



# CITY OF MOORPARK

JUNE 30, 2020

SINGLE AUDIT REPORT

Focused  
on YOU



CITY OF MOORPARK, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2020

CITY OF MOORPARK, CALIFORNIA

SINGLE AUDIT

JUNE 30, 2020

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INDEPENDENT AUDITORS' 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*

To the Honorable Mayor and Members of the City Council  
City of Moorpark, 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, each major fund, and the aggregate remaining fund information of the City of Moorpark, California (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 18, 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) 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 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 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*.





To the Honorable Mayor and Members of the City Council  
City of Moorpark, California

**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.

*Lance, Solt & Lingham, LLP*

Brea, California  
December 18, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council  
City of Moorpark, California

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

We have audited the City of Moorpark, California (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 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 programs for the year ended June 30, 2020.





To the Honorable Mayor and Members of the City Council  
City of Moorpark, California

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

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

### **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 have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



To the Honorable Mayor and Members of the City Council  
City of Moorpark, California

### **Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Moorpark, California, 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 18, 2020, which contained an unmodified opinion 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 the 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.

*Lance, Soll & Lughard, LLP*

Brea, California

February 22, 2021 (except for the Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance which is dated December 18, 2020).

CITY OF MOORPARK, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<b>Federal Transit Cluster *</b>			
Department of Transportation Pass-through Programs from:			
Ventura County Transportation Commission:			
Federal Transit - Formula Grant	20.507	10-084-8303	\$ 481,963
Federal Transit - Formula Grant (Cares Act)	20.507	10-084-8303	287,162
Subtotal - CFDA 20.507			<u>769,125</u>
Total Department of Transportation			<u>769,125</u>
<b>Total Federal Transit Cluster</b>			<b><u>769,125</u></b>
<b>Aging Cluster</b>			
Department of Health and Human Services Pass-through Programs from:			
Ventura County Area Agency on Aging:			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	17-094-0852	46,437
Total Department of Health and Human Services Program			<u>46,437</u>
<b>Total Aging Cluster</b>			<b><u>46,437</u></b>
<b>Other Programs</b>			
Department of Homeland Security Pass-through Programs from:			
Ventura County Sheriff's Office:			
Emergency Management Performance	97.042	10-541-7997	15,597
State of California Office of Emergency Services:			
Emergency Management Performance	97.042	01-906-6559	19,568
Subtotal - CFDA 97.042			<u>35,165</u>
Total Department of Homeland Security			<u>35,165</u>
National Endowment for Humanities Pass-through Programs from:			
California State Library:			
Library Services and Technology Act	45.310	95-830-2408	3,398
<b>Total Other Programs</b>			<b><u>38,563</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 854,125</u></b>

CORONAVIRUS EMERGENCY ACTS FUNDING RECONCILIATION

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<b>Department of Transportation Pass-through Programs from:</b>			
Ventura County Transportation Commission:			
Federal Transit - Formula Grant (Cares Act)	20.507	10-084-8303	\$ 287,162
Total Department of Transportation			<u>287,162</u>
<b>Total Coronavirus Emergency Acts Funding</b>			<b><u>\$ 287,162</u></b>

\* Major Program

<sup>1</sup> There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

<sup>2</sup> There was no funding passed through to subrecipients during the year.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**CITY OF MOORPARK, CALIFORNIA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Moorpark, California (the City) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule 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 Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**Note 2: Summary of Significant Accounting Policies**

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

**Note 3: Indirect Cost Rate**

The City has elected not to use the 10% de minimis indirect cost rate allowable under the Uniform Guidance.

**CITY OF MOORPARK, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster

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

Auditee qualified as low-risk auditee?  yes  no

**CITY OF MOORPARK, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Reference Number: 2020-001  
CFDA Number(s): 20.507  
Federal Award Number(s): CA-2018-003, CA-2018-076, CA-2019-099, CA-2020-076, CA-2020-120, CA-90-Y858  
Name(s) of Federal Agencies: U.S. Department of Transportation  
Name(s) of Pass-Through Entities: Ventura County Transportation Commission,  
Program Title(s): Federal Transit Cluster  
Federal Award Year(s): 2020  
Category of Finding: Allowable Costs – Cost Principles  
Type of Finding: Significant Deficiency and Instance of Noncompliance

**Criteria or Specific Requirement**

2 CFR section 200.430(i) requires that payroll charges to federal award programs be supported by personnel activity reports such as time and attendance reports and salary distribution reports which would reflect actual hours charged to the federal award program.

**Condition**

As part of our audit testing, we examined the payroll costs charged to the federal program. During our review we noted the costs charged were partially estimates and, in some cases, supporting documentation was inadequate. The employee timesheets did not have the level of detail needed to corroborate hours charged to the program.

**Cause of Condition**

The City historically has not charged any payroll costs to the grant award but started to do so this year due to the COVID-19 pandemic. The City utilized a cost allocation plan to track employee time, and the timesheets were not constructed by the system with sufficient level of detail to show actual hours worked on each program. Each employee records the hours worked and the system automatically allocates it into the various departments and programs.

**Effect of Condition**

The payroll costs did not have proper supporting documentation.

**Questioned Costs**

\$15,088

**CITY OF MOORPARK, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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*Finding 2020-001 (Continued)*

**Context**

We examined the time charged to the program for all employees who charged time to the program over three pay periods. The City did implement in the subsequent fiscal year (2020-21) an update to their payroll processing system for charging costs to different programs to allow for sufficient level of detail to be generated to support the costs charged to programs.

**Repeat Finding**

This is a new finding for the fiscal year ended June 30, 2020.

**Recommendations**

We recommend that the City update their system to allow for sufficient level of detail to be generated on the employee timesheets and other employee records to support time charged to federal award programs. We would also recommend that any estimates of payroll costs charged to the program during the program year be trued up to actual costs at the close of each program year to ensure that actual costs are accurately reimbursed by the grantor agencies.

**Management's Response and Corrective Action**

Since February 13, 2021, the City has implemented tracking of actual staff hours spent on transit services.



# CITY OF MOORPARK

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FINANCE DEPARTMENT | 799 Moorpark Avenue, Moorpark, California 93021  
Main City Phone Number (805) 517-6200 | Fax (805) 532-2545 | moorpark@moorparkca.gov

## **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

No matters were reported.

Sincerely,

**Kambiz Borhani, CPA, CGMA**  
Finance Director