

**MEMORANDUM**

Finance and Administrative Services Department

**DATE:** May 8, 2025

**TO:** Council Finance Committee

**FROM:** Helen He, Accounting Manager  
Grace Zheng, Assistant Finance and Administrative Services Director  
Derek Rampone, Finance and Administrative Services Director

**SUBJECT:** **Fiscal Year 2023-24 Single Audit Report**

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**BACKGROUND**

The Single Audit, also known as the OMB Uniform Guidance, is an organization-wide audit of an entity that annually expends \$750,000 or more in federal financial assistance. Local governments are required to obtain an audit according to the Federal Single Audit Act Amendments of 1996. Similar to the annual audit, the City contracts with an independent auditor each fiscal year. These audits are performed per Generally Accepted Governmental Auditing Standards. They also assess internal controls over federal programs and how these controls are working as well as a test of compliance with federal requirements.

The City's independent audit firm, Badawi & Associates (Badawi), has completed their audit of the City's financial records for Fiscal Year 2023-24. On December 6, 2024, Mr. Ahmed Badawi, President, presented the results of the annual financial audit, including his observations, to the Council Finance Committee (Committee). On December 17, 2024, the City Council accepted and filed the following reports:

1. Annual Comprehensive Financial Report (ACFR) and Independent Auditor's Reports.
2. Article XIII-B Appropriations Limit Agreed-Upon Procedures Report.
3. Report to the City Council-Required Communications.

**SINGLE AUDIT REPORT**

Included in the audit agreement with Badawi is the Single Audit Report. Badawi completed the single audit and issued the Single Audit Report on March 4, 2025. The audit covered approximately \$6.4 million in federal funds, including \$4.0 million in the Community Development Block Grant (CDBG) and \$2.1 million in HOME Investment Partnerships Program, both funded by the U.S. Department of Housing and Urban Development (HUD).

As a recipient of federal funding, the City is responsible for ensuring that an adequate internal control structure is in place in order to maintain compliance with applicable laws and regulations related to the purpose of the funds.

As part of the City's single audit, tests were performed to determine the City's compliance with the types of requirements that could have a direct and material effect on the City's major federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The results of the City's single audit for Fiscal Year 2023-24 indicated no compliance findings or instances of significant deficiencies or material weaknesses in the City's internal control over compliance for its major federal programs. In addition, there were no findings noted or reported.

As part of the annual requirements, the City completes and submits a reporting package to the Federal Audit Clearinghouse, to ensure compliance with the Office of Management and Budget's Uniform Guidance, and to the California State Controller's Office, which were both completed and submitted in March.

Mr. Badawi will be presenting the results of the Single Audit (Attachment 1) to the Committee.

### **Status of Federal Funding**

Currently, it is unclear if or when the federal administration may continue to pursue a freeze on federal funding or reduce federal funding in certain federal departments. Any freeze of federal funding would negatively impact the City and its ability to provide services to various members of the community. The ultimate impact to the City and community will depend on which programs/departments have reductions and the size of the freeze and/or cuts to federal financial assistance.

### **RECOMMENDATION**

Receive and accept the City's Single Audit Report for the fiscal year ended June 30, 2024.

**PUBLIC NOTICING**—Agenda posting.

HH-GZ-DR/4/FIN  
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Attachment: 1. Single Audit Report