

**CITY OF IRVINE, CALIFORNIA**  
**SINGLE AUDIT OF FEDERALLY ASSISTED**  
**GRANT PROGRAMS**  
**JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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**CITY OF IRVINE**  
**JUNE 30, 2021**  
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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**

Honorable Mayor and  
Members of the City Council  
of the City of Irvine  
Irvine, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Irvine, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2021. Our report includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, as described in our report on the City's financial statements. The financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Irvine Community Land Trust.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Irvine'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 City of Irvine's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Irvine'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 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.

**Internal Control over Financial Reporting (Continued)**

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 City of Irvine'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 City of Irvine's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Irvine's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Irvine, California  
October 29, 2021



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

Honorable Mayor and  
Members of the City Council  
of the City of Irvine  
Irvine, California

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

We have audited the City of Irvine's (the 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 auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Irvine Community Land Trust (the ICLT), a discretely-presented component unit. Our audit described below, did not include the operations of ICLT because ICLT engaged other auditors to perform their financial statement audit and ICLT did not report any expenditures of federal awards during the year ended June 30, 2021.

**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.

**Auditors' 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, 2021.

## **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.

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 and Selected State Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the discretely presented component unit, 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 October 29, 2021, which contained unmodified opinions on those financial statements, which includes a reference to other auditors who audited the financial statements of the Irvine Community Land Trust, the discretely presented component unit of the City. 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 and selected state 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Irvine, California  
May 27, 2022

**SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS  
AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



CITY OF IRVINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

For the year ended June 30, 2021

| Federal Grantor / Pass - Through<br>Grantor / Program / Cluster Title      | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|--|--|--|-------------------------|---------------------------------------|
| <u>United States Department of Housing and Urban Development</u>           |  |  |                         |                                       |
| Direct Assistance:   |  |  |                         |                                       |
| Community Development Block Grant - Entitlement Grants Cluster:            |  |  |                         |                                       |
| Community Development Block Grant  | 14.218                                     | N/A  | \$ 2,005,968            | \$ 279,777                            |
| COVID-19 - Community Development Block Grants                              | 14.218                                     | N/A  | 452,986                 | -                                     |
| Subtotal Community Development Block Grants/Entitlement Grants Cluster     |  |  | <u>2,458,954</u>        | <u>279,777</u>                        |
| Emergency Solutions Grant Program  | 14.231                                     | N/A  | 190,119                 | 41,831                                |
| COVID-19 - Emergency Solutions Grant Program                               | 14.231                                     | N/A  | 1,048,913               | 1,048,913                             |
| Subtotal Emergency Solutions Grant Program                                 |  |  | <u>1,239,032</u>        | <u>1,090,744</u>                      |
| HOME Investment Partnerships Program                                       | 14.239                                     | N/A  | 136,879                 | -                                     |
| Total United States Department of Housing and Urban Development            |  |  | <u>3,834,865</u>        | <u>1,370,521</u>                      |
| <u>United States Department of Justice</u>                                 |  |  |                         |                                       |
| Passed through County of Orange Sheriff:                                   |  |  |                         |                                       |
| Edward Byrne Memorial Justice Assistance Grant                             | 16.738                                     | 2020-DJ-BX-0773                              | 1,002                   | -                                     |
| Direct Assistance:   |  |  |                         |                                       |
| Equitable Sharing Program  | 16.922                                     | N/A  | 257,614                 | -                                     |
| Total United States Department of Justice                                  |  |  | <u>258,616</u>          | <u>-</u>                              |
| <u>United States Department of Transportation</u>                          |  |  |                         |                                       |
| Passed through Orange County Transportation Authority:                     |  |  |                         |                                       |
| Highway Planning and Construction Cluster:                                 |  |  |                         |                                       |
| Highway Planning and Construction  | 20.205                                     | CML-5410(079)                                | 176,842                 | -                                     |
| Highway Planning and Construction  | 20.205                                     | CML-5410(084)                                | 620,013                 | -                                     |
| Subtotal Highway Planning and Construction Cluster                         |  |  | <u>796,855</u>          | <u>-</u>                              |
| Passed through California Office of Traffic Safety:                        |  |  |                         |                                       |
| Highway Safety Cluster:  |  |  |                         |                                       |
| State and Community Highway Safety   | 20.600                                     | PT20064                                      | 48,818                  | -                                     |
| State and Community Highway Safety   | 20.600                                     | PT21032                                      | 101,494                 | -                                     |
| Subtotal Highway Safety Cluster  |  |  | <u>150,312</u>          | <u>-</u>                              |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated       | 20.608                                     | PT20064                                      | 39,187                  | -                                     |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated       | 20.608                                     | PT21032                                      | 104,998                 | -                                     |
| Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated |  |  | <u>144,185</u>          | <u>-</u>                              |
| Total United States Department of Transportation                           |  |  | <u>1,091,352</u>        | <u>-</u>                              |
| <u>United States Department of Treasury</u>                                |  |  |                         |                                       |
| Passed through County of Orange:   |  |  |                         |                                       |
| COVID-19 - Coronavirus Relief Fund   | 21.019                                     | None   | 189,259                 | -                                     |
| Passed through State of California:  |  |  |                         |                                       |
| COVID-19 - Coronavirus Relief Fund   | 21.019                                     | None   | 3,478,274               | -                                     |
| Subtotal COVID-19 - Coronavirus Relief Fund                                |  |  | <u>3,667,533</u>        | <u>-</u>                              |
| Direct Assistance:   |  |  |                         |                                       |
| COVID-19 - Emergency Rental Assistance Program                             | 21.023                                     | N/A  | 7,006,290               | 7,006,290                             |
| Total United States Department of Treasury                                 |  |  | <u>10,673,823</u>       | <u>7,006,290</u>                      |

See accompanying notes to schedule of expenditures of federal awards.

CITY OF IRVINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS  
(CONTINUED)

For the year ended June 30, 2021

| Federal Grantor / Pass - Through<br>Grantor / Program / Cluster Title  | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|--|--|--|-------------------------|---------------------------------------|
| <u>US Department of Health and Human Services</u>  |  |  |                         |                                       |
| Passed Through the County of Orange Area Agency on Aging:<br>Aging Cluster:                                      |  |  |                         |                                       |
| Special Programs for the Aging Title III, Part B<br>Grants for Supportive Services and Senior Centers            | 93.044                                     | 20-27-0042                                   | \$ 68,139               | \$ -                                  |
| Special Programs for the Aging Title III, Part C<br>Nutrition Services   | 93.045                                     | 20-27-0042                                   | 325,532                 | -                                     |
| Nutrition Services Incentive Program   | 93.053                                     | 20-27-0042                                   | 63,404                  | -                                     |
| COVID-19 - Special Programs for the Aging Title III, Part B<br>Grants for Supportive Services and Senior Centers | 93.044                                     | MA-012-21010349                              | 37,856                  | -                                     |
| COVID-19 - Special Programs for the Aging Title III, Part C<br>Nutrition Services                                | 93.045                                     | MA-012-21010349                              | 125,402                 | -                                     |
|  | 93.045                                     | 20-27-0062-CV                                | 84,661                  | -                                     |
| Total Aging Cluster/US Department of Health and Human Services   |  |  | <u>704,994</u>          | <u>-</u>                              |
| <u>United States Department of Homeland Security</u>   |  |  |                         |                                       |
| Passed through California Governor's Office of Emergency Services:<br>Hazard Mitigation Grant                    |  |  |                         |                                       |
|  | 97.039                                     | FEMA-4301-DR-CA                              | 9,290                   | -                                     |
| Passed through Orange County Sheriff's Department:<br>Emergency Management Performance Grant                     |  |  |                         |                                       |
|  | 97.042                                     | EMF-2019-EP-00003                            | 35,000                  | -                                     |
| Total United States Department of Homeland Security  |  |  | <u>44,290</u>           | <u>-</u>                              |
| TOTAL EXPENDITURES OF FEDERAL AWARDS   |  |  | <u>\$ 16,607,940</u>    | <u>\$ 8,376,811</u>                   |
| <u>Selected State Awards:</u>  |  |  |                         |                                       |
| California Department of Aging:  |  |  |                         |                                       |
| Passed through the County of Orange Area Agency on Aging   |  |  |                         |                                       |
| CSA Senior Services Title III C-1 Nutrition Services - Congregate  | N/A  | 20-27-0042                                   | \$ 38,959               | \$ -                                  |
| CSA Senior Services Title III C-2 Nutrition<br>Services - Homes Delivered Meals                                  | N/A  | 20-27-0042                                   | \$ 63,290               | \$ -                                  |

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF IRVINE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal and State Awards (the Schedule) include the federal and state award activities of the City of Irvine, California (the City), under programs of the federal government and the State of California, as well as federal and state financial assistance passed through other government agencies for the year ended June 30, 2021. The information in the Schedule of Expenditures of Federal Awards (SEFA) is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of the City, they are not intended to, and do 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 financial statements.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in the Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements. Pass-through entity identifying numbers are identified where available.

**3. INDIRECT COST RATE**

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

**4. CONTINGENCIES**

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

**CITY OF IRVINE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

**Identification of Major Federal Programs**

| CFDA Number(s) | Name of Federal Program or Cluster        |
|----------------|---|
| 14.231         | Emergency Solutions Grant                 |
| 20.205         | Highway Planning and Construction Cluster |
| 21.019         | Coronavirus Relief Fund                   |
| 21.023         | Emergency Rental Assistance Program       |

- 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 IRVINE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CITY OF IRVINE  
SUMMARY SCHEUDLE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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***Financial Statement Findings***

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**Finding 2020-001 – Accrued Liabilities**

**Condition:** During our search for unrecorded liabilities, we identified two invoices for goods where the City had accrued a liability as of year-end even though the goods had not been shipped or received as of year-end.

**Status:** Corrected.

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***Federal Program Award Findings***

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None noted.

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