

City of La Mesa
La Mesa, California

Single Audit Report on Federal Awards

Year Ended June 30, 2020

CITY OF LA MESA
Single Audit Report on Federal Awards
Year Ended June 30, 2020

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

**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**

Independent Auditor's Report

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

To the Honorable City Council
City of La Mesa
La Mesa, California

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

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 La Mesa (the City) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, 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) to determine the 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 City'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.

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Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 determination of financial statement amounts. 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 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 18, 2020



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramsca.net

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

Independent Auditor's Report

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To the Honorable City Council
City of La Mesa
La Mesa, California

Report on Compliance for Each Major Federal Program

We have audited the City of La Mesa's (the City's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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John Maldonado, CPA, MSA

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 (CFR) 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.

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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 year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated 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.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March 9, 2021 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 18, 2020).

CITY OF LA MESA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor/Program Title	Federal CFDA Number	Program Identification Number	Federal Expenditures	Amounts provided to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Award</i>				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant ¹	14.218	B-17-MC-06-0551	\$ 13,595	\$ -
Community Development Block Grant ¹	14.218	B-18-MC-06-0551	202,086	27,500
Community Development Block Grant ¹	14.218	B-19-MC-06-0551	21,869	-
Total CFDA 14.218			<u>237,550</u>	<u>27,500</u>
Total - U.S. Department of Housing and Urban Development			<u>237,550</u>	<u>27,500</u>
<u>U.S. Department of Justice</u>				
<i>Direct Award</i>				
Equitable Sharing Funds (Asset Forfeiture Funds)	16.922	Unknown	46,972	-
Total CFDA 16.922			<u>46,972</u>	<u>-</u>
Total - U.S. Department of Justice			<u>46,972</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
<i>Passed through the State of California Department of Transportation</i>				
Highway Planning and Construction Cluster:				
Highway Safety Improvement Program ¹	20.205	HSIPL-5207(038)	151,328	-
Highway Safety Improvement Program ¹	20.205	HSIPL-5207(040)	111,374	-
Highway Safety Improvement Program ¹	20.205	HSIPL-5207(043)	3,141	-
Highway Safety Improvement Program ¹	20.205	HSIPL-5207(045)	87,104	-
Total CFDA 20.205			<u>352,947</u>	<u>-</u>
<i>Passed through the San Diego Association of Governments (SANDAG)</i>				
Transit Services Programs Cluster:				
Federal Transit Administration (New Freedom) ¹	20.521	5001083	47,619	-
Total CFDA 20.521			<u>47,619</u>	<u>-</u>
<i>Passed through the State of California Department of Transportation</i>				
Highway Safety Cluster:				
2018-2019 STEP Grant ¹	20.600	PT19149	9,958	-
2019-2020 STEP Bike and PED ¹	20.600	PS20011	10,970	-
2019-2020 STEP Grant ¹	20.600	PT20066	11,457	-
Total CFDA 20.600			<u>32,385</u>	<u>-</u>
<i>Passed through the State of California Department of Transportation</i>				
2018-2019 STEP Grant	20.608	PT19149	17,126	-
2019-2020 STEP Grant	20.608	PT20066	20,513	-
Total CFDA 20.608			<u>37,639</u>	<u>-</u>
Total - U.S. Department of Transportation			<u>470,590</u>	<u>-</u>

CITY OF LA MESA

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor/Program Title	Federal CFDA Number	Program Identification Number	Federal Expenditures	Amounts provided to Subrecipients
<u>U.S. Department of the Treasury</u>				
<i>Passed through the County of San Diego</i>				
COVID-19	21.019	County of San Diego	\$ 76,119	\$ -
Payroll Codes	21.019	County of San Diego	44,342	-
Total CFDA 21.019			120,461	-
Total - U.S. Department of the Treasury			120,461	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed through the City of San Diego</i>				
FY 18 Urban Area Security Initiative Grant	97.067	City of San Diego	9,120	-
<i>Passed through the County of San Diego:</i>				
State Homeland Security Grant 18	97.067	CalEMA	39,786	-
Operation Stonegarden Grant 2017	97.067	CalEMA	8,644	-
Operation Stonegarden Grant 2018	97.067	CalEMA	196,789	-
Total CFDA 97.067			254,339	-
Total - U.S. Department of Homeland Security			254,339	-
Total Expenditures of Federal Awards			\$ 1,129,912	\$ 27,500

¹Cluster

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) *Scope of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the City of La Mesa (City) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared 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, where applicable, of the City.

(b) *Basis of Accounting*

The expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles of in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown of the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(c) *Subrecipients*

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development. The City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

(d) *De Minimis Indirect Cost Rate*

The City did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, as there were no indirect costs charged to the City's grant programs.

CITY OF LA MESA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)	_____	Yes	_____ X _____	No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs:			<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	_____ X _____	Yes	_____	No
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CITY OF LA MESA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2020

SECTION II. FINANCIAL STATEMENT FINDINGS

No matters to be reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters to be reported.

CITY OF LA MESA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

STATUS OF PRIOR YEAR FINDINGS:

SECTION II. FINANCIAL STATEMENT FINDINGS

No prior year findings.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No prior year findings.