

CITY OF CERES, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2016

City of Ceres, California
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

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City of Ceres, California
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

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	
U.S. Department of Transportation					
<i>Passed Through programs from the California Office of Traffic Safety</i>					
AVOID DUI Program	20.608	AL1520	-	47,973	47,973
STEP-Selective Traffic Enforcement Program	20.600	PT15101	-	10,896	10,896
<i>Total State and Community Highway Safety</i>			-	58,869	58,869
<i>Pass-through programs from the California Dept of Business, Transportation and Housing:</i>					
SRTSLNI - Bike and Pedestrian Outreach Program, Non-Infrastructure	20.205	SRTSLNI 5241 (039)	-	38,767	38,767
CML ITS Synchronization Phase I	20.205	CML 5241 (044)	-	36,051	36,051
TID/ Mitchell Bike Path Phase III (Whitmore - Roeding)	20.205	CML 5241 (047)	-	1,058,544	1,058,544
Mitchell Overlay Phase III (South of Whitmore)	20.205	CML 5241 (048)	-	597,755	597,755
TID/ Mitchell Bike Path PH IV Roeding to Service	20.205	CML 5241 (050)	-	8,653	8,653
Mitchel Road Overly Phase IV	20.205	CML 5241 (051)	-	14,529	14,529
Service Road Ocerly Phase II	20.205	CML 5241 (052)	-	11,148	11,148
Whitmore/Morgan Intersection Improvements	20.205	CML 5241 (053)	-	191,073	191,073
ITS Signal Synch Phase III	20.205	CML 5241 (054)	-	29,416	29,416
Traffic Signal Synch Improvements	20.205	CML 5241 (055)	-	36,514	36,514
Roundabout Design Project	20.205	CML 5241 (056)	-	48,734	48,734
Safe Routes to School Kinser/Hackett Corridor	20.205	CML 5241 (057)	-	51,966	51,966
Safe Routes to School Don Pedro / Nadine Corridor	20.205	CML 5241 (058)	-	23,994	23,994
Traffic Signal Modification Roeding/Mitchell	20.205	CML 5241 (060)	-	18,655	18,655
<i>Total Highway, Planning and Construction</i>			-	2,165,799	2,165,799
Total U.S. Department of Transportation			-	2,224,668	2,224,668
U.S. Department of Housing and Urban Development					
<i>Passed through from the County of Stanislaus</i>					
Community Development Block Grant	14.218	BOS #2005365	-	145,365	145,365
Total U.S. Department of Housing and Urban Development			-	145,365	145,365
U.S. Department of Justice					
<i>Direct Program :</i>					
Justice Assistance Grant - 2015	16.738		-	11,826	11,826
Bulletproof Vest Partnership Grant	16.607		-	4,281	4,281
COPS Hiring Program	16.307		-	22,091	22,091
Total U.S. Department of Justice			-	38,198	38,198
U.S. Department of Homeland Security					
<i>Direct program:</i>					
Staffing for Adequate Fire & Emergency Response (SAFER) - 2014	97.044		-	98,711	98,711
Total U.S. Department of Energy			-	98,711	98,711
Total Federal Expenditures			\$ -	\$ 2,506,942	\$ 2,506,942

* 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 Ceres, California
Notes to Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2016

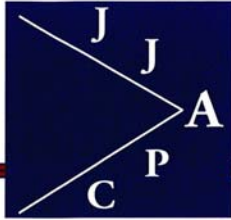
1. BASIS OF PRESENTATION

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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). 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

Highway, Planning and Construction (CFDA #20.205)

This program provides assistance to State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including the Eisenhower Interstate System; and for transportation improvements to most other public roads; to provide aid for the repair of Federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes. This program also provides for the improvement of roads in Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, the Northern Mariana Islands, and the Alaska Highway. The Federal Lands Highway Program (FLHP), as an adjunct to the Federal Aid Highway Program, provides assistance to the Federal Land Management Agencies (FLMAs) for Federally owned roads. It provides transportation engineering services for planning, design, construction, and rehabilitation of the highways and bridges providing access to federally owned lands. The Federal Lands Highway organization also provides training, technology, deployment, engineering services, and products to other customers. The City expended funds that improved transportation within City boundaries.



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 Ceres
Ceres, 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 Ceres, California (City), as of and for the year ended June 30, 2016, 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 7, 2017.

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*.

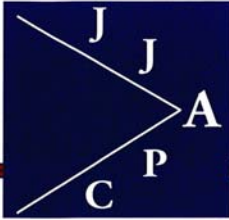
Purpose of this Report

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 7, 2017

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA



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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**

Independent Auditor's Report

The Honorable City Council
City of Ceres
Ceres, California

Report on Compliance for Each Major Federal Program

We have audited the City of Ceres, California's (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, 2016. 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 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, 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 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 City as of and for the year ended June 30, 2016, and have issued our report thereon dated March 7, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

March 7, 2017

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

City of Ceres, California
Schedule of Findings and Questioned Costs
For the year ended June 30, 2016

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 2 CFR 200.516(a)?	No
Identification of major programs:	

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

City of Ceres, California
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2016

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

There were no prior year audit findings.

Section V – Corrective Action Plan

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