

CITY OF ELK GROVE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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CITY OF ELK GROVE
SINGLE AUDIT REPORT
For The Year Ended June 30, 2021

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CITY OF ELK GROVE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major program(s):

Assistance Listing #(s)	Name of Federal Program or Cluster
<u>21.019</u>	<u>COVID-19 – Coronavirus Relief Fund</u>
<u>97.036</u>	<u>COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed significant deficiencies, but no material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated December 27, 2021 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

Our audit disclosed the following findings required to be reported in accordance with Uniform Guidance.

Finding SA2021-001 Duplicate Expenditure Charged to Grant

CFDA Number: 21.019
CFDA Title: COVID – 19 Coronavirus Relief Fund
Federal Agency: Department of Treasury
Federal Award Identification Number and Year: SLT0043 and SLT0252, 2020
Name of Pass-Through Entity: California Department of Finance

Criteria: The City should have processes and procedures to ensure that charges to federal programs do not include duplicate transactions.

Condition: During our testing of grant expenditures, we noted one transaction in the amount of \$9,820.91 was a duplicate invoice charged to the federal funding. We understand that the vendor was not paid twice, but during the process of accumulating the expenditure detail for the federal program, the vendor invoice detail was duplicated.

Questioned Costs: We question costs in the amount of \$9,820.91.

Effect: The City charged the federal funding twice for the same program expenses.

Cause: We understand, the vendor invoice was requested by program staff to be attached to the federal project with the understanding that the invoice would not be processed to the project. While we understand the general ledger expenditure detail is accurate, the project ledger (what was used to track grant expenses) included the original vendor payment along with a duplicate charge for a portion of that vendor payment in the amount of \$9,820.91.

Identification as a repeat finding: No

Recommendation: The City should develop procedures to ensure that expenditures and the detail related to them are reviewed more frequently and thoroughly. In addition, the City should work with the grantor to determine if there are other eligible costs that could replace the duplicate charge, or if the amount needs to be returned to the grantor.

View of Responsible Officials and Planned Corrective Actions: Please see Corrective Action Plan separately prepared by the City.

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CITY OF ELK GROVE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
Department of Transportation Direct Program				
Federal Transit Cluster				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507			\$3,535,763
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526			960,000
Federal Transit Cluster subtotal				<u>4,495,763</u>
Department of Transportation Pass-Through Programs From:				
California Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205			
Laguna Creek Trail and West Stockton Blvd. Multi Modal Improvements		STPL-5479(068)		15,907
The Pedestrian Crossing Upgrades		HSIPL-5479(063)		7,283
Elk Grove Creek Trail Gap Closure		CML-5479(065)		11,758
Guardrail Replacement		HSIPL-5479(062)		8,094
Laguna Creek Train - Lewis Stein to Bruceville		CML-5479(053)		55,318
Elk Grove Blvd. from School Street to Waterman Road		STPL-5479(048)		9,692
Program subtotal				<u>108,052</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Sustainable Communities Grant for the Zero Emission Bus Fleet Transition Plan	20.505	74A1146		<u>131,635</u>
State of California Office of Traffic Safety				
National Highway Traffic Safety Administration				
Highway Safety Cluster				
State and Community Highway Safety	20.600			
Selective Traffic Enforcement Program (STEP) 19-20		PT20042		20,411
Selective Traffic Enforcement Program (STEP) 20-21		PT21138		27,752
Program subtotal				<u>48,163</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			
Selective Traffic Enforcement Program (STEP) 19-20		PT20042		32,774
Selective Traffic Enforcement Program (STEP) 20-21		PT21138		52,958
Program subtotal				<u>85,732</u>
Total Department of Transportation				<u>4,869,345</u>
Department of Justice Direct Programs:				
Domestic Cannabis Eradication/Suppression Program (DCESP)	16.U01			13,776
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034			45,023
Edward Byrne Memorial Justice Assistance Grant Program - Justice Assistance Grant (JAG)	16.738			31,664
Equitable Sharing Program - Asset Forfeiture	16.922			340,973
Total Department of Justice				<u>431,436</u>
Department of the Treasury Pass-Through Programs From:				
California Department of Finance				
COVID-19 - Coronavirus Relief Fund	21.019	374	\$195,980	<u>2,174,997</u>

(Continued)

CITY OF ELK GROVE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
Department of Housing and Urban Development Direct Program				
Community Development Block Grants (CDBG) /Entitlement Grants	14.218			
Community Development Block Grant - 2016				68,726
Community Development Block Grant - 2017				9,133
Community Development Block Grant - 2018				27,390
Community Development Block Grant - 2019			11,404	542,767
Community Development Block Grant - 2020			201,337	318,112
Neighborhood Stabilization Program				416
Total Department of Housing and Urban Development			<u>212,741</u>	<u>966,544</u>
Department of Homeland Security (DHS) Pass-Through Program From:				
California Governor's Office of Emergency Services (CalOES)				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
Great Plates Delivered		FEMA-4482-DR-CA, CalOES ID: 067-22020		5,823,204
Total Expenditures of Federal Awards			<u>\$408,721</u>	<u>\$14,265,526</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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CITY OF ELK GROVE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021**

NOTE 1-REPORTING ENTITY

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 are accounted for using the modified accrual basis of accounting. All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – CORONAVIRUS RELIEF PROGRAM (AL# 21.019)

The Schedule for the year ended June 30, 2021 includes expenditures for the Coronavirus Relief Program (AL# 21.019) for the period of March 1, 2020 to December 31, 2020. The period of performance for the grant was March 1, 2020 to December 31, 2020, but to receive the funding, the City was required to file a certification with the State Department of Finance by July 10, 2020 that the City will use the funds consistent with federal requirements, adhere to health orders and directives, return unspent funds, and repay any disallowed costs, among other compliance certifications. The City's certification was filed on July 8, 2020.

NOTE 5 – DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) PROGRAM (AL# 97.036)

The Schedule for the year ended June 30, 2021 includes expenditures for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) Program (AL# 97.036) for the period of March 22, 2020 to May 7, 2021. The period of performance for the grant was March 22, 2020 to May 7, 2021, but the City did not receive the Notification of Obligation from the grantor until June 18, 2020.

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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 Elk Grove, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2021. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We did identify certain deficiencies in internal control we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies and the Status of Prior Year Significant Deficiencies as items 2020-01, 2018-01 and 2017-02 included as part of our separately issued Memorandum on Internal Control dated December 27, 2021, which is an integral part of our audits and should be read in conjunction with this report.

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 financial statements. 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*.

We have also issued a separate Memorandum on Internal Control dated December 27, 2021, which is an integral part of our audit and should be read in conjunction with this report.

City's Response to Findings

The City's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated December 27, 2021, which is an integral part of our audits and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.



Pleasant Hill, California
December 27, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council
City of Elk Grove, California

Report on Compliance for Each Major Federal Program

We have audited the City of Elk Grove's compliance with the types of compliance requirements described in the *OMB 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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item SA2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is 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 of the City 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 the Uniform Guidance, 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 27, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

Maye & Associates

Pleasant Hill, California
March 30, 2022

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