

CITY OF SUNNYVALE, CALIFORNIA

Single Audit Reports

For the Year Ended June 30, 2022



Certified
Public
Accountants

CITY OF SUNNYVALE, CALIFORNIA

For the Year Ended June 30, 2022

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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 (*Government Auditing Standards*), 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, 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 December 8, 2022.

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 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 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 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, slightly slanted style.

Walnut Creek, California
December 8, 2022



**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
of the City Council
Sunnyvale, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sunnyvale, California’s (City) 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, 2022. 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, 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 (GAAS); the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States (*Government Audit Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulation Part 200, Uniform Administrative Requirements, Costs 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 one 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 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 consider 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 of 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 identify 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 described 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, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 8, 2022, 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 City's 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 29, 2023

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CITY OF SUNNYVALE, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Federal Program Title/Local Program Title	Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures	Passed Through to Subrecipients	
U.S. Department of Housing and Urban Development					
Direct Programs:					
Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	\$ 1,111,296	\$ 355,024	
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	1,034,122	1,034,122	
Subtotal Community Development Block Grants/Entitlement Grants / CDBG-Entitlement Grants Cluster			2,145,418	1,389,146	
Home Investment Partnerships Program	14.239	Not Applicable	680,777	627,845	
Total U.S. Department of Housing and Urban Development			2,826,195	2,016,991	
U.S. Department of Labor					
Direct Program:					
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	*	17.277	DW-36841-21-60-A-6	315,585	35,553
Pass-Through State of California Employment Development Department:					
WIOA Cluster:					
WIOA Adult Program	17.258	AA111021	442,719	1,688	
WIOA Adult Program	17.258	AA211021	923,327	368,057	
WIOA Adult Program - Regional Plan Implementation 3.0	17.258	AA011021	313,644	114,876	
WIOA Adult Program - Regional Plan Implementation 4.0	17.258	AA111021	196,840	24,618	
WIOA Adult Program - High Performing Boards	17.258	AA111021	581	-	
Subtotal WIOA Adult Program			1,877,111	509,239	
WIOA Youth Activities	17.259	AA111021	560,350	136,984	
WIOA Youth Activities	17.259	AA211021	695,400	230,214	
Subtotal WIOA Youth Activities			1,255,750	367,198	
WIOA Dislocated Worker Formula Grants	17.278	AA111021	560,589	38,427	
WIOA Dislocated Worker Formula Grants	17.278	AA211021	1,222,757	266,759	
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	AA211021	933,952	-	
WIOA Dislocated Worker Formula Grants - Rapid Response Additional Assistance	17.278	AA011021	178,893	-	
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	AA211021	267,078	-	
WIOA Dislocated Worker Formula Grants - Rapid Response Library Workforce	17.278	AA211021	20,000	-	
WIOA Dislocated Worker Formula Grants - Rapid Response Reemployment & Equity Initiative	17.278	AA111021	739,512	4,735	
Subtotal WIOA Dislocated Worker Formula Grants			3,922,781	309,921	
Subtotal WIOA Cluster			7,055,642	1,186,358	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	*	17.277	AA011021	209,535	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	*	17.277	K9110032	1,027	-
Subtotal WIOA Dislocated Worker Formula Grants			210,562	-	
Total U.S. Department of Labor			7,581,789	1,221,911	
U.S. Department of Transportation					
Pass-Through State of California Department of Transportation:					
Highway Planning and Construction:					
Sunnyvale Safe Routes to School Improvements	20.205	ATPL-5213(067)	286,549	-	
Snail Neighbourhood Improvements	20.205	ATPL-5213(068)	49,695	-	
Fair Oaks Avenue Over Caltrain	20.205	BHLS-5213(039)	7,148,922	-	
East Sunnyvale Area Transportation Improvements	20.205	CML-5213(060)	67,926	-	
Peery Park Area Transportation Improvements	20.205	CML-5213(061)	31,436	-	
Fair Oaks Avenue Bike Lanes and Streetscape - Phase 2	20.205	CML-5213(062)	389,601	-	
Java Drive Road Diet and Bike Lanes	20.205	CML-5213(064)	101,223	-	
Lawrence Station Area Sidewalks and Bicycle Facilities	20.205	CML-5213(065)	28,850	-	
Advance Dilemma Zone Detection	20.205	HSIPL-5213(071)	14,447	-	
Sunnyvale Traffic Signal Upgrades	20.205	STPL-5213(063)	19,507	-	
Mary Ave Caltrain Tracks Cross Safety	20.205	STPLR-7500(256)	550,473	-	
Pass-Through Metropolitan Transportation Commission:					
Highway Planning and Construction:					
Precise Plan for El Camino Real	20.205	STPL-6084(186)	274,840	274,840	
Subtotal Highway Planning and Construction / Highway Planning and Construction Cluster			8,963,469	274,840	
Pass-Through State of California Office of Traffic Safety:					
State and Community Highway Safety:					
Selective Traffic Enforcement Program (STEP)	20.600	PT20126	13,293	-	
Selective Traffic Enforcement Program (STEP)	20.600	PS21019	2,734	-	
Subtotal State and Community Highway Safety / Highway Safety Cluster			16,027	-	
Total U.S. Department of Transportation			8,979,496	274,840	
U.S. Department of Treasury					
Direct Program:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	28,154,030	-	
Total U.S. Department of Treasury			28,154,030	-	
Institute of Museum and Library Services					
Pass-Through California State Library:					
Grants to States - Pass It On - An Intergenerational Sewing Project	45.310	40-8595	35,000	-	
Total Institute of Museum and Library Services			35,000	-	
U.S. Environmental Protection Agency					
Direct Program:					
Water Infrastructure Finance Innovation Act (WIFIA)	66.958	Not Applicable	2,058,331	-	
Total U.S. Environmental Protection Agency			2,058,331	-	
U.S. Department of Health and Human Services					
Pass-Through Sourcewise:					
Aging Cluster:					
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	20171601	40,106	-	
Total U.S. Department of Health and Human Services			40,106	-	
Total Expenditures of Federal Awards			\$ 49,674,947	\$ 3,513,742	

* The subtotal of direct and pass-through grants for CFDA No. 17.277 was \$526,147.

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, 2022

(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. The information in the SEFA 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).

(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. Expenditures of federal awards reported in the SEFA are recognized when incurred and all eligibility requirements have been met. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

As a result of the COVID-19 pandemic, many new federal programs have been established and funding has been added to existing federal programs. Expenditures funded from the following acts are denoted by the prefix COVID-19 in the federal program title in the Schedule (as applicable):

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARPA)

(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.

CITY OF SUNNYVALE, CALIFORNIA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

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 federal programs:

- ◆ Material weakness(es) identified? No
- ◆ Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR200.516(a)? No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
17.258/17.259/17.278	WIOA Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.958	Water Infrastructure Finance Innovation Act (WIFIA)

Dollar threshold used to distinguish between type A and type B programs: \$1,490,248

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, CALIFORNIA

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2022

No prior audit findings were reported.