



**Single Audit Report
City of Moreno Valley, California
For the Year Ended June 30, 2020
*With Report of Independent Auditors***



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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

Independent Auditor's Report

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

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, 2020, 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, 2020.

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) to determine the 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.

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, Maloof & Scott, LLP.

San Bernardino, California

December 10, 2020



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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

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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

We have audited the City of Moreno Valley's (the City's) 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, 2020. 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 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 (CFR) 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.

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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 programs for the year ended June 30, 2020.

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 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 were not identified.

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, 2020, 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, 2020 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.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

December 10, 2020

City of Moreno Valley

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	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 Care Food Program	10.558	04321-CACFP-33-GM-CS	\$ -	\$ 27,448
Total U.S. Department of Agriculture			<u>-</u>	<u>27,448</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	-	527,719
Community Development Block Grant	14.218	B-18-MC-06-0567	32,571	1,429,613
Community Development Block Grant	14.218	B-19-MC-06-0567	284,049	1,882,539
Total CDBG-Entitlement Grants Cluster			<u>316,620</u>	<u>3,839,871</u>
Emergency Solutions Grant	14.231	E-17-MC-06-0567	20,133	20,133
Emergency Solutions Grant	14.231	E-18-MC-06-0567	46,635	46,635
Emergency Solutions Grant	14.231	E-19-MC-06-0567	25,819	39,185
			<u>92,587</u>	<u>105,953</u>
Neighborhood Stabilization Program 1	14.228	B-08 MN-06-0513	-	5,969
HOME Investment Partnership Program	14.239	M-16-MC-06-551	154,424	154,424
HOME Investment Partnership Program	14.239	M-17-MC-06-551	-	52,975
HOME Investment Partnership Program	14.239	M-18-MC-06-551	50,858	55,292
HOME Investment Partnership Program	14.239	M-19-MC-06-551	126,819	126,819
			<u>332,101</u>	<u>389,510</u>
Total U.S. Department of Housing and Urban Development			741,308	4,341,303

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, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	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-2017-11301	-	18,371
Edward Byrne Memorial Justice Assistance Grant	16.738	BJA-2018-13626	-	15,553
			<hr/>	<hr/>
Direct assistance:				
BJA FY 20 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1797	-	152,545
			<hr/>	<hr/>
Total U.S. Department of Justice			-	186,469
<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	HSIPL-5441(062)	-	5,578
Highway Planning and Construction	20.205	ATPL-5441(064)	-	21,305
Highway Planning and Construction	20.205	ATPL-5441(069)	-	89,389
Highway Planning and Construction	20.205	CML-5441(065)	-	1,140,465
Highway Planning and Construction	20.205	CML-5441(063)	-	341,307
Highway Planning and Construction	20.205	HSIPL-5441(068)	-	41,255
Highway Planning and Construction	20.205	HSIPL-5441(066)	-	26,087
Highway Planning and Construction	20.205	HSIPL-5441(067)	-	15,233
Highway Planning and Construction	20.205	HSIPL-5441(072)	-	57,251
Highway Planning and Construction	20.205	HSIPL-5441(070)	-	11,116
Highway Planning and Construction	20.205	HSIPL-5441(071)	-	11,241
			<hr/>	<hr/>
Total U.S. Department of Transportation / Highway Planning and Construction Cluster			-	1,760,227
<u>U.S. Department of Education</u>				
Passed through the State of California Department of Education:				
21st Century Community Learning Centers Elementary/Middle	84.287C	FED#: S287C170005 CDE#: 17-14349-2186-0A	-	20,925
Total U.S. Department of Education			<hr/>	<hr/>
			-	20,925

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, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Program Identification Number	Amount Passed- through to Subrecipients	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Passed through the State of California Department of Education:				
CCDF Cluster:				
Child Care & Development Block Grant	93.575	CCTR - 7169 - 15136-2186	-	86,064
Child Care Mandatory & Matching Funds	93.596	CCTR - 7169 - 13609-2186	-	187,154
Total U.S. Department of Health and Human Services / CCDF Cluster			-	273,218
<u>U.S. Department of Homeland Security</u>				
Passed through the State of California Office of Emergency Services:				
Emergency Management Performance	97.042	2018-0007	-	29,862
State Homeland Security Program	97.067	2018-0054	-	37,977
Total U.S. Department of Homeland Security			-	67,839
Total expenditures of federal awards			\$ 741,308	\$ 6,677,429

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, 2020

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.

City of Moreno Valley

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

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?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No
Significant deficiencies identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No

Federal Awards

Internal control over major programs:

Material weakness identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No
Significant deficiencies identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	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)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> X	No
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Identification of major federal programs:

CFDA Number	Name of Federal Programs or Cluster		
14.218	CDBG-Entitlement Grants Cluster		

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

Auditee qualified as low-risk auditee? X Yes No

City of Moreno Valley

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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, 2020

No prior year findings reported.