



**Single Audit Report**  
**City of Simi Valley, California**  
***For the Year Ended June 30, 2021***  
***With Independent Auditor's Report***

**Single Audit Report**  
**City of Simi Valley, California**  
***For the Year Ended June 30, 2021***  
***with Independent Auditor's Report***

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORTS</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	6
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	7
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	8
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>	12



**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***

**The Honorable Mayor and the Members of the City Council  
City of Simi Valley, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Simi Valley, California (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 March 31, 2022.

**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 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California**  
**March 31, 2022**



**Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**The Honorable Mayor and the Members of the City Council  
City of Simi Valley, California**

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

We have audited the City of Simi Valley, 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 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.

***Management's Responsibility***

Management is responsible for compliance with the 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 each of the City's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.



### ***Opinion on Each 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 each of its major federal program for the year ended June 30, 2021.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 31, 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 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.

**Glendale, California  
March 31, 2022**



**City of Simi Valley, California**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Program Identification Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Assistance:			
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-20-MC-06-0535	\$ 550,612
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-20-MW-06-0535	231,188
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-19-MC-06-0535	25,725
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-18-MC-06-0535	20,741
			<u>828,266</u>
Passed through the State of California Department of Housing and Community Development:			
Home Investment Partnerships Program (HOME)	14.239	03-HOME-0681	124,458
		Total U.S. Department of Housing and Urban Development	<u>952,724</u>
<b><u>U.S. Department of Justice</u></b>			
Direct Assistance:			
Bureau of Justice Assistance Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1291	2,525
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2020-DJ-BX-0612	11,600
Equitable Sharing Program - Federal Asset Forfeiture Program	16.922	N/A	261,795
			<u>275,920</u>
Passed through the City of Oxnard:			
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2018-DJ-BX-0852	11,525
		Total U.S. Department of Justice	<u>287,445</u>
<b><u>U.S. Department of Transportation</u></b>			
Direct Assistance:			
Federal Transit Formula Grants (CARES Act)	20.507	CA-2020-197-00	4,218,908
Federal Transit Formula Grants (ARPA)	20.507	CA-2021-248-00	2,225,515
Federal Transit Formula Grants (Mega)	20.507	CA-2021-249-00	414,928
Federal Transit Formula Grants (CMAQ)	20.507	CA-2020-221-00	544
Federal Transit Formula Grants	20.507	CA-2019-167-00	7,040
Federal Transit Formula Grants	20.507	CA-2020-193-00	66,017
Federal Transit Formula Grants	20.507	CA-95-X221	33,558
Federal Transit Formula Grants	20.507	CA-95-X121	84,470
Federal Transit Formula Grants	20.507	CA-2017-136-00	259,027
			<u>7,310,007</u> *
Passed through the State of California, Department of Transportation:			
Highway Planning & Construction	20.205	BHLS-5405 (075)	1,001
Highway Planning & Construction	20.205	BHLS-5405 (077)	55,800
Highway Planning & Construction	20.205	CML-5405 (080)	38,798
			<u>95,599</u>
Passed through the State of California Office of Traffic Safety:			
Selective Traffic Enforcement Program (STEP)	20.600	PT20122/PT21062	18,769
Selective Traffic Enforcement Program (STEP)	20.608	PT20122/PT21062	59,001
Selective Traffic Enforcement Program (STEP)	20.616	PT21062	2,866
			<u>80,636</u>
		Total U.S. Department of Transportation	<u>7,486,242</u>
<b><u>U.S. Department of Treasury</u></b>			
Direct Assistance:			
Federal Asset Forfeiture Program	21.016	N/A	1,050
			<u>1,050</u>
Passed through the County of Ventura:			
Coronavirus Relief Fund (CARES Act)	21.019	FAIN SLT0158	836,459 *
		Total U.S. Department of Treasury	<u>837,509</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through the County of Ventura Area Agency on Aging:			
Special Programs for the Aging, Title III, Part C Nutrition Services	93.045	3500FY21-06	378,532 *
		Total U.S. Department of Health and Human Services	<u>378,532</u>
Total expenditures of federal awards			<u>\$ 9,942,452</u>

\* Denotes major program

*See Notes to Schedule of Expenditures of Federal Awards.*

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of the City of Simi 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.

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

**NOTE 2           RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Grant expenditure reports as of and for the year ended June 30, 2021, which have been submitted to grantor agencies, will, in some cases, differ from the amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

**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 and reported as special revenue funds.

**NOTE 4           LOANS RECEIVABLE**

Loans made with CDBG funds in the amount of \$355,364, which includes interest of \$67,156, loans made with HOME funds in the amount of \$2,279,410, which includes interest of \$142,866, and loans made with EECBG funds in the amount of \$138,168, which includes interest of \$12,576, are outstanding as of June 30, 2021. During fiscal year 2020-21, there were no new loans made with CDBG funds, \$106,229 in new loans were made with HOME funds, and no new loans were made with EECBG funds.

**City of Simi Valley, California**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

---

**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 GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance with respect to major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)	2021-001 and 2021-002

**Identification of Major Programs:**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.507	Federal Transit-Formula Grants (Urbanized Area Formula Program)
21.019	Coronavirus Relief Fund
93.045	Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee	Yes

**City of Simi Valley, California**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

---

---

**Section II – Financial Statement Findings**

---

There were no financial statement findings noted during the fiscal year ended June 30, 2021.

---

**Section III – Federal Award Findings**

---

***Finding No. 2021-001 – Program Income – Exclusion of Program Income Expenditures in the SEFA***

*Federal Program Information*

<i>Federal Catalog Number:</i>	93.045
<i>Federal Program Name:</i>	Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act
<i>Federal Agency:</i>	U.S. Department of Justice
<i>Federal Award Number:</i>	3500FY21-06
<i>Federal Award Year:</i>	July 1, 2020 to June 30, 2021

*Criteria or Specific Requirement:*

Per 2 CFR 200.502 (a) – *Determining Federal awards expended*, the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR, contracts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force.

*Identified Condition:*

Based on our testwork, the total program income generated and spent on allowable expenditures amounting to \$75,463 was excluded from the Schedule of Expenditures of Federal Awards (SEFA) provided to us. The necessary correction was done in this report.

*Cause and Effect:*

The Senior Nutrition Program allows the City to generate program income through contributions/donations. Expenditures funded by Senior Nutrition Program donations generated as program income under the grant provisions were not historically reported in the SEFA resulting in the exclusion of such information in the SEFA provided to the auditors.

*Questioned Costs:*

None.

*Recommendation:*

We recommend the City strengthen its controls over the preparation of the SEFA to ensure that the City complies with the SEFA reporting requirements as established by the Code of Federal Regulations.

Views of Responsible Officials and Planned Corrective Action:

Management agrees with the finding, has corrected the SEFA in this report, and will ensure that expenditures funded by Senior Nutrition Program donations will be reported in the annual SEFA going forward.

Personnel responsible for implementation: Marvin Lopez

Position of responsible personnel: Deputy Administrative Services Director, Fiscal Services

Expected date of implementation: Implemented now, and going forward.

**Finding No. 2021-002 – Cash Management – Excessive drawdown**

Federal Program Information

<i>Federal Catalog Number:</i>	20.507
<i>Federal Program Name:</i>	Federal Transit-Formula Grants (Urbanized Area Formula Program)
<i>Federal Agency:</i>	U.S. Department of Transportation
<i>Federal Award Number:</i>	CA-2021-249-00
<i>Federal Award Year:</i>	July 1, 2020 to June 30, 2021

Criteria or Specific Requirement:

Per 2 CFR 200.346(a) Collection of amounts due for any funds paid to the non-federal entity in excess of the amount to which the non-Federal entity is finally determined to be entitled under the terms of the Federal award constitute a debt to the Federal Government.

Identified Condition:

Based on our testwork, the City had a \$106,863 cash drawdown from the available MEGA Grant under the Available Operating Funds (50% match) in excess of the FY2021 determined project funding level.

Cause and Effect:

When preparing the operating drawdown for the FY2021 MEGA grant, City staff erroneously used the total funding amount for FY2021, instead of the operating allocation resulting in the City drawing down \$106,863 more than what was budgeted for FY2021. This error was not identified in the internal review process, and due to the availability of funds from prior years, the grant drawdown was successfully submitted and processed using the Federal Transit Administration Electronic Clearing Housing Operation portal.

Questioned Costs:

None.

Recommendation:

We recommend the City implement additional monitoring or reconciliation control measures before any drawdown is made to ensure compliance with the cash management requirements.

**City of Simi Valley, California**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

---

*Views of Responsible Officials and Planned Corrective Action:*

Management agrees with the finding and has communicated the error to City staff involved in the drawdown process. Going forward, the City will ensure drawdown submittals are checked against the original grant award documentation. As the prior year funding levels were not fully utilized, the City has sent a request to the Federal Transit Administration to repurpose unused prior year operating funds to FY2021.

Personnel responsible for implementation: Marvin Lopez

Position of responsible personnel: Deputy Administrative Services Director, Fiscal Services

Expected date of implementation: Implemented now, and going forward.

**City of Simi Valley, California**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2021**

---

<b>Identifying No.</b>	<b>Audit Finding</b>	<b>Planned Corrective Action</b>	<b>Current Status</b>	<b>Explanation if not fully implemented</b>
Finding No. 2020-001 – Equipment Management – Incomplete Property Records	Based on our testwork, seven (7) capital assets that were purchased in both fiscal years 2019 and 2020 with Federal Asset Forfeiture Program funds were included in the capital asset accounting system of the City, but missing the percentage of Federal participation in asset record.	The City will perform the reconciliation of the Schedule of Expenditures of Federal Awards to the capital asset addition records for fiscal years 2019 and 2020. In addition, the City will improve the timeliness of completing the reconciliation to ensure assets purchased with federal funds are identified in a timely manner.	Fully Implemented	





[www.vasquezcpa.com](http://www.vasquezcpa.com)

Vasquez & Company LLP has over 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit [rsmus.com/about-us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.