

**CITY OF IRVINE  
IRVINE, CALIFORNIA**

**SINGLE AUDIT OF FEDERAL  
AND SELECTED STATE  
ASSISTED GRANT PROGRAMS**

**FOR THE YEAR ENDED JUNE 30, 2019**

CITY OF IRVINE

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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  
of the City of Irvine  
Irvine, California

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 of Irvine (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 1, 2019. 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. We conducted our audit 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 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 instances of reportable noncompliance associated with the Irvine Community Land Trust.

### **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 opinion 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.

## **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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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.

*White Nelson Dick Evans LLP*

Irvine, California  
November 1, 2019

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

To the 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 Office of Management and Budget *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, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and 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 US *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, 2019.

## **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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 1, 2019, which contained unmodified opinions on those financial statements. 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. 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 and selected state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*White Nelson Dick Evans LLP*

Irvine, California  
November 1, 2019

**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, 2019

Federal Grantor / Pass-Through Grantor / Program	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>US Department of Housing and Urban Development:</u>				
Direct Assistance:				
Community Development Block Grant	14.218	B14-MC-06-0557	\$ -	\$ -
		B15-MC-06-0557	114,730	-
		B17-MC-06-0557	648,918	254,764
		B18-MC-06-0557	657,497	-
		Program Income	1,332	-
Total Community Development Block Grant			<u>1,422,477</u>	<u>254,764</u>
HOME Investment Partnership Program	14.239	M-16-MC-06-0561	5,503	-
		M-17-MC-06-0561	3,278	-
		M-18-MC-06-0561	613,988	-
		Program Income	261,044	-
Total HOME Investment Partnership Program			<u>883,813</u>	<u>-</u>
Total US Department of Housing and Urban Development			<u>2,306,290</u>	<u>254,764</u>
<u>US Department of Justice:</u>				
Direct Assistance:				
Equitable Sharing Program - Asset Forfeiture	16.922	CA0302600	228,448	-
Total US Department of Justice			<u>228,448</u>	<u>-</u>
<u>US Department of Transportation:</u>				
Passed Through the Orange County Transit Authority:				
Highway Planning and Construction	20.205	CML-5410(079)	21,471	-
		CML-5410(084)	224,222	-
Total Highway Planning and Construction			<u>245,693</u>	<u>-</u>
Passed Through the State of California Office of Traffic Safety:				
Highway Safety Cluster:				
Selective Traffic Enforcement Program	20.600	PT18061	30,430	-
		PT19054	74,683	-
Total Selective Traffic Enforcement Program			<u>105,113</u>	<u>-</u>
National Priority Safety Programs	20.616	PT19054	3,092	-
Total Highway Safety Cluster			<u>108,205</u>	<u>-</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18061	73,930	-
		PT19054	139,895	-
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>213,825</u>	<u>-</u>
Total US Department of Transportation			<u>567,723</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal and selected state awards.

CITY OF IRVINE

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

For the year ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<u>US Department of Health and Human Services:</u>				
Aging Cluster Passed Through the County of Orange Area Agency on Aging:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	AP-1011-22	\$ 64,764	\$ -
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	AP-1011-22	304,462	-
Nutrition Services Incentive Program	93.053	AP-1011-22	<u>61,213</u>	<u>-</u>
Total Aging Cluster/US Department of Health and Human Services			<u>430,439</u>	<u>-</u>
<u>US Department of Homeland Security:</u>				
Passed Through the California Governor's Office of Emergency Services:				
Emergency Management Performance Grant	97.042	EMF-2018-EP-00008	<u>27,353</u>	<u>-</u>
Total US Department of Homeland Security			<u>27,353</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,560,253</u>	<u>\$ 254,764</u>
<u>Selected State Awards:</u>				
California Department of Aging: Passed Through the County of Orange:				
CSA Senior Services Title III C-1 Nutrition Services - Congregate	N/A	AP-1011-22	\$ 15,231	\$ -
CSA Senior Services Title III C-2 Nutrition Services - Home Delivered Meals	N/A	AP-1011-22	\$ 18,040	\$ -

See accompanying notes to schedule of expenditures of federal and selected state awards.

CITY OF IRVINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

For the year ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND SELECTED STATE AWARDS

A. Scope of Presentation

The accompanying schedule of expenditures of federal and selected state awards (the Schedule) includes the federal award activity of the City of Irvine (the City), that are reimbursable under programs of federal agencies providing federal awards. 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 this Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in financial position of the City. Certain program expenditures for selected state awards requested to be reported by the California Department of Aging in conjunction with certain related federal grant programs has also been included in this Schedule.

B. Basis of Accounting

The accompanying schedule of expenditures of federal and selected state awards is presented using the modified accrual basis of accounting for governmental funds. 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.

C. 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.

D. Indirect Cost Rate

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



CITY OF IRVINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

For the year ended June 30, 2019

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS

None noted.

CITY OF IRVINE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2019

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no prior audit findings relative to the financial statements to report.

**FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARDS PROGRAMS**

There were no prior audit findings relative to the federal programs to report.