



City of El Monte, California
Single Audit Report
As of and for the Year Ended June 30, 2020
with Independent Auditor's Report

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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***

The Honorable Mayor and Members of the City Council
City of El Monte
El Monte, 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 El Monte, California (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 17, 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 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California
December 17, 2020**

**Independent Auditor's Report on Compliance for Each Major Federal Program,
on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

**The Honorable Mayor and Members of the City Council
City of El Monte, California
El Monte, California**

Report on Compliance for Each Major Federal Program

We have audited the City of El Monte's (the 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 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 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 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 government 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 17, 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 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.

Vasquez & Company LLP

Glendale, California

March 16, 2021 (except for the Schedule of Expenditures of Federal Awards, as to which the date is December 17, 2020)

City of El Monte
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/Grantor's Number	Passed-Through to Subrecipients	Federal Award Expenditures
U.S. Department of Housing and Urban Development				
Direct Assistance:				
Community Development Block Grants/Entitlement Grants	14.218	Various	\$ 68,461	\$ 2,708,803 *
Home Investment Partnerships Program	14.239	Various	-	2,717,564 *
Emergency Solutions Grant Program	14.231	Various	227,105	238,112
Total U.S. Department of Housing and Urban Development			<u>295,566</u>	<u>5,664,479</u>
U.S. Department of Justice				
Direct Assistance				
Equitable Sharing Program	16.922	CA019220	-	1,486,738
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0755	-	10,669
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0920	-	67,227
Total U.S. Department of Justice			<u>-</u>	<u>1,564,634</u>
U.S. Department of Transportation				
Passed through the State of California,				
Office of Traffic Safety:				
State and Community Highway Safety	20.600	PT 19030	-	33,338
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT 19030	-	37,598
State and Community Highway Safety	20.600	PT 20041	-	19,695
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT 20041	-	35,549
Total U.S. Department of Transportation			<u>-</u>	<u>126,180</u>
U.S. Department of Health and Human Services				
Passed through the County of Los Angeles,				
Department of Community and Senior Services:				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	ENP-162005	-	117,559
Nutrition Services Incentive Program	93.053	ENP-162005	-	10,000
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	ENP-162005	-	17,994
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	SSP-192002	-	21,724
Total U.S. Department of Health and Human Services			<u>-</u>	<u>167,277</u>
U.S. Department of Homeland Security				
Passed through the County of Los Angeles:				
Homeland Security Grant Program	97.067	HSGP 2017	-	77,561
Total U.S. Department of Homeland Security			<u>-</u>	<u>77,561</u>
U.S. Department of the Treasury				
Passed through the State of California,				
Department of Finance:				
Coronavirus Relief Fund	21.019	N/A	-	726,223 *
Passed through the County of Los Angeles,				
Department of Community and Senior Services:				
Coronavirus Relief Fund	21.019	ENP-162005	-	34,993 *
Total U.S. Department of the Treasury			<u>-</u>	<u>761,216</u>
Total Expenditures of Federal Awards			<u>\$ 295,566</u>	<u>\$ 8,361,347</u>

* Major Programs

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Scope of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of El Monte, California (City). For purposes of this schedule, financial awards include federal awards 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 portions of program expenditures reimbursable with federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting, which is defined in Note 1 to the City's basic financial statements. 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. Expenditures reported include any property or equipment acquisitions incurred under the federal programs.

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

NOTE 2 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports for the year ended June 30, 2020, which have been submitted to grantor agencies, will, in some cases, differ from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

NOTE 3 RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

In accordance with the Governmental Accounting Standards Board's Statement No. 61, *Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No.14*, activities relating to all federal financial assistance programs are blended in the City's financial statements as special revenue funds.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report 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 programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	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)?	No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2020.

Section III – Federal Award Findings

There were no federal award findings noted during the fiscal year ended June 30, 2020.

City of El Monte
Status of Prior Year Findings and Questioned Costs
Year ended June 30, 2020

Finding No.	Finding Description	Recommendation	Current Status	Explanation if not fully implemented
<i>Financial Statement Findings</i>				
FS 2019-001	No Formal Post-Completion Evaluation of Major Capital Projects	<p>We recommend that the City follow an appropriate system for reporting and communicating completed projects with appropriate personnel. We suggest that the City hold monthly meetings and inspect the projects appropriately to ensure that schedules are kept. In addition, a post-completion evaluation or review of projects would be beneficial to the City's future construction projections. The reviews could be used to determine whether project objectives were met and could include cost, schedule completion time, methods, designs, problems encountered, and resolutions.</p> <p>The documented results could be used to form a permanent record that can be used to help ensure that problems are not repeated. Also, the City should develop detailed written procedures documenting the procedures performed regularly by its personnel.</p>	Implemented	
<i>Federal Award Findings</i>				
F 2019-001	Lack of Updated Written Policies And Procedures	We recommend that the City review and update its policies and procedures that assure compliance with the Uniform Guidance. These policies and procedures must clearly delineate the requirements of the Uniform Guidance.	Implemented	

City of El Monte
Status of Prior Year Findings and Questioned Costs
Year ended June 30, 2020

<i>Federal Award Findings (continued)</i>				
F 2019-002	Equipment Management	We recommend that City strengthen its internal controls over the equipment related transactions. Procedures should be in place to ensure that all newly purchased equipment is added promptly to the Capital asset inventory system and the information on the schedule of capital assets is complete.	Implemented	
F 2019-003	Allowable Cost/Cost Principle	We recommend that employee shift in the payroll system be updated based on the actual shift.	Implemented	



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