

**CITY OF HEALDSBURG, CALIFORNIA**

**SINGLE AUDIT REPORT**

For the Fiscal Year Ended June 30, 2022

# City of Healdsburg, California

Single Audit Report

For the Fiscal Year Ended June 30, 2022

## TABLE OF CONTENTS

---

	<b><u>Page</u></b>
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 <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Status of Prior Year’s Findings	10



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA  
WILSON LAM, CPA

**COMMERCIAL ACCOUNTING & TAX SERVICES**

9465 WILSHIRE BLVD., 3<sup>RD</sup> FLOOR  
BEVERLY HILLS, CA 90212  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**GOVERNMENTAL AUDIT SERVICES**

5800 HANNUM AVE., SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**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**

To the Honorable Mayor and Members of the City Council  
of the City of Healdsburg  
Healdsburg, California

We have audited, in accordance with 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 Healdsburg (City), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 3, 2023.

**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 or significant deficiencies 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 of 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 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.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
January 3, 2023



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA  
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES  
9465 WILSHIRE BLVD., 3<sup>RD</sup> FLOOR  
BEVERLY HILLS, CA 90212  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES  
5800 HANNUM AVE., SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council  
of the City of Healdsburg  
Healdsburg, California

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

**Opinion on Each Major Federal Program**

We have audited the City of Healdsburg's (City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the fiscal year ended June 30, 2022. The City's major federal program is 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 types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2022.

**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; 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). 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.

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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

## **Report on 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 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
May 16, 2023

# City of Healdsburg

## Single Audit Report

### Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Entity ID Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Passed through Programs From:</i>			
<i>County of Sonoma Area Agency on Aging:</i>			
Community Development Block Grant	14.218	B-20-UC-06-008	\$ 9,988
Total U.S. Department of Housing and Urban Development			<u>9,988</u>
<b>U.S. Department of Transportation:</b>			
<i>Passed through Programs From:</i>			
<i>County of Sonoma Community Development Commission:</i>			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	AA-CHSC-5310-1820	9,188
<i>Direct Programs:</i>			
Airport Improvement Program	20.106	3-06-0305-016-2021	50,034
Airport Improvement Program	20.106	3-06-0305-017-2021	13,000
Airport Improvement Program	20.106	3-06-0305-018-2021	<u>32,000</u>
Total U.S. Department of Transportation			<u>104,222</u>
<b>U.S. Department of Homeland Security:</b>			
<i>Passed through Program From:</i>			
<i>California Governor's Office of Emergency Services:</i>			
Diaster Grants - Public Assistance Grants	97.036	FEMA-4482-DR-CA	8,321
Hazard Mitigation Grant (HMGP)	97.039	,FEMA-4434-DR-CA	<u>12,470</u>
Total U.S. Department of Homeland Security			<u>20,791</u>
<b>U.S. Department of Treasury:</b>			
<i>Passed through Program From:</i>			
<i>State Water Resources Control Board, California:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	92,182
<i>Direct Programs:</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>566,788</u>
Total U.S. Department of Treasury			* <u>658,970</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 793,971</u></u>

\* Denotes major program

N/A - Not applicable

See accompanying notes to schedule of expenditures of federal awards.

# City of Healdsburg

Single Audit Report

Notes to the Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022

---

## 1. REPORTING ENTITY

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) Codification, consists of (a) the primary government, City of Healdsburg (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

Funds received under the various grant programs have been recorded within general, special revenue, enterprise, and capital projects funds of the City. The City utilizes the modified accrual and full accrual method of accounting for the general, special revenue, enterprise, and capital projects funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

### Schedule of Expenditures of Federal Awards

The accompanying schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the State of California and County of Sonoma, California are also included in the schedule.

The schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

For the fiscal year ended June 30, 2022, the City did not have payments passed through to other agencies.

The City has elected not to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

**CITY OF HEALDSBURG**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Financial Statements

Type of auditor’s report issued

**Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Type of auditor’s report issued on compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 510 (a)

\_\_\_\_\_ Yes      X   No

Identification of major programs:

**CFDA Number**

**Name of Federal Program or Cluster**

21.027

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

**\$ 750,000**

Auditee qualified as low-risk auditee:

\_\_\_\_\_ Yes      X   No

**CITY OF HEALDSBURG**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Section II – Finding – Financial Statement Audit**

None reported in the current fiscal year.

**Section III – Findings and Questioned Costs – Major Federal Award Program Audit**

None reported in the current fiscal year.

**CITY OF HEALDSBURG**  
STATUS OF PRIOR YEAR'S FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Section IV – Status of Prior Year Findings and Questioned Costs**

None reported in the prior fiscal year.