



**City of Culver City, California**  
**Single Audit Report**  
***Year Ended June 30, 2021***  
***With Independent Auditor's Report***

**City of Culver City, California**  
**Single Audit Report**  
***Year Ended June 30, 2021***  
***with Independent Auditor's Report***

| <b>INDEPENDENT AUDITOR'S REPORT</b>                                                                                                                                                                 | <b><u>PAGE</u></b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1                  |
| 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                    | 3                  |
| <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>                                                                                                                                                   | 6                  |
| <b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>                                                                                                                                          | 8                  |
| <b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>                                                                                                                                                    | 9                  |
| <b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>                                                                                                                                                     | 14                 |



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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  
Of the City of Culver City**  
City of Culver City, 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 Culver City (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 January 28, 2022.

**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 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*.

### **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.

**Glendale, California  
January 28, 2022**



**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  
of the City of Culver City**  
City of Culver City, California

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

We have audited the City of Culver City, California’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 auditor’s 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 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 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 the 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding SA 2021-001, 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.

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 the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 28, 2022, 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.

*Vaughan & Company LLP*

**Glendale, California**

**September 21, 2022**, except for the Schedule of Federal Awards, as to which the date is January 28, 2022.



**City of Culver City**  
**Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2021**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title                  | Federal Assistance Listing Number | Pass-Through Entity or Grantor's Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|--------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------|---------------------------|----------------------------|
| <b>U.S. Department of Transportation</b>                                       |                                   |                                                     |                           |                            |
| Direct Assistance:                                                             |                                   |                                                     |                           |                            |
| Federal Transit Cluster:                                                       |                                   |                                                     |                           |                            |
| Federal Transit Capital and Operating Assistance Formula Grants (5307)         | 20.507                            | CA-2017-163-00                                      | \$                        | \$ 98,636                  |
| Federal Transit Capital and Operating Assistance Formula Grants (5307) - CARES | 20.507                            | CA-2020-147-01                                      |                           | 6,573,119                  |
| Federal Transit Capital and Operating Assistance Formula Grants (5307)         | 20.507                            | CA-2020-163-00                                      | -                         | 311,161                    |
| Federal Transit Capital and Operating Assistance Formula Grants (5307) - CRRSA | 20.507                            | CA-2021-087-00                                      | -                         | 6,003,071                  |
| Federal Transit Capital and Operating Assistance Formula Grants (5307)         | 20.507                            | CA-2021-158-00                                      | -                         | 504,310                    |
| Federal Transit Capital and Operating Assistance Formula Grants (5307)         | 20.507                            | CA-90-Z252-01                                       | -                         | 557,126                    |
| Total Federal Transit Cluster                                                  |                                   |                                                     | -                         | 14,047,423 *               |
| Passed-through the State of California, Department of Transportation:          |                                   |                                                     |                           |                            |
| Highway Planning and Construction Cluster:                                     |                                   |                                                     |                           |                            |
| Higuera Street Bridge Program                                                  | 20.205                            | BHLS 5240026                                        | -                         | 22,720                     |
| Wash-Culver Pedestrian & Cycle Safety                                          | 20.205                            | ATPL-5240034                                        | -                         | 2,260,048                  |
| Traffic Signal Left Turn Upgrades                                              | 20.205                            | HSIPL-5240035                                       | -                         | 1,354,593                  |
| Total Highway Planning and Construction Cluster                                |                                   |                                                     | -                         | 3,637,361 *                |
| Passed-through the State of California, Office of Traffic Safety:              |                                   |                                                     |                           |                            |
| Highway Safety Cluster:                                                        |                                   |                                                     |                           |                            |
| State and Community Highway Safety 2020                                        | 20.600                            | PT20033                                             | -                         | 8,593                      |
| State and Community Highway Safety 2021                                        | 20.600                            | PT21026                                             | -                         | 3,286                      |
| Total Highway Safety Cluster                                                   |                                   |                                                     | -                         | 11,879                     |
| Passed-through the State of California, Office of Traffic Safety:              |                                   |                                                     |                           |                            |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated 2020      | 20.608                            | PT20033                                             | -                         | 23,789                     |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated 2021      | 20.608                            | PT21026                                             | -                         | 26,747                     |
| Total for ALN# 20.608                                                          |                                   |                                                     | -                         | 50,536                     |
| <b>Total U.S. Department of Transportation</b>                                 |                                   |                                                     | -                         | <b>17,747,199</b>          |
| <b>U.S. Department of Housing and Urban Development</b>                        |                                   |                                                     |                           |                            |
| Direct Assistance:                                                             |                                   |                                                     |                           |                            |
| Housing Voucher Cluster                                                        |                                   |                                                     |                           |                            |
| Section 8 Housing Choice Vouchers                                              | 14.871                            | CA110                                               | -                         | 1,705,878                  |
| Total for Housing Voucher Cluster                                              |                                   |                                                     | -                         | 1,705,878                  |
| HCV CARES Act                                                                  |                                   |                                                     |                           |                            |
|                                                                                | 14.HCC                            | CA110AF0124                                         | -                         | 27,410                     |
| Family Self-Sufficiency Program                                                |                                   |                                                     |                           |                            |
|                                                                                | 14.896                            | CA110                                               | -                         | 36,436                     |
| Passed-through the Los Angeles County Development Authority:                   |                                   |                                                     |                           |                            |
| CDBG-Entitlement Grants Cluster:                                               |                                   |                                                     |                           |                            |
| Community Development Block Grants/Entitlement Grants                          | 14.218                            | D96189-20                                           | -                         | 33,247                     |
| Community Development Block Grants/Entitlement Grants                          | 14.218                            | 602154-19                                           | -                         | 23,515                     |
| Community Development Block Grants/Entitlement Grants                          | 14.218                            | 602150-19                                           | -                         | 266,342                    |
| COVID-19 Emergency Rental Assistance Program (ERAP)                            | 14.218                            | CV1082-19                                           | -                         | 25,674                     |
| Total CDBG-Entitlement Grants Cluster                                          |                                   |                                                     | -                         | 348,778                    |
| <b>Total U.S. Department of Housing and Urban Development</b>                  |                                   |                                                     | -                         | <b>2,118,502</b>           |
| <b>U.S. Department of Treasury</b>                                             |                                   |                                                     |                           |                            |
| Direct Assistance:                                                             |                                   |                                                     |                           |                            |
| Asset Seizure Program (Treasury)                                               |                                   |                                                     |                           |                            |
|                                                                                | 21.000                            | CA0191800                                           | -                         | 29,565                     |
| Passed through the State of California, Department of Finance                  |                                   |                                                     |                           |                            |
| COVID-19 Coronavirus Relief Fund Allocation - CARES Act                        | 21.019                            | 4482DR-CA                                           | -                         | 490,243 *                  |
| Passed through the State of California, State Controller's Office:             |                                   |                                                     |                           |                            |
| Coronavirus State and Local Fiscal Recovery Funds                              | 21.027                            | NA                                                  | -                         | 45,307                     |
| <b>Total U.S. Department of Treasury</b>                                       |                                   |                                                     | -                         | <b>565,115</b>             |

(Continued)

See accompanying notes to Schedule of Expenditures of Federal Awards.

**City of Culver City**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year ended June 30, 2021**

| <b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>   | <b>Federal Assistance Listing Number</b> | <b>Pass-Through Entity or Grantor's Identifying Number</b> | <b>Provided to Subrecipients</b> | <b>Total Federal Expenditures</b> |
|------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------|----------------------------------|-----------------------------------|
| <b>U.S. Department of Homeland Security</b>                            |                                          |                                                            |                                  |                                   |
| Direct Assistance:                                                     |                                          |                                                            |                                  |                                   |
| Staffing for Adequate Fire and Emergency Response (SAFER)              | 97.083                                   | EMW-2018-FH-00027                                          | -                                | \$ 498,779                        |
| Assistance to Firefighters Grants (FEMA)                               | 97.044                                   | EMW-2019-FG-01684                                          | -                                | 64,634                            |
| Passed through the County of Los Angeles, CA:                          |                                          |                                                            |                                  |                                   |
| Emergency Management Performance Grant (EMPG)                          | 97.042                                   | 2018 and 2019 EMPG                                         | -                                | 13,616                            |
| Passed through the County of Los Angeles, CA:                          |                                          |                                                            |                                  |                                   |
| State Homeland Security Program (SHSP)                                 | 97.067                                   | EMW-2018-SS-00054                                          | -                                | 8,636                             |
| Passed through the California Governor's Office of Emergency Services: |                                          |                                                            |                                  |                                   |
| Hazard Mitigation Plan (FEMA)                                          | 97.039                                   | FEMA-4407-DR-CA                                            | -                                | 46,568                            |
| <b>Total U.S. Department of Homeland Security</b>                      |                                          |                                                            | -                                | <b>632,233</b>                    |
| <b>U.S. Department of Justice</b>                                      |                                          |                                                            |                                  |                                   |
| Direct Assistance:                                                     |                                          |                                                            |                                  |                                   |
| Bulletproof Vest Partnership Program                                   | 16.607                                   | 2018 BVP                                                   | -                                | 6,261                             |
| Bulletproof Vest Partnership Program                                   | 16.607                                   | 2019 BVP                                                   | -                                | 5,360                             |
| <b>Total U.S. Department of Justice</b>                                |                                          |                                                            | -                                | <b>11,621</b>                     |
| <b>U.S. Department of Health and Human Services</b>                    |                                          |                                                            |                                  |                                   |
| Direct Assistance:                                                     |                                          |                                                            |                                  |                                   |
| COVID-19 Provider Relief Funds                                         | 93.498                                   | COVID-19                                                   | -                                | 41,614 **                         |
| <b>U.S. Department of Health and Human Services</b>                    |                                          |                                                            | -                                | <b>41,614</b>                     |
| <b>Total Expenditures of Federal Awards</b>                            |                                          |                                                            | \$ -                             | <b>\$ 21,116,284</b>              |

\* Denotes major program

\*\* The City received and spent the Provider Relief Funds in fiscal year 2020 but the expenditures are reported in the fiscal year 2021 SEFA, in compliance with the OMB Compliance Supplement.

(Concluded)

*See accompanying notes to Schedule of Expenditures of Federal Awards.*

**NOTE 1           BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the City of Culver City, California (the 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.

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 position, changes in net assets, or cash flows of the City.

**NOTE 2           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying SEFA is presented using the modified accrual basis of accounting for general fund, capital projects fund and special revenue funds and the accrual basis of accounting for the enterprise funds, which is described in Note 1 of the notes 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.

The City has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

**NOTE 3           RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Grant expenditure reports for the year ended June 30, 2021, 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 4           SUBRECIPIENTS**

During the year ended June 30, 2021, the City did not provide federal funds to sub-recipients.

**Section I – Summary of Auditor’s Results**

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**Financial Statements**

Type of auditors’ 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? Yes (SA 2021-001)

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 or Cluster</u> |
|----------------------------------|-------------------------------------------|
| 20.507                           | Federal Transit Cluster                   |
| 20.205                           | Highway Planning and Construction Cluster |
| 21.019                           | Coronavirus Relief Fund                   |

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

Auditee qualified as a low-risk auditee? Yes

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**Section II – Financial Statement Findings**

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No findings were noted.

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**Section III – Federal Award Findings**

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**Finding No. SA 2021-001 – Schedule of Expenditures of Federal Awards (SEFA)**

Criteria:

The following sections of the Uniform Guidance provide the following requirements:

Section §200.510 (b) Schedule of expenditures of Federal Awards;

The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 - Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amounts of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name.
- Provide total Federal awards expended for each individual Federal program and the Assistance Listings number or other identifying number when the Assistance Listings information is not available. For a cluster of programs, also provide the total for the cluster.

Section 200.303: The non-federal entity should establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.

Section 200.1 defines internal control for non-Federal entities as the processes designed and implemented by non-Federal entity to provide reasonable assurance regarding the achievement of the objectives in the following categories:

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use

Condition

During the course of our audit, the SEFA submitted by the City was revised a number of times as it contained errors over the assistance listing numbers (ALN), program classification, program name, awarding or pass-through agencies, as well as expenditure amounts. The following errors were noted during the audit and were referred to the City for correction.

- The payment received from the State for the Coronavirus State Fiscal Recovery Fund was reported in the preliminary SEFA. The initial amount was \$4.0M then it was later changed to \$45,306 which represents actual expenditures reported for FY 21. Based on the initial amount, it was determined as a major program, and as such, initial audit procedures were performed.
- The Coronavirus Relief Fund received from the State was initially reported under ALN 97.036. Upon audit inquiry, it was corrected to ALN 21.019.

**Finding No. SA 2021-001 – Schedule of Expenditures of Federal Awards (SEFA) (continued)**

- Some passthrough programs had incorrect names of awarding agency.
- In addition, the federal expenditures under the Coronavirus Relief Fund were erroneously reported in the SEFA for the fiscal year ended June 30, 2020, instead of the fiscal year ended June 30 2021.

**Cause**

There were a lot of coronavirus-related grants that were released to local governments directly from the Treasury Department and/or passed through other federal agency and the State of California during the Fiscal Year 2021. These are all new funding sources and the lack of proper guidance created confusion not just for the City but for many recipients of the funds. This resulted in the City's financial reporting and SEFA preparation and review process not being able to accurately capture and report the grants information in the SEFA.

**Effect**

An inaccurate SEFA results in an inefficient audit approach and also increases the risk that programs may be incorrectly assessed as non-major programs. This may also lead to noncompliance with federal requirements.

**Questioned Costs**

None

**Recommendation**

We recommend that the City establish a control procedure that will ensure accurate reporting of all federal expenditures in the SEFA. The City should ensure that a process is in place for all City Departments to report and communicate to Finance Department all federal grants received by the City. The City should require all City Departments to provide the Finance Department with a copy of all approved grant agreements prior to incurring the expenses. The finance department should assign accounting personnel responsible for grant reporting and reconciliation of grant expenditures with reports submitted to the grantors and the SEFA as well as compliance with grant contract provisions and requirements.

**Views of Responsible Personnel**

As stated by the auditors, Culver City received different coronavirus relief grants that were released through a variety of different agencies (the Treasury and other federal and State agencies) in 2021. Many agencies released the funds before the final guidance on the use of the funds was approved and made available to cities. A prime example of this is the State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act. President Biden signed the Act in March 2021, and the Treasury published the Interim Final Rule in May 2021. The Final Rule providing guidance on the use of the funds was not published until January 2022 and took effect on April 1, 2022. The City received the first tranche of the SLFRF in Fiscal Year 2020-2021. The City selected the revenue replacement category for the use of the funds. Since \$4.7 million was received in the FY 2020-2021, staff initially thought they had to account for the expenditures in the same fiscal year. Staff reached out to the auditors to clarify the timing necessary for the expenditures. After those discussions, it was clear that the expenditures could be accounted for in the following fiscal year. The revised amount of \$45,306 presented to the auditors includes COVID-related costs incurred from March 3, 2021, the eligibility date of the funds, through June 30, 2021. The remaining expenditures for the first tranche of SLFRF in the amount of \$4,641,636 will be accounted for in Fiscal Year 2021-2022.

**Finding No. SA 2021-001 – Schedule of Expenditures of Federal Awards (SEFA) (continued)**

*Views of Responsible Personnel (continued)*

There was similar confusion surrounding the reporting of coronavirus Provider Relief Funds (PRF). The City received and fully spent the PRF of \$41,614 in FY2019-2020, and reported these on the 2020 Single Audit as directed by the City's auditor at that time. However, the Office of Inspector General of the Department of Housing and Human Services (HHS) issued an announcement in late December 2020 that cities should report the PRF on the 2021 Single Audit. The City did not receive this announcement from HHS until May 2022. The City reached out to HHS directly and was told that considering the immaterial amount of this fund, the City could report it again on the 2021 Single Audit.

The City now has greater clarity on the varied coronavirus relief funds and the different requirements of the many granting agencies. Many of the questions that plagued jurisdictions early in the pandemic have been answered. The City does have a process in place that requires all City Departments to submit approved and executed grant agreements to the Finance Department before any expenses can be incurred. City Council Policy Number 5002 on Financial Policies dated June 23, 2014 addresses grant administration in Section XI. Accounting and Investment Manager, Iris Kym, will make sure that accounting personnel has access to the most current guidance from the granting agencies as they reconcile expenditures in the reports submitted to grantors and the SEFA. Assistant Chief Financial Officer, May Noller, Chief Financial Officer, Lisa Soghor, will review this work as necessary. This corrective action will be fully in place by October 1, 2022.



**City of Culver City  
Summary Schedule of Prior Audit Findings  
Year ended June 30, 2021**

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No findings were reported for the fiscal year ended June 30, 2020.



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