

**CITY OF ROSEVILLE, CALIFORNIA**

**SINGLE AUDIT REPORT**

**FISCAL YEAR ENDING JUNE 30, 2017**

**CITY OF ROSEVILLE, CALIFORNIA**

**SINGLE AUDIT REPORT**

**FISCAL YEAR ENDING JUNE 30, 2017**

**Table of Contents**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
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 the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditure of Federal Awards	8
Schedule of Findings and Questioned Costs	
I.    Summary of Auditors' Results	9
II.   Financial Statement Findings	10
III.  Federal Awards Findings and Questioned Costs	11
Summary Schedule of Prior Audit Findings	12



VAVRINEK, TRINE, DAY & CO., LLP  
Certified Public Accountants

VALUE THE *difference*

**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, California (City), as of and for the year ended June 30, 2017, 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 22, 2017. Our report includes an emphasis of matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

**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.

## **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*.

## **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

December 22, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT 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  
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 the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditors' 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; 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 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, 2017.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2017, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. 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  
December 22, 2017

**CITY OF ROSEVILLE, CALIFORNIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Grant Identification Number / Pass-Through Identification Number</b>	<b>Federal Expenditures</b>	<b>Amounts Provided to Subrecipients</b>
<b><u>U. S. Department of Housing and Urban Development</u></b>				
<i>Direct Programs</i>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	CA128	\$ 4,891,631	
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-06-0063	505,766	\$ 302,790
<i>Passed through the California Department of Housing and Community Development</i>				
Home Investment Partnerships Program	14.239	11-HOME-7531	192,138	
Home Investment Partnerships Program	14.239	Loan	3,373,263	
Total Department of Housing and Urban Development			<b>8,962,798</b>	<b>302,790</b>
<b><u>U. S. Department of Health and Human Services</u></b>				
<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	13609-2191	142,175	
Total Department of Health and Human Services			<b>142,175</b>	
<b><u>U. S. Department of Justice</u></b>				
<i>Direct Programs</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0622	19,928	
Total Department of Justice			<b>19,928</b>	
<b><u>U. S. Department of Transportation</u></b>				
<i>Direct Programs</i>				
Federal Transit Cluster				
Federal Transit-Formula Grants				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA 90-Y492	35,556	
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y593	743,379	
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y773	38,830	
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-34-0009-01	963,361	
Total Federal Transit Cluster			1,781,126	
<i>Passed through the California Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction - Bridge Preventative Maintenance Project	20.205	BP MPL-5182(071)	2,641	
Highway Planning and Construction - Industrial Ave Bridge Replacement	20.205	BRL0-5182(056)	3,400,164	
Highway Planning and Construction - Oakridge Bridge Replacement	20.205	BRL0-5182(057)	34,245	
Highway Planning and Construction - Dry Creek Greenway Comm. Plan/Outreach	20.205	CML-5182(058)	8,324	
Highway Planning and Construction - Oak St Ext-Miners Ravine Trail	20.205	CML-5182(063)	35,558	
Highway Planning and Construction - Safe Routes to School Cycle 3	20.205	SRTSLNI-5182(064)	51,584	
Highway Planning and Construction - 2015 RSTP Arterial Microsurfacing	20.205	STPL-5182(072)	3,946,520	
Highway Planning and Construction - Cirby Way/Roseville Rd	20.205	HSIPL-5182(068)	791,623	
Total Highway Planning and Construction Cluster			8,270,658	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64AM16-00103	44,067	

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, 2017**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Grant Identification Number / Pass-Through Identification Number</b>	<b>Federal Expenditures</b>	<b>Amounts Provided to Subrecipients</b>
<b><u>U. S. Department of Transportation (Continued)</u></b>				
<i>Passed through the Auburn Police Department</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Avoid DUI Campaign	20.608	AL1631	548	
Total Department of Transportation			<u>10,096,399</u>	
<b><u>Department of Homeland Security</u></b>				
<i>Passed through the County of Calaveras</i>				
Federal Emergency Management Agency				
Butte County Dam Assistance	97.036	FEMA-4308-DR	19,650	
<i>Passed through the County of Placer</i>				
Homeland Security Grant Program	97.067	2015-00078	21,114	
Total Department of Homeland Security			<u>40,765</u>	
		<b>TOTAL FEDERAL EXPENDITURES</b>	<b><u>\$ 19,262,065</u></b>	<b><u>\$ 302,790</u></b>

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

**CITY OF ROSEVILLE, CALIFORNIA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

***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, 2017. 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 on 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. 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 elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

***NOTE 4 – OUTSTANDING LOANS OF FEDERAL FUNDS***

The following schedule presents the amount of outstanding loans receivable by CFDA number. All loans with continuing compliance requirements are included on the accompanying Schedule. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the Schedule. The balance of loans outstanding at June 30, 2017, consists of:

<b><u>CFDA Number</u></b>	<b><u>Program Name</u></b>	<b><u>Outstanding Balance</u></b>
14.239	Home Investment Partnerships Program	\$ 3,373,263

**CITY OF ROSEVILLE, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**I. SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None noted</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major federal programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None noted</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 2 CFR 200 section 200.516(a)?	<u>No</u>

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.239</u>	<u>HOME Investment Partnerships Program</u>
<u>20.507/20.526</u>	<u>Federal Transit Cluster</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>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**CITY OF ROSEVILLE, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**II. FINANCIAL STATEMENT FINDINGS**

None noted.

**CITY OF ROSEVILLE, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.

**CITY OF ROSEVILLE, CALIFORNIA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Financial Statement Prior Year Findings**

<b>Finding No.</b>	<b>Description</b>	<b>Status</b>
2016-001	Vendor Master File Maintenance	Implemented