

CITY OF WEST SACRAMENTO, CALIFORNIA

SINGLE AUDIT

Year ended June 30, 2020

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Year ended June 30, 2020

CONTENTS

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 THE 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:	
SECTION I – SUMMARY OF AUDITOR'S RESULTS	9
SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS	10
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	11
SUMMARY OF PRIOR YEAR FINDINGS	12

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 City Council
City of West Sacramento, California
West 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, business-type activities, each major fund, and the aggregate remaining fund information of City of West Sacramento, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated March 30, 2021.

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.

(Continued)

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.


Crowe LLP

Sacramento, California
March 30, 2021

INDEPENDENT AUDITOR'S 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

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

Report on Compliance for Each Major Federal Program

We have audited the City of West Sacramento, California's (the 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, 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.

(Continued)

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, 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 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.

(Continued)

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 30, 2021, 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.


Crowe LLP

Sacramento, California
March 30, 2021

CITY OF WEST SACRAMENTO, CALIFORNIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture, Food and Nutrition Service:</u>			
<i>Passed-through the State of California Department of Education</i>			
Child Nutrition Cluster - Summer Food Service Program for Children	10.559	04012-SFSP-57	\$ <u>18,984</u>
<u>U.S. Department of Housing and Urban Development:</u>			
<i>Direct Program</i>			
CDBG – Entitlement Grant Cluster - Community Development Block Grants/ Entitlement Grants	14.218	-	<u>15,214</u>
<i>Passed-through the State of California Department of Housing and Urban Development</i>			
Community Development Block Grants/State Program CDBG Use of Program Income	14.228	*	87,654
Home Investment Partnerships Program	14.239	*	<u>7,253</u>
Total U.S. Department of Housing and Urban Development			<u>110,121</u>
<u>U.S. Department of Fish and Wildlife Service</u>			
<i>Passed-through the State of California Department of Parks & Recreation, Division of Boating & Waterways</i>			
West Sacramento BIG Dock	15.622	C8963436	<u>625,250</u>
<u>U.S. Department of Justice</u>			
<i>Direct Programs:</i>			
West Sacramento COVID-19 Response Funding	16.034	-	29,879
Bulletproof Vest Partnership Program	16.607	-	5,265
Public Safety Partnership and Community Policing Grants	16.710	-	<u>67,319</u>
Total U.S. Department of Justice			<u>102,463</u>
<u>U.S. Department of Transportation, Federal Highway Administration</u>			
<i>Passed-through the State of California Business, Transportation and Housing Agency</i>			
<i>Highway Planning and Construction Cluster:</i>			
Sycamore Park U.S. 50 Connecting Phase 2	20.205	CML-5447(044)	146,556
Innovative Safe Routes to School	20.205	SA1819075	30,810
Median Installation	20.205	HSIPSTPL-5447(047)	2,131
Traffic Signal Improvement	20.205	HSIPSTPL-5447(048)	20,875
Safety Feature Installation	20.205	HSIPSTPL-5447(049)	5,546
Intersection Improvement	20.205	HSIPSTPL-5447(050)	2,368
North Riverwalk Park	20.205	STPL-5447(051)	<u>45,971</u>
Subtotal Highway Planning and Construction Cluster			<u>254,257</u>

(Continued)

CITY OF WEST SACRAMENTO, CALIFORNIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation, Federal Highway Administration (continued)</u>			
<i>Passed-through the State of California Business, Transportation and Housing Agency</i>			
National Infrastructure Investments	20.933	TGR20GL-5447(043)	\$ <u>312,985</u>
<i>Passed-through the State of California, Office of Traffic Safety</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PT19145	12,955
State and Community Highway Safety	20.600	PT20140	10,948
National Priority Safety Program	20.618	PT20140	<u>19,777</u>
Subtotal Highway Safety Cluster			<u>43,680</u>
<i>Passed-through the State of California, Office of Traffic Safety</i>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
	20.608	PT19145	6,379
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
	20.608	PT20140	<u>5,606</u>
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>11,985</u>
Total U.S. Department of Transportation			<u>622,907</u>
<u>U.S. Environmental Protection Agency</u>			
<i>Direct Program</i>			
Brownfields Assessment and Cleanup Cooperative Agreements			
	66.818	-	<u>106,495</u>
<u>U.S. Department of Homeland Security</u>			
<i>Direct Program</i>			
Homeland Security Grant Program			
	97.067	-	<u>170,458</u>
<i>Passed through Yolo County Office of Emergency Services/ California Governor's Office of Emergency Services Grant</i>			
Homeland Security Grant Program	97.067	2017 Yolo OA-HS	<u>32,583</u>
Total U.S. Department of Homeland Security			<u>203,041</u>
Total expenditures of federal awards			<u>\$ 1,789,261</u>

* No pass-through number was provided by the pass-through entity.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF WEST SACRAMENTO, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of West Sacramento (the City) under programs of the federal government for the year ended June 30, 2020. 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 for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the City's operations, it is not intended to be and does not present the financial position, changes in financial position, or cash flows of the City.

Expenses reported on the Schedule of enterprise funds are reported on the accrual basis and expenditures of governmental funds are reported on the modified accrual basis of accounting. Such expenses/expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as a reimbursement.

Loan program expenditures represent loans disbursed during the period. City of West Sacramento has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The City applied an Indirect Cost Allocation Plan (ICAP) rate approved by the California State Transportation Agency, Department of Transportation (CalTrans) to CFDA 20.205. The ICAP during the year ended June 30, 2020 included an ICAP rate of 100.03% and a fringe benefit rate of 42.29% of total direct salaries and wages. Indirect costs were applied only to the Highway Planning and Construction Cluster.

NOTE 2 –SUBRECIPIENTS

There were no subrecipients of the City's programs during the year ended June 30, 2020.

NOTE 3 – LOAN PROGRAMS

The outstanding balances of loan programs were as follows:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Outstanding Loan Balance</u>
Community Development Block Grant	14.228	\$ 7,747,530
Home Investment Partnerships Program	14.239	\$ 4,365,053

CITY OF WEST SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION I - 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?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Number

15.622

U.S. Fish and Wildlife Service –
West Sacramento BIG Dock

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

(Continued)

CITY OF WEST SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

**SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO
BE REPORTED IN ACCORDANCE WITH GAGAS**

CURRENT YEAR FINDING - FINANCIAL STATEMENT AUDIT

No matters were reported.

(Continued)

CITY OF WEST SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2019-001: Information Systems Controls (Significant Deficiency)

Condition

We evaluated system access to the City's Active Directory as well as the financial system, OneSolution. The Active Directory authenticates and authorizes all users and computers in a Windows domain type network-assigning and enforcing security policies for all computers and installing or updating software. For example, when a user logs into a computer that is part of a Windows domain, Active Directory checks the submitted password and determines whether the user is an authorized user.

Recommendation

We recommend that management should establish written system access policies and procedures which provide for the appropriate levels of user access based on the relative roles and responsibilities within the financial reporting system. A best practice is to provide the lowest level of access based on operational need. Further, we recommend the City perform a systematic review and maintain documentation of user's access rights within the financial reporting system, to ensure that a) there are not users with super user access who also have the ability to perform operational functions within the financial system and b) users access roles are only for those functions which are necessary to perform in the normal course of business. Additionally, we recommend that the City consider removing user access accounts for users which no longer have a business purpose to retain such access.

Current Status

Implemented.