

CITY OF ROSEVILLE
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2005

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SUMMARY OF AUDIT RESULTS

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

We are required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, to present an overview of the Single Audit which is described below.

Audit of Basic Financial Statements

We have audited the basic financial statements of the City of Roseville, California, for the year ended June 30, 2005 and have issued our unqualified report thereon dated October 28, 2005. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States and the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non profit Organizations*. We performed a Single Audit as requested by the City to comply with the provisions of the Single Audit Act as amended in 1996 and OMB A-133.

Our audit did not disclose any reportable conditions, or material weaknesses or instances of noncompliance material to the basic financial statements. However, we did communicate other matters to City Council in our separate Memorandum on Internal Controls dated October 28, 2005.

Audit of Major Programs

Our audit did not disclose any reportable conditions, or material weaknesses in internal controls over major programs. We have issued an unqualified opinion on compliance with the requirements applicable to major programs.

Identification of Major Programs

The following Programs were determined to be major programs:

- Section 8 Housing Choice Vouchers (CFDA #14.871)
- Public Safety Partnership and Community Policing Grants (COPS) (CFDA #16.710)
- State and Community Highway Safety (CFDA #20.600)
- Federal Transit-Capital Investment Grants (CFDA #20.500)

SUMMARY OF AUDIT RESULTS (Continued)

Dollar Threshold Used to Distinguish Between Type A and Type B Programs

The threshold for Type A programs was \$448,190.

Organizational Risk Evaluation

The City was assessed as a low risk auditee based on prior years reporting results, our overall knowledge of the City and other criteria specified by the Office of Management and Budget.

FINDINGS RELATED TO FINANCIAL STATEMENTS

There were no findings required to be reported under Generally Accepted Government Auditing Standards.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Our audit did not disclose any findings required to be disclosed by OMB Circular A-133, Subpart E.510.

SUMMARY OF PRIOR YEAR FINDINGS

There were no unresolved prior year findings.



December 9, 2005

CITY OF ROSEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Program Name	Pass-Through Entity Grant Number	Catalog of Federal Domestic Assistance Number	Program Expenditures
U.S. Department of Housing and Urban Development Low Income Housing Program (Section 8) Voucher		14.871	<u>\$3,461,109</u>
Community Development Block Grant Program Expenditures	B-03-MC-060043	14.218	252,543
Loan Program: Balance of Loans		14.218	<u>1,016,133</u>
Total Community Development Block Grants			<u>1,268,676</u>
HOME Funds (Passed through State Department of Housing and Community Development)			
Program Expenditures	02-HOME-0603	14.239	92,707
Loan Program: Balance of Loans		14.239	<u>5,280,067</u>
Total HOME Funds			<u>5,372,774</u>
Total U.S. Department of Housing and Urban Development			<u>10,102,559</u>
U.S. Department of Justice Local Law Enforcement Block Grant	2002-LB-BX-0553	16.592	51,610
Community Oriented Policing Services	2003CKWX0104	16.710	403,006
Bulletproof Vest Program		16.607	24,825
(Passed through State Office of Juvenile Justice and Delinquency Prevention)			
Accountability for Informal Juvenile Probationers	IP-02017852	16.523	<u>8,945</u>
Total U.S. Department of Justice			<u>488,386</u>
U.S. Department of Homeland Security Assistance to Firefighters (formerly CFDA # 83.554)	EMW2002FG11336	97.044	17,000
Assistance to Firefighters		97.044	<u>19,750</u>
Total U.S. Department of Homeland Security			<u>36,750</u>
U.S. Department of Health and Human Services (Passed through the State of California Dept. of Education, Child Development Division)			
School Age Child Care Resources Grant	FSCC-2109	93.575	<u>2,830</u>
			<u>2,830</u>

CITY OF ROSEVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Program Name	Pass-Through Entity Grant Number	Catalog of Federal Domestic Assistance Number	Program Expenditures
U.S. Department of Transportation			
(Passed through State Office of Traffic Safety)			
Beware of Seven DUI Campaign	AL-0120	20.600	8,004
Safety Training and Restraint Systems (S.T.A.R.S.)	OP-0510	20.600	7,675
Roseville Anti-DUI Project	AL-0565	20.600	100,327
Seat Belt Compliance Campaign	IN-53104	20.600	5,407
Click It or Ticket		20.600	<u>5,022</u>
			<u>126,435</u>
(Passed through State Department of Transportation)			
Highway Planning and Construction Grants			
Washington Boulevard Sidewalk	STPLER-5182 (016)	20.205	29,779
Washington Boulevard Pedestrian Underpass	TCSP5182 (019)	20.205	60,705
Antelope Creek Bike Trail	CML-5182 (001)	20.205	402,602
Atkinson Bridge Replacement	BHLS-5182 (007)	20.205	518,453
Cosmos/Royer Bike Trail	CML-5182 (006)	20.205	11,931
Pleasant Grove Cold Foam Project	STPLX-5182 (023)	20.205	1,209,815
CMAQ - Congestion Mitigation and Air Quality		20.205	<u>18,299</u>
			<u>2,251,584</u>
Total Highway Planning and Construction Grants			
Federal Transit - Capital Investment Grants			
Orion buses	CA-90-Y027	20.500	592,988
Orion buses	CA-90-Y160	20.500	494,067
Orion buses, 15 passenger buses	CA-90-X998-00	20.500	<u>204,181</u>
			<u>1,291,236</u>
Total Federal Transit - Capital Investment Grants			
Job Access-Reverse Commute		20.516	<u>348,964</u>
Total U.S. Department of Transportation			<u>4,018,219</u>
U.S. Environmental Protection Agency			
Water Infrastructure Tank Replacement	XP-96907801-0	66.606	<u>61,859</u>
U.S. Department of Defense			
Water Meter Retrofit Program	WRDA 1992	12.106	<u>167,543</u>
U.S. Department of Interior - Bureau of Reclamation			
Ultra Low Flow Toilet Rebates		15.xxx	7,994
Washing Machine Rebates		15.xxx	39,779
Conservation Grant		15.xxx	<u>13,750</u>
			<u>61,523</u>
Total U.S. Department of Interior			
TOTAL FEDERAL FINANCIAL AWARDS			<u><u>\$14,939,669</u></u>

See notes accompanying the Schedule of Expenditures of Federal Awards

CITY OF ROSEVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1-Reporting Entity

The Schedule of Expenditure of Federal Awards includes expenditures of federal awards for the City of Roseville, the City of Roseville Redevelopment Agency, the Roseville Finance Authority and the City of Roseville Housing Authority which are controlled by and dependent on the City. These governments form the reporting entity included in the basic financial statements of the City Roseville.

The **Redevelopment Agency of the City of Roseville** is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Agency of the City of Roseville Special Revenue Fund.

The **Roseville Finance Authority** is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Roseville Finance Authority Debt Service Fund and Capital Projects Fund.

The **City of Roseville Housing Authority** is a separate government entity whose purpose is to assist with the housing for the City's low and moderate income residents. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Housing Authority Section 8 Special Revenue Fund.

Financial statements for the Redevelopment Agency may be obtained from the City of Roseville at 311 Vernon Street, Suite 206, Roseville, California, 95678. Separate financial statements for the Roseville Finance Authority and Roseville Housing Authority are not issued.

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 2-Basis of Accounting (Continued)

OMB Circular A-133 requires that certain adjustments be made to expenditures recognized when incurred. The adjustments applicable to the City are summarized below:

Loan Program with continuing Compliance Requirements - The City operates a loan program under which it must insure participants maintain compliance with program requirements on an on going basis. OMB Circular A-133 section .205(b) requires that expenditures for the above program include the balance of loans outstanding at the beginning of the year plus cash received from the program.

Note 3-Direct and Indirect (Pass-Through) Federal Awards

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

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**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***

Honorable Mayor and City Council
City of Roseville, California

We have audited the basic financial statements of City of Roseville as of and for the year ended June 30, 2005, and have issued our report thereon dated October 28, 2005. We conducted our audit in accordance with generally accepted auditing standards 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However we did communicate other matters to City Council in our separate Memorandum on Internal Controls dated October 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 that are required to be reported under *Government Auditing Standard*.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the above parties.


A Professional Corporation

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
City of Roseville, California

Compliance

We have audited the compliance of the City of Roseville with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City's major federal programs are identified in the summary of auditor's results section of this report. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Roseville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control over Compliance

City management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of City of Roseville as of and for the year ended June 30, 2005, and have issued our report thereon dated October 28, 2005. Our audit was made for the purpose of forming an opinion on the basic financial statements of the City of Roseville taken as a whole. 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. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the above parties.



December 9, 2005