



CITY OF ROSEVILLE, CALIFORNIA

JUNE 30, 2022

SINGLE AUDIT REPORT

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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
City of 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, California (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2023.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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*.



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

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 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.

Lance, Solt & Lingham, LLP

Sacramento, California
March 7, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Roseville California (the "City")'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were



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

not identified. However, as discussed below, we did identify one deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant a deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 7, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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.

A handwritten signature in black ink that reads "Lance, Soll & Loughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California

March 27, 2023 (Except for the Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance, which is dated March 7, 2023)

CITY OF ROSEVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Unique Entity ID	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Direct Programs</i>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 7,368,479	\$ -
COVID-19 - Section 8 Housing Choice Vouchers - Additional CARES Funding	14.871	N/A	215,234	-
Subtotal Assistance Listing Number 14.871			<u>7,583,713</u>	-
Mainstream Vouchers	14.879	N/A	280,900	-
COVID-19 Emergency Housing Voucher	14.U01	N/A	169,917	-
Total Housing Voucher Cluster			<u>8,034,530</u>	-
CDBG - Entitlement Grants Cluster*				
Community Development Block Grants/Entitlement Grants	14.218	N/A	718,722	-
Community Development Block Grants/Entitlement Grants - Program Income	14.218	N/A	143,085	-
Community Development Block Grants/Entitlement Grants - Beginning Loan Balance	14.218	N/A	2,278,584	-
Subtotal Assistance Listing Number 14.218			<u>3,140,391</u>	-
Total CDBG - Entitlement Grants Cluster*			<u>3,140,391</u>	-
<i>Passed through the California Department of Housing and Community Development</i>				
Home Investment Partnership Program	14.239	L4JQPJ7N5NT4	27,779	-
Home Investment Partnership Program - Current Year Loans Issued	14.239	L4JQPJ7N5NT4	45,410	-
Home Investment Partnership Program - Beginning Loan Balance	14.239	L4JQPJ7N5NT4	8,555,154	-
Subtotal Assistance Listing Number 14.239			<u>8,628,343</u>	-
Total Home Investment Partnership Program			<u>8,628,343</u>	-
Total Department of Housing and Urban Development			<u>19,803,264</u>	-
U.S. Department of Justice				
<i>Direct Programs</i>				
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	N/A	26,730	-
Equitable Sharing Program	16.922	N/A	3	-
Total Department of Justice			<u>26,733</u>	-
U.S. Department of Transportation				
<i>Direct Programs</i>				
Federal Transit Cluster				
Federal Transit - Formula Grants (Urbanized Formula Program)	20.507	N/A	1,990,334	-
Federal Transit - Formula Grants (Urbanized Formula Program) - Program Income	20.507	N/A	47,565	-
Subtotal Assistance Listing Number 20.507			<u>2,037,899</u>	-
Total Federal Transit Cluster			<u>2,037,899</u>	-
<i>Passed through the California Department of Transportation</i>				
Highway Planning and Construction Cluster*				
Highway Planning and Construction	20.205	D2C8ARJZKDJ7	8,713,956	-
Total Highway Planning and Construction Cluster*			<u>8,713,956</u>	-
Total Department of Transportation			<u>10,751,855</u>	-
U.S. Department of Treasury				
<i>Passed through the State of California</i>				
COVID-19 - California Arrearage Payment Program*	21.027	RN15SP9CPJE6	509,434	-
<i>Passed through the Placer County Department of Health and Human Services</i>				
COVID-19 - Emergency Rental Assistance	21.023	L786NC553FC1	3,499,814	-
COVID-19 - Emergency Rental Assistance - Admin	21.023	L786NC553FC1	97,675	-
Subtotal Assistance Listing Number 21.023			<u>3,597,489</u>	-
Total Department of Treasury			<u>4,106,923</u>	-
Environmental Protection Agency				
<i>Passed through the California State Water Resources Control Board</i>				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	TGFTZM2DN5Z2	1,921,414	1,921,414
Total Clean Water State Revolving Fund Cluster			<u>1,921,414</u>	<u>1,921,414</u>
Total Environmental Protection Agency			<u>1,921,414</u>	<u>1,921,414</u>
U.S. Department of Health and Human Services				
<i>Passed through the California Department of Education</i>				
CCDF Cluster				
Child Care and Development Block Grant	93.575	HWECY7CDW9Y7	79,068	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	HWECY7CDW9Y7	103,460	-
Total CCDF Cluster			<u>182,528</u>	-
Total Department of Health and Human Services			<u>182,528</u>	-
U.S. Department of Homeland Security				
<i>Passed through the Sacramento Metro Fire Department</i>				
Assistance to Firefighters Grant	97.044	NEELEQ8688K7	348,451	-
<i>Passed through the California Governor's Office of Emergency Services</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	UTM3S7LKYQZ4	194,926	-
<i>Passed through the County of Placer</i>				
Homeland Security Grant Program	97.067	L786NC553FC1	89,376	-
<i>Passed through the City of Sacramento</i>				
Homeland Security Grant Program - Urban Area Security Initiative	97.607	EVTYGJL5BY44	40,316	-
Total Department of Homeland Security			<u>673,069</u>	-
Total Expenditures of Federal Awards			<u>\$ 37,465,786</u>	<u>\$ 1,921,414</u>

* Major Program

Note a: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

CITY OF ROSEVILLE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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 Schedule.

Note 3: Indirect Cost Rate

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

Note 4: Loan Programs with Continuing Compliance Requirements

The loans listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans made during the fiscal year, if any, are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at June 30, 2022, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2022
14.218	CDBG - Entitlement Grants Cluster	\$ 2,280,676
14.239	HOME Investment Partnership Program	8,058,955
	Total Loans Outstanding	<u>\$ 10,339,631</u>

CITY OF ROSEVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CDBG – Entitlement Grants Cluster Grant Documentation

Finding 2022-001: Continuing Loan Compliance
Noncompliance/Significant Deficiency

Federal Award Information:

Assistance Listing Number: 14.218

Program Title: CDBG – Entitlement Grants Cluster

Federal Award Year(s): FY 2021-22

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

Passed through: State of California Department of Housing and Community Development

Criteria or Specific Requirement:

The City was unable to provide compliance supporting documentation for the CDBG – Entitlement Grants Cluster loan compliance requirements for the year ended June 30, 2022, specifically verification of current required insurance policies.

Condition:

We noted that for the loans selected, the City did not have record of verifying current required insurance policies during the year, and did not have data on file for some of the items.

Cause of the Condition:

The City did not have the necessary documentation on file.

Effect or Possible Effect:

Adequate supporting documentation of outstanding loans are not being effectively maintained and archived by City personnel.

Context:

The City was unable to provide verification of current insurance policies and did not have all policies on file for the loans selected.

Repeat Finding:

This is a new finding for the fiscal year ended June 30, 2022.

Recommendation:

We recommend that management monitors each loan to ensure that the City maintains the most up-to-date information, and remains in compliance with all necessary requirements of the loan program.

Management's Response and Corrective Action:

The City agrees with the finding and will review and monitor each loan to maintain the most up-to-date information and comply with all requirements of the loan program.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

Reference Number: 2021-001

Status of Finding: This matter is considered resolved in the current year.

Reference Number: 2021-002

Status of Finding: This matter is considered resolved in the current year.

Reference Number: 2021-003

Status of Finding: This matter is considered resolved in the current year.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.