

*City of El Cajon*  
*El Cajon, California*

**Single Audit Report on Federal Awards**

**Year Ended June 30, 2023**



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

# *City of El Cajon*

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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**

**PARTNERS**

Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
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Jenny W. Liu, CPA, MST  
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Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)  
Terry P. Shea, CPA (Partner Emeritus)

*Independent Auditor's Report*

The Honorable City Council  
City of El Cajon, California

**MANAGERS / STAFF**

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Monica Wysocki, CPA

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 Cajon (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 March 31, 2024.

***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 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.

**MEMBERS**

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*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants



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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.

### ***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*.

We noted certain matters that we have reported to management of the City in a separate letter dated March 31, 2024.

### **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  
March 31, 2024



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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 REQUIRED BY THE UNIFORM GUIDANCE**

**PARTNERS**

Scott W. Manno, CPA, CGMA  
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*Independent Auditor's Report*

The Honorable City Council  
City of El Cajon, California

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

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

We have audited the City of El Cajon'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 compliance requirements referred to above that could have a direct and material effect on each of the federal programs for the year ended June 30, 2023.

**MEMBERS**

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Certified Public Accountants

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Certified Public Accountants

***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 U.S. *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.



To the Honorable City Council  
City of El Cajon

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.

To the Honorable City Council  
City of El Cajon

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be significant deficiencies.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Honorable City Council  
City of El Cajon

## **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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated March 31, 2024, 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 31, 2024



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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Program/Project Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
<i>Direct Assistance:</i>				
CDBG-Entitlement Grants Cluster:				
2017 Community Development Block Grant	14.218	B-17-MC-06-0541	\$ 34,268	\$ -
2018 Community Development Block Grant	14.218	B-18-MC-06-0541	476,447	-
2019 Community Development Block Grant	14.218	B-19-MC-06-0541	526,398	-
2020 Community Development Block Grant	14.218	B-20-MC-06-0541	368,267	-
2021 Community Development Block Grant	14.218	B-21-MC-06-0541	316,837	-
2022 Community Development Block Grant	14.218	B-22-MC-06-0541	404,865	170,893
COVID-19 - 2020 Community Development Block Grant	14.218	B-20-MW-06-0541	380,754	378,110
<b>Total Assistance Listing 14.218 / Cluster</b>			<b>2,507,836</b>	<b>549,003</b>
2019 HOME Investment Partnership Grant	14.239	M-19-MC-06-0508	5,000	5,000
2022 HOME Investment Partnership Grant	14.239	M-22-MC-06-0508	66,501	5,000
2023 HOME Investment Partnership Grant	14.239	M-23-MC-06-0508	18,505	-
<b>Total Assistance Listing 14.239</b>			<b>90,006</b>	<b>10,000</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>2,597,842</b>	<b>559,003</b>
<b>U.S. Department of Justice</b>				
<i>Passed through the County of San Diego:</i>				
Edward Byrne Memorial Justice Assistance 2021	16.738	2020-DJ-BX-0317	35,962	-
<b>Total Assistance Listing 16.738</b>			<b>35,962</b>	<b>-</b>
<i>Passed through the California Governor's Office of Emergency Services:</i>				
Paul Coverdell Forensic Sciences Improvement Grant	16.742	073-21712-04-CQ20046511	52,033	-
<b>Total Assistance Listing 16.742</b>			<b>52,033</b>	<b>-</b>
<i>Direct Assistance:</i>				
Asset Forfeiture	16.922	CA037050	53,674	-
<b>Total Assistance Listing 16.922</b>			<b>53,674</b>	<b>-</b>
<b>Total U.S. Department of Justice</b>			<b>141,669</b>	<b>-</b>
<b>U.S. Department of Transportation</b>				
<i>Passed through the State of California Department of Transportation:</i>				
Highway Safety Improvement Program	20.205	HSIPL-5211 (040)	1,010	-
Highway Safety Improvement Program	20.205	HSIPL-5211 (041)	1,708,902	-
<b>Total Assistance Listing 20.205</b>			<b>1,709,912</b>	<b>-</b>
<i>Passed through the State of California Office of Traffic Safety:</i>				
Highway Safety Cluster:				
Selective Traffic Enforcement Program (non-alcohol) 2022	20.600	OTS-55-PT22020	24,012	-
Selective Traffic Enforcement Program (non-alcohol) 2023	20.600	OTS-55-PT23104	37,928	-
<b>Total Assistance Listing 20.600 / Cluster</b>			<b>61,940</b>	<b>-</b>
Minimum Penalties For Repeat Offenders For Driving While Intoxicated				
Selective Traffic Enforcement Program 2022	20.608	OTS-55-PT22020	6,605	-
Selective Traffic Enforcement Program 2023	20.608	OTS-55-PT23104	22,659	-
<b>Total Assistance Listing 20.608</b>			<b>29,264</b>	<b>-</b>
<b>Total U.S. Department of Transportation</b>			<b>1,801,116</b>	<b>-</b>
<b>U.S. Department of the Treasury</b>				
<i>Direct Assistance:</i>				
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	Unknown	3,200,328	-
<b>Total Assistance Listing 21.027</b>			<b>3,200,328</b>	<b>-</b>
<b>Total U.S. Department of the Treasury</b>			<b>3,200,328</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the State of California Office of Emergency Services, then Passed through the County of San Diego Office of Emergency Services:</i>				
2020 Operation Stonegarden Grant	97.067	OES-073-91015	25,184	-
2021 Operation Stonegarden Grant	97.067	OES-073-91015	44,581	-
2020 State Homeland Security Grant	97.067	OES-073-00000	17,145	-
2021 State Homeland Security Grant	97.067	OES-073-00000	14,430	-
<i>Passed through the City of San Diego Department of Homeland Security:</i>				
2021 Urban Area Security Initiative Grant	97.067	OES-073-66000	13,443	-
<b>Total Assistance Listing 97.067</b>			<b>114,783</b>	<b>-</b>
<b>Total U.S. Department of Homeland Security</b>			<b>114,783</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 7,855,738</b>	<b>\$ 559,003</b>

See accompanying notes to schedule of expenditures of federal awards.

**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 El Cajon (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 assistances 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.

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

*Federal Awards*

Internal control over major federal programs:

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

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
20.205	Highway Safety Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery

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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**Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2023**

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**SECTION II. FINANCIAL STATEMENT FINDINGS**

No matters to be reported.

**Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2023**

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**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2023-001 – Cash Management  
*Significant Deficiency and Noncompliance***

Federal Program

Highway Safety Improvement Program  
Assistance Listing Number 20.205

Criteria

Per CFR 200.302, the financial management system of each non-Federal entity must provide records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Condition

During our procedures over the matching compliance requirement, we reviewed reimbursement requests and noted that the amount requested for reimbursement did not agree to the expenditures listed in the City's expenditure detail. This is because the City implemented a cost sharing/split approach for total project costs where total costs were to be split by various funding sources. The City would account for this by recording each funding source's portion of the costs in their system as projects were split up by expense and funding source strings. Reimbursement requests were supposed to be submitted based on each funding source's portion of the costs. The amounts actually requested for reimbursement on the request included total project costs instead of the programs' specified portion of the project cost resulting in an overpayment. As a result, the City's records would not identify the proper application of program funds as there is no expenditure to agree to the funds that were overpaid.

Cause

Due to the decentralized nature of the reimbursement request process, the reimbursement requests are not reviewed prior to submission to the granting agency.

Effect

The City could potentially fund the same expenditures under multiple grants and jeopardize future grant funding due to program noncompliance.

Questioned Costs

\$31,869. This amount was determined by totaling the overpayments identified.

**Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2023**

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**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, CONTINUED**

**2023-001 – Cash Management, Continued  
*Significant Deficiency and Noncompliance***

Context/Sampling

A nonstatistical sample of two reimbursement requests were selected for testing which account for \$39,389 of federal program expenditures.

Recommendation

We recommend the City implement a review process to ensure that reimbursement requests are submitted for the appropriate amounts.

Management's Response

See Corrective Action Plan.

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

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**CURRENT STATUS OF PRIOR YEAR FINDINGS:**

**2022-001 – Subaward Reporting Requirements for Federal Funding Accountability and Transparency Act (FFATA)**  
***Significant deficiency***

Implemented.

**2022-002 – Subaward Reporting Requirements for Federal Funding Accountability and Transparency Act (FFATA)**  
***Noncompliance***

Implemented.

**2022-003 – Subrecipient Agreements**  
***Significant deficiency***

Implemented.

**2022-004 – Subrecipient Agreements**  
***Noncompliance***

Implemented.



### CORRECTIVE ACTION PLAN

March 31, 2024

#### **Highway Safety Improvement Program (Assistance Listing Number 20.205)**

The City of El Cajon respectfully submits the following corrective action plan for the year ended June 30, 2023.

*Name and address of independent public accounting firm:*

Rogers, Anderson, Malody & Scott, LLP  
735 E. Carnegie Dr., Suite 100  
San Bernardino, CA 92408

*Audit period:* Year ended June 30, 2023

FINDINGS - FEDERAL AWARD PROGRAM AUDIT

Highway Safety Improvement Program- CFDA 20.205

2023-001 Cash Management -Significant Deficiency and Non-compliance

*Auditor Recommendation: Recommend the City implement a review process to ensure that reimbursement requests are submitted for the appropriate amounts.*

*Management 's Response: Agree with the finding.*

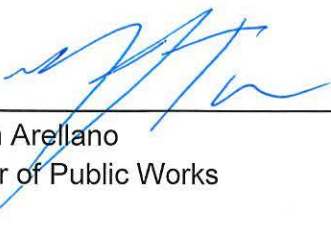
*Corrective Action Taken: The Public Works Department shall consult with the Finance Department to revise the reimbursement process to ensure future requests reconcile the specific amount expended by the grant. The revised process will include preparation of the reimbursement request using the City's financial system of record, and an independent review prior to submission to the grantor.*

Completion Date: April 30, 2024

If you have any questions concerning this plan, please contact Mario Sanchez, City Engineer, at (619) 441-1651.

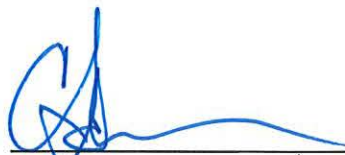


Sincerely,



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Yazmin Arellano  
Director of Public Works



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Clay Schoen  
Director of Finance



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Graham Mitchell  
City Manager