

**EAST BAY REGIONAL PARK DISTRICT**

**REPORT ON FEDERAL AWARDS  
IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**EAST BAY REGIONAL PARK DISTRICT**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
East Bay Regional Park District  
Oakland, 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, each major fund, and the aggregate remaining fund information of East Bay Regional Park District (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 17, 2013. Our report includes an emphasis of matter which refers to Note 1 to the District's financial statements relating to the implementation of certain GASB Statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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.

*Varrinek, Trine, Day & Co., LLP*

Pleasanton, California  
May 17, 2013



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

Board of Directors  
East Bay Regional Park District  
Oakland, California

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

We have audited East Bay Regional Park District's (the District) 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 District's major federal programs for the year ended December 31, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District'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 District'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 District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District 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 December 31, 2012.

## ***Report on Internal Control over Compliance***

Management of the District 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 District'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 District'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 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 weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Bay Regional Park District as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated May 17, 2013, which contained unmodified opinions on those financial statements. The District has implemented certain GASB Statements as mentioned in Note 1 to the District's financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's 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 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.

*VarrineK, Trine, Day & Co., LLP*

Pleasanton, California  
May 17, 2013

**EAST BAY REGIONAL PARK DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

| Federal Grantor/Office/Pass through Grantor/<br>Program Title/Project Name | Federal<br>CFDA<br>Number | Agency or<br>Pass-Through<br>Number | Federal<br>Expenditure |
|--|---------------------------|-------------------------------------|------------------------|
| <b>U.S. Department of Agriculture</b>                                      |                           |                                     |                        |
| Office: United States Forest Service                                       |                           |                                     |                        |
| <i>Passed through Fire Safe Council</i>                                    |                           |                                     |                        |
| Cooperative Forestry Assistance  |                           |                                     |                        |
| Fuels Inventory Photo Series   | 10.664                    | 11USFS-SFA011                       | \$ 5,240               |
| <b>Total U.S. Department of Agriculture</b>                                |                           |                                     | <u>5,240</u>           |
| <b>U.S. Department of Interior</b>   |                           |                                     |                        |
| Office: Fish and Wildlife Service  |                           |                                     |                        |
| <i>Passed through East Contra Costa County Habitat Conservancy</i>         |                           |                                     |                        |
| Cooperative Endangered Species Conservation Fund                           |                           |                                     |                        |
| Affinito   | 15.615                    | * E-26-HL-3                         | 1,005,750              |
| Li-Fan   | 15.615                    | * E-26-HL-3                         | 99,000                 |
| Vaquero Farms, Inc   | 15.615                    | * E-31-HL-3                         | 1,080,000              |
| Galvin   | 15.615                    | * E-26-HL-3                         | 166,500                |
| Moss Rock  | 15.615                    | * E-26-HL-3                         | 184,500                |
| Thomas North   | 15.615                    | * F-09AP00345                       | 388,755                |
| <i>Total passed through East Contra Costa County Habitat Conservancy</i>   |                           |                                     | <u>2,924,505</u>       |
| Office: National Park Service  |                           |                                     |                        |
| <i>Passed through California Department of Parks &amp; Recreation</i>      |                           |                                     |                        |
| Outdoor Recreation Acquisition, Development and Planning                   |                           |                                     |                        |
| Shady Slope Bridge   | 15.916                    | 06-01730                            | 1,124                  |
| <b>Total U.S. Department of Interior</b>                                   |                           |                                     | <u>2,925,629</u>       |
| <b>U.S. Department of Labor</b>  |                           |                                     |                        |
| Office: Employment Training Administration                                 |                           |                                     |                        |
| <i>Direct program</i>  |                           |                                     |                        |
| WIP Pilots, Demonstrations, and Research Projects                          |                           |                                     |                        |
| DOL Fire and Conservation Crew Training Program                            | 17.261                    | EA-21357-11-60                      | 186,344                |
| <b>Total U.S. Department of Labor</b>                                      |                           |                                     | <u>186,344</u>         |

See accompanying notes to Schedule of Expenditures of Federal Awards.

**EAST BAY REGIONAL PARK DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**U.S. Department of Transportation**

Office: Federal Highway Administration

*Passed through California Department of Transportation*

Highway Planning and Construction Program

Bay Trail - Carquinez Scenic Drive

20.205 HPLUL-6075(017)

164,931

DW Paved Trails CoCo County

20.205 HPLUL-6075(016)

166,404

Office: Office of the Secretary (OST) Administration Secretariate

*Passed through California Department of Transportation*

Surface Transportation Infrastructure - Discretionary Grants for Capital

Infrastructure II (National Infrastructure Investments TIGER II)

TIGER II Green Transportation

20.933 TDG11-C-20

577,122

*Total passed through California Department of Transportation*

908,457

Office: National Highway Traffic Safety Administration (NHTSA)

*Passed through Contra Costa County Sheriff's Office*

Alcohol Impaired Driving Countermeasures Incentive Grant

20.601 1-9-212

2,844

Office: National Highway Traffic Safety Administration (NHTSA)

*Passed through California Office of Traffic Safety*

Minimum Penalties for Repeat Offenders for Driving while Intoxicated

Avoid the 21 Sobriety Checkpoints

20.608 AL2210

2,507

Avoid the 21 Sobriety Checkpoints

20.608 AL1331

935

**Total U.S. Department of Transportation**

914,743

**U.S. Department of Homeland Security**

*Passed through California Emergency Management Agency*

Disaster Grants - Public Assistance

Tilden Golf Course Erosion Wildcat Creek

97.036 FEMA-1628-DR

373,544

Landslide Bollinger Canyon Rd

97.036 FEMA-1628-DR

257,317

Rocky Ridge Rd Road Slumping

97.036 FEMA-1628-DR

228,819

Damage to Greathouse Portal

97.036 FEMA-1628-DR

136,670

Repair Creek Bank Erosion

97.036 FEMA-1628-DR

20,288

Wildcat Alvarado Erosion Above Bridge

97.036 FEMA-1628-DR

13,014

Wildcat/Alvarado Erosion Below Stone Bridge

97.036 FEMA-1628-DR

6,125

Crown Beach Sand Replacement

97.036 FEMA-1628-DR

4,261

Harzard Mitigation Grant

Brushland Fuels Management

97.039 001-91010

129,658

*Total passed through California Emergency Management Agency*

1,169,696

*Passed through California Department of Boating & Waterways*

Boating Safety Financial Assistance

Tidewater Aquatic Center Dock Expansion

97.012 11-108-802

158

Row Chabot

97.012 05-108-703

54,450

*Total passed through California Department of Boating & Waterways*

54,608

**Total U.S. Department of Homeland Security**

1,224,304

**TOTAL CURRENT EXPENDITURE OF FEDERAL AWARDS**

\$ 5,256,260

\* Denotes major program

See accompanying notes to Schedule of Expenditures of Federal Awards.

# EAST BAY REGIONAL PARK DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2012

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the East Bay Regional Park District (the District). The District's reporting entity is defined in Note #1 of the District's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies to the District, are included in the accompanying schedule.

#### B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, which is described in Note #1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (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.

#### C. Relationship to Basic Financial Statements

Federal award revenues are generally reported within the District's basic financial statements under the financial statement caption "Grant" for the General and Capital Project Funds.

#### D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

#### E. Catalog of Federal Domestic Assistance (CFDA) Numbers

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

#### F. Pass-Through Entities' Identifying Number

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. When no identifying number is shown, the District has determined that no identifying number is assigned for the program or the District was unable to obtain an identifying number from the pass-through entity.

**EAST BAY REGIONAL PARK DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**I. SUMMARY OF AUDITORS' RESULTS**

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FINANCIAL STATEMENTS

|   |                      |
|---|----------------------|
| Type of auditor's report issued:  | <u>Unqualified</u>   |
| Internal control over financial reporting:                                    |                      |
| Material weaknesses identified?   | <u>No</u>            |
| Significant deficiencies identified not considered to be material weaknesses? | <u>None Reported</u> |
| Noncompliance material to financial statements noted?                         | <u>No</u>            |

FEDERAL AWARDS

|  |                      |
|--|----------------------|
| Internal control over major programs:  |                      |
| Material weaknesses identified?  | <u>No</u>            |
| Significant deficiencies identified not considered to be material weaknesses?                                    | <u>None Reported</u> |
| 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) | <u>None Reported</u> |
| Identification of major programs:  |                      |

|                    |   |
|--------------------|---|
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>               |
| <u>15.615</u>      | <u>Cooperative Endangered Species Conservation Fund</u> |

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

**EAST BAY REGIONAL PARK DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS**

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None reported.

**EAST BAY REGIONAL PARK DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

# EAST BAY REGIONAL PARK DISTRICT

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2012

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Below is the current status of finding reported in the prior year's schedule of financial statement findings.

### 2011-1 Schedule of Expenditures of Federal Awards

#### Criteria or Specific Requirements

It is the responsibility of the District to make sure that there are adequate procedures in place to ensure the accuracy and completeness of the Schedule of Expenditures of Federal Awards (SEFA).

#### Condition

*Significant Deficiency* – During the testing of the SEFA, the following items were revealed:

- One of the Federal programs (Surface Transportation Infrastructure – Discretionary Grants for Capital Infrastructure II with CFDA #20.933) was missing in the SEFA.
- The Federal expenditure for one of the programs (Highway Planning and Construction program with CFDA # 20.205) was not reported correctly.
- The CFDA number for National Park Service Challenge Cost Share program was not reported correctly.
- There were two non-federal programs included in the SEFA.

#### Questioned Costs

There are no questioned costs associated with this condition after the revision of the Schedule of Expenditures of Federal Awards.

#### Context

The items described above were noted during the testing of the SEFA

#### Effect

The SEFA would be reported incorrectly if errors are undetected by District's procedures. The District is at risk of reporting inaccurate information to the federal award agencies.

#### Cause

There are not sufficient internal controls in place that would ensure that the District prepares the Schedule of Expenditure of Federal Awards accurately and completely, particularly on identifying missing/correct Federal programs, incorrect CFDA numbers, and proper Federal expenditure amounts.

#### Recommendation

The District should review its current procedures and makes changes to ensure that such errors in SEFA are detected and prevented.

#### Status

Implemented.