



Single Audit Report
City of Moreno Valley, California
For the Year Ended June 30, 2021
With Report of Independent Auditors

City of Moreno Valley

**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

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Terry P. Shea, CPA
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Bradferd A. Welebir, CPA, MBA, CGMA
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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Moreno Valley
Moreno Valley, California

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA
Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
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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, the aggregate remaining fund information and each major fund of the City of Moreno Valley (the City) as of and for the year ended June 30, 2021, 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 10, 2021.

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 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 City'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.

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Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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 10, 2021



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

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To the Honorable Mayor and City Council Members
City of Moreno Valley
Moreno Valley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Moreno Valley'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, 2021. 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, 2021.

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.

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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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated [December 10, 2021], 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 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
December 10, 2021

City of Moreno Valley

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through the State of California Department of Education:				
Child and Adult Card Food Program	10.558	04321-CACFP-33-GM-CS	\$ -	\$ 8,705
Total U.S. Department of Agriculture			<u>-</u>	<u>8,705</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct assistance:				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-17-MC-06-0567	-	79,113
Community Development Block Grant	14.218	B-19-MC-06-0567	-	314,768
Community Development Block Grant	14.218	B-20-MC-06-0567	-	881,686
Community Development Block Grant	14.218	B-20-MW-06-0567	-	1,080,637
Total CDBG-Entitlement Grants Cluster			<u>-</u>	<u>2,356,204</u>
Emergency Solutions Grant	14.231	E-19-MC-06-0567	-	84,029
Emergency Solutions Grant	14.231	E-20-MC-06-0567	-	77,320
Emergency Solutions Grant	14.231	E-20-MW-06-0567	-	330,878
			<u>-</u>	<u>492,227</u>
Neighborhood Stabilization Program 1	14.228	B-08 MN-06-0513	-	1,234,206
HOME Investment Partnership Program	14.239	M-18-MC-06-551	-	70,005
HOME Investment Partnership Program	14.239	M-19-MC-06-551	-	794,704
			<u>-</u>	<u>864,709</u>
Total U.S. Department of Housing and Urban Development			<u>-</u>	<u>4,947,346</u>

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

City of Moreno Valley

**Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2021**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Justice</u>				
Passed through Riverside Police Department:				
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2018-13626	\$ -	\$ 27,153
Direct assistance:				
BJA FY 20 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1797	-	21,335
Total U.S. Department of Justice			-	48,488
<u>U.S. Department of Transportation</u>				
Passed through the State of California Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	ATPL-5441(064)	-	46,938
Highway Planning and Construction	20.205	ATPL-5441(069)	-	37,291
Highway Planning and Construction	20.205	HSIPL-5441(068)	-	1,719,424
Highway Planning and Construction	20.205	HSIPL-5441(066)	-	7,160
Highway Planning and Construction	20.205	HSIPL-5441(067)	-	3,369
Highway Planning and Construction	20.205	HSIPL-5441(072)	-	503,583
Highway Planning and Construction	20.205	HSIPL-5441(070)	-	547,012
Highway Planning and Construction	20.205	HSIPL-5441(071)	-	238,660
Total U.S. Department of Transportation / Highway Planning and Construction Cluster			-	3,103,437
<u>U.S. Department of the Treasury</u>				
Passed through the State of California's Coronavirus Relief Fund:				
Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	21.019	20-1892-0-1-806	-	2,579,385
Emergency Rental Assistance Program - COVID	21.023	ERA0351	-	3,141,006
Total U.S. Department of the Treasury			-	5,720,391
<u>National Endowment for the Humanities</u>				
Passed through the California State Library Foundation:				
Library Services and Technology	45.310	40-9140/40-9079	-	13,438
Total National Endowment for the Humanities			-	13,438

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

City of Moreno Valley

**Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2021**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed through the State of California Department of Education:				
21st Century Community Learning Centers Elementary/Middle Total U.S. Department of Education	84.287	FED#: S287C200005 CDE#: 20-14349-2186-0A	\$ 44,888 <u>44,888</u>	\$ 46,575 <u>46,575</u>
U.S. Department of Health and Human Services				
Passed through the State of California Department of Education:				
CCDF Cluster:				
Child Care & Development Block Grant	93.575	CCTR - 0171 - 15136-2186	-	<u>78,354</u>
Child Care Mandatory & Matching Funds	93.596	CCTR - 0171 - 13609-2186	-	173,499
Child Care Mandatory & Matching Funds	93.596	CCTR - 0171 - 15549-2186	-	27,984
			<u>-</u>	<u>201,483</u>
Total U.S. Department of Health and Human Services / CCDF Cluster			-	<u>279,837</u>
U.S. Department of Homeland Security				
Direct assistance:				
Disaster Grants - Public Assistance (Senior Eats - Great Plates Delivered Program) - COVID	97.036	FEMA-4482-DR-CA	-	<u>1,281,319</u>
Passed through the State of California Office of Emergency Services:				
Emergency Management Performance	97.042	2019-0003	-	11,103
Emergency Management Performance	97.042	2020-0006	-	35,147
			<u>-</u>	<u>46,250</u>
Hazard Mitigation Grant Program (FEMA)	97.039	HMGP-4240-35-34R	-	6,737
Sunnymead Master Drainage Plan - Storm Drain Lines	97.039	HMGP-4308-225-03R	-	56,078
			<u>-</u>	<u>62,815</u>
State Homeland Security Program	97.067	2019-0035	-	27,664
Total U.S. Department of Homeland Security			-	<u>1,418,048</u>
Total expenditures of federal awards			<u>\$ 44,888</u>	<u>\$ 15,586,265</u>

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

City of Moreno Valley

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Moreno Valley, California (City). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the accompanying schedule.

Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting, which is defined in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported include any property or equipment acquisitions incurred under the federal programs.

Note 2: De Minimis Indirect Cost Rate

The City has elected not to use 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: Relationship to the Basic Financial Statements

In accordance with the Governmental Accounting Standards Board's Statement No. 61, *Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No.14*, activities relating to all federal financial assistance programs are blended in the City's financial statements as special revenue funds.

Note 4: Donated Personal Protective Equipment (PPE) (Unaudited)

The City received donated PPE in the amount of \$29,517 during the fiscal year ended June 30, 2020 and \$18,590 during the fiscal year ended June 30, 2021 for a cumulative total of \$48,107.

City of Moreno Valley

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

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 identified?	_____	Yes	<u> X </u>	No
Significant deficiencies 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 identified?	_____	Yes	<u> X </u>	No
Significant deficiencies 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 2 CFR 200.516(a)?

_____	Yes	<u> X </u>	No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Programs or Cluster</u>
14.228	Neighborhood Stabilization Program 1
14.239	HOME Investment Partnership Program
21.023	Emergency Rental Assistance Program - COVID
21.019	Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding
97.036	Disaster Grants - Public Assistance (Senior Eats - Great Plates Delivered Program) - COVID

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	<u> X </u>	Yes	_____	No
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City of Moreno Valley

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

SECTION II: FINANCIAL STATEMENT FINDINGS

No findings to be reported.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings to be reported.

City of Moreno Valley

**Status of Prior Year Audit Findings
Year Ended June 30, 2021**

No prior year findings reported.