

CITY OF SACRAMENTO, CALIFORNIA

Single Audit Reports

For the Fiscal Year Ended June 30, 2020



Certified
Public
Accountants

CITY OF SACRAMENTO, CALIFORNIA
Single Audit Reports
For the Fiscal Year Ended June 30, 2020

Table of Contents

	<i>Page</i>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditor's 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.....	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	11



**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sacramento, California (City) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, professional style.

Sacramento, California

December 18, 2020



Independent Auditor's 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
City of Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited the City of Sacramento, 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 fiscal year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 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 fiscal year ended June 30, 2020.

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 Example Entity'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 fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 18, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Sacramento, California
March 12, 2021

This page left blank intentionally.

CITY OF SACRAMENTO, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
United States Department of Housing and Urban Development				
Passed through Sacramento Housing and Redevelopment Agency:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants:				
Rio Linda Blvd Bridge Rehab	14.218	2017-1284	\$ 415,719	\$ -
Transportation Project Funding Pre-Planning and Outreach	14.218	2017-0195	128	-
Meadowview Streetscape	14.218	2018-0737	78,327	-
Meadowview Streetscape Phase II	14.218	2018-0737	68,819	-
Fourth Street Pedestrian Access	14.218	2016-0201	44,354	-
North 16th Street Streetscape Design Plan	14.218	2016-0203	66,798	-
24th Street Feasibility Study	14.218	2017-0174	21,277	-
SIM Center Signal Crossings	14.218	2018-0346	29,162	-
Suttersville Road Pedestrian Crossing	14.218	2018-0347	12,573	-
Midtown Street Lighting Phase III Design	14.218	2018-1764	538,775	-
Stockton Boulevard Corridor Study	14.218	2019-1040	25,000	-
Oak Park Improvement Construction	14.218	2019-1045	26,486	-
Meadowview Park Improvements Construction	14.218	2019-1052	45,018	-
River District Basketball Court	14.218	2020-0356	184	-
Subtotal Community Development Block Grants/Entitlement Grants			<u>1,372,620</u>	<u>-</u>
Subtotal CDBG - Entitlement Grants Cluster			<u>1,372,620</u>	<u>-</u>
United States Department of the Interior				
Direct Programs:				
Central Valley Improvement Act, Title XXXIV:				
Lower American River Gravel Augmentation	15.512	N/A	<u>708,224</u>	<u>-</u>
Central Valley Project Improvement Act (CVPIA):				
Lower American River Restoration Prioritization and Monitoring	15.648	N/A	<u>212,169</u>	<u>-</u>
Total United States Department of the Interior			<u>920,393</u>	<u>-</u>
United States Department of Justice				
Passed through Sacramento County Sheriff's Department:				
Internet Crimes Against Children Task Force (ICAC):				
Missing Children's Assistance	16.543	2017-1403	<u>35,000</u>	<u>-</u>
Direct Programs:				
Public Safety Partnership and Community Policing Grants:				
COPS Hiring Program - 2015	16.710	N/A	142,907	-
COPS Hiring Program - 2017	16.710	N/A	571,668	-
Subtotal Public Safety Partnership and Community Policing Grants			<u>714,575</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	117,270	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	79,962	-
Subtotal Edward Byrne Memorial Justice Assistance Grant Program			<u>197,232</u>	<u>-</u>
Equitable Sharing Program	16.922	N/A	9,962	-
Equitable Sharing Program	16.922	N/A	26,350	-
Equitable Sharing Program	16.922	N/A	20,250	-
Equitable Sharing Program	16.922	N/A	105,167	-
Subtotal Equitable Sharing Program			<u>161,729</u>	<u>-</u>
Total United States Department of Justice			<u>1,108,536</u>	<u>-</u>
United States Department of Labor				
Passed through Sacramento Employment and Training Agency:				
WIOA Cluster:				
WIA/WIOA Youth Activities	17.259	046301IS-19	<u>75,030</u>	<u>-</u>
Subtotal WIOA Cluster			<u>75,030</u>	<u>-</u>
United States Department of Transportation				
Passed through State of California Department of Transportation (CALTRANS):				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CML-5002(155)	174,211	-
Highway Planning and Construction	20.205	CML-5002(178)	9,509	-
Highway Planning and Construction	20.205	ATPL-5002(189)	221,468	-
Highway Planning and Construction	20.205	CML-5002(193)	299,049	-
Highway Planning and Construction	20.205	STPL-5002(156)	56,768	-
Highway Planning and Construction	20.205	STPL-5002(156)	7,600	-
Highway Planning and Construction	20.205	HP21L-5002(068)	54,573	-
Highway Planning and Construction	20.205	STPLR-7500(251)	658,991	-
Highway Planning and Construction	20.205	BRLS-5002(134)	4,448,278	-
Highway Planning and Construction	20.205	STPCML-5002(159)	11,530	-
Highway Planning and Construction	20.205	BRLS-5002(164)	1,519,877	-
Highway Planning and Construction	20.205	BRLS-5002(168)	81,749	-
Highway Planning and Construction	20.205	ATPSBIL-5002(173)	449,799	-
Highway Planning and Construction	20.205	STPL-5002(174)	172,742	-
Highway Planning and Construction	20.205	ATPL-5002(179)	321,147	-
Highway Planning and Construction	20.205	STPL-5002(195)	715,144	-
Highway Planning and Construction	20.205	STPL-5002(191)	104,337	-
Highway Planning and Construction	20.205	CML-5002(190)	34,804	-
Highway Planning and Construction	20.205	HSIPL-5002(183)	953,759	-
Highway Planning and Construction	20.205	HSIPL-5002(184)	375,076	-
Highway Planning and Construction	20.205	HSIPL-5002(185)	2,325,637	-
Highway Planning and Construction	20.205	HSIPL-5002(186)	1,299,594	-
Highway Planning and Construction	20.205	HSIPL-5002(187)	1,601,731	-
Highway Planning and Construction	20.205	HSIPL-5002(188)	51,055	-
Highway Planning and Construction	20.205	CML-5002(192)	99,116	-
Highway Planning and Construction	20.205	STPL-5002(196)	3,491,857	-

The accompanying notes are an integral part of this schedule.

CITY OF SACRAMENTO, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Highway Planning and Construction	20.205	HSIPL-5002(198)	134,641	-
Highway Planning and Construction	20.205	HSIPL-5002(199)	72,982	-
Highway Planning and Construction	20.205	HSIPL-5002(200)	101,683	-
Highway Planning and Construction	20.205	HSIPL-5002(201)	18,391	-
Highway Planning and Construction	20.205	HSIPL-5002(209)	2,552	-
Highway Planning and Construction	20.205	HSIPL-5002(210)	800	-
Highway Planning and Construction	20.205	HSIPL-5002(211)	3,439	-
Highway Planning and Construction	20.205	HSIPL-5002(212)	817	-
Subtotal Highway Planning and Construction Cluster			19,874,706	-
Highway Safety Cluster:				
Passed through State of California Office of Traffic Safety:				
State and Community Highway Safety	20.600	PT18072	309	-
State and Community Highway Safety	20.600	PT19103	60,892	-
State and Community Highway Safety	20.600	PT20148	101,241	-
Subtotal Highway Safety Cluster			162,442	-
Passed through State of California Office of Traffic Safety:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19103	84,445	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT20148	77,663	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			162,108	-
Total United States Department of Transportation			20,199,256	-
United States Department of the Treasury				
Direct Programs:				
Equitable Sharing	21.016	N/A	96,363	-
COVID-19 Coronavirus Relief Fund	21.019	N/A	508,099	-
COVID-19 Coronavirus Relief Fund	21.019	N/A	8,794,983	-
Subtotal COVID-19 Coronavirus Relief Fund			9,303,082	-
Total United States Department of the Treasury			9,399,445	-
United States Environmental Protection Agency				
Direct Program:				
Brownfields Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements:				
Assessment and Cleanup - Northeast Sacramento	66.818	N/A	110,207	-
Revolving Loan Fund	66.818	N/A	4,865	-
Subtotal Brownfields Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements			115,072	-
United States Department of Homeland Security				
Direct Programs:				
National Urban Search & Rescue (US&R) Response System:				
Urban Search and Rescue 2015	97.025	N/A	55,884	-
Urban Search and Rescue 2016	97.025	N/A	154,012	-
Urban Search and Rescue 2016	97.025	N/A	18,515	-
Urban Search and Rescue 2016	97.025	N/A	64,532	-
Urban Search and Rescue 2017	97.025	N/A	38,038	-
Urban Search and Rescue 2018	97.025	N/A	385,240	-
Urban Search and Rescue 2019	97.025	N/A	852,075	-
Urban Search and Rescue Florence Hurricane	97.025	N/A	578,490	-
Urban Search and Rescue Tropical Storm Barry	97.025	N/A	24,597	-
Subtotal National Urban Search & Rescue (US&R) Response System	97.025	N/A	2,171,383	-
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03798	136,470	-
Passed through California Governor's Office of Emergency Services:				
Public Assistance - Disaster Grants (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA Cal OES ID: 067-64000	2,110,167	-
Passed through State of California Office of Emergency Services:				
Homeland Security Grant Program	97.067	2016-0102	248,620	-
Homeland Security Grant Program	97.067	2017-0083	1,944,595	592,400
Passed through the Sacramento County Office of Emergency Services:				
Homeland Security Grant Program	97.067	2017	61,115	-
Homeland Security Grant Program	97.067	2017	113,137	-
Homeland Security Grant Program	97.067	2018	126,884	-
Subtotal Homeland Security Grant Program			2,494,351	592,400
Total United States Department of Homeland Security			6,912,371	592,400
Total Expenditures of Federal Awards			\$ 40,102,723	\$ 592,400

The accompanying notes are an integral part of this schedule.

CITY OF SACRAMENTO, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Sacramento, California (City) under programs of the federal government for the fiscal year ended June 30, 2020. The information in the 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.

Expenditures funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act are denoted by the prefix COVID-19 in the federal program title.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting for governmental funds and the full accrual basis for 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, if any, in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA numbers included in the accompanying Schedule were determined based on the program name, review of grant contract information, and the General Service Administration’s Catalog of Federal Domestic Assistance.

NOTE 4 – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance Section 2 CFR 200.414.

NOTE 5 – SCHEDULE OF SACRAMENTO EMPLOYMENT AND TRAINING AGENCY (SETA) EXPENDITURES

The following represents expenditures of the grant from the Sacramento Employment and Training Agency for the fiscal year ended June 30, 2020:

CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures		
		Personnel Service	Other	Total
17.259	046301IS-19	\$ 66,500	\$ 8,530	\$ 75,030

CITY OF SACRAMENTO, CALIFORNIA
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2020

Section 1 Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial Statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for the major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	CDBG – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants
21.019	COVID-19 Coronavirus Relief Fund
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B program:	\$1,203,082
Auditee qualified as a low-risk auditee?	Yes

CITY OF SACRAMENTO, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2020

Section II Financial Statement Findings

No matters were reported.

Section III Federal Awards Findings

No matters were reported.

CITY OF SACRAMENTO, CALIFORNIA
 Summary Schedule of Prior Audit Findings
 For the Fiscal Year Ended June 30, 2020

Finding No.	Program	CFDA No.	Compliance Requirement	Status
2018-004	Homeland Security Grant Program	97.067	Subrecipient Monitoring	Partially corrected - planned corrective action will be completed during fiscal year 2020/2021.
2019-001	Child Care and Development Fund Cluster	93.575 and 93.596	Eligibility	No longer applicable as the program is no longer federally funded.
2019-002	National Urban Search and Rescue (US&R) Response System	97.025	Reporting	Remains uncorrected - expected to be remediated by July 2021.