



TO: Mayor and Councilmembers
SUBMITTED BY: Luke Rioux, Finance Director
PREPARED BY: Tony Gonzalez, Accounting Manager
SUBJECT: Single Audit Report for the Fiscal Year Ended June 30, 2025

RECOMMENDATION:

Accept the Single Audit Report for the Fiscal Year Ended June 30, 2025.

BACKGROUND:

The Single Audit, previously known as the Office of Management and Budget (OMB) Circular A-133 audit, is an organization-wide financial statement and federal awards audit of an entity that expends \$750,000 or more in federal funds in one fiscal year. It is intended to provide assurance to both the Federal and State Governments that the City has adequate internal controls in place and is generally in compliance with program requirements. Local governments are required to obtain an audit pursuant to the Federal Single Audit Act Amendments of 1996 and prepare a reporting package that is submitted to:

- California State Controller's Office (SCO), which serves as the Single Audit oversight agency for most California local governments.
- Caltrans, if the city has received federal funding specifically from Caltrans for transportation-related projects.
- Federal Audit Clearinghouse (FAC), which acts as an executive agent for the OMB.

The City's Single Audit Report must be prepared and submitted in compliance with the financial reporting requirements in accordance with Title 2, Code of Federal Regulations (CFR), Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The Single Audit Report is due March 31 of each year.

The reporting package is a collection of several documents, which includes the Annual Comprehensive Financial Report (ACFR), associated auditor letters, and the Single Audit Report. The ACFR was previously accepted at the February 17, 2026, City Council meeting. To comply with this mandate, the City's annual contract with its independent auditors,

Rogers, Anderson, Malody, & Scott, LLP (RAMS) includes Single Audit services, should it be required for the fiscal year.

Beginning with fiscal years starting on or after October 1, 2024, federal regulations increase the Single Audit expenditure threshold from \$750,000 to \$1 million. Because the City's fiscal year ended June 30, 2025, and began prior to October 1, 2024, the \$750,000 threshold remains applicable for this audit year. The higher \$1 million threshold will apply to the City in future fiscal years.

DISCUSSION:

In FY 2024/25, the City had expended \$11,943,405, including \$40,276 provided to subrecipients, in federal funds and had the required Single Audit performed in conjunction with the City's annual audit. At the time of reviewing the FY 2024/25 annual independent auditor's report and ACFR in February 2026, staff informed the Finance Committee and City Council that the Single Audit was in progress and would be brought back as a separate item after it was finalized and submitted.

The Single Audit Report is provided as Attachment 1 and includes a Report on Internal Controls and Compliance, a Schedule of Expenditures of Federal Awards, and a Schedule of Audit Findings and Questioned Costs, if any. Generally, findings are areas of improvement for the City when it comes to the internal controls that are designed to manage the risk with which the City's assets are safeguarded, and its finances are accurately reported, which then translates into the proper administration of federal funding.

In summary, the City's auditors, RAMS, report the following within the Single Audit Report:

- Unmodified opinion as it pertains to both the Financial Statements and to Federal Awards.
- No material weakness or significant deficiencies in internal controls over financial reporting.
- No material weakness or significant deficiencies in internal controls over major programs.
- No audit findings or questioned costs reported for the current year or prior year.
- The City qualified as a low-risk auditee, which reflects the City's clean audit results over the two most recent audit periods, including unmodified opinions and no material weaknesses or findings.

The Single Audit and reporting package has been submitted to the respective agencies, SCO, Caltrans, and FAC before the March 31, 2026 deadline.

Other Information

The Single Audit is available for viewing at City Hall, and the City's website.

FINANCE AND AUDIT STANDING COMMITTEE REVIEW:

The Finance and Audit Standing Committee met to review the Single Audit Report on April 9, 2026.

FISCAL IMPACTS:

There is no direct fiscal impact associated with accepting the Single Audit Report. The cost of the independent audit services and related reports for the single audit provided by Rogers, Anderson, Malody & Scott, LLP for FY 2024/25 was approximately \$5,150 and was included in the Finance Department's adopted budget for FY 2025/26.

ALTERNATIVES:

The City Council could decide not to accept the presented report; however, this is not recommended as the reports have been prepared in conformance with a variety of accounting, federal and state reporting requirements and represent the professional evaluation and analysis by the City's independent auditors.

APPROVED BY: Robert Nisbet, City Manager

ATTACHMENTS:

1. Single Audit Report for the Fiscal Year Ended June 30, 2025

ATTACHMENT 1

Single Audit Report for the Fiscal Year Ended June 30, 2025

City of Goleta

Single Audit Report on Federal Awards

Year Ended June 30, 2025

CITY OF GOLETA
SINGLE AUDIT REPORT ON FEDERAL AWARDS
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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**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Goleta, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Goleta (the City), as of and for the year ended June 30, 2025, 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 22, 2025.

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 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 were not 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 financial statements. 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 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
December 22, 2025

**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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Goleta's (the City's) 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, 2025. 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 its major federal programs for the year ended June 30, 2025.

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.

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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated December 22, 2025, 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 basic 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March 24, 2026 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 22, 2025)

CITY OF GOLETA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Agriculture</u>				
<i>Passed through from GreenLatinos:</i>				
Inflation Reduction Act Urban & Community Forestry Program	10.727	24-CA-11132544-013	\$ 1,794	\$ -
Total Assistance Listing 10.727			<u>1,794</u>	<u>-</u>
Total - U.S. Department of Agriculture			<u>1,794</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct assistance:</i>				
<i>CDBG-Entitlement/Special Purpose Grants Cluster</i>				
Community Block Development Grants/ Entitlement Grants	14.218	B-09-MC-06-0597	121,510	40,276
Total Assistance Listing 14.218			<u>121,510</u>	<u>40,276</u>
Total CDBG-Entitlement/Special Purpose Grants Cluster			<u>121,510</u>	<u>40,276</u>
Total - U.S. Department of Housing and Urban Development			<u>121,510</u>	<u>40,276</u>
<u>U.S. Department of Transportation</u>				
<i>Passed through from the State of California,</i>				
<i>Department of Transportation:</i>				
Highway Planning and Construction	20.205	BRLS-5481(013)	10,078,809	-
Highway Planning and Construction	20.205	0518000229I-N	31,014	-
Total Assistance Listing 20.205			<u>10,109,823</u>	<u>-</u>
<i>Passed through from the State of California,</i>				
<i>Office of Traffic Safety:</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	PS24015	68,292	-
Total Assistance Listing 20.600			<u>68,292</u>	<u>-</u>
Total Highway Safety Cluster			<u>68,292</u>	<u>-</u>
Total - U.S. Department of Transportation			<u>10,178,115</u>	<u>-</u>
<u>U.S. Department of the Treasury</u>				
<i>Direct assistance:</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,051,360	-
Total Assistance Listing 21.027			<u>1,051,360</u>	<u>-</u>
Total - U.S. Department of Treasury			<u>1,051,360</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
<i>Passed through from the State of California,</i>				
<i>Office of Emergency Services:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4683-DR-CA	116,320	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4699-DR-CA	473,180	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA	1,126	-
Total Assistance Listing 97.036			<u>590,626</u>	<u>-</u>
Total - U.S. Department of Homeland Security			<u>590,626</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 11,943,405</u>	<u>\$ 40,276</u>

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

CITY OF GOLETA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

(1) *Basis of Presentation*

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of the City of Goleta (the City) under federal programs of the federal government for the year ended June 30, 2025. 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). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) *Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program. Effective October 1, 2024, the Office of Management and Budget (OMB) revised the Uniform Guidance under 2 CFR Part 200 to increase the de minimis indirect cost rate from 10% to 15% of Modified Total Direct Costs (MTDC). Awards issued prior to October 1, 2024 (and not subsequently amended) continue to apply the 10% de minimis rate. Awards issued or amended on or after October 1, 2024 apply the revised 15% de minimis rate. The City has elected not to use the de minimis indirect cost rate for any federal awards.

(3) *Subrecipients*

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development through to subrecipients. The City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

CITY OF GOLETA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor 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 programs:

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

<u>AL Number</u>	<u>Name of Federal Programs</u>
20.205	Highway Planning and Construction

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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CITY OF GOLETA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II: FINANCIAL STATEMENT FINDINGS

No matters to report.

SECTION III: FEDERAL AWARD FINDINGS

No matters to report.

CITY OF GOLETA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2025

CURRENT STATUS OF PRIOR YEAR FINDINGS:

No matters to report.