CITY OF SACRAMENTO, CALIFORNIA

Single Audit Reports

For the Fiscal Year Ended June 30, 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 Mayor and
Members of the City Council
City of Sacramento, California

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

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

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

Purpose of this Report

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

Macias Gini & O'Connell LLP
Sacramento, California
December 18, 2020
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Sacramento, California’s (City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City’s major federal programs for the fiscal year ended June 30, 2020. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2020.
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Example Entity’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Macias Gini & O’Connell LLP
Sacramento, California
March 12, 2021
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## Schedule of Expenditures of Federal Awards

**For the Fiscal Year Ended June 30, 2020**

### United States Department of Housing and Urban Development

**Community Development Block Grant/Entitlement Grants:**
- Rio Linda Blvd Bridge Rehab
- Transportation Project Funding Pre-Planning and Outreach
- Meadowview Streetscape
- Meadowview Streetscape Phase II
- North 16th Street Streetscape Design Plan
- 24th Street Feasibility Study
- SIM Center Signal Crossings
- Sutterville Road Pedestrian Crossing
- Midtown Street Lighting Phase III Design
- Stockton Boulevard Corridor Study
- Oak Park Improvement Construction
- Meadowview Park Improvement Construction
- River District Basketball Court

**Subtotal Community Development Block Grant/Entitlement Grants:** $1,372,620

### United States Department of the Interior

**Central Valley Improvement Act, Title XXXIV:**
- Lower American River Gravel Augmentation

**Central Valley Project Improvement Act (CVPIA):**
- Lower American River Restoration Prioritization and Monitoring

**Subtotal United States Department of the Interior:** $920,393

### United States Department of Justice

**Internet Crimes Against Children Task Force (ICAC):**
- Missing Children's Assistance

**Public Safety Partnership and Community Policing Grants:**
- COPS Hiring Program - 2015
- COPS Hiring Program - 2017

**Edward Byrne Memorial Justice Assistance Grant Program:**
- Equitable Sharing Program

**Subtotal Edward Byrne Memorial Justice Assistance Grant Program:** $197,232

**Subtotal United States Department of Justice:** $1,108,536

### United States Department of Labor

**WIOA Cluster:**
- WIA/WIOA Youth Activities

**Subtotal WIOA Cluster:** $75,030

### United States Department of Transportation

**Highway Planning and Construction Cluster:**
- Highway Planning and Construction

**Subtotal Highway Planning and Construction:** $172,620

The accompanying notes are an integral part of this schedule.
## Schedule of Expenditures of Federal Awards (Continued)
### For the Fiscal Year Ended June 30, 2020

### Federal Grantor/Pass-Through Grantor/Program or Cluster Title

<table>
<thead>
<tr>
<th>Federal CFDA Number</th>
<th>Pass-Through CFDA Number</th>
<th>Federal Expenditures to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(198)</td>
<td>$134,641</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(199)</td>
<td>$72,662</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(200)</td>
<td>$101,663</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(201)</td>
<td>$18,391</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(209)</td>
<td>$2,552</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(210)</td>
<td>$800</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(211)</td>
<td>$3,439</td>
</tr>
<tr>
<td>Highway Planning and Construction 20.205</td>
<td>HSIPL-5002(212)</td>
<td>$817</td>
</tr>
<tr>
<td><strong>Subtotal Highway Planning and Construction Cluster</strong></td>
<td></td>
<td>$19,874,706</td>
</tr>
</tbody>
</table>

### Highway Safety Cluster:
- **Passed through State of California Office of Traffic Safety:**
  - State and Community Highway Safety 20.600 | PT18072 | $309 | - |
  - State and Community Highway Safety 20.600 | PT19103 | $60,892 | - |
  - **Subtotal Highway Safety Cluster** | | $162,442 | - |

### Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608
- | PT19103 | $84,445 | - |
- | PT20148 | $77,063 | - |
- **Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated** | | $161,508 | - |

### Total United States Department of Transportation
| | | $20,199,256 | - |

### Direct Programs:
- **COVID-19 Coronavirus Relief Fund 20.019**
  - | N/A | $508,092 | - |
  - | N/A | $8,794,983 | - |
- **Subtotal COVID-19 Coronavirus Relief Fund** | | $9,303,082 | - |

### Total United States Department of the Treasury
| | | $9,399,445 | - |

### United States Environmental Protection Agency
- **Brownfields Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements:**
  - | N/A | $110,207 | - |
  - | N/A | $4,865 | - |
  - **Subtotal Brownfields Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements** | | $115,072 | - |

### United States Department of Homeland Security
- **National Urban Search & Rescue (US&R) Response System:**
  - Urban Search and Rescue 2015 | 97.025 | $55,844 | - |
  - Urban Search and Rescue 2016 | 97.025 | $154,012 | - |
  - Urban Search and Rescue 2016 | 97.025 | $15,515 | - |
  - **Subtotal National Urban Search & Rescue (US&R) Response System** | | $245,371 | - |

### United States Department of Homeland Security
- **Homeland Security Grant Program 97.067**
  - 2016-0102 | | $248,620 | - |
  - 2017-0083 | | $1,944,903 | $592,400 |
  - **Subtotal Homeland Security Grant Program** | | $2,493,521 | $592,400 |

### Total United States Department of Homeland Security
| | | $6,912,371 | $592,400 |

### Total Expenditures of Federal Awards
- **Total** | | $40,102,723 | $592,400 |

The accompanying notes are an integral part of this schedule.
CITY OF SACRAMENTO, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Sacramento, California (City) under programs of the federal government for the fiscal year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting for governmental funds and the full accrual basis for proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown, if any, in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

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

NOTE 4 – INDIRECT COST RATE

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

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

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

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Pass-Through Entity Identifying Number</th>
<th>Personnel Service</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.259</td>
<td>0463011S-19</td>
<td>$66,500</td>
<td>$8,530</td>
<td>$75,030</td>
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</tbody>
</table>
Section 1 Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

FEDERAL AWARDS

Internal control over major federal programs:
- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for the major federal programs: Unmodified

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

Identification of major federal programs:

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

Dollar threshold used to distinguish between type A and type B program: $1,203,082

Auditee qualified as a low-risk auditee? Yes
Section II  Financial Statement Findings
No matters were reported.

Section III  Federal Awards Findings
No matters were reported.
## CITY OF SACRAMENTO, CALIFORNIA
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Finding No.</th>
<th>Program</th>
<th>CFDA No.</th>
<th>Compliance Requirement</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-001</td>
<td>Child Care and Development Fund Cluster</td>
<td>93.575 and 93.596</td>
<td>Eligibility</td>
<td>No longer applicable as the program is no longer federally funded.</td>
</tr>
</tbody>
</table>