ALAMEDA  
MEMORANDUM ON INTERNAL CONTROL**

**STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCY**

**2012-01 – Recording Loans Receivable**

**Criteria:** Loans receivable must be recorded in the City's general ledger when the monies have been disbursed in relation to an executed loan agreement to a third party.

**Condition:** In September 2011, the Community Improvement Commission executed a loan agreement with Alameda Islander, LP in the amount of \$8.6 million dollars. As of March 2012 the loan was not recorded in the general ledger.

**Effect:** This understated the City's loan receivable balance recorded in the general ledger.

**Cause:** According to staff the loan documents were not submitted to AmeriNational, the third party administrator that handles the City's loans receivable, for processing until February 2012 due to the focus being on other City projects.

**Recommendation:** We recommend that when monies are disbursed for loans a journal entry should be prepared to record the outstanding receivable in the City's general ledger immediately. We also recommend in conjunction with the loan disbursement that all necessary documents be submitted to AmeriNational timely.

**Current Year Status:** Finance has implemented this recommendation.

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**STATUS OF PRIOR YEAR OTHER MATTERS**

**2012-02 - Journal Entry Review**

Journal entries are an important transaction cycle that affects all aspects of accounting and financial reporting. Prudent internal control concepts dictate that no single employee should process a transaction without the involvement of another employee. For journal entries, this typically takes the form of a second employee performing a review and approving the proposed entry prior to posting. The review and approval should be documented by a reviewer signing and dating that the review has been completed and the entry is approved.

We selected forty journal entries for testing and noted one did not have written evidence of approval, without proper approval of journal entries the likelihood of error, improper accounting treatments, and potential fraud increases. We understand that the omission was due to an oversight by the employee that was responsible for the review. We recommend that the City reviews all journal entries to ensure proper accounting and financial reporting and also provide evidence that the review process has been completed.

**Current Year Status:** Finance has implemented this recommendation.

**2012-03 – Business License Fees**

The City collects business license fees for all individuals, partnerships, corporations, and sole proprietors conducting business in the City of Alameda. Per review of the Master Fee Schedule (Schedule), it appears that the current fee for assignment or transfer and lost license is \$30.

During our cash receipt testing, we noted two receipts for business license transfers were charged \$31 instead of the \$30 listed on the Schedule for fiscal year 2011-2012. Upon further conversation with a City staff, it appears that the City has been charging \$31 for business license transfers up until December 2011 during which City staff noticed the incorrect fee charged.

The City is not charging its customers in accordance with the fees listed on the Schedule. We were advised that staff was unaware of the changes made to the Schedule.

We understand the effect of the overcharging is immaterial to the City's financial statements. However, we recommend that the City make efforts to return the amount overcharged or apply credits to the overcharged accounts. The City should also make efforts to ensure that, staff responsible for collecting fees, are up to date with any changes made to the Schedule.

**Current Year Status:** Finance has implemented this recommendation.

**CITY OF ALAMEDA  
MEMORANDUM ON INTERNAL CONTROL**

**STATUS OF PRIOR YEAR OTHER MATTERS**

**2012-04 – Monitoring Lease Agreements**

The City currently has lease agreements that are being handled by a third party administrator. The third party administrator maintains the rent schedules and bills the lessees the amounts of rent due each month. However, we understand that the City is not currently monitoring these agreements to ensure accurate payments are being received.

During our cash receipt testing, we noted that out of forty receipts tested, a tower lease remittance from T-Mobile could not be recalculated or traced back to an executed agreement. City staff was unable to locate the current agreement therefore we were unable to agree the amount of the lease remittance to supporting documents. In addition, the City could not confirm if the amount was correct.

It was brought to our attention that there is lack of communication between the City and the third party administrator. In addition, the City is not monitoring their lease agreements that are handled by the third party administrator.

We understand that the third party administrator is under contract to monitor and calculate the rent/lease payments for the City. However, we believe that it is important for the City to be up to date with their lease agreements. Therefore we recommend that the City maintain a file with the most current lease agreements to ensure the payments received are accurate.

**Current Year Status:** The City has implemented this recommendation.

**2012-05 – Restrictive Endorsement of Checks and Securing of Receipts**

Checks received as payment for City services should be immediately stamped with the City's restrictive endorsement upon collection by a cashier. In addition the checks should be kept in a locked drawer during the hours of operation.

During our review of cash collection procedures at the Community Development Building and Planning counter, located on the first floor of City Hall, we noted that City staff did not immediately endorse checks with the restrictive stamp as they are being collected for payment. Instead the staff that reconciles cash receipts endorses the check during the reconciliation process which is usually done the following day. We also noted that the checks are not being kept in a locked drawer even though there are security cameras in the permit center

By not immediately endorsing the checks and keeping them locked up during the hours of operation, the possibility of the interception of revenues increases.

The City's current procedures has staff endorsing the checks when they are reconciled, which typically occurs the following day. Also, the City relies on security cameras located above the front desk, instead of locking up the checks. To strengthen internal controls, we also recommend that the checks be immediately endorsed and locked up by staff upon receipt of the check.

**Current Year Status:** The City has implemented this recommendation.



## REQUIRED COMMUNICATIONS

February 3, 2014

To the Honorable Mayor, City Council, and City Auditor  
of the City of Alameda  
Alameda, California

We have audited the basic financial statements of the City of Alameda for the year ended June 30, 2013. Professional standards require that we communicate to you the following matters relating to our audit under generally accepting auditing standards and, *Government Auditing Standards* and OMB Circular A-133.

### Significant Audit Findings

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Alameda are described in Note 1 to the financial statements. The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

GASB 60 – *Accounting and Financial Reporting for Service Concession Arrangements*

GASB 61 – *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*

GASB 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

The following pronouncements became effective, and required a format change in the Statement of Net Assets and certain nomenclature revisions in the footnotes accompanying the financial statements.

GASB 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*

This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. *Concepts Statement No. 4, Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The following pronouncement was early-implemented, and as disclosed in Notes 1 the financial statements and also affected the format and nomenclature of the financial statements and required a restatement of net position:

*GASB 65 - Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

*Unusual Transactions, Controversial or Emerging Areas*

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the financial statements are fair values of Investments and depreciation of capital assets.

The City’s cash and investments are measured by fair value. Fair value is essentially market pricing in effect as of June 30, 2013. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2013.

Management’s estimate of depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 5 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated February 3, 2014.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## Other Information Accompanying the Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

With respect to the required supplementary information accompanying the financial statements, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Introductory and Statistical Sections included as part of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we did not express an opinion nor provide any assurance on them.

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This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Maze & Associates*

Pleasant Hill, CA  
February 3, 2014