

City of Santee, California  
Single Audit Report on Federal Awards  
Year Ended June 30, 2023



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

**City of Santee**  
**Single Audit Report on Federal Awards**  
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## 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

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Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)  
Terry P. Shea, CPA (Partner Emeritus)

#### MANAGERS / STAFF

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for CPA Firms

Governmental Audit  
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To the Honorable Mayor and Members of the City Council  
City of Santee

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, each major fund, and the aggregate remaining fund information of the City of Santee (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2023.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 22, 2023



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

*Independent Auditor's Report*

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To the Honorable City Council  
City of Santee  
Santee, California

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

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

We have audited the City of Santee's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2023 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 6, 2024 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 22, 2023).

**City of Santee**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Program Identification Number	Federal Expenditures	Amount Passed- through to Subrecipients
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Community Development Block Grant Entitlement Grants Cluster:</i>				
<i>Direct Assistance</i>				
Community Development Block Grant	14.218	B-22-MC-06-0568	\$ 246,563	\$ 59,770
Community Development Block Grant	14.218	B-21-MC-06-0569	209,233	-
Community Development Block Grant	14.218	B-20-MC-06-0570	45,049	-
Community Development Block Grant	14.218	B-19-MC-06-0571	18,631	-
CDBG-CV CARES Act Funding	14.218	B-21-MW-06-0568	149,626	147,626
Total Community Development Block Grant Entitlement Grants Cluster			<u>669,102</u>	<u>207,396</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>669,102</u>	<u>207,396</u>
<b><u>U.S. Department of the Interior</u></b>				
<i>Passed through California Department of Fish and Wildlife</i>				
Section 6 MSCP Subarea Plan	15.615	F20AP10859-00	292,396	-
Total Assistance Listing 15.615			<u>292,396</u>	<u>-</u>
<b>Total U.S. Department of the Interior</b>			<u>292,396</u>	<u>-</u>
<b><u>U.S. Department of Treasury</u></b>				
<i>Direct Assistance</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	20-1892-0-1-806	1,658,912	-
Total Assistance Listing 21.027			<u>1,658,912</u>	<u>-</u>
<b>Total U.S. Department of Treasury</b>			<u>1,658,912</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed through California Office of Emergency Services</i>				
Fire Management Assistance Grant	97.046	CA-ANF-001704	32,665	-
Fire Management Assistance Grant	97.046	CA-CNF-002040	15,784	-
Fire Management Assistance Grant	97.046	CA-TNF-001371	91,399	-
Total Assistance Listing 97.046			<u>139,848</u>	<u>-</u>
<i>Passed through the City of San Diego Office of Homeland Security</i>				
2020 Urban Area Security Grant--Training Grant	97.067	CalOES ID 073-66000	2,100	-
<i>Passed through the County of San Diego, OES</i>				
2020 State Homeland Security Program (SHSP)	97.067	EMW-2020-SS-00095-S01	36,702	-
2021 State Homeland Security Program (SHSP)	97.067	EMW-2021-SS-00081	34,911	-
Total Assistance Listing 97.067			<u>73,713</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>213,561</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,833,971</u>	<u>\$ 207,396</u>

See accompanying notes to the schedule of expenditures of federal awards.



**City of Santee**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

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**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal awards activity of the City of Santee (the City) under federal programs of federal government for the year ended June 30, 2023. The information in this SEFA is presented 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). Because the SEFA 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 fund balance, or cash flows of the City. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a nonfederal agency or other organization. Only that portion of program expenditures reimbursable with such federal funds are 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.

**2. Summary of Significant Accounting Policies**

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

**3. De Minimis Indirect Cost Rate**

The City did not elect to use the 10-percent indirect cost rate allowed under the Uniform Guidance.

**City of Santee**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**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 identified?	_____	Yes	<u>  X  </u>	No
Significant deficiencies identified?	_____	Yes	<u>  X  </u>	None Reported
Noncompliance material to financial statements noted?	_____	Yes	<u>  X  </u>	No

Federal Awards

Internal control over major programs:

Material weakness identified?	_____	Yes	<u>  X  </u>	No
Significant deficiencies identified?	_____	Yes	<u>  X  </u>	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 with section 2 CFR 200.516(a)?	_____	Yes	<u>  X  </u>	No
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Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Programs or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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?	<u>  X  </u>	Yes	_____	No
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**City of Santee  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

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**Section II: Financial Statement Findings**

No findings to be reported.

**Section III: Federal Awards Findings and Questioned Costs**

No findings to be reported.

**City of Santee  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

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No prior year findings to be reported.