

CITY OF ROSEVILLE, CALIFORNIA

**SINGLE AUDIT REPORT
(OMB Circular A-133)**

**FISCAL YEAR ENDED
JUNE 30, 2015**

CITY OF ROSEVILLE, CALIFORNIA

**SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2015**

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**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**

To the Honorable Mayor and
Members of the City Council
Roseville, 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 of Roseville (City), as of and for the year ended June 30, 2015, 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 31, 2015. Our report includes an emphasis of matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions – an Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014.

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) 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, described in the accompanying schedule of findings and questioned costs, identified as findings 2015-001 and 2015-002, that we consider to be significant deficiencies.

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 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*.

The City of Roseville's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Sacramento, California
March 28, 2016



INDEPENDENT AUDITORS' 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 OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the City Council
Roseville, California

Report on Compliance for Each Major Federal Program

We have audited the City of Roseville's (City) 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 City's major federal programs for the year ended June 30, 2015. 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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004 and 2015-005. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 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 or significant deficiencies may exist that were not 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, as described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004 and 2015-005 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 31, 2015, which contained unmodified opinions on those financial statements. Our report included an emphasis-of-matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. 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 the purposes of additional analysis as required by OMB Circular A-133, 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 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 28, 2016

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Grant or Pass-Through Identifying Number	Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>			
<i>Direct Programs</i>			
Section 8 Housing Choice Vouchers	14.871	CA128	\$ 4,636,474
Community Development Block Grants	14.218	B-14-MC-06-0063	426,519
 <i>Passed through the California Department of Housing and Community Development</i>			
Home Investment Partnerships Program	14.239	11-HOME-7531	279,031
			5,342,024
 <u>U. S. Department of Health and Human Services</u>			
<i>Passed through the California Department of Education</i>			
Child Care and Development Block Grant	93.575	15136-2191	42,962
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609-2191	78,087
			121,049
 <u>U. S. Department of Justice</u>			
<i>Direct Programs</i>			
Edward Byrne Justice Assistance Grant FY14	16.738	2014-DJ-BX-0508	23,907
			23,907
 <u>U. S. Department of Transportation</u>			
<i>Direct Programs</i>			
Federal Transit Formula Grants			
Universal Fare Technology	20.507	CA 90-Y593	79,867
Section 5307 Capital Assistance Grant	20.507	CA 90-Y492	33,228
Preventive Maintenance & Bus Purchase	20.507	CA-90-Y773	139,957
 <i>Passed through the California Department of Transportation</i>			
Highway Planning and Construction			
Dry Creek Greenwy Comm Plan/Outr	20.205	CML-5182(058)	163,803
Industrial Ave Bridge Replacement	20.205	BRL0-5182(056)	315,733
Oak St Ext-Miners Ravine Trail	20.205	CML-5182(063)	194,580
Oakridge Bridge Replacement	20.205	BRLO-5182(057)	171,367
Oak/Washington Roundabout	20.205	CML-5182(067)	1,518,117
Safe Route to School Cycle 3	20.205	SRTSLNI-5182(064)	52,442
 State Community and Highway Safety			
Selective Traffic Enforcement Program	20.600	PT15113	49,387

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Grant or Pass-Through Identifying Number	Federal Expenditures
<i>Passed through the Sacramento Area Council of Governments</i>			
Job Access and Reverse Commute Program			
Route B Headways	20.516	CA 37-X161	\$ 146,714
Weekday Extended Service	20.516	CA 37-X200	92,920
<i>Passed through the Placer County Transportation Planning Agency</i>			
Highway Planning and Construction			
Education and Outreach for Alternative Transportation	20.205	CML 6158(066)	35,875
<i>Passed through the Auburn Police Department</i>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
Avoid DUI Campaign	20.608	AL1557	5,974
			<u>2,999,964</u>
<u>Department of Homeland Security</u>			
<i>Direct Programs</i>			
Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2011-FH-00628	658,181
<i>Passed through the County of Placer</i>			
Fire Management Assistance Grant			
Applegate Fire	97.046	FEMA-FM-5082-CA	13,340
Homeland Security Grant 2013	97.067	2013-0110	3,801
Homeland Security Grant 2014	97.067	HM-HMP-0422-14-01-00	549
<i>Passed through the El Dorado Sheriff Department</i>			
Fire Management Assistance Grant			
Mutual Aid King Fire	97.046	FEMA-FM-5081-CA	6,299
			<u>682,170</u>
	TOTAL		<u><u>\$ 9,169,114</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF ROSEVILLE, CALIFORNIA

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents expenditures of federal awards for the City of Roseville, California. The City’s reporting entity is defined in Note 1A to the City’s basic financial statements.

NOTE 2 – BASIS OF ACCOUNTING

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 and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of federal awards reported on the Schedule are recognized when incurred.

NOTE 3 – DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the City by a federal agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs when they occur.

NOTE 4 – AMOUNTS PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the accompanying Schedule, the City provided Federal awards to subrecipients as follows:

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed to Subrecipients</u>
Community Development Block Grant	14.218	\$ 426,519	\$ 86,000

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting	
Material weakness identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for major federal programs:	<u>Unmodified</u>

Any audit findings disclosed that are required to be reported in accordance with 510(a) of OMB Circular A-133?	<u>Yes</u>
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block Grants</u>
<u>14.239</u>	<u>Home Investment Partnerships Program</u>
<u>14.871</u>	<u>Section 8 Housing Choice Vouchers</u>

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

II. FINANCIAL STATEMENT FINDINGS

FINDING 2015-001

AUTHORIZATION OF PROCUREMENT CARDS

Criteria:

Internal controls should be implemented and followed to ensure that only authorized personnel are issued procurement cards.

Condition Found:

Significant Deficiency – During our testing performed over the cash disbursements transaction cycle, VTD noted one instance in which a City employee was in possession of a procurement card without documentation of proper authorization.

Context:

The condition above was identified during our consideration of the City’s design and implementation of internal controls over the City’s cash disbursements process.

Effect:

City personnel may be able to obtain a procurement card and make purchases without proper authorization.

Cause:

The City is not following its adopted policies and procedures which require the completion of a “Request for New Card” form which must be signed by the supervisor and department head of the employee being issued the procurement card.

Recommendation:

It is recommended that the City follow its adopted procedures to ensure that all City personnel who have possession of a City procurement card be properly authorized and have documentation of that authorization on a completed “Request for New Card” form.

View of Responsible Officials and Planned Corrective Actions:

Management concurs there was missing documentation for this particular procurement card. In this case, there was an email request but the form had not been submitted. The Purchasing Department will require the authorization form for every new or change request of a procurement card. The cards will not be released until the documentation is properly authorized and received in Purchasing.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

II. FINANCIAL STATEMENT FINDINGS

FINDING 2015-002

SEGREGATION OF DUTIES OVER UTILITY BILLING

Criteria:

Internal controls should be adopted to ensure that no individual is able to both initiate and approve transactions in the utility billing system to ensure proper segregation of duties to prevent or detect and correct material misstatement due to error or fraud on a timely basis.

Condition Found:

Significant Deficiency - During the course of our audit, it was observed that each of the five billing specialists in the utility billing department were able to change the utility rates on the master rate schedule which are input by the IT department. Additionally, these billing specialists are able to issue credits, assign additional charges, and make adjustments to customer bills after they have been generated, and there is no documentation of a review performed over these changes.

Context:

The condition noted above was identified during our consideration of the design and implementation of internal controls over the utility billing system.

Effect:

Utility billing specialists may be able to modify billing rates in the master rate schedule or modify customer bills without proper authorization.

Cause:

Internal controls were not implemented to ensure that changes made to the master rate schedule or to customer utility bills are either authorized or reviewed by someone other than the utility billing specialist who initiated the change.

Recommendation:

It is recommended that the City implement policies and procedures to ensure that proper segregation of duties exist over the utility billing system, and that all changes made to the master rate schedule and to customer bills are properly authorized.

View of Responsible Officials and Planned Corrective Actions:

Management partially concurs with the finding – there were reviews/authorizations by Management of the adjustments in question but were not kept in hard-copy form. In August 2015, the City updated the policies and procedures to include the retention of the adjustment review and approvals. In addition, on a monthly basis, the master rates table is audited for any changes. These reviews are completed by the Utility Billing Manager and/or Finance Supervisor. Also, the City is currently working on moving to a new Utility Billing system, scheduled to go live in September 2016. This new system has built in security and approval options the city will be taking full advantage of, enhancing our policies and procedures.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2015-003

Program: Section 8 Housing Choice Vouchers

CFDA No.: 14.871

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

Passed-through: N/A

Award Year: 2014-2015

Compliance Requirement: Special Tests and Provisions

Criteria:

The *June 2015 OMB A-133 Compliance Supplement*, PHAs are required to enter into depository agreements with their financial institutions in the form required by HUD. The agreements serve as safeguards for Federal funds and provide third-party rights to HUD. Among the terms in many agreements are requirements for funds to be placed in an interest-bearing account (24 CFR section 982.156).

Condition Found:

Significant Deficiency, Instance of Non-Compliance – Based on inquiries and discussion with City management and employees, it was noted that the City has not entered into a depository agreement with its current banking institution.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing over special tests and provisions compliance requirements as identified in the *June 2015 OMB A-133 Compliance Supplement*.

Effect:

The City may not be properly safeguarding federal funds received from the U. S. Department of Housing and Urban Development.

Cause:

The City does not have procedures in place to ensure that depository agreements are in place with all of its banking partners.

Recommendation:

It is recommended that the City adopt procedures to ensure that all banking relationships are supported by depository agreements to ensure that federal funds are properly safeguarded and that third-party rights are properly provided to HUD.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding. The City will ensure to include the federal funds requirement in the documentation for future banking needs.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2015-004

Program: Home Investment Partnerships Program

CFDA No.: 14.239

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

Passed-through: California Department of Housing and Community Development

Award Year: 2014-2015

Compliance Requirement: Cash Management

Criteria:

Part 5 of Exhibit A of the grant agreement between the City of Roseville and the California Department of Housing and Community Development, agreement 11-HOME-7531, indicates that:

HOME recipients shall report the amount of Activity funds used for Activity Delivery Costs (ADC) on the HOME Set-up and Completion Reports. The HOME recipient must request ADC in proportion to the amount of Activity funds being drawn down. The maximum amount ADC that may be drawn down for each specific activity is:

- A. Up to 24% of the HOME loan/grant amount for Owner-Occupied Rehabilitation (OOR).
- B. Up to 6.5% of the HOME loan/grant amount for First-Time Homebuyer (FTHB) activities, including rehabilitation;
- C. Up to 6.5% of the HOME Construction loan amount for FTHB activities involving in-fill construction;
- D. Ineligible for Tenant Based Rental Assistance.

The total amount of ADC drawn down during the entire contract term must be for actual costs incurred according to OMB Circulars A-87 and A-122 and have documentation in each project file.

Condition Found:

Significant Deficiency, Instance of Non-Compliance – For each draw down tested, we noted that the City was requesting reimbursement for the maximum allowable percentage of activity delivery costs instead of basing the reimbursement on actual costs incurred. Based on the information in the “HOME FTHB/Rehab Loan Funding Breakdown” the City claimed \$22,190 in ADC, of which, \$5,439 was program income.

Questioned Costs:

\$16,751, which is the total activity delivery costs claimed less the amount mentioned above which represents program income.

Context:

The condition noted above was identified during our testing of cash management compliance requirements.

Effect:

The City may have drawn down HOME funds in excess of actual administrative costs incurred related to the funding of certain first-time homebuyer and rehab loans.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Cause:

The City does not have procedures in place to ensure that actual administrative costs by project to ensure that only actual costs up to the allowable percentage are requested for reimbursement.

Recommendation:

It is recommended that the City develop procedures to ensure that actual administrative costs related to the funding of first-time homebuyer and rehabilitation loans are tracked in a manner which would allow for only actual costs incurred to be requested for reimbursement.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding. Procedures will be put in place to ensure the actual costs are properly recorded for reimbursement.

FINDING 2015-005

Program: Home Investment Partnerships Program

CFDA No.: 14.239

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

Passed-through: California Department of Housing and Community Development

Award Year: 2014-2015

Compliance Requirement: Period of Availability

Criteria:

Part 3 of Exhibit A of the grant agreement between the City of Roseville and the California Department of Housing and Community Development, agreement 11-HOME-7531, indicates that all program funds must be expended by December 31, 2014.

Condition Found:

Significant Deficiency, Instance of Non-Compliance – VTD noted that \$24,643 in program expenditures reported were incurred after the period of performance identified in the grant agreement.

Questioned Costs:

None

Context:

The condition noted above was identified during our testing of period of availability compliance requirements.

Effect:

The City over-reported program expenditures on the SEFA. The SEFA was adjusted to omit the expenditures which were incurred after the period of availability had elapsed.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Cause:

The City does not have procedures in place to ensure that only costs incurred within a grant's period of availability are treated as federal expenditures.

Recommendation:

It is recommended that the City develop procedures to ensure that grant period of performance is tracked and that only costs incurred within the grant's period of performance are reported on the SEFA.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding. This has been communicated with staff responsible for the programs to follow the grant period to ensure the proper recording of expenditures.

CITY OF ROSEVILLE, CALIFORNIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Financial Statement Prior Year Findings

Finding No.	Finding Description	Corrective Action
2014-01	Accounting for Capital Assets	Implemented
2014-02	Loan Repayment Priority Based on Funding Sources	Implemented
2014-03	Investment Policy Requirement for Annual Review of Investments by External Auditor	Implemented
2014-04	Health and Safety Code Expenditure Limitations and Reporting Requirements for the Housing Successor	Implemented
2014-05	Information Technology Best Practices Recommendations	Implemented

Federal Award Prior Year Findings and Questioned Costs

Finding No.	Finding Description	Corrective Action
SA2014-001	Cash Management – Draw Down of HOME Grant Funds in Excess of Actual Expenditures Incurred	Partially Implemented – See finding 2015-004 above.
SA2014-002	Timely Submittal of Required Reports	Implemented
SA2014-003	Accurate Preparation of Federal Funding Accounting and Transparency Sub-award Reporting System Reports	Implemented
SA2014-004	Timely Submission of Grant Reimbursement Requests	Implemented