



# CITY OF ROSEVILLE, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SINGLE AUDIT REPORT

Focused  
on YOU



CITY OF ROSEVILLE, CALIFORNIA  
Single Audit Report  
For the Fiscal Year Ended June 30, 2023

CITY OF ROSEVILLE, CALIFORNIA

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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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, 2023, 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 25, 2024.

### 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

### 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

### **City of Roseville's Response to Findings**

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

### **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 & Lughard, LLP*

Sacramento, California  
March 25, 2024



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 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, 2023. 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, 2023.

***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.

***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,



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

*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 generally accepted auditing standards, *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.

### **Report on 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 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



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

### **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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 25, 2024, 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.

*Lance, Solt & Luyhard, LLP*

Sacramento, California  
March 25, 2024



**CITY OF ROSEVILLE**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Unique Entity ID</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
<b>U.S. Department of Housing and Urban Development</b>				
<i>Direct Programs</i>				
Housing Voucher Cluster*				
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 8,874,558	\$ -
Total Housing Voucher Cluster*			8,874,558	-
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	N/A	1,212,869	-
Community Development Block Grants/Entitlement Grants - Program Income	14.218	N/A	82,074	-
Community Development Block Grants/Entitlement Grants - Beginning Loan Balance	14.218	N/A	2,280,676	-
Subtotal Assistance Listing Number 14.218			3,575,619	-
Total CDBG - Entitlement Grants Cluster			3,575,619	-
<i>Passed through the California Department of Housing and Community Development</i>				
Home Investment Partnership Program	14.239	L4JQPJ7N5NT4	38,627	-
Home Investment Partnership Program - Current Year Loans Issued	14.239	L4JQPJ7N5NT4	51,695	-
Home Investment Partnership Program - Beginning Loan Balance*	14.239	L4JQPJ7N5NT4	8,058,955	-
Subtotal Assistance Listing Number 14.239			8,149,277	-
Total Home Investment Partnership Program			8,149,277	-
<b>Total Department of Housing and Urban Development</b>			<b>20,599,454</b>	<b>-</b>
<b>U.S. Department of Justice</b>				
<i>Direct Programs</i>				
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	19,724	-
Equitable Sharing Program	16.922	N/A	8,531	-
<b>Total Department of Justice</b>			<b>28,255</b>	<b>-</b>
<b>U.S. Department of Transportation</b>				
<i>Direct Programs</i>				
Federal Transit Cluster				
Federal Transit - Formula Grants (Urbanized Formula Program)	20.507	N/A	1,473,840	-
Federal Transit - Formula Grants (Urbanized Formula Program) - Program Income	20.507	N/A	51,268	-
Subtotal Assistance Listing Number 20.507			1,525,108	-
Total Federal Transit Cluster			1,525,108	-
<i>Passed through the California Department of Transportation</i>				
Highway Planning and Construction	20.205	D2C8ARJZKDJ7	5,653,379	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N4YFFGL4CDX5	37,591	-
<i>Passed through the California Department of Transportation</i>				
Highway Safety Cluster				
State and Community Highway Safety	20.600	D2C8ARJZKDJ7	39,863	-
Total Highway Safety Cluster			39,863	-
<b>Total Department of Transportation</b>			<b>7,255,941</b>	<b>-</b>
<b>U.S. Department of Treasury</b>				
<i>Passed through the State of California</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	RN15SP9CPJE6	3,813,564	-
<b>Total Department of Treasury</b>			<b>3,813,564</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through the California Department of Education</i>				
CCDF Cluster				
Child Care and Development Block Grant	93.575	HWECY7CDW9Y7	537,431	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	HWECY7CDW9Y7	76,047	-
Total CCDF Cluster			613,478	-
<b>Total Department of Health and Human Services</b>			<b>613,478</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the California Governor's Office of Emergency Services</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	UTM3S7LKYQZ4	529,297	-
Hazard Mitigation Grant	97.039	UTM3S7LKYQZ4	42,759	-
<i>Passed through the County of Placer</i>				
Emergency Management Performance Grants	97.042	L786NC553FC1	130,937	-
<i>Passed through the County of Placer</i>				
Homeland Security Grant Program*	97.067	L786NC553FC1	81,000	-
<i>Passed through the City of Sacramento</i>				
Homeland Security Grant Program*	97.067	UEBEEPV69B58	397,940	-
Subtotal Assistance Listing Number 97.067			478,940	-
<b>Total Department of Homeland Security</b>			<b>1,181,933</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 33,492,625</b>	<b>\$ -</b>

\* 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 Fiscal Year Ended June 30, 2023**

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**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, 2023. 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, 2023, consists of:

<b>Assistance Listing Number</b>	<b>Program Name</b>	<b>Outstanding Balance at June 30, 2023</b>
14.218	CDBG - Entitlement Grants Cluster	\$ 2,413,825
14.239	HOME Investment Partnership Program	7,728,207
	Total Loans Outstanding	<u>\$ 10,142,032</u>

**CITY OF ROSEVILLE**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?  yes  no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	HOME – Home Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B program \$1,000,275

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Reference Number:** 2023-001

**Evaluation of Finding:**  
Material Weakness

**Condition:**

As part of our standard audit procedures, we examined the City's bank reconciliation process and test significant bank reconciliations. During this process, we identified that the City's bank reconciliations were not prepared timely during the fiscal year. A majority of the bank reconciliation during the fiscal year were prepared after June 30, 2023. The June 2023 bank reconciliation was completed during October 2023.

**Criteria:**

In adhering to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework, the timely execution of detective internal controls (such as bank reconciliations) emerges as a pivotal component in ensuring the effectiveness and reliability of the City's risk management and governance processes. Detective controls play a crucial role in identifying and detecting deviations from established policies and procedures, allowing management to promptly respond to and mitigate potential risks. Timely completion and review of bank reconciliations enhances the City's ability to detect anomalies, errors, or fraudulent activities swiftly, facilitating informed decision-making and preventing the escalation of issues. This proactive approach aligns with the COSO framework's principles by promoting real-time monitoring and evaluation, ultimately contributing to the achievement of organizational objectives and the preservation of stakeholder value.

**Cause of Condition:**

The City suffered turnover in their finance department during the fiscal year resulting in a lack of adequate resources for internal controls to continue to function over the bank reconciliation process. In addition, as the City began reviewing the bank reconciliation, further errors were noted throughout the year and had to be revisited causing a delay.

**Effect or Potential Effect of Condition:**

The City's deficiency of resources, coupled with staff changes, caused a delay in the bank reconciliation process. As the City conducted reviews, additional errors were discovered throughout the year, necessitating revisits and further contributing to the delay of the bank reconciliations.

**Recommendation:**

We recommend that the City reexamine the allocation of resources to ensure the timely completion and review of bank reconciliations during the year. We recommend at minimum bank reconciliations are performed within 60 to 90 days of the close of the period.

**Management's Response and Corrective Action:**

The City agrees with LSL's finding and recommendations and has allocated appropriate resources to ensure bank reconciliations are prepared timely moving forward.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



**Finance**  
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**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Reference Number:** 2022-001

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