

**CITY OF MANTECA**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**CITY OF MANTECA**  
**SINGLE AUDIT REPORT**  
**For the Year Ended June 30, 2021**

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**CITY OF MANTECA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021**

**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?  X  Yes   No
- Significant deficiency(ies) identified?  X  Yes   None Reported

Noncompliance material to financial statements noted?   Yes  X  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  X  Yes   No
- Significant deficiency(ies) identified?  X  Yes   None Reported

Type of auditor’s report issued on compliance for major federal programs: Qualified – AL #21.019  
Unmodified – AL #14.218

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  X  Yes   No

Identification of major program(s):

<b>Assistance Listing #(s)</b>	<b>Name of Federal Program or Cluster</b>
<u>14.218</u>	<u>COVID-19 – Community Development Block Grant</u>
<u>21.019</u>	<u>COVID-19 – Coronavirus Relief Fund</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   Yes  X  No

## SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed significant deficiencies and material weaknesses, but no instances of noncompliance material to the basic financial statements. In addition to Finding SA2021-001 below, we have also issued a separate Memorandum on Internal Control dated August 2, 2023 which is an integral part of our audits and should be read in conjunction with this report.

### **Finding SA2021–001:                    Schedule of Expenditures of Federal Awards (SEFA) Preparation**

**Assistance Listing Number:** 14.218  
**Assistance Listing Title:** COVID-19 - Community Development Block Grants/Entitlement Grants  
**Name of Federal Agency:** Department of Housing and Urban Development  
**Pass Through Entity:** San Joaquin County Community Development Department  
**Federal Award Identification Number:** A-93-916

**Criteria:** In accordance with the requirements of OMB Uniform Administrative Requirements Subpart D Section 200.302(b) (1), the City should report all Federal awards expended in the Schedule of Expenditures of Federal Awards (SEFA) each fiscal year.

**Condition:** In addition to the exceptions noted in Memorandum on Internal Control current year finding 2021-003, during our testing of the fiscal year 2021 SEFA provided for audit we noted that federal expenditures for the Community Development Block Grants/Entitlement Grants (AL #14.218) were understated in the amount of \$251,273. The program expenditures were understated, because the general ledger had not been adjusted to reflect grant expenditures made by San Joaquin County on behalf of the City.

**Effect:** Incorrect reporting not only misstates the SEFA, it also implies that the City is not in compliance with the reporting requirements of the OMB Uniform Administrative Requirements. As a result, future federal funding could be adversely affected.

**Cause:** We understand that the fiscal year 2021 SEFA was prepared by outside consultants who were unaware of the intricacies of grant funds and what was reported in the general ledger.

**Recommendation:** The City must develop procedures to ensure that amounts reported on the SEFA are accurate and include all Federal awards expended each fiscal year.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit disclosed the following findings and questioned costs required to be reported in accordance with Uniform Guidance.

**Finding #SA2021-002:**                    **Support for Payroll Costs Charged to Grant**

**Assistance Listing Number:**    20.507  
**Assistance Listing Title:**        Federal Transit – Formula Grants (Urbanized Area Formula Program)  
**Name of Federal Agency:**        Department of Transportation - Federal Transportation Administration  
**Federal Award Identification Number:**    CA-2021-009-01, CA-2020-005-01, CA-2020-005-02

**Criteria:** 2 CFR Part 200.430(i), “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” requires that grantees adhere to the following, “Payroll systems must be based on records that accurately reflect the work performed” and “be supported by a system of internal controls that provides reasonable assurances that charges are accurate, allowable, and properly allocated...” The payroll records must be a part of the official record, reflect the employee’s total activity and show if the specific activity of the person is being paid by more than one federal award.

Section 200.430(i)(viii) indicates that budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed, among other requirements.

**Condition:** We noted that the payroll costs for one employee were charged to the program based on a flat rate of 25% of the payroll costs, rather than based on the actual hours worked. Payroll costs, including salary and benefits, charged to the program during fiscal year 2021 totaled \$8,997.

**Questioned Costs:** We question costs of \$8,997, which consists of the payroll and fringe benefits charged to the grant for the employee based on the flat percentage of pay and benefits for the full fiscal year.

**Effect:** The City is not in compliance with the payroll documentation requirements set forth in 2 CFR Part 200.430(i).

**Cause:** We understand that grant program staff were not aware of the payroll documentation requirement and due to staff turnover, Finance staff cannot determine whether any such documentation exists.

**Identification as a repeat finding:** Yes, since 2019

**Recommendation:** The City should establish procedures to ensure that payroll costs charged to the program are documented in accordance with 2 CFR Part 200.430 for the Federal Transit-Formula Grants program and all federal grant programs.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

**Finding #SA2021-003:                    Pro-Rating Annual Payroll Costs Charged to Grant**

**Assistance Listing Number:** 21.019  
**Assistance Listing Title:** COVID-19 - Coronavirus Relief Fund  
**Name of Federal Agency:** Department of Treasury  
**Pass Through Entity:** California Department of Finance  
**Federal Award Identification Number:** 390

**Criteria:** 2 CFR Part 200.430(i), “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” requires that grantees adhere to the following, “Payroll systems must be based on records that accurately reflect the work performed” and “be supported by a system of internal controls that provides reasonable assurances that charges are accurate, allowable, and properly allocated...” The payroll records must be a part of the official record, reflect the employee’s total activity and show if the specific activity of the person is being paid by more than one federal award.

**Condition:** The City charged a portion of three months of police and fire salaries to the Coronavirus Relief Fund program, and we noted one employee’s pay during that time included an annual stipend of \$12,333, of which 33% was charged to the federal award, or \$4,070. Although the pay was related to the employee’s gross pay under the applicable memorandum of understanding for the period, since it was an annual amount paid during the time charged to the grant, it should have been pro-rated to charge only 25% of the stipend to the federal award. Therefore, only 33% of that 25%, or \$1,017 should have been charged to the federal award.

After the issue was discovered, we reviewed the other payroll charges for amounts that did not appear to be in line with regular salaries and noted the payroll charges included annual stipends for three employees totaling \$35,905 of which 67% was charged to the federal award, or \$24,061. Those amounts should have been prorated as noted above, therefore only 67% of 25%, or \$6,015 should have been charged to the federal award. And, one employee’s vacation buy back, compensatory time off buy back, furlough used and administrative leave pay totaling \$50,679 was charged to the grant, which does not appear to be related to the three-month period of salaries charged to the grant.

**Questioned Costs:** We question costs in the amounts of \$3,053, \$18,046 and \$50,679, for total questioned costs of \$68,724.

**Effect:** The City is not in compliance with the payroll documentation requirements set forth in 2 CFR Part 200.430(i).

**Cause:** We understand that City staff compiled the report of eligible public safety payroll costs to be charged to the federal award and did not analyze to see if it included annual pay amounts that should be pro-rated for the time period of salaries charged.

**Recommendation:** The City should establish procedures to ensure that payroll costs charged to the program are pro-rated when the costs cover a time period that is longer than that covered by or being charged to the grant award, to ensure that costs are allocated equitably between federal and non-federal funding sources.

In addition, the City should work with the grantor to determine if other eligible public safety payroll costs are allowed to replace the ineligible costs, or if the questioned costs need to be returned to the grantor.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.



### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

**Finding #SA2021-004:**                      Allowable Subrecipient and Contract Costs

**Assistance Listing Number:**    14.218  
**Assistance Listing Title:**       COVID-19 - Community Development Block Grants/Entitlement Grants  
**Name of Federal Agency:**       Department of Housing and Urban Development  
**Pass Through Entity:**            San Joaquin County Community Development Department  
**Federal Award Identification Number:**       A-93-916

**Criteria:** The costs reimbursed to subrecipients and paid to vendors should not only be allowable under the grant program, the amounts paid should be supported by a contract or subgrant agreement with the entity.

**Condition:** During our testing of program expenditures for compliance with grant limitations and allowability, we noted that the City had a contract with a subrecipient for the Student Success Program, which included the personnel costs for the program/client coordinator of the program that provides basic and human schooling needs for eligible low-income children enrolled in the program. However, the costs reimbursed under the subrecipient agreement during fiscal year 2021 of \$3,892 were for the subrecipient’s rent costs and not for costs related to the Student Success Program.

We also noted one vendor payment for costs related to running the Manteca Shelter in the amount of \$50,000 that was supported by the vendor’s detail of expenses incurred for the period that totaled to only \$47,292, a difference of \$2,708. The contract with the vendor for the services provided indicated that it “shall not exceed” \$225,000, and the first payment was to be a flat amount of \$40,000, but it also indicated the “full payment of each task will only be made at such time as each task is completed” and did not indicate whether the remaining payments were to be on the reimbursement basis or a flat amount. City staff was not able to provide documentation to support the payment of the contract in “installments” as noted in the vendor invoice.

**Questioned Costs:** We question the costs disbursed to the subrecipient for the fiscal year of \$3,892 and we question the costs paid to the vendor in excess of the supporting documentation of \$2,708.

**Effect:** The City is not in compliance with the allowable costs requirements of the grant program.

**Cause:** We understand that the City staff responsible for the grant reimbursements at the time are no longer with the City and current City staff could not determine if the original subrecipient agreement was amended to allow the change from personnel costs to rent and if the vendor contract payment had additional supporting documentation that totaled to the amount paid.

**Recommendation:** The City should develop procedures to ensure that subrecipient costs reimbursed are related to the costs in the approved subgrant agreement.

In addition, the City should work with the grantor to determine if the ineligible costs can be corrected on a future reimbursement request, or if the questioned costs need to be returned to the grantor.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

**Finding #SA2021-005:**                    **Cash Management**

**Assistance Listing Number:**    14.218  
**Assistance Listing Title:**        COVID-19 - Community Development Block Grants/Entitlement Grants  
**Name of Federal Agency:**        Department of Housing and Urban Development  
**Pass Through Entity:**            San Joaquin County Community Development Department  
**Federal Award Identification Number:**    A-93-916

**Criteria:** The City should submit drawdown requests to San Joaquin County throughout the fiscal year as costs are incurred. Those drawdown requests should be completed at least quarterly, depending on the volume of program activity, to improve the cash management for the program and to match expenditures with associated revenues throughout the fiscal year. In addition, since the grant is on a reimbursement basis, expenditures should generally be incurred prior to requesting reimbursement from the County, unless specifically authorized by the grantor.

**Condition:** During our testing of grant expenditures and the associated drawdown requests, we noted the following:

- One program disbursement in May 2021 in the amount of \$20,100 was not included on a reimbursement request until September 2021.
- One program disbursement in November 2020 in the amount of \$14,063 was not included on a reimbursement request until August 2021.
- One disbursement on December 3, 2020 of \$5,000 was included in an October 2020 reimbursement that was received on November 10, 2020.
- One disbursement on September 17, 2020 of \$3,892 was included in a July 2020 reimbursement that was received on September 8, 2020.
- Three program disbursements totaling \$123,693 under the CDBG-CV program were not included on a reimbursement request during fiscal year 2021 or subsequent.

**Effect:** The City is not matching expenditures with associated revenues throughout the fiscal year as expenditures are incurred and is at risk of filing a reimbursement request after the filing deadlines of the County. And, the City requested and received reimbursement nine to twenty-three days before making the associated payments to two of the vendors.

**Cause:** We understand that both the variety of program expenditures incurred during the fiscal year, administrated by different departmental staff and staff turnover led to the late preparation of reimbursements and/or failure to file reimbursement requests. City staff was unable to determine why certain program costs were included on reimbursement requests prior to making the associated vendor payments.

**Recommendation:** The City should develop procedures to ensure that all grant-funded expenditures are included on drawdown requests and those requests should be prepared at least quarterly throughout the fiscal year. In addition, City staff should ensure that costs are incurred prior to including them on a reimbursement request.

**View of Responsible Officials and Planned Corrective Actions:** Please see Corrective Action Plan separately prepared by the City.

CITY OF MANTECA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
Department of Housing and Urban Development <b>Pass-Through</b> Program From:				
San Joaquin County Community Development Department				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants				
Program Expenditures	14.218	A-93-916	\$403,429	\$446,600
COVID-19 - CDBG-CV Program Expenditures	14.218	Not Available		378,077
<b>Total Department of Housing and Urban Development</b>			<u>403,429</u>	<u>824,677</u>
Department of Justice <b>Direct</b> Programs				
Edward Byrne Memorial Justice Assistance Grant Program				
COVID-19 - Coronavirus Emergency Supplemental Funding Program (CESF)	16.034			53,798
2018 Justice Assistance Grant	16.738			2,207
<b>Total Department of Justice</b>				<u>56,005</u>
Department of Transportation <b>Direct</b> Programs				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit-Formula Grants (Urbanized Area Formula Program)				
Operating Assistance	20.507			988,218
Department of Transportation <b>Pass-Through</b> Program From:				
State of California Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction (Federal-Aid Highway Program)				
Main Street - Yosemite to Atherton	20.205	STPL 5242 (032)		35,009
Retroreflective Traffic Sign Project	20.205	HSIPL 5242(033)		84
Traffic Signal Update	20.205	HSIPL 5242(034)		84
Main Street: Northgate to Alameda	20.205	HSIPL 5242(035)		84
Yosemite: Walnut to Main	20.205	HSIPL 5242(036)		168
Program Subtotal				<u>35,429</u>
State of California Office of Traffic Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	402PT-20		17,237
State and Community Highway Safety	20.600	402PT-21		16,842
Program Subtotal				<u>34,079</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Selective Traffic Enforcement Program (STEP)	20.608	164 AL-20		10,515
Selective Traffic Enforcement Program (STEP)	20.608	164 AL-21		18,674
Program Subtotal				<u>29,189</u>
<b>Total Department of Transportation</b>				<u>1,086,915</u>
Department of Treasury <b>Pass-Through</b> Program from:				
California Department of Finance				
COVID-19 - Coronavirus Relief Fund	21.019	390		1,047,037
Department of Homeland Security <b>Direct Program</b>				
Staffing for Adequate Fire and Emergency Responses (SAFER)				
	97.083			266,170
<b>Total Expenditures of Federal Awards</b>			<u>\$403,429</u>	<u>\$3,280,804</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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**CITY OF MANTECA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2021**

**NOTE 1 – REPORTING ENTITY**

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Manteca, California, and its component units as disclosed in the notes to the Basic Financial Statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

**NOTE 3 – INDIRECT COST ELECTION**

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – CORONAVIRUS RELIEF PROGRAM (AL# 21.019)**

The Schedule for the year ended June 30, 2021 includes expenditures for the Coronavirus Relief Program (AL# 21.019) for the period of March 1, 2020 to December 31, 2020. The period of performance for the grant was March 1, 2020 to December 31, 2020, but to receive the funding, the City was required to file a certification with the State Department of Finance by July 10, 2020 that the City would use the funds consistent with federal requirements, adhere to health orders and directives, return unspent funds, and repay any disallowed costs, among other compliance certifications. The City's certification was filed on July 7, 2020.

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**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 Members of the City Council  
City of Manteca, 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 Manteca as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated August 2, 2023. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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 City’s financial statements will not be prevented or detected and corrected on a timely basis. We identified certain deficiencies in internal control, we consider to be material weaknesses as listed item SA2021-001 on Section II – Financial Statement Findings of the Schedule of Findings and Questioned Costs and other instances of material weaknesses listed on the Schedule of Material Weaknesses included as part of our separately issued Memorandum on Internal Control dated August 2, 2023, which is an integral part of our audits and should be read in conjunction with this report.

*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. We identified certain deficiencies in internal control, we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control date August 2, 2023, which is an integral part of our audits and should be read in conjunction with this report.

### ***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 that are required to be reported under *Government Auditing Standards*, except as noted in item SA2021-001 in Section II – Financial Statement Findings of the Schedule of Findings and Questioned Costs.

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

The City's response to the findings identified in our audit are described in Section II – Financial Statement Findings of the Schedule of Findings and Questioned Costs and in our separately issued Memorandum on Internal Control dated August 2, 2023, which is an integral part of our audits and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 result 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.



Pleasant Hill, California

August 2, 2023, except for finding SA2021-001, as to which the date is March 14, 2024



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

To the Honorable Members of the City Council  
City of Manteca, California

***Report on Compliance for Each Major Federal Program***

We have audited City of Manteca's 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, 2021. 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 qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Basis for Qualified Opinion on Coronavirus Relief Fund (AL #21.019) Program***

As described in the accompanying Schedule of Findings and Questioned costs, the City did not comply with requirements regarding the Coronavirus Relief Fund (AL #21.019) Program for allowable costs as described in finding number SA2021-003. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

### ***Qualified Opinion on Coronavirus Relief Fund (AL #21.019) Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Coronavirus Relief Fund (AL #21.019) Program for the year ended June 30, 2021.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items SA2021-002, SA2021-004 and SA2021-005. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items SA2021-003 and SA2021-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items SA2021-002 and SA2021-004 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated August 2, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on 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 basic 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.

*Mane & Associates*

Pleasant Hill, California  
March 14, 2024

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