

**CITY OF SUNNYVALE, CALIFORNIA**

Single Audit Reports

For the Year Ended June 30, 2019



Certified  
Public  
Accountants

# CITY OF SUNNYVALE, CALIFORNIA

For the Year Ended June 30, 2019

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**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***

Honorable Mayor and Members  
of the City Council  
City of Sunnyvale, 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, and the aggregate remaining fund information of the City of Sunnyvale, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 4, 2019.

**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.

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, flowing style.

Walnut Creek, California  
December 4, 2019



**Independent Auditor's 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**

Honorable Mayor and Members  
of the City Council  
City of Sunnyvale, California

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

We have audited the City of Sunnyvale, 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 the City's major federal program for the year ended June 30, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the 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 the major federal program for the year ended June 30, 2019.

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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 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 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 4, 2019, 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.



Walnut Creek, California  
March 25, 2020

**CITY OF SUNNYVALE, CALIFORNIA**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	\$ 1,354,992	\$ 902,644
Home Investment Partnerships Program	14.239	Not Applicable	346,365	209,613
Total U.S. Department of Housing and Urban Development			1,701,357	1,112,257
<b>U.S. Department of Labor</b>				
Direct Program:				
H-1B Job Training Grants	17.268	HG-26666-15-60-A-6	550,425	159,032
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	* 17.277	EM281155W0	227,410	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	* 17.277	EM-28115-16-60-A-6	425,464	-
Pass-Through State of California Employment Development Department:				
WIOA Cluster:				
WIOA Adult Program	17.258	K9110032	593,816	-
WIOA Adult Program	17.258	K8106650	576,113	360,086
WIOA Adult Program - SlingShot 2.0 Regional Plan Implementation	17.258	K9110032	53	-
WIOA Adult Program - Regional Organizer/Training Coordinator	17.258	K9110032	13,748	-
WIOA Adult Program - Regional Plan Implementation	17.258	K8106650	664,249	-
WIOA Adult Program - ELL Navigator	17.258	M7106886	183,584	-
WIOA Adult Program - Regional Organizers	17.258	K7102049	49,159	-
WIOA Adult Program - Slingshot Additional	17.258	K7102049	69,733	-
Subtotal WIOA Adult Program			2,150,455	360,086
WIOA Youth Activities	17.259	K9110032	707,603	269,501
WIOA Youth Activities	17.259	K8106650	522,895	150,499
Subtotal WIOA Youth Activities			1,230,498	420,000
WIOA Dislocated Worker Formula Grants	17.278	K9110032	1,025,755	-
WIOA Dislocated Worker Formula Grants	17.278	K8106650	382,665	330,929
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	K9110032	1,546,555	-
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	K8106650	100,402	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	K9110032	360,609	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	K8106650	5,485	-
WIOA Dislocated Worker Formula Grants - Rapid Response AAG Network	17.278	K7102049	1,250,591	-
Subtotal WIOA Dislocated Worker Formula Grants			4,672,062	330,929
Subtotal WIOA Cluster			8,053,015	1,111,015
WIOA National Dislocated Worker Grants / WIA National Emergency Grants - Trade & Economic Transition	* 17.277	K9110032	151,007	-
Total U.S. Department of Labor			9,407,321	1,270,047
<b>U.S. Department of Transportation</b>				
Pass-Through State of California Department of Transportation:				
Highway Planning and Construction:				
Fair Oaks Avenue Over Caltrain	20.205	BHLS-5213(039)	1,569,329	-
Mtn View-Alviso Road Over Calabazas Creek	20.205	BRLS-5213(040)	32,402	-
Fair Oaks Avenue Bike Lanes and Streetscape	20.205	CML-5213(051)	244,883	-
Sunnyvale-Saratoga Rd Pedestrian Signal	20.205	CML-5213(054)	264,436	-
Intersection of West Remington & Michaelangelo	20.205	HSIPL-5213(055)	2,273	-
Intersection of Mathilda Ave & Indio Way	20.205	HSIPL-5213(056)	28,023	-
Maude Ave Bike Lanes and Streetscape	20.205	CML-5213(057)	26,629	-
Advanced Dilemma Zone Detection Intersect	20.205	HSIPL-5213(058)	93,489	-
Safe Routes to School Pedestrian Safety	20.205	CML-5213(052)	212,846	-
E Sunnyvale Transportation Improvements	20.205	CML-5213(060)	842	-
Subtotal Highway Planning and Construction			2,475,152	-
Pass-Through State of California Office of Traffic Safety:				
State and Community Highway Safety:				
Selective Traffic Enforcement Program (STEP)	20.600	PT17128	11,929	-
Selective Traffic Enforcement Program (STEP)	20.600	PT18142	12,734	-
Subtotal State and Community Highway Safety			24,663	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT17128	16,983	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18142	22,154	-
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated			39,137	-
Total U.S. Department of Transportation			2,538,952	-
<b>U.S. Department of Homeland Security</b>				
Pass-Through County of Sonoma:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4344-DR-CA	19,046	-
Total U.S. Department of Homeland Security			19,046	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 13,666,676</b>	<b>\$ 2,382,304</b>

\* The subtotal of direct and pass-through grants for CFDA No. 17.277 was \$803,881.

See accompanying notes to the schedule of expenditures of federal awards.

## **CITY OF SUNNYVALE, CALIFORNIA**

### **Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2019**

**(1) GENERAL**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activities of the federal award programs of the City of Sunnyvale, California (City). The City's reporting entity is defined in Note 1 to its basic financial statements. The SEFA includes all federal awards received directly from federal agencies and federal awards passed-through other governmental agencies.

**(2) BASIS OF PRESENTATION**

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. The City did not elect to use the 10% de minimis cost rate as covered in 2 CFR section 200.414 Indirect (F&A) costs.

**(3) RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS**

Expenditures of federal awards are reported in the City's basic financial statements as expenditures in the governmental funds or as expenses/capital assets in the proprietary funds. Federal award expenditures agree or can be reconciled with the amounts reported in the City's basic financial statements.

**(4) RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the SEFA agree to or can be reconciled with the amounts reported in the related federal financial reports.

# CITY OF SUNNYVALE, CALIFORNIA

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

### 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 accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:

◆ Material weakness(es) identified?

No

◆ Significant deficiency(ies) identified?

None reported

Noncompliance material to the financial statements noted?

No

#### *Federal Awards*

Internal control over major programs:

◆ Material weakness(es) identified?

No

◆ Significant deficiency(ies) identified?

No

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?

No

Identification of major programs:

Federal Domestic Catalog Number(s)	Name of Federal Program or Cluster
	WIOA Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers Formula Grants

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

\$750,000

Auditee qualified as a low-risk auditee?

Yes

### Section II Financial Statement Findings

None reported.

### Section III Federal Award Finding and Questioned Costs

None reported.



# CITY OF SUNNYVALE

505 West Olive Avenue  
Sunnyvale, California 94086

## **Status of Prior Year Findings and Corrective Action Plan**

Reference Number: 2017-001 – Home Investment Partnerships Program  
**Instance of Noncompliance**

Condition: During our audit of the earmarking requirements of the program, we noted that the City did not reserve 15 percent of the 2016 allocation for investment in housing to be owned, developed or sponsored by community housing development.

Recommendation: We recommend the City continue to seek out alternative options to fulfill the CHDO reserve requirement.

Current Status: In progress.

The City issued an RFP that closed in February 2020 in order to comply with the HUD mandated deadline of December 31, 2021. Staff is currently reviewing applications and the City's Housing Commission will review and approve towards the end of April 2020 for its 2020-21 Action Plan.