



# CITY OF CITRUS HEIGHTS, CALIFORNIA

JUNE 30, 2021

SINGLE AUDIT REPORT

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CITY OF CITRUS HEIGHTS, CALIFORNIA

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TABLE OF CONTENTS

	<u>Page Number</u>
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 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 .....	3
Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2021.....	6
Notes to the Schedule of Expenditures of Federal Awards .....	8
Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2021.....	9
Summary Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2020.....	11



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 Citrus Heights, 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 Citrus Heights, California (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, and have issued our report thereon dated December 14, 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.

#### **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 Citrus Heights, California

**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, Soll & Lughard, LLP*

Sacramento, California  
December 14, 2021



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 Citrus Heights, California

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

***Opinion on Each Major Federal Program***

We have audited the City of Citrus Heights (the City), California'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.

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, 2021.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 government programs.



To the Honorable Mayor and Members of the City Council  
City of Citrus Heights, California

### ***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, 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 GAAS, *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 the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.



To the Honorable Mayor and Members of the City Council  
City of Citrus Heights, California

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.

### **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 December 14, 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.

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.

*Lance, Soll & Luyhard, LLP*

Sacramento, California

March 22, 2022 (Except for the Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance, which is dated December 14, 2021)



CITY OF CITRUS HEIGHTS

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	Award Identifying Number	Pass-Through Grantor's DUNS Number	Passed-Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>					
Office of Community Planning and Development - Direct Program					
Community Development Block Grants/Entitlement Grants Cluster					
2020 Community Development Block Grants	14.218	B-20-MC-06-0056	N/A	\$ -	\$ 423,275
2021 Community Development Block Grants	14.218	B-21-MC-06-0056	N/A	-	382,755
Coronavirus Community Development Block Grants	14.218	B-20-MW-06-0056	N/A	-	182,656
Subtotal - AL 14.218				-	988,686
<b>Total Department of Housing and Urban Development Programs</b>					
				-	<b>988,686</b>
<b>U.S. Department of Justice</b>					
Bureau of Justice Assistance - Direct Program					
Domestic Cannabis Eradication Suppression Program (DCE/SP)					
	16.000	2021-9	N/A	-	2,095
Coronavirus Emergency Supplemental Program	16.034	2020-VD-BX-0668	N/A	-	50,308
Bulletproof Vest Partnership Program	16.607	N/A	N/A	-	9,900
Edward Byrne Memorial Justice Assistance Program	16.738	2019-DJ-BX-0539	N/A	-	795
Edward Byrne Memorial Justice Assistance Program	16.738	2020-DJ-BX-0064	N/A	-	15,159
Subtotal - AL 16.738				-	15,954
Equitable Share Program	16.922	CA0349600	N/A	-	35,550
<b>Total U.S. Department of Justice</b>					
				-	<b>113,807</b>
<b>U.S. Department of Transportation</b>					
National Highway Traffic Safety Administration - Direct Program					
Highway Safety Cluster					
2020 Selective Traffic Enforcement Program	20.600	PT20026	N/A	-	8,117
2021 Selective Traffic Enforcement Program	20.600	PT21018	N/A	-	22,565
Total Highway Safety Cluster				-	30,682
National Highway Traffic Safety Administration - Direct Program					
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program					
2020 Selective Traffic Enforcement Program	20.608	PT20026	N/A	-	38,097
2021 Selective Traffic Enforcement Program	20.608	PT21018	N/A	-	64,375
Subtotal - AL 20.608				-	102,472
National Highway Traffic Safety Administration - Direct Program					
National Priority Safety Program					
2020 Selective Traffic Enforcement Program	20.616	PT20026	N/A	-	9,824
Federal Highway Administration					
Passed through California State Transportation Agency, Department of Transportation					
Highway Planning and Construction Cluster					
Auburn Blvd-Rusch/Northern Limits	20.205	CML-5475 (038)	03-5475R 023-N1	-	652,075
Signalized Intersection Safety Improvements	20.205	HSIPL-5475 (041)	03-5475F15 027-F	-	152,947
San Juan Avenue	20.205	STPL-5475(046)	03-5475F15 028-F	-	535
Subtotal - AL 20.205				-	805,556
Total Highway Planning and Construction Cluster				-	805,556
<b>Total U.S. Department of Transportation Highway Planning and Construction</b>					
				-	<b>948,534</b>
<b>Department of Homeland Security*</b>					
Passed through California Governor's Office of Emergency Services					
Covid-19 Public Assistance FEMA Emergency Protective Measures					
	97.036	FEMA-DR-4482-CA	067-13588	-	8,354
Great Plates Public Assistance FEMA Emergency Protective Measures	97.036	FEMA-DR-4482-CA	067-13588	-	1,989,583
<b>Total U.S. Department of Homeland Security</b>					
				-	<b>1,997,937</b>
<b>Other Programs*</b>					
U.S. Department of Treasury Pass-Through Programs from: State Controller's Office:					
Coronavirus Relief Funds (CRF)	21.019	FEMA-DR-4482-CA	138831	-	1,084,214
<b>Total Other Programs</b>					
				-	<b>1,084,214</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ -</b>	<b>5,133,178</b>
<b>Federal Loan Beginning Balances with a Continuing Compliance Requirement</b>					
Community Development Block Grant	14.218				1,445,974
HOME Investment Partnership Program	14.239				234,665
<b>Total Federal Loan Balances with a Continuing Compliance Requirement</b>					
					1,680,639
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS INCLUDING LOANS</b>					<b>\$ 6,813,817</b>

CITY OF CITRUS HEIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CORONAVIRUS EMERGENCY ACTS FUNDING RECONCILIATION

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
<b>U.S Department of Housing and Urban Development</b>					
Office of community Planning and Development - Direct Program					
Community Development Block Grants/Entitlement Grants Cluster					
Coronavirus Community Development Block Grants					
	14.218	B-20-MW-06-0056	N/A	\$ -	\$ 182,656
Total U.S Department of Housing and Urban Development Programs				-	182,656
<b>U.S. Department of Justice</b>					
Bureau of Justice Assistance - Direct Program					
Coronavirus Emergency Supplemental Program					
	16.034	2020-VD-BX-0668	N/A	-	50,308
Total U.S Department of Justice Programs				-	50,308
<b>Department of Homeland Security</b>					
Passed through California Governor's Office of Emergency Services					
COVID-19 Public Assistance FEMA Emergency Protective Measures*					
	97.036	FEMA-DR-4482-CA	FEMA-DR-4482-CA	-	8,354
COVID-19 Great Plates Public Assistance FEMA Emergency Protective Measures*					
	97.036	FEMA-DR-4482-CA	FEMA-DR-4482-CA	-	1,989,583
Total U.S Department of Justice Programs				-	1,997,937
<b>Other Programs</b>					
U.S. Department of Treasury Pass-Through Programs from:					
State Controller's Office:					
Coronavirus Relief Funds (CRF)*					
	21.019	FEMA-DR-4482-CA	138831	-	1,084,214
Total Other Programs				-	1,084,214
<b>Total Coronavirus Emergency Acts Funding</b>				<b>\$ -</b>	<b>\$ 3,315,115</b>

\* Major Program

Note a: Refer to Note 1 to the Schedule of Expenditures of Federal Awards for a description of significant accounting policies used in preparing this schedule.

Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: Total amount provided to subrecipients during the year was \$0.

**CITY OF CITRUS HEIGHTS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

**a. Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by the City of Citrus Heights, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

**b. Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 2: Loan Programs with Continuing Compliance Requirements**

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs required servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. Current year transactions relating to these programs are included in the Schedule of Expenditures of Federal Awards. In accordance with 2 CFR section 200.502(b), the balance of loan program outstanding June 30, 2021, are as follows:

<b>Assistance Listing Number</b>	<b>Program Name</b>	<b>Outstanding Balance at June 30, 2021</b>
14.218	CDBG Loans	\$ 1,319,707
14.239	HOME Loans	234,665
	Total Loans Outstanding	<u>\$ 1,554,372</u>

**CITY OF CITRUS HEIGHTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Significant deficiencies identified?                    \_\_\_yes             X  none reported
- Material weaknesses identified?                    \_\_\_yes             X  no

Noncompliance material to financial statements noted?                    \_\_\_yes             X  no

Federal Awards

Internal control over major programs:

- Significant deficiencies identified?                    \_\_\_yes             X  none reported
- Material weaknesses identified?                    \_\_\_yes             X  no

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             X  no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
97.036	Disaster Grants Public Assistance

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

Auditee qualified as low-risk auditee?                     X  yes            \_\_\_no

**CITY OF CITRUS HEIGHTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

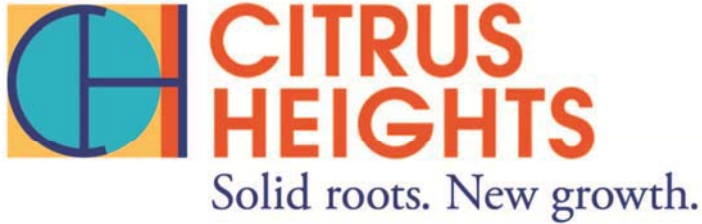
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



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**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*The City of CITRUS HEIGHTS  
is committed to providing  
high quality, economical,  
responsive city services  
to our community.*

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No federal award findings.