

**CITY OF GRASS VALLEY, CALIFORNIA**  
**SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**City of Grass Valley, California**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2015**

---

	<u><b>Page(s)</b></u>
Schedule of Expenditures of Federal Awards .....	1
Notes to Schedule of Expenditures of Federal Awards .....	2
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> .....	3-4
Report on Compliance for Each Major Federal Program; Report on Internal Controls Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.....	5-6
Schedule of Findings and Questioned Costs .....	7-8

**City of Grass Valley, California**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2015**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identification Number	Federal		Total Expenditures
			Expenditures ARRA*	Expenditures Non-ARRA	
<b>U.S. Department of Housing and Urban Development</b>					
<i>Pass through programs from:</i>					
<i>State of California Department of Housing and Community Development</i>					
Community Development Block Grant/Small Cities Program	14.228	13-CDBG-8949	\$ -	\$ 114,121	\$ 114,121
Community Development Block Grant/Small Cities Program	14.228	Program Income	-	10,636	10,636
Community Development Block Grant/Small Cities Program	14.228	Outstanding Loans	-	2,216,811	2,216,811
<i>Total for Community Development Block Grant</i>			-	2,341,568	2,341,568
HOME Investment Partnership Program	14.239	12-HOME-8564	-	149,000	149,000
HOME Investment Partnership Program	14.239	Program Income	-	3,635	3,635
HOME Investment Partnership Program	14.239	Outstanding Loans	-	7,082,791	7,082,791
<i>Total for HOME Investment Partnership Program</i>			-	7,235,426	7,235,426
<b>Total U.S. Department of Housing and Urban Development</b>			-	9,576,994	9,576,994
<b>U.S. Department of Justice</b>					
<i>Pass through Program From:</i>					
<i>Bureau of Justice Assistance</i>					
Bullet Proof Vest Program	16.607	01 BU BX 8462	-	1,638	1,638
<b>Total U.S. Department of Justice</b>			-	1,638	1,638
<b>Environmental Protection Agency</b>					
<i>Direct Program</i>					
ARRA - EPA Brownfields Grant	66.818		34,482	-	34,482
ARRA - EPA Brownfields Grant	66.818		54,484	-	54,484
<b>Total Environmental Protection Agency</b>			88,966	-	88,966
<b>U.S. Department of Transportation</b>					
<i>Pass-through programs from the California Dept of Business, Transportation and Housing:</i>					
CMAQ - E. Main/Hughes	20.205	CML-5023(016)	-	3,561	3,561
CMAQ - SR2S/G.R.E.A.T.	20.205	CML-2023(018)	-	13,483	13,483
CMAQ - Dorsey Drive	20.205	CML-5023(017)	-	218,933	218,933
<i>Total Highway, Planning and Construction</i>			-	235,977	235,977
<b>Total Federal Expenditures</b>			\$ 88,966	\$ 9,814,609	\$ 9,903,575

\* ARRA indicates American Recovery and Reinvestment Act of 2009.

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this supplementary information.

**City of Grass Valley, California**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2015**

---

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. DESCRIPTION OF MAJOR PROGRAMS**

**Home Investment Partnership Program (CFDA # 14.239)**

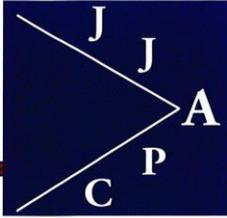
This program is for use by participating jurisdictions or Insular Areas for housing rehabilitation, tenant-based rental assistance, assistance to homebuyers, acquisition of housing and new construction of housing. Funding may also be used for other necessary and reasonable activities related to the development of non-luxury housing, such as site acquisition, site improvements, demolition and relocation. Assistance is available to help HOME participating jurisdictions design and implement HOME programs, including improving their ability to design and implement housing strategies and incorporate energy efficiency into affordable housing; facilitating the exchange of information to help Participating Jurisdictions carry out their programs; facilitating the establishment and efficient operation of employer-assisted housing programs and land bank programs; and/or encouraging private lenders and for-profit developers of low-income housing to participate in public-private partnerships.

**3. LOANS 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 require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Subpart B, Section 2015 of the U.S. Office of Management and Budget Circular A-133, the City has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2015, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2015:

Federal CFDA	Program Title	Outstanding Amounts June 30, 2015
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 2,216,811
14.239	HOME Investment Partnership Program	7,082,791
	Total Loans Outstanding	<u>\$ 9,299,602</u>



JJACPA, Inc.

A Professional Accounting Services Corp.

---

**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**

The Honorable City Council  
City of Grass Valley  
Grass Valley, 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, the aggregate remaining fund information, and the budgetary comparison information of the City of Grass Valley, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2016.

**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**

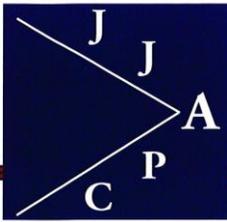
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

March 28, 2016

**JJACPA, Inc.**  
**JJACPA, Inc.**  
**Dublin, CA**



**JJACPA, Inc.**

A Professional Accounting Services Corp.

---

**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 OMB CIRCULAR A-133**

**Independent Auditor's Report**

The Honorable City Council  
City of Grass Valley  
Grass Valley, California

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

We have audited the City of Grass Valley, California's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

## **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 28, 2016, 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 OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

March 28, 2016

**JJACPA, Inc.**  
**JJACPA, Inc.**  
**Dublin, CA**

**City of Grass Valley, California**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2015**

---

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to 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 programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**City of Grass Valley, California**  
**Schedule of Findings and Questioned Costs, Continued**  
**For the year ended June 30, 2015**

---

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV – Status of Prior Year Audit Findings**

No matters were reported.

**Section V – Corrective Action Plan**

There were neither current year findings nor questioned costs (see Section III above).