



Single Audit Report
City of Simi Valley, California
For the Year Ended June 30, 2023
with Independent Auditor's Report

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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*

**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 (the City), as of and for the year ended June 30, 2023, 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 20, 2023.

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

**Glendale, California
December 20, 2023**



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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

Opinion on Each Major Federal Program

We have audited the City of Simi Valley, California's (the 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, 2023. 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, 2023.

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, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Glendale, California

March 27, 2024, except for the Schedule of Expenditures of Federal Awards,
as to which the date is December 20, 2023.

City of Simi Valley, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Program Identification Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the County of Ventura Area Agency on Aging:				
Special Programs for the Aging, Title III, Part C Nutrition Services	93.045	3500FY22-06	\$ -	\$ 368,246
Total U.S. Department of Health and Human Services			-	368,246
<u>U.S. Department of Homeland Security</u>				
Passed through the County of Ventura Sheriff's Office of Emergency Services:				
Emergency Management Performance Grant	97.042	2021-0015-111-00000	-	26,036
Homeland Security Grant Program	97.067	2020-0095-111-00000	-	10,000
Homeland Security Grant Program	97.067	2021-0081-111-00000	-	191
Total U.S. Department of Homeland Security			-	36,227
<u>U.S. Department of Housing and Urban Development</u>				
Direct Assistance:				
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-18-MC-06-0535	-	47,709
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-20-MC-06-0535	-	51,860
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-20-MW-06-0535	-	22,339
Community Development Block Grants (CDBG)/Entitlement Grants	14.218	B-22-MC-06-0535	52,541	539,855
			52,541	661,763 *
Passed through the State of California Department of Housing and Community Development:				
Home Investment Partnerships Program (HOME)	14.239	03-HOME-0681	-	67,582
Home Investment Partnerships Program (HOME) - Loan Programs	14.239	N/A	-	2,380,233
			-	2,447,815
Total U.S. Department of Housing and Urban Development			52,541	3,109,578
<u>U.S. Department of Justice</u>				
Direct Assistance:				
FY 2019 Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0688	-	11,483
Equitable Sharing Program - Federal Asset Forfeiture Program	16.922	N/A	-	170,968
Total U.S. Department of Justice			-	182,451
<u>U.S. Department of Transportation</u>				
Direct Assistance:				
Federal Transit Formula Grants	20.507	CA-2023-174-00	-	2,831,148
Federal Transit Formula Grants	20.507	CA-2022-207-00	-	603,130
Federal Transit Formula Grants (Mega)	20.507	CA-2021-249-00	-	2,864
Federal Transit Formula Grants (CMAQ)	20.507	CA-2020-221-00	-	1,009,812
Federal Transit Formula Grants	20.507	CA-2019-167-00	-	(113,904) **
Federal Transit Formula Grants	20.507	CA-2020-193-00	-	53,182
Federal Transit Formula Grants	20.507	CA-2017-136-00	-	136,600
Federal Transit Formula Grants (5339 Grant)	20.507	CA-2022-175-00	-	2,145
			-	4,524,977
Passed through the State of California, Department of Transportation:				
Highway Planning & Construction	20.205	BHLS-5405 (075)	-	199
Highway Planning & Construction	20.205	BHLS-5405 (076)	-	80
Highway Planning & Construction	20.205	BHLS-5405 (077)	-	572
Highway Planning & Construction	20.205	HIPL-5405 (093)	-	1,239,886
			-	1,240,737 *
Passed through the State of California Office of Traffic Safety:				
State and Community Highway Safety	20.600	PT23175	-	23,068
State and Community Highway Safety	20.600	PT22082	-	4,195
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT23175	-	52,135
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT22082	-	24,418
			-	103,816
Total U.S. Department of Transportation			-	5,869,530
<u>U.S. Department of Treasury</u>				
Direct Assistance:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-7283	-	5,325,294
			-	5,325,294 *
Passed through the California State Water Resources Control Board:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	442755	-	(4,146)
			-	(4,146) ***
Direct Assistance:				
Federal Asset Forfeiture Program	21.016	N/A	-	430
			-	430
Total U.S. Department of Treasury			-	5,321,578
Total expenditures of federal awards			\$ 52,541	\$ 14,887,610

* Denotes major program

** Reallocation of federal reimbursements to local grants.

*** Funds returned due to excessive claims in the prior year.

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 (SEFA) 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 SEFA. 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 SEFA.

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). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's Annual Comprehensive Financial Report (ACFR).

Basis of Accounting

The expenditures included in the accompanying SEFA 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, 2023, 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 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Amounts reported in the accompanying SEFA agree, in all material respects, to the amounts reported within the City's ACFR.

NOTE 4 LOANS RECEIVABLE

Loans made with CDBG funds of \$320,473, which includes interest of \$65,573, loans made with HOME funds of \$2,327,898, which includes interest of \$182,752, and loans made with EECBG funds of \$132,501, which includes interest of \$16,909, are outstanding as of June 30, 2023. During the fiscal year 2022-23, there were no new loans made with CDBG funds, \$87,002 new loans were made with HOME funds, and no new loans were made with EECBG funds.

The City participates in HOME programs that sponsor revolving loan programs which are administered by the City. These programs required servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with 2 CFR section 200.502(b), the value of new loans made, the beginning balance of loans from previous years and any interest subsidy, cash or administrative cost allowance received are included in the SEFA.

City of Simi Valley, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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 auditors' report issued on compliance with respect to major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? No

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.218	Community Development Block Grants (CDBG)/Entitlement Grants
20.205	Highway Planning & Construction
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, 2023

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2023.

City of Simi Valley, California
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section III – Federal Award Findings

There were no federal award findings noted during the fiscal year ended June 30, 2023.

**City of Simi Valley, California
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

There were no prior year findings reported during the fiscal year ended June 30, 2022.



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