



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2020

City of Roseville, California

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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 City Council
City of Roseville, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, California (City), as of and for the year ended June 30, 2020, 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 30, 2020.

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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

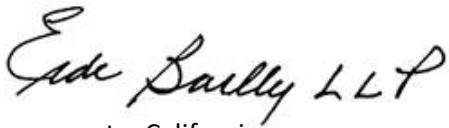
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 30, 2020



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the City Council
City of Roseville, California

Report on Compliance for Each Major Federal Program

We have audited the City of Roseville, California’s (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City’s major federal programs for the year ended June 30, 2020. 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 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, 2020.

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 items 2020-01 and 2020-02 and in a separate corrective action plan. 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 and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-01 and 2020-02 that we consider to be significant deficiencies.

The City's response to the internal control over compliance 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.

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 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 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 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.



Sacramento, California
March 30, 2021

City of Roseville, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
<u>U. S. Department of Housing and Urban Development</u>				
<i>Direct Programs</i>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	CA128	\$ 5,781,172	\$ -
Mainstream Vouchers	14.879	CA128	124,344	-
Total Housing Voucher Cluster			<u>5,905,516</u>	<u>-</u>
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B19MC060043	76,421	-
Community Development Block Grants/Entitlement Grants	14.218	B18MC060043	200,968	96,497
Community Development Block Grants/Entitlement Grants	14.218	Current year loans issued	12,090	-
Community Development Block Grants/Entitlement Grants	14.218	Program Income	216,944	-
Total CDBG - Entitlement Grants Cluster			<u>506,423</u>	<u>96,497</u>
<i>Passed through the California Department of Housing and Community Development</i>				
Home Investment Partnerships Program	14.239	14-HOME-10043	20,412	-
Home Investment Partnerships Program	14.239	Current year loans issued	99,527	-
Home Investment Partnerships Program	14.239	Program Income	750,828	-
Total Home Investment Partnerships Program			<u>870,767</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>7,282,706</u>	<u>96,497</u>
<u>U. S. Department of Health and Human Services</u>				
<i>Passed through the California Department of Education</i>				
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-9165	66,843	-
Child Care and Development Block Grant	93.575	CCTR-9165	30,728	-
Total CCDF Cluster			<u>97,571</u>	<u>-</u>
<i>Passed through the California Department of Education</i>				
Foster Care (Title IV-E) - Administration - Commercially Sexually Exploited Children	93.658	CN005974	55,723	-
Total Department of Health and Human Services			<u>153,294</u>	<u>-</u>
<u>U. S. Department of Justice</u>				
<i>Direct Programs</i>				
Equitable Sharing Program	16.922	N/A	2,590	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0323	17,711	-
Total Department of Justice			<u>20,301</u>	<u>-</u>
<u>U. S. Department of Transportation</u>				
<i>Direct Programs</i>				
Federal Transit Cluster				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	Program Income	10,266	-
<i>Passed through the California Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction - Bridge Preventative Maint Proj	20.205	BPMP-5182(071)	58,203	-
Highway Planning and Construction - Oak St Ext-Miners Ravine Trail	20.205	CML-5182(063)	1,033,844	-
Highway Planning and Construction - Oakridge Bridge Replacement	20.205	BRLO-5182(057)	111,803	-
Total Highway Planning and Construction Cluster			<u>1,203,850</u>	<u>-</u>
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64AM18-00749	26,256	-
Total Transit Services Programs Cluster			<u>26,256</u>	<u>-</u>
Total Department of Transportation			<u>1,240,372</u>	<u>-</u>

City of Roseville, California
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
<u>Department of Homeland Security</u>				
<i>Passed through the County of Placer</i>				
Pre-Disaster Mitigation Program	97.047	2014-0005	\$ 53,530	\$ -
<i>Passed through the California Office of Emergency Services (CalOES)</i>				
Homeland Security Grant Program	97.067	2019-0035	4,000	-
Homeland Security Grant Program	97.067	2018-0054	450	-
Total Homeland Security Grant Program			<u>4,450</u>	<u>-</u>
Total Department of Homeland Security			<u>57,980</u>	<u>-</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 8,754,653</u>	<u>\$ 96,497</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Roseville, California (City) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds, except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior year.

Note 3 - Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing / CFDA Number
Housing Voucher Cluster	14.871/14.879
HOME Investment Partnerships Program	14.239
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

2020-001 **Program:** Housing Voucher Cluster
CFDA Number: 14.871/14.879
Federal Agency: U.S. Department of Housing and Urban Development
Pass-through: N/A
Award Year: 2019/20
Compliance Requirement: Reporting – Special Reporting, Special Tests and Provisions – Housing Assistance Payment
Type of Finding: *Significant Deficiency, Instance of Noncompliance*

Criteria:

Per 24 CFR part 908, 24 CFR part 982.158, 24 CFR par 982, subpart K, and as stated in 2 CFR 200 4-14.871 compliance requirements which govern when a PHA is required to submit a HUD-50058, *Family Report*, each time the Housing Authority completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. Additionally, the amount of the Housing Assistance Payment must correspond with the amount on line 12u of the HUD-50058.

Condition:

We found one instance in which documentation where a HUD-50058 for a revised annual determination was not sent to the U.S. Department of Housing and Urban Development (HUD) or maintained within the file, although the correct amount was updated within the Voucher Management System (VMS).

Cause:

Internal controls were not sufficient to ensure that all HUD-50058 reports are maintained within the file.

Effect:

Not submitting the HUD-50058, *Family Report*, at qualifying events could result in the incorrect HAP payments being made through the VMS.

Questioned Costs:

No questioned costs have been identified.

Context/Sampling:

A nonstatistical sample of 40 of 7,810 HAP payments were selected to test Reporting compliance with Special Reports to ensure a HUD 50058 was filed. Management could not provide evidence of submission of the HUD-50058 form to HUD.

Repeat Finding from Prior Year(s):

No

Recommendation:

We recommend that the City strengthen its procedures related to the submissions of HUD-50058 forms as well as reconciliation procedures to ensure that HAP payment amounts agree with HAP amounts submitted through the HUD 50058.

Views of Responsible Officials and Plan Correction Action:

Management's Response:
We concur.

The City will prepare and submit an annual reexamination 50058 effective April 1, 2020 to match the correct backup documentation of the \$1,074 HAP and issue a back HAP of \$78 for VMS month April 2020. The City will ensure all revised annual determinations are sent to HUD and will maintain evidence of that submission.

Name of Responsible Individual:
Suzi Cook-Turner, Housing Supervisor

Anticipated Implementation Date:
April 30, 2021

See separate corrective action plan.

2020-002

Program: Housing Voucher Cluster

CFDA Number: 14.871/14.879

Federal Agency: U.S. Department of Housing and Urban Development

Pass-through: N/A

Award Year: 2019/20

Compliance Requirement: Special Tests and Provisions – Housing Quality Standards Inspection

Type of Finding: *Significant Deficiency, Instance of Noncompliance*

Criteria:

24 CFR 982.405(b) states that the Public Housing Authority (PHA) must inspect the unit leased to a family prior to the initial term of the lease, at least biennially during assisted occupancy, and at other times as needed, to determine if the unit meets Housing Quality Standards (HQS)

Condition:

We found one instance in which support for the HQS inspection could not be produced.

Cause:

The documentation to evidence the HQS at an initial leasing was not retained by the PHA.

Effect:

The City has not complied with the requirements 24 CFR 982.405(b) and the special tests and provisions – Housing Quality Standards.

Questioned Costs:

No questioned costs have been identified.

Context/Sampling:

A nonstatistical sample of 40 of 7,810 HAP payments were selected to test compliance over special tests and provisions – Housing Quality Standards (HQS).

Repeat Finding from Prior Year(s):

No

Recommendation:

We recommend that the City strengthen its procedures to ensure that documentation of Housing Quality Standard Inspections are retained.

Views of Responsible Officials and Plan Correction Action:

Management's Response:

We concur.

The City completed an inspection, but the completed checklist was not scanned into iDIA. The City will update its procedures to add a requirement that the HQS inspection checklist is scanned and retained.

Name of Responsible Individual:

Suzi Cook, Turner, Housing Supervisor

Anticipated Implementation Date:

April 30, 2021

See separate corrective action plan

None reported.